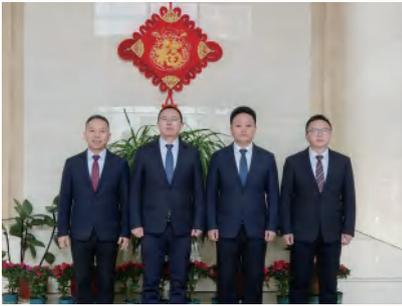




# 2025 Sustainability Report

Zhejiang Kan Specialities Material Co., Ltd.  
Zhejiang Kaifeng New Material Co., Ltd.

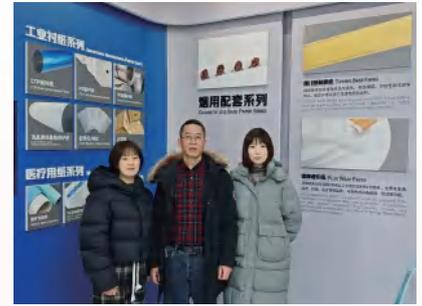
The names of the above personnel are listed from left to right as shown in the photo



**Sales Department I**  
Yan Zhanjun, Xu Zhifeng,  
Xie Jun, He Bin



**Sales Department II**  
Chen Qunqin, Fang Weibiao,  
Zhang Zhenbang



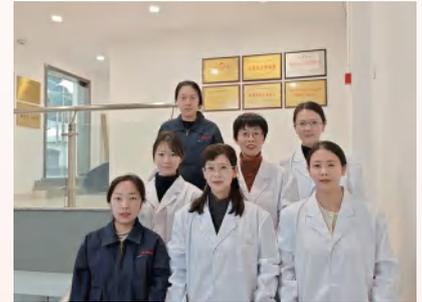
**Sales Department III**  
Ji Cuiling, Wang Yan,  
Yu Ziwei



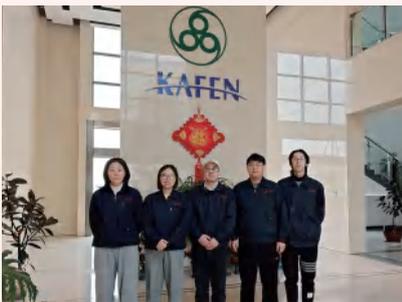
**Overseas Trade Department**  
Shu Wenjing, Weng Xianzhang,  
Xu Zhifeng, Weng Zehui



**Quality Control Department**  
Zhang Xinyuan, Zhong Huina,  
An Tiantian, Wu Meng, Jiang Hao



**R&D Center**  
Han Runrun, Cheng Jinhong, Xu Xiaoli, Zhou Yafen,  
Shen Guopin, Wang Weina, Jing Tian



**Technology Department**  
Xue Wenjuan, Jin Yiyun,  
Liu Jiawen, Lin Jian, Xu Hangjin



**Equipment Department**  
Yan Zhongyin, Lin Long,  
Tang Jian, Jin Zhifeng



**General Manager's Office**  
Zhou Xiaojie, Wu Hui,  
Yu Tingting, Huang Runwei



**Information Center**  
Chen Jiahui, He Junjie



**Procurement Department**  
Hong Lin, Ye Ruiwen,  
Yu Chen



**Finance Department**  
He Lifen, Ye Peiling,  
Ni Tingting, Wu Xiangdong

Each team is a “key player” of sustainable development

# About the Report

## Overview

The report is the sixth sustainability report released by Zhejiang Kan Specialities Material Co., Ltd., and the second English version is released simultaneously. Following the previous five reports on March 30, 2021, March 29, 2022, March 28, 2023, March 28, 2024 and March 25, 2025 respectively. The Report provides the detailed disclosure of our key environmental, social and governance practices in 2024, following the principles of objectivity, standardization, transparency and comprehensiveness.

## Time frame

January 1, 2025 ~ December 31, 2025. For the purpose of better comparability and integrity, some content herein may be traced back to previous years.

## Coverage

For the convenience of expression and reading, Zhejiang Kan Specialities Material Co., Ltd. is hereinafter referred to as “KAN”, “Company” or “we”. The Report covers KAN and its domestic subsidiary, Zhejiang Kaifeng New Material Co., Ltd. (“Kaifeng New Material”).

## References

Shenzhen Stock Exchange Guidelines for Self-discipline Regulation of Listed Companies No. 1 - Standardized Operation of Main Board Listed Companies; Shenzhen Stock Exchange Guidelines for Self-discipline Regulation of Listed Companies No. 17 - Sustainability Report (Trial); 2030 Sustainable Development Goals of UN (UN SDGs); GRI Standards; ISSB Standards.

## Data

All data herein come from our statistical reports, official documents and public information, and are subject to the applicable provisions of the national Accounting Standards for Business Enterprises, and the principles of materiality, quantization, balance and consistency. Due to different statistical methods, some data in the Report differ slightly from historical versions, annual reports, etc. Data in annual reports come from audited financial statements by accounting firms, while data in the Report come from verification reports issued by third-party agencies such as carbon emission reports.

## Quality assurance

The Report is released upon the review by the Board of Directors. The Company guarantees that the Report is the objective, accurate and complete disclosure of its ESG practices, and remains free from any false records, misleading statements or material omissions. The Report aims to strengthen communication with stakeholders, enhance the impact of our sustainability governance, and advance our high-quality and sustainable development.

## Access to the Report

KAN has its social responsibility information disclosure system including both hardcopy and electronic reporting. The Report is available at [www.szse.cn](http://www.szse.cn), [www.cninfo.com.cn](http://www.cninfo.com.cn), <http://www.kangufen.com/social.html>, <https://002012.ir-online.com.cn/>, <https://stockpage.10jqka.com.cn/002012/>, <http://quote.eastmoney.com/sz002012.html>, and <https://xueqiu.com/snowman/S/SZ002012>.

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## Message from the Chairperson

### Fulfill Our Responsibility to Embrace the New Quality Era

Base paper, our core product, is the fundamental material for specialty paper and packaging. Playing an underlying role in the carbon chain of the paper products, our base paper significantly facilitates the carbon reduction of the industrial chain and the innovation-driven industry transformation.

With increasing experience and continuous learning of sustainability, we have paid more attention to material topics that are most important to our businesses and our stakeholders. As a response, the Board of Directors has assigned a professional panel to undertake more extensive and in-depth due diligence, especially on finance and climate change, so as to actively identify risks and opportunities in sustainable development.

Built on our environmental governance achievements and using digital twin and AI collaboration as key drivers, we fully completed the third phase of digital transformation, achieved “transparent” factory inspections and real-time AI terminal control, and advanced from “digital workshops” to “end-to-end intelligent factories”, leading the specialty paper industry into the “new-quality era”.

### Build Our Value Ecosystem to Set An Example of Sustainability

To combat climate change, we have pushed ahead with green governance by scientific carbon management, and have made great achievements. The total greenhouse gas emissions have reduced by 60% within four years; our utilization efficiency of raw materials, energy consumption for production and other indicators have remained ahead of industry standards.

The competition in sustainable development has disrupted the existing competitive balance in China’s specialty paper industry to some extent. Apart from being a “National Green Factory”, KAN has been honored as the “Hidden Champion”, the “Specialized and Sophisticated SME” and the “Smart Factory” in Zhejiang Province. In addition, the Company has been awarded the “Excellent Practice Case” in Sustainable Development by China Association for Public Companies for three consecutive years, and the “Best Practice Case” as a model SME. In various ESG ratings, our scores rose and stabilized at A or AA, ranking among the top in the industry, significantly enhancing trust from domestic and international partners and continuously expanding new markets internationally. Thanks to our efforts and honors, we have gained enhancing trust among our domestic and foreign partners, and unlocked new prospects in the international market.

