About This Report

This is the tenth Sustainability Report published by Sinar Mas Paper (China) Investment Co., Ltd. (hereafter referred to as APP-China). APP-China is synonymous with Sinar Mas Paper (China) Investment Co., Ltd. and the group of companies under its direct investment in China. Through this report, we aim to keep stakeholders informed of our policies, management, initiatives and key achievements in sustainable development.

The report discloses and responds to key stakeholder concerns by identifying and analysing material issues. This report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines.

Language
Chinese and English; for any difference, the Chinese version shall prevail;
Period
January 1, 2016 – December 31, 2016;
Frequency
Annual report. The last report was published in October 2016;
Assurance
APP-China has commissioned SGS-CSTC Standards Technical Services Co., Ltd (SGS) to assess the reliability, objectivity and transparency of this report. Please refer to the Assurance Statement for further details.

Scope of the Report
The business units and entities covered in the scope of this report include APP-China Head Office, nine pulp and paper mills and APP-China Forestry:

- APP-China Head Office
- Gold East Paper (Jiangsu) Co., Limited (Gold East Paper)
- Hainan Jinhai Pulp & Paper Co., Limited (Hainan Jinhai Pulp & Paper)
- Guangxi Jingui Pulp & Paper Co., Limited (Guangxi Jingui Pulp & Paper)
- Ningbo Zhonghua Pulp & Paper Co., Limited (Ningbo Zhonghua)
- Ningbo Asia Pulp & Paper Co., Limited (Ningbo Asia)
- Gold Huasheng Paper (Suzhou Industrial Park) Co., Limited (Gold Huasheng)
- Gold Hongye Paper Group Co., Limited (Suzhou Gold Hongye, including Suzhou Plant and Sales & Marketing)
- Hainan Gold Hongye Paper Co., Limited (Hainan Gold Hongye)
- Hainan Gold Shengpu Paper Co., Limited (Hainan Gold Shengpu)
- APP-China Forestry Business Unit (APP-China Forestry, including Forestry Business Headquarters, Hainan, Guangxi and Guangdong BUs, Lancang, Ganzhou, Wenshan and Henan Sub-BUs)

Due to the substantial scale, complex organisational structure and widespread locations, it will take more time to streamline and expand the report scale to incorporate more business units and operations in the future.

Data and Information Collection
APP-China has adopted industry-recognised guidelines and criteria in listing, measuring and disclosing report data. This report incorporates historical reference and figures to help stakeholders fully examine our progress and achievements in improving sustainable development.

Methodology for Data and Information Collection
This report was prepared at the Core In Accordance level of the GRI (G4) guidelines, and with reference to the Global Compact Ten Principles, relevant policies, cleaner production benchmarks for the paper industry, relevant national emissions standards, forestry, pulp and paper industry standards, laws and regulations of the national and local authorities of APP-China’s business operations, and APP-China’s best practices in sustainable development. In addition, it refines the definitions, units, standards, formulas and footnotes of each indicator.

Certain data presented in the sections of “Message from the Chairman” and “Corporate Profile” is the aggregate of all entities operating under APP-China. Figures and information presented in subsequent sections only refer to the aggregate of entities specified in the scope of this report, except where specified.

APP-China has conducted a stakeholder survey to confirm the perceptions, expectations and recommendations of APP-China’s key stakeholders. Combining quantitative and qualitative analysis, APP-China facilitated comprehensive scrutiny and evaluation of stakeholder concerns and communication channels, which ultimately aim to improve stakeholder engagement and cooperation. In 2016, the report was based on the 2015 survey of the stakeholders’ model, using a combination of online and offline approaches to information gathering and face-to-face interviews with key stakeholders to ensure its substantiveness and comprehensiveness. Please refer to the Stakeholder Engagement section for further details.

APP-China has commissioned SGS-CSTC Standards Technical Services Co., Ltd (SGS) to assess the reliability, objectivity and transparency of this report. Please refer to the Assurance Statement for further details.
For APP-China, sustainable development has never been so important as today. Our employees who have worked here for more than 20 years since our company's birth have endured certain changes in their work, lives and roles. For us, APP-China, dedicated to becoming the most important global Chinese paper manufacturer, has come to the threshold of a new era where clarity of purpose and vision is needed.

First, our sustainable papermaking process remains unchanged. The "integration of Plantation-Pulp-Paper" has been proven in the past as a reproducible model that can become widespread and meets the needs of social development. Based on this process, we need to drive the whole papermaking industry including APP-China toward a more sustainable direction, which is the most important demand concerning paper products in today's society. However, what we need to change should be our reflection on the changing roles of paper in our lives. We have laid a solid foundation to meet new needs in a sustainable way in the future by increasing our investment in innovation, further integrating innovative resources, proposing our own "Industry 4.0 Planning", and strengthening the management and control of procurement. What we need to change should also be our reflection on the changing role of APP-China in the paper industry. China's 13th Five-Year Plan for the paper industry states that China will push this industry toward energy-saving, environmentally friendly and green development principles, and increase the functions and variety of paper and paper products in line with improvement of quality. Following this plan, we will leverage our global resources to better lead China's paper industry toward a brighter future.

Second, our bottom line of environmental protection remains unchanged. The 13th Five-Year Plan for Environmental Protection sets out a directly measurable environmental standard and the forthcoming national carbon trading market will cap energy consumption for enterprises. APP-China will ensure that the standards applied to all of its subsidiary plants are stricter than both national and local standards. However, we need to constantly improve our environmental equipment and minimise our impact on the environment. In 2016, we enhanced the sustainability of the paper industry by continuing to promote desulphurisation and denitrification, upgrading technology in our sewage treatment plants, using more clean energy such as photovoltaic power, and deepening our communication with external environmental protection agencies and organisations.

Third, our care for people remains unchanged. It is our consistent belief that our employees and support from the community are the foundation of our success. Thus, APP-China has done its utmost to meet the needs of both employees and the community. However, we are making efforts to take into account more internal and external voices. In 2016, we strengthened communication with employees, widened channels to collect complaints and feedback, and gradually improved the employee performance review. At the same time, we increased the influence of our development on local areas by deepening communication with neighbouring communities and local governments as well as by our volunteer services. Finally, it is impossible for any enterprise to realise sustainable development without support from all of society. Faced with changes in both our internal operations and the external environment, we have made concerted efforts to improve and develop with the final beneficiary being all of society. This is what APP-China adheres to. However, we need to exert more influence on more people and on a broader scope through our practices. In this regard we hope for all people to join together to march forward into the new century.

Teguh Ganda Wijaya
Chairman and President
Corporate Profile

APP-China is synonymous with Sinar Mas Paper (China) Investment Co., Limited and the group of companies under its direct investment in China. APP-China began investing in manufacturing sites in China in 1992 focusing primarily on the Yangtze and Pearl River Deltas. APP-China has established Gold East Paper, Ningbo Zhonghua, Ningbo Asia, Gold Huasheng, Gold Hongye, Hainan Jinhai Pulp & Paper and Guangxi Jingui Pulp & Paper with state-of-the-art technology and equipment and modern fast growing, large-scale plantations. Gold East Paper is the largest paper mill in China and the world’s largest art paper producer, while Ningbo Zhonghua and Ningbo Asia are two of the largest industrial paper producers in China today. Gold Huasheng is a diversified special paper producer. Gold Hongye is a well-known modern household paper maker in Asia. Hainan Jinhai Pulp & Paper is one of the largest pulp producers in China. Guangxi Jingui Pulp & Paper is the largest chemical mechanical pulp producer in China.

By the end of 2016, APP-China owned over 30 pulp and paper mills as wholly owned subsidiaries and holding companies and 18 forestry companies, with total assets valued at about RMB161.83 billion, sales revenues of RMB47.4 billion and with approximately 33,000 full-time employees.

Organizational Structure

By the end of 2016
Total Assets
161.83
RMB billion
Sales Revenues in China of 2016
47.4
RMB billion
Full-time employees of 2016
33,000

Corporate Culture

Vision
APP will continuously be the world’s premier fully-integrated green-cycle forestry, pulp and paper green-cycle conglomerate

Mission
Fulfill the green recycling-based development, inherit the civilization of papermaking, and improve the quality of living

Customer Focused
Act like Owner
Result Oriented
Continuous Improvement

Management by Olympic System

Honesty and Integrity

Code of Ethics

Moral Foundation

Action Guidelines

Management System

Common goals

Mission

Customer Focus

Continuous Improvement
Achievements & Honours

- Benchmark of the Jiangsu Paper Industry for the Twelfth Five-Year Plan, by the Jiangsu Province Paper Industry Association
- Certificate for China Environmental Labelling (Type II) by the China Environmental Protection Certification Centre
- Top 500 Enterprise for Foreign Trade of China, by the Statistical Society of Foreign Economic Relations and Trade of China
- Top 10 Enterprise for Papermaking of Light Industry in China, by the China Light Industry Council and China Paper Association
- Top 100 Enterprise of Light Industry in China, by the China Light Industry Council
- 45th on the list of Top 100 Enterprises of China and 216th on the list of Top 500 Manufacturers of China, by the China Enterprise Confederation/China Enterprise Directors Association
- Benchmark of the Jiangsu Paper Industry for the Twelfth Five-Year Plan, by the Jiangsu Province Paper Industry Association
- Outstanding Enterprise for Green Raw & Auxiliary Materials, by the China Association for Printing Technologies
- Excellent Enterprise of Environmental Labelling in China, by the China Environmental Protection Certification Centre
- International Carbon Gold Reward, by the World Economic and Environmental Conference
- Commemorative Medal on Emotional Ties to Our Homeland, Benefiting the People, by the State Council Overseas Chinese Affairs Office
- Pioneer for Sustainable Development, by the Global Compact Network China
- Responsible Enterprise of 2016, by China News Service
- Water-Saving Enterprise (first batch) of Hainan, by the Bureau of Industry and Information Technology of Hainan and the Water Department of Hainan Province
- Water-Saving Enterprise (first batch) of Hainan, by the Bureau of Industry and Information Technology of Hainan and the Water Department of Hainan Province
- Top 100 Enterprise with Fastest Growth in Zhejiang, by the Zhejiang Enterprise Confederation
- Top 10 Enterprise for Papermaking of Light Industry in China, by the China Light Industry Council and China Paper Association
- Top 100 Enterprise for Papermaking of Light Industry in China, by the China Light Industry Council and China Paper Association
- Top 100 Enterprise of Hainan, by the Hainan Province Enterprise Confederation/Hainan Province Enterprise Directors Association
- Award for Extraordinary Contributor of the Third China Forestry Conference, by the State Forestry Administration of China and the Agricultural, Forestry, Water Conservation and Meteorological Worker's Union of China
- Outstanding Enterprise for Green Raw & Auxiliary Materials, by the China Association for Printing Technologies
- Excellent Enterprise of Environmental Labelling in China, by the China Environmental United Certification Centre
- 434th on the list of Top 500 Enterprises of China and 216th on the list of Top 500 Manufacturers of China, by the China Enterprise Confederation/China Enterprise Directors Association
- International Carbon Gold Reward, by the World Economic and Environmental Conference
- Commemorative Medal on Emotional Ties to Our Homeland, Benefiting the People, by the State Council Overseas Chinese Affairs Office
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Sustainable Management: Goals and Path

For APP-China, sustainable development is not only one of our development goals, but also a way to achieve them. We have always explored ways to achieve sustainable development, with consideration of our financial, environmental and social responsibilities, to achieve the “Integration of Plantation-Pulp-Paper” and “Sustainability Development Goals 2020”. Today, faced with changes in the sustainable development landscape, APP-China has begun to think more of how to drive the sustainable development of the industry and society as a whole on the basis of its own foundation and achievements – a new sustainable development goal set by APP-China in our new development phase.
Sustainable Development Goals

As a member of the UN Global Compact, APP-China has long aligned its sustainable development goals with global sustainable development goals and contributed to the global goals through its actions. After the UN’s millennium development goals were due and achieved in 2015, 17 new sustainable development goals (SDGs) were proposed and passed, through which APP-China intends to contribute, so that it can drive the sustainable development of APP-China and society. In 2016, after reviewing the relationship between its own operating scope and the 17 new SDG, APP-China worked out its sustainable development strategy at four levels, and defined specific strategies and clear-cut indicators to ensure its goals can be achieved.

The Concept of Sustainable Development

This change in the concept of sustainable development has not only impacted APP-China’s direction and the decision-making basis for all of its actions, but also represented our new thinking on how to achieve sustainable development, including our position in the big picture of the whole of sustainable development. As China has already attached great importance to sustainable development, a series of new policies and new standards have been released to transform the development models of a variety of industries. All of these have provided APP-China with new insights into the change in its concept of sustainable development.

In 2016, the changes in our corporate environment were diverse in origin and deeply affected the business base of the paper industry. Compared to implementation of new regulations in separate spheres in the past, such as steadily improving environmental protection standards, in 2016 the State’s policies were more oriented toward guiding the overall level of social sustainable development. For example, 1) after signing the Paris Agreement on Climate Change, a series of energy-saving and emission reduction policies were released, 2) the “5th Five-Year” Plan for Ecological Protection for the first time set quantifiable assessment indicators, and 3) supply-side reform and cutting excess industrial capacity have impacted a number of traditional energy-intensive industries such as the paper industry. Now, China has assumed responsibility for sustainable development at the global and national level by beginning to implement reasonable and specific measures. Facing these changes, APP-China needs to determine and pursue a more comprehensive concept of sustainable development.

On the other hand, we are also faced with demands for sustainable development from more and more stakeholders, including clients, NGOs, media outlets, local governments and communities. As the first paper manufacturer proposing of the “Integration of Plantation-Pulp-Paper”, APP-China hopes that it can meet the standards set in the national sustainable development goals at the macro-level, as well as guide and influence more stakeholders to achieve sustainability in their own development by spreading our understanding of sustainable development throughout our industry chain.

In 2012, APP-China proposed the “Sustainable Development Roadmap Vision 2020”, which defined specific goals and paths for the sustainable management of papermaking raw materials including forest operation. As a part of the APP-China global operating network, over the past several years, APP-China has carried out specific projects to drive the sustainable operation of forests and achieved phased goals (for more information, please refer to the “Forest operation” chapter in this report). On this basis, APP-China will make efforts to drive its sustainable development goals for the industry, environment and society in the future.

With the sustainable operation of forests as its base, APP-China will drive the sustainable development of the paper industry by creating a sustainable process for paper production and influencing its suppliers and clients, thus leading its stakeholders to achieve sustainable development.
Defining the concept and goals of sustainable development has determined a new direction to APP-China’s sustainable development. To ensure our goals can be achieved, APP-China has made adjustments to its management structure to meet the needs of its development in line with new trends in the industry.

There are also new challenges for us. APP-China’s sustainable development has faced complex situations, partly because comprehensive policies should be made from the perspective of the whole enterprise in response to both the content of sustainable development and demands from different stakeholders.

In contrast with independent management and control by the HQ functional departments, APP-China, based on its original office of the Chairman, set up a new supreme decision-making body in 2015, which is composed of a number of management and control committees for sustainability, environmental protection, employee rights and interests, product liability, etc. The body makes overall judgements on various issues involved in the operation of APP-China’s sustainable development, and releases management policies to be carried out in production and operation.

The establishment of a supreme decision-making body also provides a solution to another challenge in the sustainable development management. The mills and forests under APP-China are located in different regions across the country, and it is not easy for them to take action toward a unified and stated goal due to the individualised needs of clients and markets, different local policy environments, and more fragmented management and control of original production units. Therefore, APP-China has gradually improved its HQ’s management and control of different spheres of sustainable development to ensure the smooth realisation of its sustainable development goals. In 2016, APP-China set up an HQ Research and Development Centre, steadily expanded the management scope and mode of the procurement centre, improved the administrative authority of different business units such as units of industrial paper, cultural paper and household paper, and established a longitudinal sustainable development management system from its mills and forests up to the HQ management and control centre level, and then to the supreme decision-making body. The establishment of this system has ensured our sustainable development goals are carried out at all levels. Meanwhile, as the main body of production and management, our mills and forests keep in direct contact with all stakeholders in operation. The judgement of all parties on our actions for sustainable development is directly influenced by these contacts, through which we also receive feedback from the outside world. Our longitudinal reporting and feedback mechanism also ensures that the supreme decision-making body understands the demands of all parties and effectively incorporates both inside and outside sourced information.

The remaking of its sustainable management framework reflects APP-China’s change in thinking on sustainable development environment. We hope that we can provide new insights into the realisation of sustainable development of the industry through constant adjustments and exploration. Using the framework as their basis, APP-China’s subsidiaries have long maintained the integrity and effectiveness of their management system in specific spheres related to safety, health and the environment. In 2016, APP-China re-certified all of its management systems.

APP-China Certification Status Overview

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<thead>
<tr>
<th>ISO 9001</th>
<th>ISO 14001</th>
<th>OHSAS 18001</th>
<th>PEFC-CoC</th>
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</thead>
<tbody>
<tr>
<td>GoldEast Paper</td>
<td>Periodic audit</td>
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<td>Gold East Hong</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
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<tr>
<td>Suzhou Hongye Paper</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
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<td>Ningbo Zhonghua</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
<td>Periodic audit</td>
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<tr>
<td>Ningbo Asia Pulp</td>
<td>Periodic audit</td>
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<td>Periodic audit</td>
</tr>
<tr>
<td>Hainan Jinhai Pulp &amp; Paper</td>
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<tr>
<td>Hainan Gold Hongye</td>
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In August 2016, in the Lighting the Beautiful Future—2016 China Summit for Achieving Sustainable Development Goals, APP-China was recognised as a “Pioneering Enterprise for SDGs”. The summit, sponsored by the UN Global Compact Network China, and supported by the National Development and Reform Commission and China Enterprise Confederation, aimed to showcase the contributions made by Chinese enterprises in the spheres of economic development, service to society and environmental protection when actively responding to the UN SDGs. A total of 16 enterprises including APP-China were recognised as pioneering enterprises, and their achievements were compiled in the Achievement Collection of the “Lighting the Beautiful Future— Achieving Sustainable Development Goals” and submitted to the UN Global Compact.

APP-China Was Recognised as a “2016 Responsible Company”

After winning the same award in 2013 and 2015, APP-China won the “2016 Most Responsible Company” award for the third time at the 10th International Forum for Corporate Social Responsibility (CSR) in China, sponsored by China News Service and China News Weekly.

With the theme as “rewarding good will, and identifying the original responsible force”, the forum brought together hundreds of guests from government, enterprises and academia to discuss the original intentions and goals of enterprises, as well as challenges that the enterprises are facing within the new normal state of economy.
There are two communication channels between APP-China and its stakeholders. One is the HQ functional departments, mills and forests. They, in their daily operation, directly work with different stakeholders according to their own functions and responsibilities. This is our most straightforward approach to getting to know the demands of all parties. After collecting daily information, APP-China identifies the types and demands of key stakeholders, and then meets the demands from all parties through targeted responses. This report on the annual sustainable development of APP-China also responds to stakeholder demands through information disclosure.

APP-China Stakeholder Communication

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Communication channels</th>
<th>Key Concerns of Stakeholder</th>
<th>Communication Content</th>
<th>Stakeholders Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Internal website, Internal journals</td>
<td>Water management, Occupational health and safety, Product quality and safety, Compliance, Employee development, Compensation and benefits</td>
<td>Please refer to Water Resource Management, Please refer to Occupational Health and Safety, Please refer to Compliance Management, Please refer to Customer Demands</td>
<td>Stakeholders Communication</td>
</tr>
<tr>
<td>Customers and consumers</td>
<td>Consumer survey, Consumer complaints handling, Product promotion event, Company Website, Internet media, Customer follow-up and regular visits, Site visit research, Customer satisfaction survey, Customer complaint handling, Cooperative research and development mechanism, Official website of the company</td>
<td>Emissions and waste management, Water resources, Product quality and safety, Health and safety, Customer satisfaction</td>
<td>Please refer to Management of Emissions, Please refer to Water Resource Management, Please refer to Customer Demands, Please refer to Response to Customer Demands</td>
<td>Stakeholders Communication</td>
</tr>
<tr>
<td>Supplier/Contractor</td>
<td>Daily communication meetings, Supplier review and site investigation, Cooperative research and development mechanism, Cooperation agreement, Official website of the company</td>
<td>Water resources, Health and safety, Emissions and waste management, Compensation and benefits</td>
<td>Please refer to Water Resource Management, Please refer to Occupational Health and Safety, Please refer to Management of Emissions, Please refer to Protection of Employees’ Rights and Interests and Career Development and Capacity Upgrading</td>
<td>Stakeholders Communication</td>
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</table>

As our critical partners on the path to realisation of sustainable development, stakeholders are able to help us understand the impact of our actions and make proper evaluations. APP-China has long maintained a variety of channels to keep in close contact with stakeholders and collect feedback and information from all parties in a timely fashion. APP-China, through its efficient internal management system, uses the feedback and information to inform its decisions on sustainable development. Also, feedback from stakeholders provides straightforward responses to our rapidly adjustment of operation and management strategies, and changes in stakeholder demand reflect changes in their specific goals in sustainable development, thus helping us revise our sustainable development in a timely manner.
As an important complement to its daily communication with stakeholders, since 2009, APP-China has conducted a stakeholder survey every year. The survey has helped us systematically review our stakeholders’ responses to related issues in sustainable development, identify key issues in sustainable development, make appropriate judgements, and then determine our annual focus. In 2016, in order to maintain the unity of the survey, we kept the weighting for the stakeholders unchanged, but in response to the development of the domestic mobile internet industry, we only used an online survey. By taking advantage of our adjusted sustainable development management system, the subjects of our questionnaire could be more varied. As a result, the number of valid returned questionnaires rose to 624 in 2016 from 173 in 2015, which made the evaluation and feedback received from the stakeholders more accurate and richer in content. All these factors drove the improvement of APP-China’s sustainable development actions in terms of effectiveness and comprehensiveness.

For all business activities carried out by APP-China, we have insisted on compliance as the bottom line. Continual improvement of staff awareness of anti-corruption measures is one of our major priorities regarding compliance management. Within the enterprise, APP-China optimises internal compliance management, provides rules and regulations training, has created an anti-corruption reporting mailbox, requires employees to sign the Employment Professional Ethics and Probity Code of Conduct, and provides a bulletin board and other channels to strengthen communication on internal controls, anti-corruption and anti-commercial bribery with employees to raise their awareness. In 2015, no significant legal risk events occurred within APP-China. Meanwhile, APP-China has published anti-corruption announcements on its corporate website and printed its anti-corruption mailbox address on business cards to communicate anti-corruption information to keep external stakeholders such as suppliers and contractors informed of our anti-corruption policy and code of conduct, to help them maintain a healthy, fair and transparent business environment.
Sustainable Papermaking Industry Integration and Diversification

The motivation behind the papermaking industry’s transformation comes from the industry’s development direction: more efficient and cleaner. The strategy of “Integration of Plantation-Pulp-Paper” advocated by APP-China has provided a modern sustainable industry pattern. On the other hand, it comes from changes from the demand side: the role of paper material in daily life has changed, which needs the cooperation of all parties in the industry in order to realise the sustainable development of the industry chain in the future.
As the first domestic enterprise to propose the “Integration of Plantation-Pulp-Paper” model, APP-China advocates a recyclable green paper industry chain model, which minimises the papermaking industry’s impact on natural resources, changes the traditional small-scale papermaking enterprises’ “aggressive” mode of production, and backfeeds the ecological environment at the same time.

Unlike asset-light industries such as the IT industry and clothing industry, paper enterprises need to adjust their own mills’ production models to adapt to changes in external demand. 2016 was a new starting point for the Chinese paper industry. Facing an increase in environmental inspections, small paper businesses which consumed enormous natural resources became unsustainable due to the structure adjustment brought by supply-side reformation. The paper industry will move toward a more efficient and sustainable direction, and we have proven that the “Integration of Plantation-Pulp-Paper” is feasible. In the past two years, we have been delighted to find that more and more modern papermaking enterprises have adopted this model, and APP-China is also willing to share its own experience to make the industry chain more sustainable.
Forest Policies

As the basis of “Integration of Plantation-Pulp-Paper”, APP-China ensures the sustainability of this business model starting at the operation of plantations and the protection of natural forests. Since the end of the last century, the APP-China has adhered to the concept of “scientific and technological forests, ecological forests, and legal forests”, ensuring the sustainable development of forests while improving the supply of forest resources.

APP-China Supported the IUFRO Regional Congress for the Asia-Pacific Region 2016

In October 2016, the first IUFRO International Union of Forest Research Organization’s Regional Congress was held in Beijing, and APP-China as the main sponsor of the event discussed forestry research in response to global climate change and sustainable management with representatives from nearly 60 countries and regions.