In an increasingly interdependent world, we welcome more stakeholders to know us, follow us and engage with us through the Report. We will continue to serve as a sustainable practitioner, environmental steward, social promoter, and governance innovator. KAN stays committed to advancing high-quality and sustainable development on all fronts, and joining hands with our partners to usher in a brighter future!

Ms. Liu Xi,  
KAN Chairperson and General  
Manager



# Contents

## 1. KAN Brand Value

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1.1 Company Profile	02
1.2 Corporate Culture	02
1.3 Board of Directors	03
1.4 Product Lines	04
1.5 Development Milestones	07
1.6 KAN Honors	08
1.7 Annual Operating Data	11

## 2. Environmental Protection

---

2.1 Response to Climate Change	14
2.1.1 Climate Actions	14
2.1.2 Scientific Carbon Management	16
2.2 Pollution Control and Ecological Conservation	18
2.2.1 Pollutant Discharge	18
2.2.2 Waste Disposal	19
2.2.3 Ecosystem and Biodiversity Conservation	20
2.3 Resource Utilization and Circular Economy	22
2.3.1 Energy Utilization	22
2.3.2 Water Resource Utilization	24
2.3.3 Circular Economy	25

## 3. Social Momentum

---

3.1 Social Responsibility	27
3.2 Innovation-driven Development	27
3.2.1 Technology R&D	27
3.2.2 Smart Production	29
3.3 Suppliers and Customers	31
3.3.1 Customers	31
3.3.2 Supply Chain	33
3.3.3 Products and Services	34
3.4. Employees	37
3.4.1 Protection of Employees' Rights and Interests	37
3.4.2 Occupational Health and Work Safety	41
3.4.3 Career Development and Training	42

## 4. Governance Innovation

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4.1 Sustainable Development	44
4.1.1 Sustainability Governance Mechanism	44
4.1.2 Due Diligence	48
4.1.3 Communication with Stakeholders	49
4.2 Business Practices	50
4.2.1 Anti-bribery and Anti-corruption	50
4.2.2 Anti-unfair Competition	50
4.3 Operational Compliance	51
4.3.1 Scientific and Effective Management	51
4.3.2 Comprehensive Risk Management	52

## 5. Appendixes

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5.1 Integrated KPI Table	53
5.2 GRI Index Table	56



国家高新技术企业

国家绿色工厂

# KAN Brand Value

- 1.1 Company Profile
- 1.2 Corporate Culture
- 1.3 Board of Directors
- 1.4 Product Lines
- 1.5 Development Milestones
- 1.6 KAN Honors
- 1.7 Annual Operating Data



## 1.1 Company Profile

Zhejiang Kan Specialities Material Co., Ltd. (hereinafter referred to as “KAN”) was founded in 1998, and went public on Shenzhen Stock Exchange in 2004 (Stock Code: 002012) as the first listed company in Lishui, Zhejiang Province. KAN is a National High-tech Enterprise and a National Green Factory mainly engaged in high value-added base paper materials. The Company is headquartered in Chaoyang District, Beijing, and takes Zhejiang Kaifeng New Material Co., Ltd. as its production base.

Kaifeng New Material was founded at Quzhou Longyou Economic Development Zone in 2003. It mainly supplies food wrapping paper to multinational catering giants such as KFC, McDonald’s and Starbucks, rolling paper to China Tobacco, and industrial paper to multiple enterprises such as Baowu, JISCO, and Kodak. Kaifeng New Material is one of the “Top 100 Enterprises of Electronic Components in China”, and has been titled as the “Hidden Champion”, the “Specialized and Sophisticated SME” and the “Smart Factory” in Zhejiang Province.

## 1.2 Corporate Culture



## 1.3 Board of Directors

The Tenth Board of Directors consists of 5 directors (1 female director), including 2 independent directors.



### Liu Xi:

female, graduated from Peking University with a bachelor's degree and from London School of Economics and Political Science with a master's degree. Liu used to work for New Times Securities Co., Ltd. Since 2019, Liu has served as the Chairperson and General Manager of KAN, and a director of Zhejiang Kaifeng New Material.



### Yang Zhaoyu:

male, graduated from the Chinese University of Hong Kong with a master degree. Mr.Yang used to work for Shenzhen Stock Exchange, China Securities Regulatory Commission, and CITIC Securities Co., Ltd. He joined KAN in January 2019, and now serves as a director, Vice General Manager, Secretary of the Board and CFO of KAN.



### Sun Zhichao:

male, born in April 1983, graduated from Jilin University with a bachelor's degree in law and from Durham University with a master's degree in law, having the Legal Professional Qualification Certificate. Sun used to work as the Deputy Director of the Capital Operation Center in Evergrande Group, and the Business Director in China Telecom Group Investment Co., Ltd. He is now a director of KAN.



### Hu Xiaolong:

male, born in July 1957, EMBA of Hunan University, a senior accountant and certified public accountant. Mr.Hu used to work as the Chairman and General Manager of Hunan State-owned Assets Investment and Management Co., Ltd., a director of Fortune Securities Co., Ltd. Now, he serves as an independent director of KAN.



### Wang Yuesheng:

male, born in July 1960, a professor and doctoral supervisor. Mr.Wang successively held the positions of Teaching Assistant, Lecturer and Associate Professor at the School of Economics, Peking University. Now, he is a professor at the School of Economics, Peking University, an independent director of Zhejiang Kan Specialities Material Co., Ltd., an independent director of Huadian Power International Corporation Ltd., and an independent director of Huanyu Construction Co., Ltd.

### Management Team of the Subsidiary



### Ji Hao:

male, born in April 1961, graduated from Zhejiang Minfeng Paper Mill Staff College, a senior engineer. Mr.Ji is a founder of Kaifeng New Material, and used to work as the Chairman and General Manager of Kaifeng New Material. Now, he serves as the Chairman of Kaifeng New Material. He has been listed in the senior technical talent pool in Longyou County, Quzhou City. In addition, he won the Science and Technology Progress Awards in the national light industry and at county, municipal and provincial levels. He serves an expert of the Strategic Research Institute for the Development of China's Specialty Paper Industry, and an executive member of Zhejiang Technical Association of Paper Industry.

## 1.4 Product Lines

The Company currently offers a diverse range of high-quality products including rolling paper, food wrapping paper, industrial paper and medical packaging materials. Notably, the cigarette tipping base paper and high gloss thermal base paper are recognized as provincial high-tech products. In addition, the stainless-steel interleaving paper is recognized as a provincial famous brand product, while the cigarette tipping base paper is also acknowledged as a municipal famous brand product.

### 1. Cigarette tipping base paper

The tipping base paper series are mainly used as the outer packaging materials to bond filter tips and cigarette ends together. The printing ink and coating of products shall be non-toxic, comply with food hygiene standards, and have certain resistance to water and wet strength.

The series are divided into common and special classes. The common class includes MG and MF products, while the special class includes highly opaque products, natural breathable products, high permeability products, and anti-penetration products. These products boast high tensile strength, certain opaqueness, favorable smoothness, and anti-ink penetration for printing adaptability. Thus, they are applicable to printing, overprinting, laser punching, and hot stamping. These products are widely used by large-scale cigarette factories.