The conference hosted by IUFRO and the Chinese Forestry Academy aimed to reach a consensus on scientific research on sustainable forestry development and collaboration on trends and other changes. In the end, demand for forest management and operation under the current changing environment can be met. This was the first regional congress of IUFRO in the Asia-Pacific region and the largest regional conference in the history of IUFRO.

A sound system is the premise of forest sustainable development. As APP-China’s plantation operator and manager, APP-China Forest has implemented forest protection policies, uses plantations as sources of raw materials not involving natural forests, and has put an end to using natural forest timber in the supply chain. APP-China formulated the “Manual of Forestry Laws and Regulations”, “Staff Management Manual”, “Forest Managing Policy” and “Environmental Policy” as part of its forestry management system. It operates under a higher standard than national laws and regulations. APP-China develops standard operating procedures to ensure the quality of forests in the areas of logging, afforestation, green manure and forestry security. A set of scientific methods for the management of forests have also been developed on grounding, seedling, afforestation, nursing, growth monitoring, logging, CO2 production and marketing supervision chain, and forest operation acceptance check.

APP-China Forest has implemented an afforestation, cultivation, management & protection, logging and PHP model to establish a long-term, mutualistic partnership with managing contractors, and prefers to choose local contractors. We also pay attention to the training and auditing of our contractors in order to realise mutual benefit and win-win situations on the premise of environmental protection and security.

Sustainable Forestry

Sustainable forests depend on the support and synergy with local communities. In order to standardise the company’s communication with local communities, APP-China Forest, according to the principle of FPIC (Free, Prior and Informed Consent), established and formally implemented the “Community Communication Management Measures” on January 1, 2017. For disputes in forestry operations, the company has issued the “Measuring Forester’s Compliances and Disputes”, which require clear responsibilities, positive attitudes, and procedure-based and legal solutions. As part of communication, APP requires staff to encourage residents to participate in a fair, open and transparent way. Attention should be paid to the accuracy and effectiveness of the information transmission, and to choose the right way to communicate with community residents. Special attention should be given to encouraging the participation of ethnic minorities, women, the elderly and children, and to listen to their recommendations. Respect should be paid to the traditional cultural habits of ethnic minorities, and the thoughts and recommendations of the residents should be responded to or given feedback within two weeks. At the same time, APP publishes its annual and quarterly reports, community residents can provide ideas and opinions on related activities, policies and projects, and the company will fully communicate with the residents’ feedback to find the best solution.

FPIC (Free, Prior and Informed Consent)

APP-China Forest has the FPIC principle to communicate with local communities, including but not limited to:

- To inform about the company’s basic profile, including operating and planned business in the operation plan, the company’s business program, etc., with special reference to activities that have a greater impact on local communities;
- To declare that the company recognises and respects FPIC as rights of ethnic minorities and local communities without violating national legislation;
- To inform the company’s social and community management guidelines and CSR projects, especially on policies and projects that have greater impact on local communities;
- Community residents can provide ideas and opinions on related activities, policies and projects within the company, fully communicate with the residents’ feedback to find the best solution.

Sustainable Forestry

For its effective management policy, APP-China is committed to stopping all natural forest production, and working with The Forest Trust (TFT), a third-party appraisal institution, to ensure its forest protection policy is effectively implemented. As for plantations, APP-China has set up a modern breeding centre, cultivating superior strains for paper pulp production, and in 2009 introduced a forestry management system (PMS) for efficient forestry management and remote monitoring. The forestry management system, forest operation management system, material management system and financial system are integrated into the SAP system for unified management. APP-China Forest carries out standard operating procedures and quality monitoring for the whole forest cycle, tests all processes and procedures, and sets these factors as the standard. At the same time, APP-China Forest also entrusts qualified units to assess the environmental impact of projects to ensure that the forest operations meet the national laws and regulations and the requirements of sustainable development.

APP-China supports major importance to forest conservation and biodiversity conservation. Throughout the entire supply chain, APP-China has conducted a high-carbon stock (HCS) and high conversation value (HCV) evaluation and introduced “High Conversation Value Management Measures”. The function of relevant managing departments is also well defined. The HCV decision method and the decision process have also been outlined and stakeholders are encouraged to participate in the program to provide key protection for ecological services and biodiversity forests.

APP-China Forest’s Guangxi Business Units and the Local Community Grow Together

In 2016, four of APP-China Forest’s Guangxi business units employed more than 1.340 people in their operation. Companies paid local communities 121.51 million Yuan (including 10.24 million Yuan in wages and 3,333 million Yuan of rent per year). In the same year, the operation of APP-China Forest has driven the local economic industry forward, and the number of local vehicles used for production was stabilized at around 200.

The percentage of local employees and revenue from forest operations has reached 86%
HCV Forest

High Conservation Value (HCV): A value that is significant or extremely important in biological, ecological, social, or cultural terms. The concept of HCV was first proposed by the Forest Stewardship Council (FSC) in 1999, which stated that “operations on HCVF should maintain or strengthen the characteristics of these forests and the decision made on HCVF should be developed from the precautionary approach.”

There are six recognised forms of high conservation value forests:

1. Basic ecosystem services in critical situations
2. Cultural value
3. Cultural value
4. Basic ecosystem services in critical situations
5. Basic ecosystem services in critical situations
6. Basic ecosystem services in critical situations

From forest land planning to the reuse of logging leftovers, APP-China Forest has made reasonable plans for every step of its life cycle, including choosing tree species which are suitable for local conditions, using organic fertilizer as much as possible, reducing the use of herbicides, returning logging leftovers to woodland to increase soil organic matter content, retaining undergrowth, maintaining good forest ecological systems and preventing soil erosion.

APP-China Forest has launched a five-year ecological environment monitoring program for plantation, covering biodiversity, soil and water conservation, soil fertility and other projects, and completed the first cycle of ecological monitoring in 2014. The monitoring results show that APP-China’s forest operation measures effectively avoid adverse effects on local soil and water and biodiversity. In 2016, APP-China Forest and the Chinese Academy of Forestry (CAF) released the “Annual Report on Eucalyptus Plantation Ecological Environment Monitoring”, which reviewed the natural ecological status of plantations and the impact on the local ecosystem. In the future, APP-China will entrust third parties to conduct ecological monitoring of its plantation, evaluate the risks of sustainable development, and ensure that its operational activities have a positive impact on the local environment through scientific management.

Procurement of Wood and Pulp

As the direct raw material of paper production, APP-China uses effective control to guarantee the sustainability of the sourcing of wood and pulp, which has a huge impact on realizing sustainable development. In 2012, APP-China put forward the “Sustainability Roadmap Vision 2020” and presented specific goals for related suppliers in sustainable development. APP-China, as an important component in the global operating network, has always been engaged in enhancing the sustainable development requirements for external raw material suppliers regarding obtaining wood materials from plantations based on independent management.

From the perspective of purchasing wood, the pulp mills of APP-China give priority to purchasing certified wood to assure the legality and traceability of the wood materials. As at the end of 2016, 17 enterprises subordinated to APP-China had obtained PEFC/CoC certification and adopted a wood circulation accounting system to guarantee their wood met the requirements of PEFC/CoC. The newly-purchased quantity of the certified wood fibre accounted for 21.91% of the total with a year-on-year increase of 3.85 percentage points, and Vietnam became one of the biggest wood suppliers.
Sustainable Papermaking Industry: Integration and Diversification

From the perspective of purchasing pulp, APP-China carries out unified procurement management. Pulp is procured from the pulp mills subordinated to APP-China as well as external suppliers and the pulp quality needs to meet the unified standard. Meanwhile, APP-China has strengthened the management and control of pulp inventory, optimised the allocation of commodity sources and reduced ineffective inventory. In 2016, newly-purchased certified pulp accounted for 17.1% of total procurement. APP-China strove to rely on local supplies to reduce greenhouse gas emissions from transportation.

China is an important source of pulp for APP-China with 46% of the total pulp procurement, which increased by 3% over that of the last year; in addition, APP-China sources pulp from Asia, which is the nearest area to the company geographically.

Pulp Procurement by APP-China

<table>
<thead>
<tr>
<th>Numbering</th>
<th>APP-China Affiliates</th>
<th>Certificate No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gold East Trading (Hong Kong) Co. Limited</td>
<td>SGS-PEFC / COC-0049</td>
</tr>
<tr>
<td>2</td>
<td>Gold East Paper (Kangnu) Co. Limited</td>
<td>SGS-PEFC / COC-0063</td>
</tr>
<tr>
<td>3</td>
<td>Gold Huaqiang Paper Gold (Shenzhen) Industrial Park Co. Limited</td>
<td>SGS-PEFC / COC-0028</td>
</tr>
<tr>
<td>4</td>
<td>Nenguo Zhengheng Pulp &amp; Paper Co. Limited</td>
<td>SGS-PEFC / COC-0034</td>
</tr>
<tr>
<td>5</td>
<td>Nenguo Nenguo Pulp &amp; Paper Co. Limited</td>
<td>SGS-PEFC / COC-0039</td>
</tr>
<tr>
<td>6</td>
<td>Gold Hongye Paper Group Co. Limited</td>
<td>SGS-PEFC / COC-0062</td>
</tr>
<tr>
<td>7</td>
<td>Alfa-Pu Paper Products (Shenzhen) Industrial Park Co. Limited</td>
<td>SGS-PEFC / COC-0033</td>
</tr>
<tr>
<td>8</td>
<td>Hengyang Paper (Shenzhen) Co. Limited</td>
<td>SGS-PEFC / COC-0028</td>
</tr>
<tr>
<td>9</td>
<td>Yiling Paper Products (Shenzhen) Co. Limited</td>
<td>SGS-PEFC / COC-0077</td>
</tr>
<tr>
<td>10</td>
<td>Nenguo Nenguo Pulp &amp; Paper Co. Limited</td>
<td>SGS-PEFC / COC-0065</td>
</tr>
<tr>
<td>11</td>
<td>Nenguo Gold Hongye Paper Co. Limited</td>
<td>SGS-PEFC / COC-0173</td>
</tr>
<tr>
<td>12</td>
<td>Gold Hongye Trading (Hong Kong) Co. Limited</td>
<td>SGS-PEFC / COC-1043</td>
</tr>
<tr>
<td>13</td>
<td>Gold Huaqiang Trading (Hong Kong) Co. Limited</td>
<td>SGS-PEFC / COC-1040</td>
</tr>
<tr>
<td>14</td>
<td>Nenguo Nenguo Pulp &amp; Paper Trading (Hong Kong) Co. Limited</td>
<td>SGS-PEFC / COC-1045</td>
</tr>
<tr>
<td>15</td>
<td>Hengyang Nenguo Pulp &amp; Paper Co. Limited</td>
<td>SGS-PEFC / COC-1041</td>
</tr>
<tr>
<td>16</td>
<td>Guangxi Jingui Pulp &amp; Paper Co. Limited</td>
<td>SGS-PEFC / COC-1043</td>
</tr>
<tr>
<td>17</td>
<td>Nenguo Nenguo Paper (Shenzhen) Co. Limited</td>
<td>SGS-PEFC / COC-1048</td>
</tr>
</tbody>
</table>

Waste Paper as Raw Materials

Statistics show that 1 ton of recycled paper can produce 800 kg of good paper, which can save 17 trees, 3 m³ of landfill waste, 240 kg of sodium carbonate, 75% of papermaking pollutants and 40-50% of energy consumption for papermaking. Every piece of paper can be recycled at least twice and the use of recycled paper has become more and more popular. APP-China, as a leading enterprise in the industry, recycles waste paper to produce industrial paper, which creates economic value and contributes to environmental protection. In order to assure the high quality of the recycled paper, APP-China has conducted research on colour range, clearness of printing, quality, etc., to achieve good paper characteristics. As at the end of 2016, the raw materials purchased for waste paper reached 607,244 tons, an increase of 31% over that in 2015, and the raw materials of recycled paper mainly came from overseas due to the quality requirements on the production process.

Pulp Procurement by APP-China by Origin

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>46%</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>South America</td>
<td>8%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>North America</td>
<td>29%</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Europe</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Oceania</td>
<td>0%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Asia &amp; Others</td>
<td>16%</td>
<td>24%</td>
<td>17%</td>
</tr>
</tbody>
</table>

*The proportion of procurement by origin varies according to pulp quality and market price.

In 2016, newly-purchased certified pulp accounted for 17.1%
In recent years, APP-China has made clear its desire to rebuild its connection with the FSC (Forest Stewardship Council) and obtain the FSC certification again. In 2016, the FSC, APP-China and other 2 stakeholders discussed draft roadmaps for rebuilding the connection between APP-China and the FSC and the negotiation made substantial progress. The parties hope to reach consensus within one to two years, which would further help APP-China to receive more recognition for its sustainable development.