#### Common class



MG product



MF product



#### Special class



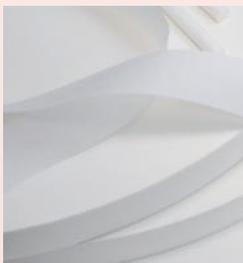
Highly opaque product



Natural breathable product



High permeability product



Anti-penetration product(bursting bead)

## 2. Food Wrapping Paper Series

The food wrapping paper series are mainly made of pulp and cardboards, meet non-toxic, oil-resistant, waterproof, moisture-proof and sealing requirements, and comply with food packaging safety standards. We have placed our technological innovation priorities on the functions and new chemicals of packaging materials. The series are classified as packaging paper (brown kraft paper, white kraft paper, candy knot paper, and high strength wrapping paper), bakery paper (silicone coated base paper, and steamer paper), oil and water-proof paper (fluorinated oil-proof paper, fluorine-free oil-proof paper, water-based packaging paper, and waxed base paper), and filter paper (tea bag paper, and desiccant wrapping paper). These products are mainly supplied to multinational catering giants.

### Food packaging paper



White kraft paper



Brown kraft paper



Candy knotpaper



High strength wrapping paper

### Oil and water proof paper



Fluorinated oil-proof paper



Fluorine-free oil-proof paper



Water-based packaging paper



Waxed base paper

### Bakery paper



Baking base paper (Silicone coated paper)



Steamer paper



### Filter paper



Heat seal tea bag paper  
Non heat seal tea bag paper



Desiccant wrapping paper

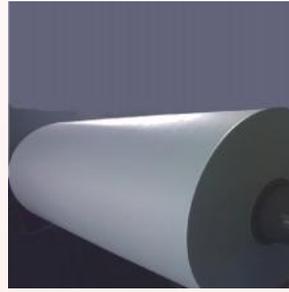
### 3. Industrial Paper Series

The series refer to paper products used for industrial purposes, and are widely adopted in machinery manufacturing, industrial packaging, as well as scientific research and experiment. The series mainly include stainless steel interleaving paper, CTP interleaving paper, PS interleaving paper, photoelectric glass interleaving paper, and substrate protection paper of liquid crystal glass. These products are mainly supplied to steel makers.

#### Interleaving paper



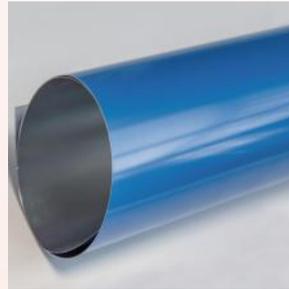
Stainless steel interleaving paper



Photoelectric glass interleaving paper/Substrate protection paper of liquid crystal glass



PS interleaving paper



CTP interleaving paper

### 4. Medical Packaging Materials

The medical packaging materials include products for medical packaging, PE self-adhesive products, high-temperature self-adhesive products, and glue-coated products. These products can meet various requirements related to medical device properties, expected sterilization methods, use effects, expiry dates, as well as transportation and storage.



Medical packaging



PE self-adhesive products



Glue-coated products



High-temperature self-adhesive product

# 1.5 Development Milestones



**In 2002**  
Zhejiang Kan Paper Co., Ltd. was renamed Zhejiang Kan Specialities Material Co., Ltd.



**In 2003**  
Kaifeng New Material Co., Ltd. was established at the provincial-level Quzhou Longyou Economic Development Zone.



**In January 2004**  
Xi Jinping, then Secretary of the CPC Zhejiang Provincial Committee, visited the Company.



**In July 2004**  
the Company went public on Shenzhen Stock Exchange (Stock Code: 002012).



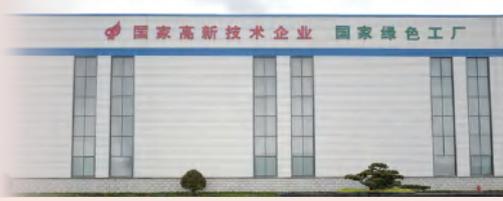
**In 2019**  
the new Board of Directors and the Management steered the Company to embark on a new stage of development.



**In 2020**  
the Company was upgraded to a National Green Factory, leading the regional green transition.



**In 2023**  
the Company disposed of some traditional assets, taking a landmark step in strategic transition.



**In 2025**  
Kaifeng New Material completed a comprehensive deep digital transformation of its entire plant, leading the industry in intelligent factory production capabilities.



## 1.6 KAN Honors

### 1. Business

#### National honors

- 1.The National High-tech Enterprise
- 2.The National Green Factory

#### Provincial and ministerial honors

- 1.The Hidden Champion
- 2.The Specialized and Sophisticated SME
- 3.The Smart Factory
- 4.The Enterprise Leading an Individual Field of the Manufacturing Industry
- 5.The Green Enterprise
- 6.The Patent Demonstration Enterprise
- 7.The Provincial High-tech Enterprise R&D Center
- 8.The Provincial Enterprise Research Institute
- 9.The Provincial Enterprise Technology Center
- 10.The Postdoctoral Workstation” in Zhejiang Province

#### Product honors

- 1.The New Excellent Industrial Product” (food-grade oil-proof green packaging paper)
- 2.The Premium Manufacturing Product” (high-precision multi-functional interleaving paper) in Zhejiang Province
- 3.Zhejiang Province “Industrial New Product” (Key Technology for Efficient Sizing of Cigarette Tipping Base Paper)
- 4.Specialty Paper Industry Chain Product Innovation Case (Water-based Food Packaging Paper)
- 5.Specialty Paper Industry Chain Product Innovation Case (Bio-based Fluorine-free Oil-Resistant Paper), etc.

#### Other honors

- 1.Top 100 Enterprises of Electronic Components in China
- 2.Top 500 Zhejiang Enterprises
- 3.The Government Quality Prize” in Quzhou City
- 4.The Postgraduate Workstation” of Nanjing Forestry University

#### Individual honors

- 1.The National May 1 Labor Medal (the first medal of this kind in this county over the last decade)
- 2.The National Light Industry Model Worker
- 3.The Expert in Green Industry Development of Zhejiang Province
- 4.The Expert of Strategic Research Institute for the Development of China’s Specialty Paper Industry
- 5.Professor-level Senior Engineer in Pulp and Paper Making
- 6.The Senior Engineer in Electromechanical Manufacturing

## 2. Market influence



### Compliance honors: including but not limited to

- 1.The “Exemplary Case for Standard-based Operation” (Top 22 in Zhejiang) awarded by the Listed Company Association of Zhejiang
- 2.The 2022 “Excellent ESG Case” awarded by China Association for Public Companies (the only honor of this kind in the paper sector, and one of the only two honors of this kind in the light industry)
- 3.2022-2025 Excellent ESG Case awarded by China Association for Public Companies
- 4.Best ESG Award granted by the 8th China IR Annual Awards
- 5.One of the 100 Best ESG Companies in the 2nd JDM Prize
- 6.Included in the 2025 Sino-Securities Index ESG Outstanding Performance list for the papermaking and packaging industry.