For all raw materials including forest, wood and pulp products, independent third-party forest certification plays an important role in promoting the sustainable development of the industry, apart from effective management and control. Especially for consumers and the paper users, forest certification can guarantee paper’s sustainability, which plays a role in helping paper makers to improve production.

Driven by APP-China, the CFCC (China Forest Certification Council) and PEFC (Program for the Endorsement of Forest Certification Schemes) have realised mutual recognition to further increase the supply of certified products in the global market, promote sustainable operation and strengthen the international competitiveness of forest products in China.

In 2016, the certification rate of APP-China Forest’s self-managed forests reached 100% for the first time and the total certificated area reached 223,857.5 hectares, which was a milestone in the sustainability of APP-China’s self-managed forests.

In 2016, the certification rate of APP-China Forest’s self-managed forests for the first time reached 100%

In 2016, the total CFCC/PEFC certificated area which supplies paper and pulp mills reached 254,660.01 hectares

List of APP-China Certified Forestry Companies

<table>
<thead>
<tr>
<th>Number</th>
<th>APP-China Forestry Companies</th>
<th>Certification area (hectares)</th>
<th>CFCC/PEFC FM Certification Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hainan Jinhua Forestry Co., Ltd.</td>
<td>68,583</td>
<td>CFCC/PEFC FM-ZTFC-000003</td>
</tr>
<tr>
<td>2</td>
<td>Guangxi Jingui Forestry Co., Limited</td>
<td>42,073</td>
<td>CFCC/PEFC FM-ZTFC-000004</td>
</tr>
<tr>
<td>3</td>
<td>Guangxi in Qin High-Yield Forest</td>
<td>44,076</td>
<td>CFCC/PEFC FM-ZTFC-000006</td>
</tr>
<tr>
<td>4</td>
<td>Guangxi Juyan Gu Forest</td>
<td>3,828</td>
<td>CFCC/PEFC FM-ZTFC-000011</td>
</tr>
<tr>
<td>5</td>
<td>Guangxi Jinmeng Shangyean Sun Forest Co., Ltd.</td>
<td>1,208</td>
<td>CFCC/PEFC FM-ZTFC-000015</td>
</tr>
<tr>
<td>6</td>
<td>Jinggangshan High-Yield Forest (Paper Material) Base Co., Ltd.</td>
<td>11,072</td>
<td>CFCC/PEFC FM-ZTFC-000007</td>
</tr>
<tr>
<td>7</td>
<td>The first Shaoguan Jinshaoguan High-Yield Forest (Paper Material) Co., Ltd</td>
<td>19,240</td>
<td>CFCC/PEFC FM-ZTFC-000008</td>
</tr>
<tr>
<td>8</td>
<td>Lishou Jinmeng Forestry Technology Co. Ltd.</td>
<td>7,067</td>
<td>CFCC/PEFC FM-ZTFC-000010</td>
</tr>
<tr>
<td>9</td>
<td>Yangjiang Jinmeng Forestry Technology Co., Ltd.</td>
<td>2,436</td>
<td>CFCC/PEFC FM-ZTFC-000013</td>
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<tr>
<td>10</td>
<td>Huaxia Jinmeng Forestry Technology Co., Ltd.</td>
<td>3,004</td>
<td>CFCC/PEFC FM-ZTFC-000015</td>
</tr>
<tr>
<td>11</td>
<td>Nanping Jinmeng High-Yield Forest</td>
<td>16,621</td>
<td>CFCC/PEFC FM-ZTFC-000017</td>
</tr>
<tr>
<td>12</td>
<td>Simao Jinmeng High-Yield Forest</td>
<td>42,272</td>
<td>CFCC/PEFC FM-ZTFC-000018</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>254,660.01</td>
<td></td>
</tr>
</tbody>
</table>
The “Integration of Plantation-Pulp-Paper” production model provides a basis for the sustainable development of papermaking enterprises, including APP-China. With the change in use of paper from information carrier to materials, demand for paper is becoming more diverse. In particular, with the rapid rise of China’s internet technology, people’s lifestyles have changed fundamentally within a few years, which has brought challenges to the existing industrial structure but also provided new opportunities for the future.

Given the ongoing transformation of the paper industry, APP-China believes that the paper industry will enter a new stage of development through the collaboration of all the industry chain partners.

Meeting the Diversified Demand for Paper Products through Cooperation

For APP-China, the most direct manifestation of the diversified demand is that the number of customer orders is on the rise, while the amount of each type is decreasing. The paper terminal market, including that of printing plants, is changing from mass production to small-scale customisation. In order to meet this change, APP-China is beginning to collaborate with downstream customers to explore a rapid response mechanism together.

In 2016, we received more and more personalised orders from customers, and collaboration between technical staff on both sides became common. Based on this, APP-China put forward the “technical marketing” mechanism, that is, to solve customers’ problems by combining the production, marketing, customer service, product quality assurance and R&D departments, and integrating team strength. We developed a technical marketing plan each quarter for key customers to understand the technical services that they need and to formulate specific service plans. Compared with the traditional practice of solving problems after receiving customer complaints, we believe that by meeting customers’ requirements in advance, dissatisfaction can be prevented ahead of time and customer recognition can be improved.

Technical Marketing Procedure

1. Needs
   - Departments: Technology/Customer Service/Business/BU/Marketing
   - Hold quarterly meeting to confirm the requirements and planning of technical marketing
   - Raise customer problems and needs

2. Project Setting Up
   - Departments: Business/BU/Marketing
   - Confirm technical service demands for key target customers
   - Specific technical service projects, briefly introduce problems, and perform initial benefit assessment
   - Set up a technical marketing team according to technical marketing projects
   - Confirm the technical marketing project planning

3. Visiting
   - Departments: Operating/BU/Technology/Production
   - Put forward technical service schedule
   - Weekly technical service summary

4. Continuous Tracking
   - Departments: Customer Service
   - Follow and report on marketing project progress once a week and summarize every 2 weeks

Social development

Security and environment-protecting paper product requirements
Various uses of paper products
Quality assurance of paper products
Innovation of paper products

Industrial cooperation model

APP-China
Suppliers
Research institutes

Customers

APP-China: Sustainable Development Report
Another important manifestation of the diversified social demand is that the application range of paper products is gradually increasing. APP-China performed an investigation to understand the requirements of special product users. Moreover, in the development process, APP-China has established a cooperative relationship with suppliers of chemicals, fragrances and spices by obtaining the support of external institutions, to ensure that products meet the needs of users for different materials.

At the same time, APP-China strengthened the quality control of R&D, established a quality improvement program system, adopted different requirements and control strategies on product characteristics and quality, and ensured production stability.

The demand for sustainable products is also increasing. In recent years, with customers paying more attention to sustainable development, regular verification of the plants by customers themselves or third-party companies is becoming increasingly common.

Customers’ complaints and suggestions not only indicated three high-quality requirements for our products, but also were an important driving force helping APP-China promote product and service quality. Facing existing problems and responding to customers’ demands is one of the fundamental measures ensuring our product quality. APP-China has implemented and improved a customer complaint processing mechanism, and stipulated the main responsibility of each department in complaint processing according to the management and assessment methods. Through customer satisfaction measurement and message processing, customers’ requirements on the company’s products and service were timely and properly handled. In addition, the company actively conducted corrective measures, and improved product quality to avoid the re-occurrence of quality issues and improve customer satisfaction.

As an important measure to understand the needs of customers, APP-China’s business units have carried out customer satisfaction surveys each year. The quality, logistics, customer service staff’s attitude, etc., are compared with those of the last year’s survey results. Problems reflected by large regional customers are extracted, and the relevant departments are asked to provide improvement plans.

Timely and effective customer communication is also an important measure to respond to customers’ needs. Gold Huasheng timely forwarded customers’ complaints to relevant units and discussed improvement measures through daily WeChat communication and weekly WAR ROOM reports, replacing single complaint responses with preventive customer complaint responses.

Gold Huasheng Paper Obtains China Welfare Lottery and China Sports Lottery Double Certification

Because of the need of anti-counterfeiting, security and fast, welfare lottery and sports lottery use paper as the only voucher. The requirement of paper quality is extremely stringent. China welfare lottery needs to get Chinese Paper Quality Testing Center’s Lottery Paper Quality Certificate. China sports lottery needs to obtain the Chinese Anti-Counterfeiting Quality Testing Center’s Quality Certificate.

In 2016, Gold Huasheng Paper visited various lottery printing factories and testing organizations in Beijing and Shanghai, and learned the testing content of the two testing organisations, including standards, methods, indicators, requirements, time period, processes, etc. Gold Huasheng Paper categorized and compared the testing methods and standards. After understanding the requirements for certified paper, Gold Huasheng Paper developed ultra-high quality lottery paper by adopting advanced high-level heat-sensing materials, designed paper production lines especially for high precision equipment and established a series of quality management SOPs. Finally, Gold Huasheng Paper successfully developed ultra-high quality lottery paper, and received the China welfare lottery quality certificate and China sports lottery quality certificate.

Suzhou Gold Hongye Developed Antimicrobial and Bacteriostatic Paper Products for the Hong Kong Market

As people are paying more attention to health and sanitation, the need for antiseptic and bacteriostatic products has gradually increased. However, ordinary paper for daily use is only ensured as safe and clean, and that it does not have adverse effects on normal functions such as skin. In addition, paper discarded after use is a source of infection, which would bring hidden dangers to sanitary safety.

In order to meet consumers’ demand for antiseptic and bacteriostatic products, especially in the flu season and to reduce the use of ordinary paper for daily use which could spread infection, Suzhou Gold Hongye cooperated with well-known chemical suppliers to jointly develop antiseptic and bacteriostatic products conforming with international standards. The antibacterial technology was also used to develop an antiseptic and bacteriostatic paper for daily use. This product effectively kills up to 99% of bacteria, including Bacteriophage ca and Staphylococcus aureus, and also greatly reduced pollution. Suzhou Gold Hongye applied to a number of patents for the antiseptic and bacteriostatic product and the application technology.

Suzhou Gold Hongye Strengthened Audit Control of its Customer Visit Mill

According to the Audit Control Procedures of Key Customer Visiting and the responsibility of each department and the detailed procedures for audit control. Regular and irregular audits of the company’s various systems were carried out, including the quality management system, environment management system, occupational health and safety management system, forestry product production and marketing chain, China forest certification production and marketing chain, original ecological product verification of paper for daily use, measurement system, energy system, system of Water Conservation, system of Cleaning, system of Cosmetics (KMP-C), and SIC production and marketing chain. The abovementioned issues inside the external audit were addressed, and the effective operation of each management system was validated and ensured.

In 2016, Suzhou Gold Hongye received 13 on-site customer audits with good results, including Coca-Cola, Hainous, Disney, Suibuh, Tropical Rain Forest, K tackles, and ARECA.
Technology and Product Innovation

In 2016, focusing on optimising the department structure and functions, APP-China set up a technology and enterprise development department, consisting of several business and R&D departments, including the R&D centre and the pulp equipment department. In addition, APP-China treated exploration and development prospective pulp equipment department. In addition, APP-China ultimately achieved the goal of industry 4.0 horizontal integration. In 2016, by promoting machinery manufacturing, the company replaced part of its manpower with machines in the production process, gradually unified all data systems, and met national requirements on environmental protection and energy consumption.

APP-China's Industry 4.0 Roadmap

In 2016, with the gradual advancement of the national industry 4.0 strategy, the continuous strengthening of environmental policy requirements and the changing needs of the market, APP-China strengthened communication with the government, introduced international prospective requirements, set an example by carrying out a demonstration project, led the circular economy, and promoted the overall development of the domestic paper industry. APP-China established its own industry 4.0 roadmap regarding automation transformation as the current key work, through digital operations, vertical integration and end-to-end integration, APP-China ultimately achieved the goal of industry 4.0 horizontal integration. In 2016, by promoting machinery manufacturing, the company replaced part of its manpower with machines in the production process, gradually unified all data systems, and met national requirements on environmental protection and energy consumption.

APP-China’s Three-Tier R&D System

The key to successful R&D is talent. APP-China understands the importance of listening to staff. Every quarter, a treasure-presenting assembly, R&D cross-plant KPI competition, cross-plant excellent project-sharing competition and cross-plant Cross-3DA mutual help activities were regularly held in the mills. An inter-mill technology and information exchange platform was established rewarding winning staff and mills, which built enthusiasm for R&D innovation, and effectively enhanced the group’s overall technical strength.