### IR honors: including but not limited to

- 1.Ranked among the “Top 20 Best New Media Awards” in the “2020 Annual List” from ROYALFLUSH INFO
- 2.The “Investor Relations Pioneer Award” in the “2021 Annual List” from ROYALFLUSH INFO
- 3.The Investor Relations Gold Award issued by Panorama Network in 2021
- 4.Outstanding ESG Value Communication Award in 2024 Investor Relations Awards organized by

<https://rs.p5w.net/>

### 3.ESG rating

As of December 31, 2025, As shown by Wind ESG data, KAN scored 8.3 at Grade AA, ranked 250/5392 among the listed companies of Class A shares, 119/3383 among the listed private companies, 83/1480 among the main-board companies on Shenzhen Stock Exchange, 51/842 among the listed companies in the material sector, 24/723 among the listed companies of Zhejiang Province, 26/2062 among the listed companies with the market value less than RMB 5 billion, and 4/23 among the listed companies in the specialty paper industry.



Rating agency	Institutional Profile	20251231	20241231	20231231
Wind	Boasting the widest domestic market coverage and the strongest data support, covering all A-share and Hong Kong stock listed companies and approximately 8,000+ key bond issuers	AA	AA	A
Sino-Securities Index	Specialized in providing comprehensive index and index-based investment services, is one of the first institutions to build a localized ESG evaluation system	A	BBB	BB
SynTao Green Finance	The first domestic signatory institution of the Principles for Responsible Investment (PRI), and a founding institution of the China Sustainable Investment Forum (China SIF)	A	A-	B+
QuantData	A technology company providing ESG data and analytical tools services to financial institutions and enterprises, and a signatory member of the United Nations Principles for Responsible Investment (UN PRI)	AA	AA	AA
CCXGF	A subsidiary of China Chengxin International Credit Rating Co., Ltd. (CCXI) specializing in sustainable finance and ESG services, is one of the earliest third-party service institutions involved in the construction of China's domestic green finance system	A	A	A
Flush Info	A leading listed company in China's Internet financial information services industry, with clients covering financial participants at all levels including securities firms, fund companies, banks, government agencies, research institutions, listed companies, and individual investors	A	A	A
China Reform Holdings	The first ESG evaluation system released by a central state-owned enterprise; strategic cooperation with the Shanghai Stock Exchange	A	A	/
Lianhe Equator	A holding subsidiary of Lianhe Credit Information Service Co., Ltd. (a leading enterprise in China's credit industry) and a verification and certification agency registered with the Green Bond Standard Committee's market-based evaluation	AA	AA	/
SusallWave	Initiated by Mr. Ma Weihua (former President of China Merchants Bank), is a seed unicorn enterprise focused on quantitative assessment of "dual carbon/green/ESG"	A	A	/
YoujiVest	In collaboration with Tsinghua University, the industry's first climate risk model targeting Chinese mainland and Hong Kong	A	/	/

## 1.7 Annual Operating Data

	Total assets	Net assets attributable to shareholders of the listed company	Asset-liability ratio
	<b>1899</b> million	<b>1557</b> million	<b>8.6%</b>
	Total revenue	Net profit attributable to shareholders of the listed company	Net cash flow from operating activities
	<b>627</b> million	<b>32</b> million	<b>35</b> million



Annual paper capacity	69,720 tons	↑ 12% from the previous year
Total direct and indirect carbon emissions	68,383 tons	↓ 1% from the previous year
GHG emission intensity per ton of paper	1.0 ton/ton of paper consumed	↓ 12% from the previous year
Total natural gas consumption	1.95 million cubic meters	↑ 4% from the previous year
Diesel consumption	10 tons	↓ 13% from the previous year
Total electricity consumption	65,784 MWh	↑ 1% from the previous year
Total photovoltaic power generated	11,311 MWh	↑ 0% from the previous year
Purchased green electricity	10,483 MWh	↑ 61% from the previous year
Proportion of green electricity consumption in total electricity consumption	33%	↑ 6 pct from the previous year
Steam consumption	120,000 tons	↑ 9% from the previous year
Total energy consumption	20,440 tce	↑ 4% from the previous year
Total energy consumption per ton of paper	0.29 tce	↓ 7% from the previous year

Total water consumption	1.43 million tons	↑ 12% from the previous year
Total water intensity per ton of paper	20 ton	↓ 0% from the previous year
Waste water (process water) density	14 ton/ton of paper consumed	↑ 8% from the previous year
SO2 emission intensity	1.1 g/ton of paper consumed	↓ 6% from the previous year
NOx emission intensity	44.5 g/ton of paper consumed	↓ 6% from the previous year
Ammonia nitrogen emission intensity	5.7 g/ton of paper consumed	↓ 6% from the previous year
COD nitrogen emission intensity	504.4 g/ton of paper consumed	↑ 11% from the previous year
Hazardous waste density	7.2 g/ton of paper consumed	↓ 44% from the previous year
General waste density	13.9 kg/ton of paper consumed	↓ 54% from the previous year

# Environmental Protection

2.1 Response to Climate Change

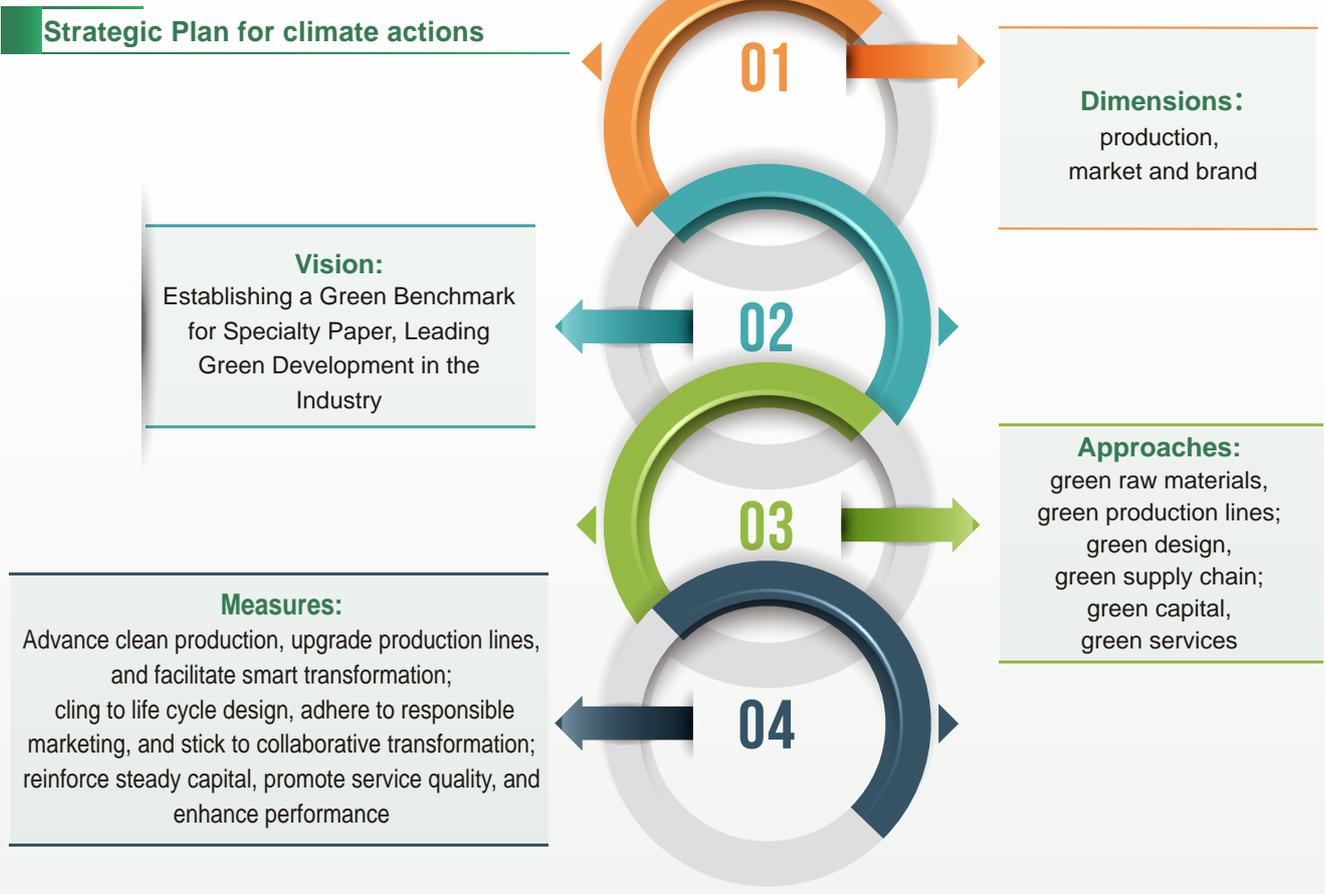
2.2 Pollution Control and Ecological Conservation

2.3 Resource Utilization and Circular Economy



## 2.1 Response to Climate Change

### 2.1.1 Climate Actions



### Goals of climate actions

<b>Short-term goal</b>	Update the <i>Energy Management Plan</i> annually, strive to drop the comprehensive energy consumption per ton of products by 0.01 tce/t every year for the core business sectors, and deliver the technical reform tasks efficiently for the purpose of energy consumption and carbon emission reduction
<b>Medium-term goal</b>	Realize carbon peaking by 2026, we have set a target to achieve a 70% reduction in both total carbon emissions and carbon emission intensity per tonne of paper products by 2035, against a 2021 base year, and complete the overall green transition in production and business management
<b>Long-term goal</b>	Firmly implement the “ <i>Strategic Plan for Climate Actions</i> ” of the Company (1369: One Vision, Three Dimensions, Six Approaches, and Nine Specific Measures), and achieve carbon neutrality by 2040

## Identification of climate risks and opportunities

Risk factor	Risk duration	Risk type	Influences	Countermeasures
Natural disaster	Short term	Physical risk	Natural disasters, such as typhoon and tsunami, interrupt production and supply of raw materials for paper and pulp	Optimize the digital production system, and adopt transportation solutions for better control of risks so as to minimize negative influence on global transportation; set up an emergency response team, and prepare the climate change emergency response plan
Climate change	Long term	Physical risk	Persistent high temperature, water stress, sea level rise and frequent extreme weather may impair the development of the Company	Take into account the long-term tendency of climate change in the places of production during product innovation and production design; strengthen risk management of water resources, and implement the forward-looking strategies for water withdrawal and consumption
Market change	Short term	Potential risk	International market volatility and shrinking downstream demand cause rat race in the industry	Raise production efficiency and core competitiveness of products, strive for productivity innovation to reduce costs, and expand market channels
Technical change	Medium term	Potential risk	Technological advancement drives lifestyle changes and ever-shifting demands for smart and digital products	Actively adjust technologies to satisfy changed demands, and attract technical talents
Brand reputation	Medium term	Potential risk	Multifaceted concerns of stakeholders and increased public opinions about the Company give rise to reputation risks	Actively respond to expectations of the market and customers on the Company, stabilize existing business portfolio, and prudently assess emerging opportunities
Operational compliance	Long term	Transition risk	Violation of laws and regulations leads to compliance risks, and failure to meet production requirements results in penalties	Strictly observe laws and regulations, establish a well-performing institutional system and an oversight mechanism
Policy realignment	Long term	Transition risk	The Company faces the risk of increased costs arising from the purchase of carbon emission allowances required to meet its emission reduction targets	Intensify technological improvement to decrease energy consumption and expand self-generated green electricity to control greenhouse gas emissions in the process of production management

The Sustainable Development and Climate Action Office is tasked with climate risk identification and analysis under the TCFD's Framework of Climate-Related Risks, Opportunities, and Financial Impacts. To fulfill this task, the Office takes various measures such as looking up data, attending forums, conducting internal audit, keeping on top of domestic and international developments, and collecting insights from stakeholders.

## 2.1.2 Scientific Carbon Management

### Carbon management system

We seized the opportunities presented by climate action requirements and opportunities for enhanced customer collaboration, we have comprehensively initiated corporate and product carbon footprint inventories. Aligning with the greenhouse gas emission target framework of the Paris Agreement, the Company has developed scientific carbon targets by referring to the SBTi target-setting approach and simulating carbon emission trends under various scenarios in the future. In addition, the Company has pooled efforts to develop carbon management regulations, arrange more carbon emission management training sessions, carry out an all-round carbon audit, apply for authentication through the online carbon footprint analysis system eFootprint, and continuously formulated more pragmatic and effective emission reduction measures.

### Science-based carbon targets and progress

Based on the annual Greenhouse Gas Emission Verification Report issued by qualified professional certification bodies, we conducted a detailed analysis of the structure and causes of our own carbon emissions. Aligning with the greenhouse gas emission target framework of the Paris Agreement, the Company has developed scientific carbon targets by referring to the SBTi target-setting approach and simulating carbon emission trends under various scenarios in the future.

In accordance with the Company's newly formulated "1369 Climate Action Strategic Plan", we have updated our carbon management objectives: achieving a carbon peak by 2026, reducing total carbon emissions by 70% and carbon emission intensity per ton of paper products by 70% by 2035 (compared to the base year 2021), and achieving carbon neutrality by 2040. To fulfill our carbon target commitments, we continuously improved the company-wide greenhouse gas verification system and dynamically adjusted our carbon reduction strategies based on the results of emission reduction efforts.

	2025	2024	2023	2022	2021
Direct (Scope 1) GHG emissions (ton)	4255	4038	4487	75051	64370
Indirect (Scope 2) GHG emissions (ton)	64129	65182	62210	84552	102891
Total GHG emissions of Scope 1 and Scope 2 (ton)	68383	69220	66697	159603	167261
Reduction rate in total greenhouse gas emissions compared to the base year 2021	-59%	-59%	-60%	-5%	0%
Annual output of paper products (ton)	69720	62268	61681	106516	100114
Greenhouse gas emission intensity per ton of paper (ton/ton of paper)	1.0	1.1	1.1	1.5	1.7
Reduction rate in greenhouse gas emission intensity per ton of paper compared to the base year 2021	-42%	-35%	-36%	-12%	0%

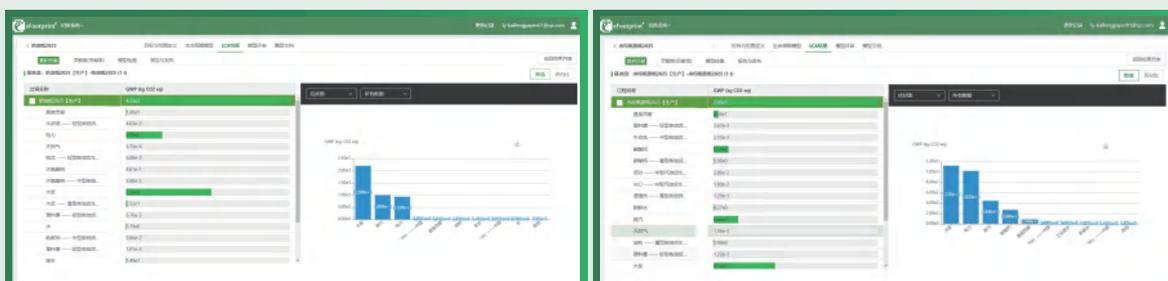
In 2025, the total GHG emissions within the company's production scope decreased by 1% on year-on-year basis, and the GHG emissions per ton of paper declined by 12%. We steadily advanced progress towards achieving our scientific carbon targets.