Gold East Paper Cooperated with Universities on Research Projects

The introduction and effective use of APP-China’s R&D resources is not limited to internal sources as and the company has signed long-term cooperation agreements with research institutions and dealers. Since 2014, APP-China has worked with several universities to carry out projects related to clean production, pulp, etc., and has invested funds, technology and manpower to support industrial research. Customers are also regarded as important R&D partners, and APP-China works with them to develop products which are more suitable for market requirements.

Birth of the “Blister King”

For a long time, the paper used in the domestic high-grade blister market was mainly imported. In order to fill the gap in the domestic high-grade blister paper, after a long-term exploration process, Ningbo Asian Pulp held multiple discussions on raw materials, formulations and papermaking technology conditions, overcame various difficulties, and finally launched the best technological copying conditions of blister paper in September 2016. Once launched, the blister product made its reputation as the “Blister King”, which broke the monopoly of foreign technology conditions, overcame multiple discussions on raw materials, process, Ningbo Asian Pulp held research the use of functional chemical in paper making” , etc. As a result of this American Pulp paper, after a long-term exploration process, Ningbo Asian Pulp held multiple discussions on raw materials, formulations and papermaking technology conditions, overcame various difficulties, and finally launched the best technological copying conditions of blister paper in September 2016. 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Effective patent management and intellectual property protection is one of the fundamental measures protecting APP-China’s technology and product innovation. In 2016, APP-China instituted intellectual property management at the group level, and integrated the originally distributed intellectual property management of mills to the legal department at the company’s headquarters. The legal department now directly serves all the subsidiary factories. In addition, factories also improved their intellectual property management systems, including establishing patient committees, promulgating relevant documents (such as the “Patient Management Approach”), and providing whole process control for patent application procedures (including invention creation and documentation proposals, review, decision-making, application preparation and formal application). In 2016, APP-China received 175 patents, including 107 invention patents, 26 utility model patents and 42 design patents.

Varying customer needs require the diversification of raw materials. As an important partner to meet social needs, APP-China values common property rights. Not one case of fraud or forced labour for suppliers or contractors was noted in 2016.

APP-China implemented a concentrated procurement plan for all plants in 2016 in an effort to further improve efficiency of procurement and increase profits. The procurement department is in charge of adjusting and summarising procurement applications so as to form an integrated procurement plan. The procurement department moreover responsible for concentrated ordering and delivery time.

The number of patents APP-China received

175

Random inspections are also performed annually on partner suppliers. Since 2015, all new suppliers of APP-China have been required to sign the Statement and Agreement on Corporate Social Responsibility. The signed paper, formulated in accordance with national and international laws and regulations and social responsibility code SAB800, specifies how suppliers shall behave in terms of commercial ethics, human rights, environmental protection, energy-saving and emission reduction, and intellectual property rights. Not one case of child or forced labour for suppliers or contractors was noted in 2016.

Training Program for Procurement Staff

A sustainable supply chain and procurement requires scientific and efficient management. In order to achieve this by enhancing procurement efficiency and management, APP-China procurement department adopts work-smithing into departments with a launching an overall talent pool plan for both the headquarters and branches.

The department’s staff, from procurement officers for different materials, to illustrative staff in charge of procurement of chemical and raw materials with those buying wood chips, this also helps bridge differences within the procurement department, thus laying a solid foundation for coordination. Corruption is also largely eliminated.

Moreover, by providing the same working positions, the staff become more aware of the correlation between their jobs and others, equipping themselves with multiple skills and capabilities in assuming role and responsibility.

The talent pool initiative first proposes staff to accustomed to different positions both in the headquarters and its branch plants and also provides them with training courses for the target position in advance.
With China’s entry into a new stage of development, low-carbon development and ecological environmental protection have attracted unprecedented attention. As an industry leader, APP-China is not only concerned about the enterprise itself, but also the sustainable development of the entire domestic paper industry. APP-China aims to transform the image of the traditional paper industry from high energy consumption and high pollution to energy-saving, environment-protecting, green and sustainable.
APP-China has established a sound and effective environmental management system. Based on three aspects including optimising organisational structure, improving management capacity and improving assessment mechanism, the company has created specific requirements for different management levels to achieve the closed-loop management of strategy, operation and evaluation. In line with its own operation, the company has set up detailed environmental performance assessment indicators for each subsidiary mill, and the headquarters will evaluate and manage all sewage discharge and exhaust emission data reported by its subsidiaries. The company holds an inter-mill exchange meeting every quarter to encourage each mill to actively exchange excellent experiences in environmental management, which effectively promotes the improvement of the company’s overall environmental management ability. At the same time, the company focuses on communication with internal and external stakeholders, and monitoring of the sewage discharge and exhaust emissions of each subsidiary mill. The company also actively listens to the feedback of community residents, and invites representatives to carry out on-site monitoring of mills, which has achieved good results.

Energy Management

With the national macroeconomic policy of energy structure adjustment, APP-China has paid high attention to its own energy structure management, and constantly increased the use of energy-saving equipment and energy-saving technologies. APP-China pushed its mills to establish sound energy management systems, carry out structural adjustment of energy usage, vigorously extend the use of renewable energy, such as photovoltaic power generation, and reduce the proportion of coal use. In 2016, APP-China continued to tap its energy-saving potential, and its mills actively carried out energy-saving technological transformation programs, effectively reducing the unit energy consumption of products. In APP-China’s integral energy structure, coal was still the most important energy source, but the proportion has been constantly declining. In 2016, the coal energy consumption accounted for 63% of the total, reduced by 3% compared with that in 2015 (66%). Meanwhile, the amount of purchased electricity and purchased steam showed a downward trend, the energy structure was constantly adjusted, renewable energy continued to be developed, use of renewable energy was promoted, a photovoltaic power generation project was started, and the use of fossil fuels was reduced, which fundamentally decreased the generation and emission of greenhouse gases and increased the use of renewable energy. Up to December 2016, APP-China’s mills used 103,211.2 MWh of electricity generated by new-energy.

The Environmental Management Structure of APP-China

Investment in Environmental Protection 2014-2016

2016 APP-China Energy Consumption

2014-2016 APP-China Energy Use by Type
Suzhou Gold Hongye Achieved Energy Conservation and Emission Reduction through Various Technical Modification Measures

In 2016, Suzhou Gold Hongye adopted a series of energy-saving technical modification measures, and effectively reduced the use of energy and resources. The mill uniformly regulated the production process, and part of the equipment was shut down or removed. For example, two white water recovery systems, TM7 & 8, were combined, and the light boiling process, high energy consuming systems, etc., were eliminated. The energy consumption per ton and discharge from 475,952.15 ton in 2015 to 426,739.40 ton in 2016. In the natural gas reduction, the calorific value per ton and ton decreased from 703 kcal/ton in 2015 to 623 kcal/ton in 2016. By achieving continuous economic, safe operation and reducing the rejection rate.

Suzhou Gold Hongye also developed major plans for further energy saving work in the future, including dryer system optimization, replacing the TM9 burner and dryer heat pumps, and optimising the water recovery equipment to reduce the use of water resources.

Gold Huasheng Paper Greatly Reduced Start and Stop of Boilers, and Decreased the Use of Diesel Oil

In 2016, Gold Huasheng actively adjusted the power generation load,五大白水浴. in most cases, cut off most user requirements and reduce the use of diesel generators. Compared with that in 2015, the amount of diesel oil used was reduced by about 400 tons. On the other hand, there were several boiler malfunctions in the past, resulting in an increase of boiler restart times and a large amount of unnecessary diesel consumption. The mill found that these malfunctions were due to the high water content of coal, which led to boiler tube breakage. In 2016, a water content control requirement for coal provided by suppliers received, which effectively reduced the start-stop times of boilers, and decreased the consumption of diesel by about 200 tons.

Water Management

In recent years, China has vigorously promoted the conservation and protection of water resources, and the implementation of strict water resources management systems. Water pollution control was constantly improved, and the national environmental protection standard for sewage discharge was also significantly improved.

APP-China has established a sound standard for sewage discharge as the top priority of the company’s environmental management. In order to minimise the emission of pollutants, including COD and BOD, APP-China has introduced international top sewage treatment systems to improve the treatment technology, reduce water consumption and chemical use in the production process, continuously improve the sewage purification capacity, and ensure that sewage emission is far better than the national standard.

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In the last three years, APP-China’s sewage discharge rate has fluctuated, which was related to the change in each mill’s production and operation status, and the total product status. Meanwhile, the annual average sewage discharge of 1 ton of paper showed an obvious decreasing trend; the annual average sewage discharge of 1 ton of pulp

APP-China Annual Average Wastewater Discharge per Unit of Product (Per Ton of Paper)

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</thead>
<tbody>
<tr>
<td>2016</td>
<td>283,152,000</td>
<td>204,106,855</td>
<td>1,210,049,099</td>
<td>1,435,530,500</td>
<td>228,492,737</td>
<td>245,946,807</td>
<td>216,084,571</td>
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APP-China has implemented the “The State Council’s Opinions on the Implementation of the Strictest Water Resources Management System,” constantly strengthened the enterprises’ water management, improved water use efficiency and developed water indicators which were stricter than the national standard. In 2016, APP-China improved the run-in efforts of all the mills, Hainan Jinhu Pulp & Paper, Hainan Gold Shengpu, and Hainan Gold Hongye became the first water-saving enterprises in Hainan Province. The company’s official website and the website of the Environmental Protection Agency, achieving data transparency. APP-China accepted public supervision, and its management level was constantly improved.

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Management of Emissions

In recent years, China has increased its efforts in comprehensive air pollution management aiming to reduce the emission of various pollutants, and accelerate desulphurisation, denitrification and dedusting in key industries. In order to meet the emission requirements, APP-China carried out a number of technological innovation and equipment upgrades, spent huge sums of money on desulphurisation and denitrification transformation of thermal power plants, and achieved significant reductions in the emission of air pollutants. In 2016, the company’s actual sulphur dioxide emission decreased by 19.4% compared with that in 2015, the emission of nitrogen oxide decreased by 6.5%, and the transformation effect was remarkable. In addition, APP-China’s subsidiary mills transformed carbon dioxide in boiler emissions into light calcium carbonate through an advanced technology, and synthesised sulphur dioxide into a synthesised sulphuric acid. After two years of operation, the company has achieved more than 10,000 tonne sulphuric acid synthesis each year, which further reduced the emission of air pollutants while reusing resources to the greatest extent.

APP-China strictly follows the 3R principle of waste disposal, and deals with the solid waste generated in the production process scientifically and effectively mainly including fly ash, slag, scrap material, sludge and other general waste produced in sewage treatment, waste oil drums, waste batteries, waste light bulbs and other hazardous waste. APP-China’s subsidiary mills uses fly ash and slag for brick making, and sludge produced in sewage treatment for incineration power generation and composting. The rest of the waste paper, waste pulp sheet, packaging materials, scrap iron wire and engineering materials are all recycled or sold to qualified companies as raw materials. All the hazardous waste of APP-China’s subsidiary mills is entrusted to a third party qualified for hazardous waste disposal and treatment. The domestic waste is sent to a local municipal waste disposal unit for processing. In this manner full compliance for waste disposal was achieved. The reclamation, harmlessness and minimisation of waste disposal have been realised.

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In 2016, the amount of hazardous waste generated by APP-China was 379.61 tons and the disposal amount was 507.15 tons, mainly including waste oil, waste oil drums, waste batteries, waste asbestos and waste light bulbs. The general waste generated by APP-China in 2016 mainly included fly ash, slag, sludge and other general waste. The disposal amount of each waste type is listed in the following table.
Sustainable Society
Internal and External

In the process of realising sustainable development, "people" remain a key factor. In both the internal environment (employees) and the external environment (the community) APP-China has attached great importance to communication and exchange, especially in the face of change and challenges, to realise a better future together.
APP-China always adheres to the “people-oriented” business philosophy. It adopts a variety of measures to attract and retain talent, optimise the talent structure, inspire employees, and share the achievements of enterprise development. As at December 31, 2016, the total number of employees of APP-China in this report was 22,870, of which 21,051 were directly employed and 1,819 were indirectly employed. Among the directly employed staff, 5,886 are women, accounting for 28.0% of total employees. Female employees fill 374 management positions, 22.5% of the total.