## Carbon footprint identification

During the reporting period, the company completed the transformation from "dual control of energy consumption" to "dual control of carbon emissions", measured carbon footprint from major paper products, and reported carbon footprint data at eFootprint, an online carbon footprint analysis system.

Carbon footprint by product categories	2025	2024	2023	Year-on-year
Carbon footprint of tipping paper (kg CO2 eq/ton)	2,984	2,884	3,141	3%
Carbon footprint of oil-proof paper (kg CO2 eq/ton)	4,221	4,402	4,732	-4%
Carbon footprint of stainless steel interleaving paper (kg CO2 eq/ton)	3,835	3,879	/	-1%
Carbon footprint of kraft paper (kg CO2 eq/ton)	4,156	4,140	/	0%
Carbon footprint of bakery base paper (kg CO2 eq/ton)	5,315	5,310	/	0%
Carbon footprint of CTP interleaving paper (kg CO2 eq/ton)	5,854	5,852	/	0%
Carbon footprint of Fluorine-free oil-proof paper(kg/ton)	4,415	/	/	/

In 2025, we increased the number of products receiving carbon footprint certification to seven, and the carbon footprint per ton of product remains consistently stable. These advances have laid basis and shored up confidence for optimizing our full-cycle management of green products.



## 2.2 Pollution Control and Ecological Conservation

### 2.2.1 Pollutant Discharge

#### Pollutant discharge performance

In line with applicable laws and regulations, we have done more to allocate environmental protection facilities, manage their routine operation, and employ a third-party monitoring agency for discharge of exhaust gas, noise and waste water on a regular basis.

Discharge data per ton of paper	2025	2024	2023	Year-on-year
Waste gas (from natural gas) intensity (m3/ton of paper)	280.26	297.10	337.22	-6%
Sulfur dioxide (SO <sub>2</sub> ) emission intensity (g/ton of paper)	1.12	1.19	1.35	-6%
Nitrogen oxides (NO <sub>x</sub> ) emission intensity (g/ton of paper)	44.48	47.15	53.52	-6%
Wastewater (industrial water) intensity (ton/ton of paper)	13.88	12.81	14.08	8%
Ammonia nitrogen emission intensity (g/ton of paper)	5.72	6.07	3.63	-6%
Chemical Oxygen Demand (COD) intensity (g/ton of paper)	504.43	456.35	504.17	11%
Hazardous waste intensity (g/ton of paper)	7.17	12.85	23.00	-44%
General waste intensity (kg/ton of paper)	13.93	30.11	20.00	-54%

In 2025, we upgraded waste disposal facilities including bag dust collectors, SNCR and SCR denitrification systems and wet electrostatic precipitators. We continuously optimized and enhanced our waste gas treatment systems. Our production processes do not use high-pollution raw materials such as coal. Our primary energy sources are steam, natural gas and electricity, resulting in extremely low waste gas generation. All waste gas is treated to meet emission standards before release. The Longyou County Environmental Protection Bureau has installed real-time monitoring equipment within our wastewater treatment system. Throughout the year, no instances of pollutant discharge exceeding permitted standards occurred. All production wastewater is ultimately collected and conveyed to a specialized third-party treatment facility within the local industrial park.

#### Pollutant discharge reduction measures

The Company and Kaifeng New Material have taken measures to prevent and control pollutants in line with applicable laws and regulations: allocate environmental protection facilities and manage their routine operation; minimize discharge of exhaust gas, waste water and solid waste in production; monitor pollutant discharge, and develop annual monitoring plans; optimize the work flow; employ a third-party monitoring agency to monitor discharge of exhaust gas, noise and waste water on a regular basis. In 2024, the Company had no pollutant discharge beyond limits.

#### Monitoring of pollutant discharge risks

The Company and Kaifeng New Material keep refining the ecological monitoring and assessment system and the ecological monitoring network, and work with local environmental protection authorities to monitor ecological factors such as air, surface water, soil and plants around production and business premises, focusing on the impacts of pollutants that should be disclosed on employees and local communities, particularly in terms of personal health, air quality and water sources. As shown by ecological monitoring results, the ecological functions in business locations were not impaired by the production and business activities of the Company in 2024.

## 2.2.2 Waste Disposal

### Waste disposal performance

We never stop our pace to explore approaches for waste reduction and comprehensive utilization. In 2025, we completed the hazardous waste management system that is based on unified standards and covers all types of hazardous waste.

	2025	2024	Year-on-year
Total generated non-hazardous waste (ton)	971	1,875	-48%
Total disposed non-hazardous waste (ton)	971	1,875	/
Total generated hazardous waste (ton)	0.5	0.8	-38%
Total disposed hazardous waste (ton)	0.5	0.8	/
Total recycled waste (ton)	942	1,802	/

We have recycled most of the non-hazardous waste, namely paper scraps, according to regular production experience. In 2025, the recycling rate of paper scraps raised to 96% due to proper production line control and process upgrading. We vigorously promoted paperless office practices. Through software platforms such as Kingsoft WPS and DingTalk, we have fully implemented cloud-based operations for functional departments. Leveraging our comprehensively built smart factory, we utilized digital twins and the Manufacturing Execution System (MES) to integrate production operations and office functions across the site. In 2025, office paper consumption at our Beijing headquarters was reduced to 110kg, while comprehensive office paper consumption at our production bases decreased to 1,716kg, achieving a significant overall reduction.

### Waste discharge reduction measures

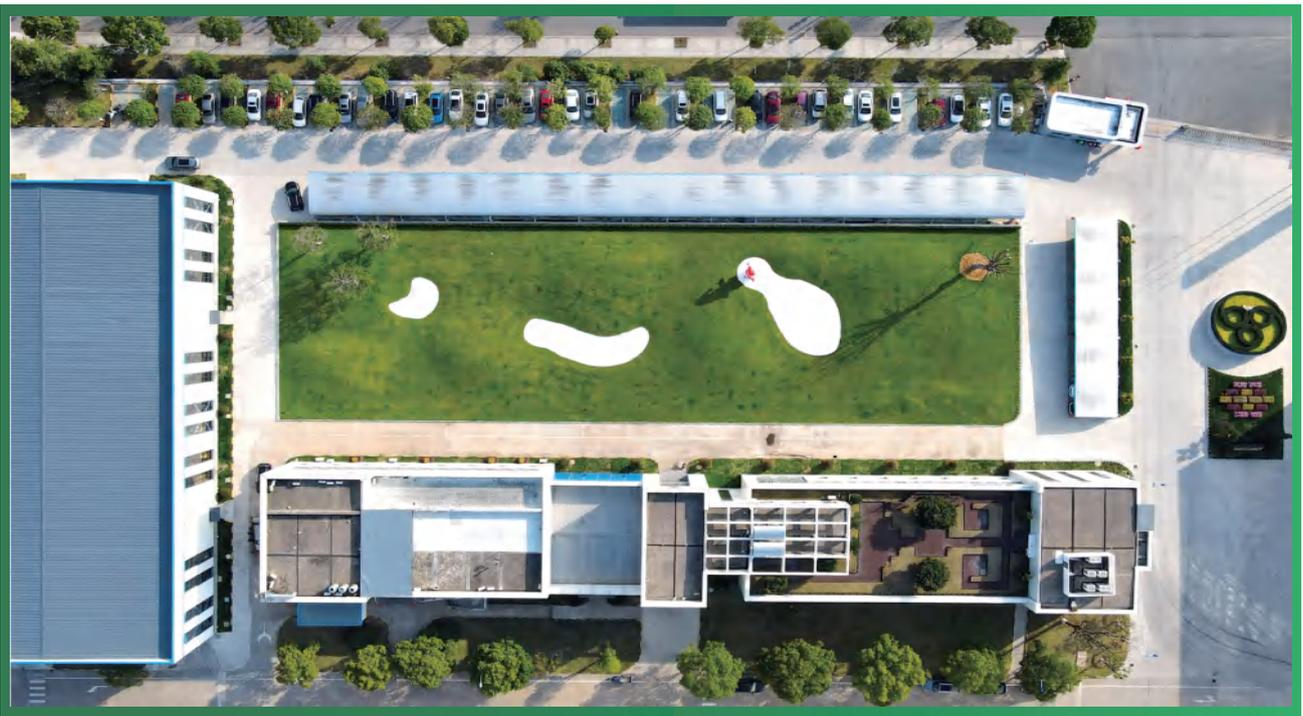
We have developed the Management Procedures of Waste Water, Exhaust Gas and Noise, the Management Regulations on Solid Waste and the Environmental Emergency Response Plan to regulate waste disposal management. We vigorously implement cleaner production to reduce the generation of both general waste and hazardous waste; equip separate waste bins and formulate waste collection; entrust a qualified third party to dispose of hazardous waste. These efforts can minimize impacts on the environment and promote the sustainable development of the Company.



## 2.2.3 Ecosystem and Biodiversity Conservation

### Ecosystem conservation and restoration

When selecting sites for production bases and new projects, we champion red lines for ecological conservation, set benchmarks for environmental quality, impose caps on resource utilization and adopt a negative list for environmental access, keeping away from natural reserves as well as important habitats and migration routes for wildlife. In addition, we have made proactive efforts to green space restoration in our existing production bases, achieving remarkable progress in land leveling and ecological remediation of 14,500 m<sup>2</sup>. In 2025, actively responding to the requirements of the Longyou County government, we returned a portion of land after completing greening renovation and restoration. Future land use will be planned rationally and efficiently to scientifically realize both environmental and economic benefits.



### Biodiversity conservation

Recognizing the importance of harmony between humankind and nature, the Company and Kaifeng New Material stay committed to biodiversity conservation in our practices in line with the Wild Animal Conservation Law of the People's Republic of China, and the Convention on Biological Diversity of the United Nations. To this end, we have taken combined measures such as phasing out coal energy and discharging no sewage for environment improvement, growing grass within the area of self-generated green electricity for revegetation of bare land, making reasonable planning to enhance the use efficiency of production land, demolishing idle warehouses to create big-scale ecological green land, and providing clean water sources for animals and plants, which allow for sound and green operation of production bases. Thanks to remarkable environmental renovation efforts, our production bases enjoy beautiful environment, where wild egrets nest and thrive. This is an exemplary practice that boosts development while protecting nature.

## Ecological responsibility throughout the product life cycle



### KAN green management for the whole product life cycle

#### Leading the Design of "Paper for Plastic"

Prioritizing degradable base paper for food packaging, the Company has focused its efforts on research and development of world-class specialty paper products featuring cutting-edge technology, high added-value and no pollution as substitutes for plastic, actively promoted replacement of plastic with paper, so as to further improve environmental and economic efficiency for harmonious coexistence between human and nature.

#### Firmly use of green raw materials

We aligning with WWF (World Wildlife Fund) and GFTN-China (Global Forest and Trade Network) initiatives. Notably, we import FSC-certified (Forest Stewardship Council) wood pulp as our major raw materials from overseas, with no domestic environmental risks.

#### Optimization of green production

We have invested substantial human and material resources into technology R&D and introduction of equipment acquisition to enhance the green attributes of our products, With these efforts, noise has been controlled properly; water reuse rate has reached 95%; the share of self-generated green electricity has increased year by year; the indicators related to utilization efficiency of raw materials and energy consumption for products are both at the leading level of the industry; the habitats of birds and fish have been protected.

#### Replacement of green packaging

The Company has used recyclable, light-weighted and degradable product packaging, reduced plastic packaging and avoided excessive packaging, thus cutting down carbon emissions.

#### Promotion of green transportation

The Company continues to raise the ratio of transportation by new energy vehicles, railway and sea as an effort to lower carbon emissions further.

#### Strict implementation of green recycling

The Company has rolled out clean production to scale down the generation of both general waste and hazardous waste. We have implemented classified disposal of all solid wastes and entrusted hazardous waste to qualified third-party agencies for treatment.

## 2.3 Resource Utilization and Circular Economy

### 2.3.1 Energy Utilization

Our production basically depends on natural gas and purchased steam to replacement of coal. Our electricity sources include purchased electricity, self-generated and purchased green electricity. By 2025, our energy structure had progressively evolved to: “steam 54%, electricity 33%, natural gas 13%, diesel 0.1%”. All these initiatives drive our low-carbon and green energy transition to the fullest extent.

	2025	2024	2023	Year-on-year
Natural gas consumption (10,000 m3)	195	187	206	4%
Diesel consumption (ton)	10	11	/	-13%
Steam consumption (10,000 tons)	12	11	11	9%
Total electricity consumption (MWh)	65784	65324	56801	1%
Solar power generation (MWh)	11311	11318	9540	0%
Purchased green electricity (MWh)	10483	6495	0	61%
Annual output of paper products (ton)	69720	62268	61681	12%
Natural gas consumption per ton of paper (m3/ton of paper)	27.97	30.98	33.40	-10%
Diesel consumption per ton of paper (ton/ton of paper)	0.00	0.00	/	0%
Steam consumption per ton of paper (ton/ton of paper)	1.72	1.82	2.00	-6%
Total electricity consumption per ton of paper (MWh/ton of paper)	0.94	1.05	0.92	-10%
Total energy consumption (MkJ)	599042	575933	920259	4%
Total energy consumption per ton of paper (MkJ/ton of paper)	8.59	9.25	14.92	-7%
Total energy consumption (ton of coal equivalent)	20440	19651	31400	4%
Total energy consumption intensity per ton of paper (ton of coal equivalent/ton of paper)	0.29	0.32	0.51	-7%



We set energy conservation goals and implemented managerial and technical energy-saving measures, so as to constantly reduce carbon emission and energy consumption. In line with the Energy Management Program, we set the goal of decreasing annual comprehensive energy consumption by 0.01 tce/t per ton of products. In 2025, we achieved a reduction of 0.03tce/t, exceeding our planned target.

Total energy consumption intensity per ton of paper

**Down 0.01 tce/t**

**2025 Completed**

**Down 0.03 tce/t**



### Clean energy utilization

Between 2022 and 2025, we increased our existing Phase I solar power generation capacity from 573MWh to 11,311MWh, a cumulative increase of 1,874%. Calculated based on the national average grid emission factor of 0.5366t CO<sub>2</sub>/MWh, this equates to an additional reduction of 5,762 tons of carbon emissions.