### 2014-2016 APP-China’s Percentage of Female Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>28.1</td>
</tr>
<tr>
<td>2015</td>
<td>26.86</td>
</tr>
<tr>
<td>2016</td>
<td>25.25</td>
</tr>
</tbody>
</table>

### 2014-2016 APP-China’s Female Employees in Management Positions

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Female Employees in Management Positions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>374</td>
</tr>
<tr>
<td>2015</td>
<td>326</td>
</tr>
<tr>
<td>2016</td>
<td>309</td>
</tr>
</tbody>
</table>

### 2016 APP-China’s Age Structure

- Younger than 30 years old: 25.25%
- 30-50 years old: 72%
- Older than 50 years old: 2.75%

### 2016 APP-China’s Employee Level

- Junior Management Level: 25%
- Middle Management Level: 7%
- Top Management Level: 73%

### 2014-2016 APP-China’s Employee Retention after Maternity/paternity

<table>
<thead>
<tr>
<th>Year</th>
<th>Male Retained after Maternity/Paternity (%)</th>
<th>Female Retained after Maternity/Paternity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>92%</td>
<td>73%</td>
</tr>
<tr>
<td>2015</td>
<td>90%</td>
<td>72%</td>
</tr>
<tr>
<td>2016</td>
<td>88%</td>
<td>73%</td>
</tr>
</tbody>
</table>

### 2016 APP-China’s Employee Turnover Rate

- Turnover rate: 5%
- Male turnover rate: 25%
- Female turnover rate: 18%
APP-China gives top priority to all employees’ rights and interests. The company strictly complies with the “Labour Law of the People’s Republic of China,” “Law of People’s Republic of China on Employment Contracts” and “Trade Union Law of People’s Republic of China” and all other laws and regulations. The company signs contracts with all employees. In recruitment, remuneration, training and promotion, APP-China is committed to eliminating discrimination on the basis of sex, ethnic background, religion, age, and political belief, and all other forms of discrimination. Employment of child and forced labour is strictly prohibited. With all these measures, all employees can enjoy the same access to due rights and fair opportunities at work. Amid tough market conditions from 2014 to 2016, APP-China adjusted its employment plan prudently and by following the new plan each business unit conducted recruitment and dismissal. Communication with and compensation for dismissed employees are required. The company also actively contacted relevant organisations to make arrangements for the dismissed employees. For retained employees, the company moderately raised remuneration and benefit standards to ensure that employees have a good salary and equal pay for equal work, and remain satisfied. Implementation of the new employment plan was an inevitable choice made by APP-China in the new business situation. The process was rigorous and effective, which placated employees and protected their interests. Widespread understanding and recognition was received from the majority of employees.

APP-China is dedicated to providing competitive compensation and benefits to employees. Subsidiary companies formulate and adjust the specific compensation scheme according to the headquarters’ general principle and their own operating situation. These companies should establish a mature performance management system, ensure that employees enjoy competitive compensation, pay pension, unemployment insurance, medical treatment insurance, employment injury insurance and housing fund contributions, and buy commercial insurance for employees. In 2016, APP-China’s direct employees’ social insurance coverage was 100%, and the commercial insurance coverage for direct employees was also 100%.
APP-China has continuously improved its industrial security mechanism, strengthened the management of equipment maintenance, identified potential hazards in a timely manner, strengthened employees’ safety training, improved employees’ safety consciousness, conducted regular fire drills, improved contingency ability, and prevented major emergencies. To prevent and reduce accidents, APP-China has encouraged employees to timely discover and report potential safety hazards in production work, increased the financial input in personal protective equipment, strengthened the employees’ occupational health and safety management, and protected the employees’ occupational health and safety.

APP-China’s headquarters set up evaluation indicators of occupational health and safety for the pulp mills, including lost hours due to workplace injury, total number of work-related injuries and occupational diseases, number of potential hazards, economic loss due to workplace injury, fire and accident prosecution and other indicators. Safety-related data is collected from each mill each week, including workplace injury, fire, potential hazards and safety training. APP-China also organizes quarterly communication meetings. Each mill’s safety management departments are gathered to share their experiences and carry out key index assessments to improve the safety management level.

Safety Education

APP-China has implemented a three-tier safety education and training system for all staff. The content includes general safety, occupational health and fire control. APP-China requires all new employees to finish safety training and pass a test before starting in their position. Pulp mills and other business units will hold similar training programs to raise the safety awareness of all employees. These training programs include joint inspections of firefighting equipment, exchanging of safety related experiences, employee safety knowledge competitions, and seminars on on-site first aid and prevention of common occupational hazards and occupational diseases.

In 2016, APP-China provided a total of 331,705.2 hours of safety related training for its employees. In addition, to improve the professional skill of outsourcing personnel and strengthen the contractors’ safety and health management, some mills of APP-China provide the full coverage of work safety training for contractors. Trainers must pass the examination to operate in the company, which effectively prevents and reduces safety accidents in outsourcing and maintenance construction projects.

Occupational Health and Safety

Construction of Management System

APP-China has adopted OHSAS18001 as the fundamental tool and platform for occupational health and safety management. According to the characteristics of the equipment and production environment, safety inspections and potential hazard checks are regularly carried out to ensure the employees’ occupational health and safety. At the same time, each mill has developed a tracking system for potential hazards. In this system, the safety director is required to make improvements and monitor them until the safety department confirms the rectification in the system. This system improves the efficiency of the safety hazard management, ensures the rectification and improvement of hidden dangers, and effectively safeguards quality by identifying potential safety hazards.

Each pulp mill and business unit of APP-China has an occupational health and safety management framework APP-China Three Tier Safety Management Model

The mill management departments are responsible for: overall management of safety work; regular safety inspections and potential hazard checks; creating an annual safety plan; safety inspections and potential hazard check; development of the mill’s safety plan; oversight of correcting safety issues; organizing the APP-China safety seminar for business units and for the mills, sharing experiences and innovative management practices between business units and mills.

Safety Functional Department (APP-China HQ) + APP-China HQ’s relevant personnel is responsible for: overall management of safety-related matters; setting the core assessment indicator framework; auditing and sorting the mill’s safety-related data; oversight of correcting safety issues; organizing the APP-China safety seminar for business units and for the mills, sharing experiences and innovative management practices between business units and mills.

Safety Management Department (Mills & Business Institutions) + The safety management departments at the mills and the business units are responsible for: refining and establishing safety responsibility performance indicators; preparing annual safety planning and indicators framework; conducting safety inspections and reporting work injuries to the mill’s responsible; periodically reporting safety-related data to headquarters; supervising the improvement of safety system; organizing safety training; organizing certification training for the safety officer; regular internal safety training and examination of safety officers; mill’s safety investigations of production units, reporting and correcting safety issues.

Production Units (Mills & Business Institutions) + Elected by production units, safety officers are responsible for: providing safety training workshops for staff; periodic safety inspection of the production work place; tracking and reporting to safety management of corrections and implementation of safety issues in the workplace; reporting injury events to safety management.

Occupational Health and Safety Management Framework

Safety Education

APP-China Three-Tier Safety Education and Training System

Entry Education

Production Workshop Education

Team Education

Suzhou Gold Hongye’s Three-Tier Safety Management

In 2016, Suzhou Gold Hongye insisted on the policy “safety first, prevention foremost, comprehensive management, and the director in charge of production is also responsible for safety.” The system of responsibility in safety production is implemented at each position and each level. The principle is: the subsidiary with self-management, unified management in departments and safety supervision. On the one hand, the production and business units under the same value stream work as network nodes, among which every zone in the value stream can effectively exchange information and share resources. On the other hand, by constructing a horizontal line among departments and a three-dimensional grid which covers supervision of all aspects of the company can integrate organizational resources and improve the level of safety management.

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APP-China has set up a process for dealing with work injury accidents and occupational and environmental compensation standards for all its pulp mills and business units. For workplace injuries, APP-China sends the injured employee to the onsite clinic or local hospital for immediate medical attention, submits all related information for determination of the nature and cause of the injury and for insurance claim, and makes sure the injured employee has immediate access to financial assistance and speedy compensation. Meanwhile, the safety personnel on the floor inform the relevant departments to assist in the investigation of the incident. A detailed “Investigation Report of Work Injury” should include all detailed information including what happened, how it happened, and the causes of the incident, analysis of the causes, and proposed improvements. The floor safety personnel, floor manager, safety related departments, and business manager/general manager should all sign off on the report and resolve the issue. The safety personnel or the personnel in charge of the floor safety from the safety related department should verify the implementation of the proposed improvement after the incident. In addition, all business units should use the incident as an opportunity to education and training to increase the safety awareness of all employees to prevent future incidents.

In 2016, all mills and business units in APP-China reported a total of 83 work injuries, and 1,159.8 lost hours per million working hours due to work injuries; 1 person died from work injuries.

Employee Communication

APP-China attaches importance to employees’ opinions and continuously widens channels for employee complaints and communication. All mills and business units are involved in the construction of an employee communication channel. The employees have multiple ways reporting corruption events and staff, including phone calls to the HR department at each mill and BU, GM mailboxes, anti-corruption email accounts, etc. The company continuously improves the procedures to ensure that complaints from every employee can be dealt with and answered promptly. In 2016, APP-China carried out many publicity activities according to the new corporate culture. There were no complaints, petitions, or reports related to forced labour or employment discrimination in this reporting period.

Gold East Paper Strengthens Communication with Employees

In 2016, Gold East Paper Industry held four symposiums in a row to strengthen communication between management and ordinary employees, including meetings between the general manager and the trade union group leaders, between the general manager and veteran employees, and between the general manager and grassroots employees. All the suggestions and ideas offered by the employees have been reported to the general manager and also sent to the trade union group. In 2017, the employees can deal with and answer complaints from every employee. The newly established trade union committee and division of labour are responsible for answers.

Handling Work Injuries

Occupational diseases involved in the paper industry are mainly caused by high temperature, noise and dust. APP-China’s pulp mills and business units continuously monitor occupational hazard factors. Anything abnormal was analysed, and appropriate rectification measures were taken, such as improving the noise reduction facilities in the paper machine workshop.

APP-China offers at least one occupational disease prevention training session for new recruits and regular physical examinations. APP-China actively monitors factors that may cause occupational disease on an annual basis. All personnel, especially those who work in areas with monitored hazardous factors exceeding desired limits, are required to be equipped with protective gear to prevent exposure to hazards and, therefore, control the exposure associated with occupational diseases. One of the key areas of job safety inspections is to make sure all protective gear is worn correctly. Special physicals for personnel exposed to occupational hazards are provided free of charge. A complete personnel health care record system has been established to track developments for each individual. Employees who have a high risk of developing occupational diseases will be transferred to other suitable positions. In 2016, APP-China invested 443.58 million Yuan in personal protective equipment. In 2016, the total number of APP-China employees decreased, resulting in a small decrease in total personal protective equipment investment.

Prevention of Occupational Disease

In 2016, all mills and business units in APP-China reported a total of 83 work injuries, and 1,159.8 lost hours per million working hours due to work injuries; 1 person died from work injuries.

Lost Hours per Million Working Hours of APP-China, 2014-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Lost Hours per Million Working Hours</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,159.80</td>
</tr>
<tr>
<td>2015</td>
<td>1,445.38</td>
</tr>
<tr>
<td>2014</td>
<td>1,899.46</td>
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</table>

Lost Hours per Million Working Hours Chart

Investment in Personal Protective Equipment of APP-China, 2014-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment in Personal Protective Equipment (Unit: Yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>443,586</td>
</tr>
<tr>
<td>2015</td>
<td>382,340</td>
</tr>
<tr>
<td>2014</td>
<td>349,025</td>
</tr>
</tbody>
</table>

Investment in Personal Protective Equipment Chart

Gold East Paper Industry

Gold East Paper Strengthens Communication with Employees

In 2016, Gold East Paper Industry held four symposiums in a row to strengthen the communication between management and ordinary employees, including meetings between the general manager and the trade union group leaders, between the general manager and veteran employees, and between the general manager and grassroots employees. All the suggestions and ideas offered by the employees have been reported to the general manager and also sent to the trade union group. In 2017, the employees can deal with and answer complaints from every employee. The newly established trade union committee and division of labour are responsible for answers.

APP-China’s mills have also built a diversified platform for staff communication, to provide opportunities for employees to offer advice and suggestion, exchange problems and ideas. Through communication, staff growth and corporate development are promoted.
As a Chinese enterprise, APP-China has always been dedicated to Chinese papermaking culture. At the same time, we also concerned about the development of China’s public welfare undertakings and the construction of a harmonious society. In 2016, we actively explored new means of community participation and took advantage of our own professionals and talent to solve community problems. At the same time, we strove to create a fairer social environment for rural adolescent children, relying on the power of professional organisations to promote the employment of disadvantaged groups. Moreover, we firmly believe that developing a new generation of public welfare personnel will help make the development of China’s public welfare sustainable.

APP-China’s operation is rooted in multiple regional hinterlands. The growth of the company cannot be achieved without the local government and community support. Each mill strictly implements its social responsibilities for production, promoting employment, ensuring the safety of the community, and supporting the needy and disadvantaged. Thus the surrounding communities and related institutions have accepted APP-China’s contribution to society. At the same time, APP-China takes giving back to the community as a responsibility, considers the urgent needs of local society and uses our professional abilities to maximise our value to the community.

Due to the adjustment of the HR of APP-China and the adjustment of the community plans of its enterprises, the volunteer time in 2014-2016 decreased.
Gold East Paper Worked with the Archives Bureau in Zhenjiang to Save Ancient Books

In 2016, in order to repair paper documents, Gold East Paper was entrusted by the Archives Bureau in Zhenjiang to conduct a project on saving aged paper archives and conducting research on batch deacidification. It provided strong technical support for the project’s successful application in the National Archives Bureau

The common acidic paper making techniques used ancient times produced paper that easily yellowed after long-term retention. Deacidification of the paper made it ache and its real foundation would effectively prolong the paper’s life. Gold East Paper set up a special research project and professionals from the technical division worked to develop a processing scheme for compound gas and solid items. This process ensured instant deacidification and improved the alkaline sustainability at the same time, effectively avoiding damage in the handling on the paper itself and the destruction of its context.

Hainan Jinhai Pulp & Paper Supports Occupational Education in Hainan Province

Education support for Hainan province is one of the social responsibilities of Hainan Jinhai Pulp & Paper. To help students complete their studies, Hainan Jinhai Pulp & Paper set up scholarships in colleges and universities.

In order to strengthen occupational education of economics and business in Hainan, Hainan Jinhai Pulp & Paper, Jinguang Scholarship and the Foundation for Environmental Protection started the “Jinguang Scholarship” in Hainan Yingsu Technical School in 2014. It will contribute a total of 400,000 Yuan for five years to help outstanding students in Hainan Technical School. In 2016, 110 students won the “Jinguang Scholarship”.

For the Chongyang Festival, the Qiaohou Qipu Te Picking Opera Troupe was invited to perform in Qiaohou Community, Qizhong Community in the Qiaohou Economic and Technological Development Zone. This is the fourth year in a row that cultural performances were sent to communities during the Chongyang Festival.

Philanthropy and Charity

At the beginning, some of APP-China’s mills were located in development zones which were far from city centres. With the development and expansion of the city, these mills once located in industrial land were increasingly surrounded by residential and commercial zones. Besides the negative impact on citizens, the government would like to adjust the layout of manufacturing and heavy industry. Therefore, in addition to strengthening communication with the government and environmental protection departments, mills should go into the community and show their social value to gain the local residents’ understanding and support.

APP-China pays close attention to the existing social problems in China. With a deep understanding of the status quo of Chinese society, it integrates its own strengths and existing resources to promote the development of China’s public welfare and build a harmonious society. In 2016, the company won the Commemorative Medal on “Emotional Ties to Our Homeland, Benefiting the People” issued by the State Council Overseas Chinese Affairs Office for our contribution to reconstruction after an earthquake in Lushan Yian in Sichuan in 2013. Multiple projects such as the “Small Sun Kindergarten” developed by APP-China and Huang Yicong Charitable Foundation, “Huang Yicong Scholarship”, “Jinguang Light up Dream – College Student Associations for Public Welfare Activities” and “APP-China Internships at NPOs” were widely appreciated by charity organisations, media and society.

In 2016, APP-China and Huang Yicong Charitable Foundation carried out 11 charity activities throughout the country. They focused on young children’s education, poverty alleviation, training of youth talent, the development of community, assistance of special groups and promotion of social awareness.

APP-China’s mills insist on the concept of serving the community and contributing to society, and strengthening mutual benefits with the community. Jin Huasheng made great efforts in communicating and popularising environmental protection as the local people had little knowledge on this issue. Jin Huasheng adopted means of communication such as inviting local people to visit the mill to inspect the drainage system, smoke emissions, etc. Primary and secondary schools in Sushou also make use of the mill’s environmental protection park as an outdoor teaching venue. The local people accepted and were grateful for our efforts on environmental protection.
“Little Sun Kindergarten” for the Education of Young Children in Rural Areas

Young children at the age of 3-6 need love, adequate nutrition, health care and psychological counseling. Being born into a poor family means malnourishment during pregnancy and early childhood, an unsanitary environment, and inadequate spiritual motivation or education, which will significantly affect children’s brain development and their physical and mental health in childhood and their adult life. Concern for child development with early intervention is not only to help this group of children receive equal education and realize fair competition, thus breaking the inter-generational poverty cycle, but also to focus on the future development of the whole human being.

Since 2014, APP-China and the Huang Yicong Charitable Foundation donated 2.65 million Yuan, cooperating with Humana People To People to establish the rural young children education program “Little Sun Kindergarten” in Yunnan. The program intends to provide preschool education resources to remote rural areas, and cultivate local teachers for preschool education, research and develop native teaching models, promote the long-term development of the area, and gradually escape the poverty cycle. Since 2015, the project has been officially carried out in western Yunnan. By the end of 2016, 19 young children classes had been provided, with 416 young children enrolled. APP-China and the Huang Yicong Foundation have invested more than 1 million Yuan in this program.

After nearly a year of study and activity, the children in the Little Sun Kindergarten have improved their communication and expression skills, and become more outgoing and willing to communicate with others. By participating in project activities, parents also greatly improve their communication skills, willingness and ability to provide high-quality companionship for their children. Young people selected from the local area as teachers not only master professional knowledge and skills for preschool education from the project, but also discover their own value and confidence. Rather than leaving to find work, more and more young people would like to stay at home and make a difference.

In early November 2016, the Huang Yicong Foundation and the Humana Group visited eight children’s classes, including Mowo and Banzhe.

“Jinguang Lights up a Dream” Helps the Deaf and Blind Youth to Realise Their Career Dreams

There are about 30 million deaf people and 10 million blind people in China, and most of them fail to receive a full education. Even if they can get into university, they find it difficult to find a stable job after graduation. Therefore, in 2015, APP-China and the Huang Yicong Charitable Foundation worked with non-profit organizations assisting the disabled to set up the “Jinguang Lights up a Dream” program. This program aims to change the situation regarding deaf and blind youth’s employment and development.

The “Jinguang Lights up a Dream – Silent Classroom” project works with the Shanghai Xiaolongbao Deaf Cooperation Office to help deaf students with artistic skills realize their career dreams. The project takes place in winter vacation and summer vacation every year. Through explanation of the principles of photography and photography processes, students develop basic skills. Taobao lecturers were invited to teach how to run a shop on Taobao and help students learn the skills necessary to run an online business. In 2016, the “Silent Classroom” provided skills training and employment guidance for 116 deaf people.

In early November 2016, the Huang Yicong Foundation and the Humana Group visited eight children’s classes, including Mowo and Banzhe.

In July 2016, the 2016 summer class of “Jinguang Lights up a Dream – Silent Classroom” was completed. 48 students from Shanghai, Anhui, Yunnan and other places completed a 7-day training course on Taobao website design, and started their e-businesses.

The “Jinguang Lights up a Dream – Cultivation of Blind Engineers” project cooperates with the Information Accessibility Research Centre in Shenzhen to build China’s most professional, blind full-time information accessibility engineer team. It aims to promote the construction of information accessibility in China through information accessibility testing, consulting, transforming outstanding sources, and making information accessibility in technology. Since 2015, blind engineers from this project have helped improve the information accessibility of popular software like WeChat, QQ, Taobao, QQ Space, etc.
APP-China Internships at NPOs

Cultivation of young talents, especially those with social responsibility, is one of APP-China and the Huang Yicong Charitable Foundation’s main purpose. The program “APP-China Internships at NPOs” started in 2010 and was held again in 2016 in Shanghai, Nanjing, Beijing, and the Pearl River Delta area. APP-China Internships at NPOs intend to encourage college students to join local non-profit organisations in charitable volunteer work during the summer. The program has provided the students with opportunities to participate in charitable volunteer work. The students can benefit from the program by gaining valuable experiences, while promoting charitable work in China.

Public welfare is not only a full-time summer job. Most of these internship institutions have a grassroots background, and thus their management is more flat, which gives the interns the opportunity to connect with the core of public welfare projects. The targets that they are serving have family difficulties or are intellectually disabled people, autistic children, seniors, minorities, etc. Therefore, they need to give full play to their own ability to complete their tasks. The interns created electronic databases and teaching plans, beautified the institutions’ websites on Weibo and WeChat, made advertising videos, worked on farms, sang songs for children, and organized volunteer teams.

In 2016, 59 interns participated in 29 NPOs. In the past seven years, 299 excellent college students have graduated from this program. The seed of charity has planted in their hearts, no matter what kind of job they will take, they will be more valuable to future society.

Gold Huasheng Promotes Paper Culture and Spreads the Concept of Low-carbon and Environmental Protection

While pursuing its own economic development, Gold Huasheng Paper has actively fulfilled its social responsibilities and inherited the paper-making culture. In April 2015, Gold Huasheng Paper Industry set up a paper culture experience hall representing the combination of paper culture and environmental protection education that is free for minors. A suitable curriculum on paper culture and various entertaining theme activities have been introduced there. The paper culture experience hall was awarded by the Suzhou Civilization Office and Education Bureau as a "Social Practice Base for the Minors in Suzhou", and became a social practice base for middle and primary school students in Suzhou. In the 2016 annual commendation of corporate social responsibility hosted by the Suzhou Industrial Park Working Committee, the paper culture experience hall was awarded as an "Outstanding Brand Activity". By the end of 2016, the experience hall had received 140 visits from government agencies, media, primary and middle school students, and nearly 9,000 people.
### Environmental Performance

#### The Sum of Pulp and Paper Mills and Business Units Documented in the Scope of this Report

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<thead>
<tr>
<th>Indicator</th>
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<tr>
<td>Total investments in environmental protection</td>
<td>RMB 100 million</td>
<td>4,113,138</td>
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<tr>
<td>Total water usage</td>
<td>ton</td>
<td>724,477,218</td>
</tr>
<tr>
<td>Wastewater treatment volume</td>
<td>ton</td>
<td>926,037,584</td>
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<tr>
<td>Annual average wastewater discharge per unit of product (per ton of paper)</td>
<td>ton</td>
<td>12.23</td>
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<tr>
<td>Annual average wastewater discharge per unit of product (per ton of pulp)</td>
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<tr>
<td>COD emission for each ton of paper produced</td>
<td>kg/ton</td>
<td>0.49</td>
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<tr>
<td>COD emission for each ton of pulp produced</td>
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<td>5.025</td>
</tr>
<tr>
<td>Annual total SO2 emissions</td>
<td>ton</td>
<td>1,892.79</td>
</tr>
<tr>
<td>Annual total NOx emissions</td>
<td>ton</td>
<td>5,374.06</td>
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<tr>
<td>Total investments in environmental protection</td>
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### Social Performance

#### The Sum of Pulp and Paper Mills and Business Units Documented in the Scope of this Report

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<thead>
<tr>
<th>Indicator</th>
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<tbody>
<tr>
<td>Total number of directly employed staff</td>
<td>person</td>
</tr>
<tr>
<td>Percentage of male employees</td>
<td>%</td>
</tr>
<tr>
<td>Percentage of female employees</td>
<td>%</td>
</tr>
<tr>
<td>Total number of indirectly employed staff</td>
<td>person</td>
</tr>
<tr>
<td>Percentage of employees under 30 years old</td>
<td>%</td>
</tr>
<tr>
<td>Percentage of employees from 30 to 50 years old</td>
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</tr>
<tr>
<td>Percentage of employees over 50 years old</td>
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</tr>
<tr>
<td>Percentage of women in the management team</td>
<td>%</td>
</tr>
<tr>
<td>Percentage of employees in the senior management team</td>
<td>%</td>
</tr>
<tr>
<td>Percentage of employees in the middle management team</td>
<td>%</td>
</tr>
<tr>
<td>Percentage of front line employees</td>
<td>%</td>
</tr>
<tr>
<td>Total turnover rate</td>
<td>%</td>
</tr>
<tr>
<td>Male turnover rate</td>
<td>%</td>
</tr>
<tr>
<td>Female turnover rate</td>
<td>%</td>
</tr>
<tr>
<td>Number of female employees remaining after maternity leave</td>
<td>person</td>
</tr>
<tr>
<td>Number of male employees remaining after paternity leave</td>
<td>person</td>
</tr>
<tr>
<td>Number of female employees that left after maternity leave</td>
<td>person</td>
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<tr>
<td>Number of male employees that left after paternity leave</td>
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<td>Total number of fatalities at work and by occupational diseases</td>
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<tr>
<td>Hours lost per million working hours</td>
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<tr>
<td>Total training costs</td>
<td>RMB 100 million</td>
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<tr>
<td>Hours spent on training</td>
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<tr>
<td>Average training hours per person – senior-level managers</td>
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</tr>
<tr>
<td>Average training hours per person – middle-level managers</td>
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<tr>
<td>Average training hours per person – front line employees</td>
<td>hour</td>
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<tr>
<td>Number of employees participating in company paid diploma-based continuous education programs</td>
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<tr>
<td>Amount of money spent on employees participating in company paid diploma-based continuous education programs</td>
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### Economic Performance

#### The Sum of Pulp and Paper Mills and Business Units Documented in the Scope of this Report

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<th>Indicator</th>
<th>Unit</th>
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<tbody>
<tr>
<td>Total assets</td>
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<td>Total taxes paid</td>
<td>RMB 100 million</td>
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<tr>
<td>Sales revenues</td>
<td>RMB 100 million</td>
</tr>
<tr>
<td>Total profits</td>
<td>RMB 100 million</td>
</tr>
<tr>
<td>Net profits</td>
<td>RMB 100 million</td>
</tr>
</tbody>
</table>

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Facts and Figures
ASSURANCE STATEMENT

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. SHANGHAI BRANCH'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SINAR MAS PAPER (CHINA) INVESTMENT CO., LTD.'S SUSTAINABILITY REPORT FOR 2016

NATURE AND SCOPE OF THE ASSURANCE
SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Sinar Mas Paper (China) Investment Co., Ltd. (hereafter as “APP-China”) to conduct an independent assurance of the 2016 SUSTAINABILITY REPORT (2016 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, including the text and data in accompanying tables, contained in the 2016 CSR Report. Assurance data and information are including APP-China Head Office, Gold East Paper (Jiangsu) Co., Ltd., Ningbo Zhonghua Paper Co., Ltd., Ningbo Asia Pulp & Paper Co., Ltd., Harbin Jiufu Pulp & Paper Co., Ltd., Harbin Gold Honghe Paper Co., Ltd., Harbin Gold Shengjiang Paper Co., Ltd., which were off-site assurance, as well as, Gold Honghe Paper Group Co., Ltd., Gold Huaxiang Paper (Shanghai Industrial Park) Co., Ltd., Guangdong Jingpu Pulp & Paper Co., Ltd., APP-China Forestry Business Headquarters, Harbin, Guanqin and Guangdong Business Units, and Lanping, Qingshui, Weishan and Hainan Business Sub-Units, which were on-site assurance. Data and information of other companies were not included in this assurance process.

The information in the 2016 CSR Report of APP-China and its presentation are the responsibility of the directors and the management of APP-China. SGS-CSTC has not been involved in the preparation of any of the material included in the 2016 CSR Report.

Our responsibility is to express an opinion on the text, data, graphics and statements within the scope of assurance set out below in the intention to inform all APP-China's stakeholders.

This report has been assured at a moderate level of scrutiny using our protocols for:
- evaluation of content; and

The assurance comprised a combination of pre-assurance research, interviews with the management and employees, documentation and record review.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
SGS is the world's leading inspection, verification, testing and certification company. With more than 80,000 employees, SGS operates a network of over 1,690 offices and laboratories around the world, providing the services included the certification of management systems and services; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from APP-China, being free from bias and conflicts of interest with APP-China, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors with CSR Lead Auditor, SAI Registered SA8000 Lead Auditor; CCNA Registered ISO 14001 Auditor and OHSAS 18001 Auditor.

ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2016 CSR Report verified is accurate, reliable and provides a fair and balanced representation of APP-China's sustainability activities in 2016. The assurance team is of the opinion that the Report can be used by the Reporting Organization’s Stakeholders.

We believe that APP-China has chosen an appropriate level of option in accordance to all requirements in core option of GRI G4 2013, and disclosed part of indicators in comprehensive option according to the Guidelines.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013): CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
In our opinion the APP-China CSR Report 2016 is presented in accordance with the core option for GRI G4 2013 and fulfills all the required content and quality criteria.

Stakeholder Inclusiveness
APP-China establishes a diversified stakeholder dialogue mechanism to ensure the effective engagement of stakeholders in sustainability management, and integrates sustainability behaviors into its decisions and activities. APP-China is focusing on biodiversity, effectively addressing community issues, and optimizing the supplier’s sustainable development management, in order to ensure that the commitment to “APP Sustainability Roadmap Vision 2020” is implemented in stages.

Sustainability Context
APP-China considers these factors in terms of data disclosure by analyzing from the economic, environmental and social stakeholders.

Materiality
APP-China continually conducts a stakeholder survey to identify current material aspects, and in order to ensure the materiality and comprehensiveness of the covered issues, which setting as the contents of sustainability report for the year and sustainability activities for the future. In response to the “Made in China 2025” proposed by the Chinese Government, APP-China has developed an “Industrial 4.0 Roadmap” to promote the overall development of the domestic paper industry.

Completeness
APP-China uses the social responsibility subjects as framework to disclose relevant information and data, and fully reflects the significant economic, environmental and social impacts.

Balance
APP-China actively discloses its own positive and negative performance based on the expectations of stakeholders, and gives stakeholders more objective performance of social responsibility performance.

Comparability
APP-China shows the historical data comparison to demonstrate the trends and forms that help readers will know the improvement of year-to-year performance.

Accuracy
APP-China's reporting mechanism is objective and complete, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders.

Timeliness
The data APP-China disclosed are in the reporting cycle, and the stakeholders can obtain information to make a reasonable decision in a timely manner.

Clarity
The report is clear and can be understood by stakeholders who have a reasonable understanding of APP-China and its industry. APP-China is taking into account the utilization and type of information, and using a number of descriptions, charts and pictures and other forms while disclose of information.

Reliability
The data and information can be traced and verified by internal collection, recording, compiling, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organization also provides the reliability of the report.

Signed:
For and on behalf of SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch

[Signature]

Ben Tsang
Director – China and Hong Kong Certification and Business Enhancement
15 August, 2017

B-11F, No.96, Yishan Road, Xuhui District, Shanghai, P. R. China
WWW.SGSGROUP.COM.CN
GRI Index

General Standard Disclosures

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<thead>
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<th>Strategy and Analysis</th>
<th>Page</th>
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Organizational Profile

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Identified Substantive Aspects and Borders

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Stakeholder Engagement

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Report Overview

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Economic

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<tr>
<td>G4-EC</td>
<td>4</td>
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<tr>
<td>G4-EC1</td>
<td>Development and impact of infrastructure investments and services supported</td>
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Environmental

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<tbody>
<tr>
<td>G4-ENK4</td>
<td>Materials used by weight or volume</td>
<td>29-31</td>
<td>N/A</td>
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<td>G4-ENK5</td>
<td>Percentage of materials used that are recycled input materials</td>
<td>31</td>
<td>N/A</td>
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<td>G4-ENK6</td>
<td>Energy consumption within the organization</td>
<td>45</td>
<td>N/A</td>
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<tr>
<td>G4-ENK7</td>
<td>Energy consumption outside of the organization</td>
<td>45</td>
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<td>G4-ENK8</td>
<td>Reduction of energy consumption</td>
<td>45</td>
<td>N/A</td>
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<tr>
<td>G4-ENK9</td>
<td>Water</td>
<td>46</td>
<td>N/A</td>
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<tr>
<td>G4-ENK10</td>
<td>Total water withdrawal by source</td>
<td>46</td>
<td>N/A</td>
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<tr>
<td>G4-ENK11</td>
<td>Percentage and total volume of water recycled and treated</td>
<td>47</td>
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Biodiversity

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</thead>
<tbody>
<tr>
<td>G4-ENK12</td>
<td>Operational sites owned, leased, managed or, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</td>
<td>27-26</td>
<td>N/A</td>
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<tr>
<td>G4-ENK13</td>
<td>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas</td>
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Emission

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<tr>
<td>G4-ENK14</td>
<td>Emissions</td>
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<td>G4-ENK15</td>
<td>Inventory statements and calculation of greenhouse gases</td>
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<td>N/A</td>
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<tr>
<td>G4-ENK16</td>
<td>Inventory</td>
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<tr>
<td>G4-ENK17</td>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</td>
<td>49</td>
<td>N/A</td>
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Effluents and Waste

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<tbody>
<tr>
<td>G4-ENK18</td>
<td>Total waste discharged by quality and destination</td>
<td>47</td>
<td>N/A</td>
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<tr>
<td>G4-ENK19</td>
<td>Total weight of waste by type and disposal method</td>
<td>49</td>
<td>N/A</td>
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<tr>
<td>G4-ENK20</td>
<td>Total number and volume of significant spills</td>
<td>49</td>
<td>N/A</td>
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<tr>
<td>G4-ENK21</td>
<td>Weight of transported, imported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</td>
<td>49</td>
<td>N/A</td>
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<tr>
<td>G4-ENK22</td>
<td>Identification, by size, protected status, and biodiversity value of water bodies and related habitats that are significantly affected by the organization's discharge of water and runoff</td>
<td>49</td>
<td>N/A</td>
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Social

Labor Practices and Decent Work

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<tbody>
<tr>
<td>G4-LA2</td>
<td>Beneﬁts provided to full-time employees that are not provided to temporary or part-time employees, by signiﬁcant location of operation</td>
<td>70</td>
<td>N/A</td>
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Employment

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<tbody>
<tr>
<td>G4-LA4</td>
<td>Total number and rates of new employee hires and employee turnover by age group, gender and region</td>
<td>53</td>
<td>N/A</td>
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<tr>
<td>G4-LA5</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by signiﬁcant location of operation</td>
<td>54</td>
<td>N/A</td>
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<tr>
<td>G4-LA6</td>
<td>Reasons for work and retirement rates and other potential leaves, by gender</td>
<td>53</td>
<td>N/A</td>
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Human Rights

Businesses should support a precautionary approach to environmental challenges.

- Principle 1
- Principle 2
- Principle 3
- Principle 4
- Principle 5
- Principle 6
- Principle 7
- Principle 8
- Principle 9
- Principle 10

Labor

Businesses should support trade union rights.

- Principle 1
- Principle 2
- Principle 3
- Principle 4
- Principle 5
- Principle 6
- Principle 7
- Principle 8
- Principle 9
- Principle 10

Environment

Businesses should support sustainable development initiatives.

- Principle 1
- Principle 2
- Principle 3
- Principle 4
- Principle 5
- Principle 6
- Principle 7
- Principle 8
- Principle 9
- Principle 10

Anti-corruption

Businesses should support anti-corruption initiatives.

- Principle 1
- Principle 2
- Principle 3
- Principle 4
- Principle 5
- Principle 6
- Principle 7
- Principle 8
- Principle 9
- Principle 10

Specific Standard Disclosures | Page | Omissions | External Assurance
--- | --- | --- | ---
OCCUPATIONAL HEALTH AND SAFETY | 56 | N/A | /
TRAINING AND EDUCATION | N/A | N/A | /
DIVERSITY AND EQUAL OPPORTUNITY | N/A | N/A | /
HUMAN RIGHTS | N/A | N/A | /
SOCIETY | N/A | N/A | /
LOCAL COMMUNITIES | N/A | N/A | /
SUSTAINABLE SUPPLY CHAIN | N/A | N/A | /
PRODUCT RESPONSIBILITY | N/A | N/A | /
CUSTOMER SAFETY AND HEALTH | N/A | N/A | /
PRODUCT AND SERVICE LABELING | N/A | N/A | /
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Tel: +86-21-2283 8888
Fax: +86-21-2283 9063          Email: csr@app.com.cn

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   - Supplier/contractor
   - Industry association
   - Employee
   - School
   - Non-profit organisation (NPO) or non-government organisation (NGO)
   - Media
   - Bank
   - Others (Please specify)

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   - No

3. If the answer is Yes, which version?
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     - 2 (Normal)
     - 1 (Relatively Poor)
   - Reliability (information in this report is true and reliable)
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     - 2 (Normal)
     - 1 (Relatively Poor)
   - Completeness (disclosure of both positive and negative performance, provided information that you needed)
     - 3 (Better)
     - 2 (Normal)
     - 1 (Relatively Poor)

In addition to the disclosed content, did you expect to find other information?

APP-China Sustainability Report 2016 Team
July, 2017