In 2025, our total solar power generation reached 11,311MWh, and purchased green electricity amounted to 10,483MWh, bringing the total consumption of clean green electricity to 21,794MWh. Despite a comprehensive expansion in production capacity, clean green electricity accounted for 33% of total electricity consumption, a 6 percentage point increase compared to 27% in the previous year.



### Energy conservation measures

Regarding the overall energy utilization management, Kaifeng New Material has introduced the workshop responsibility system, and implemented the long-term and medium-term energy conservation and carbon emission reduction strategies to minimize energy consumption and carbon emissions while ensuring work safety and product quality. We have regulated electricity consumption behaviors to achieve energy conservation and emission reduction management.

## 2.3.2 Water Resource Utilization

### Water resource utilization performance

For efficient utilization of water resources, our efforts have been sustained to uphold the full-cycle management of water footprint, upgrade production technology, and implement the management of water resource consumption and the concept of water conservation in our daily work.

	2025	2024	2023	Year-on-year
Total water consumption (10,000 tons)	143	128	142	12%
Total water consumption intensity per ton of paper (ton/ton of paper)	21	21	23	-0%
Total reclaimed water consumption (10,000 tons)	2715	2432	/	12%
Reuse rate of reclaimed water	95%	95%	95%	/
Total recycled water volume (10,000 tons)	40	44	43	-9%
Total industrial waste water discharge (10,000 tons)	97	80	87	21%
Including: industrial waste water discharged directly into the environment (10,000 tons)	0	0	0	0%
Volume of wastewater discharged to wastewater treatment plant (10,000 tons)	97	80	87	21%
Wastewater discharge per ton of paper to wastewater treatment plant (ton/ton of paper)	14	13	14	8%

In 2025, amidst production expansion and capacity increase, our total water consumption rose by 12%, but we maintained a constant total water consumption intensity per ton of paper.

### Water recycling

We cherish water resources, implementing technological upgrades for energy conservation at the source. Within the workshops, we thoroughly identify and monitor wastewater streams, striving to maximize reuse and multi-stage cascading. The significant reduction in comprehensive water consumption per ton of paper has simultaneously lowered the pulp consumption in the production line and reduced production costs, providing positive feedback for the Company's green development.



### 2.3.3 Circular Economy

#### Green production system establishment

The Company and Kaifeng New Material have established and refined the environmental protection management system, and passed the certification of the ISO 14001 Environmental Management System for the purpose of better environmental management. We have taken comprehensive environmental treatment measures, combated climate change actively, optimized the green supply chain, and adopted environmental protection practices. In addition to highlighting energy efficiency improvement and energy consumption reduction, we have arranged training sessions related to green office, green production and green life for all employees. We are striving to grow into a resource-efficient and environmentally-friendly enterprise.

Rooted in its operational context, the Company has set ambitious annual goals at the level of circular economy with the overall goals of climate action and carbon management.. These goals include: maintaining the raw material utilization rate over 94% and the reclaimed water reuse rate above 95%, and increasing the share of renewable energy to over 30% in the energy mix. Building on the existing clean production capacity, the Company endeavors to expand the construction of green electricity and other renewal energy facilities, and increase the use proportions of renewal energies in the energy mix, and resist the risk of rising production costs such as industrial power supply costs through short-term fluctuations in engineering costs. This approach aims to pursue medium and long-term benefits of the circular economy.

#### Cleaner production

We exert strict control over all process from pulp, our main raw material, to finished products, so as to pursue quality excellence. We strictly perform the nature conservation responsibility, aligning with WWF and GFTN-China initiatives. Notably, we purchase FSC-certified raw materials; we procure CFCC/PEFC-certified pulp as well as produce and sell CFCC/PEFC-certified food wrapping paper, medical packaging base paper and cigarette tipping base paper in accordance with the Forest Certification in China - Chain of Custody (GB/T 28952-2012); and we keep slashing total package consumption and phasing out plastic package. Thus, we strike a balance between our product quality/brand and environmental protection.

In 2025, the proportion of FSC-certified pulp in our pulp consumption reached 34%. Our annual packaging material consumption substantially decreased by 49% compared to the previous year. Since initiating the vehicle “oil-to-electricity” conversion project in 2022, we have gradually replaced fuel-powered forklifts with electric ones. By 2025, the proportion of fuel-powered forklifts in use decreased by 70% compared to 2021. Furthermore, we advocate for our suppliers to utilize new energy trucks for short-distance transportation whenever possible. In 2025, the proportion of incoming and outgoing goods transported using fuel-powered trucks decreased by 30% compared to 2021.





# Social Momentum

- 3.1 Social Responsibility
- 3.2 Innovation-driven Development
- 3.3 Suppliers and Customers
- 3.4. Employees



## 3.1 Social Responsibility

The Company's history can be traced back to the "Kaicheng Paper Mill" established in Suichang County, Lishui City, Zhejiang Province in 1940. With the exception of a limited number of professional and technical personnel, local employees comprise up to 90% of our payroll. Since 2021, the Company has paid an average annual tax of approximately RMB 54 million, and played its part in ecological governance and regional economic development unwaveringly, demonstrating its commitment to social contribution.

## 3.2 Innovation-driven Development

As the leading player in the domestic specialty paper industry, KAN and Kaifeng New Material have been long devoted to the technology R&D of new base paper materials by leveraging our independent research and testing institutions, robust technical capabilities for product development and production, and state-of-the-art paper performance testing equipment at home. We have established "Zhejiang Postdoctoral Workstation", and received multiple recognitions such as the "Standing Committee Member Unit and Deputy Director Unit" of the Specialty Papers Committee of the China Technical Association of Paper Industry (CTAPI), "Provincial High-tech Enterprise R&D Center", the "Provincial Enterprise Technology Center", the "Provincial Enterprise Research Institute", "Undertaking Enterprise for Major Science and Technology Project in Quzhou City", and the "Undertaking Enterprise for Major Science and Technology Research Project in Longyou County".

### 3.2.1 Technology R&D

With years of dedicated focus on the specialty paper field, the Company and Kaifeng New Material have acquired advanced technologies for a number of key products. Through long-term collaboration with domestic and international peers as well as academic and research institutes, we have developed dozens of core technologies with independent intellectual property rights. These technological efforts have spanned multiple business segments, enhancing our core competitiveness and resulted in nearly 30 national patents.

We are planning to utilize the existing land within the factory area to construct a new building for our research institute and supporting facilities. The planned layout includes core foundational R&D and experimentation areas, applied development and pilot test area, and scientific research collaboration office spaces. This aims to create a comprehensive R&D base, further strengthening our technological innovation capabilities and improve the efficiency of our technological R&D.

Established in December 2021, the Postdoctoral Workstation of Kaifeng New Material has welcomed 5 doctors for research in succession, with 1 doctor currently in residence. Our R&D team consists of experts in paper-making, chemical engineering, quality management, market development, automation control, and machinery management. Their strong R&D capabilities provide a solid foundation for technology R&D.

We always devote energy to boosting R&D and industry advancement. In 2025, we have obtained 4 new patents, filed another 8 patent applications, participated in 3 more industry standard formulation projects, added 3 provincial-level scientific and technological achievements, and initiated 8 additional R&D projects.

New patents		
1	A method for preparing cellulose-dopamine/carbon nanotube conductive fibers and their applications	Authorized Patents
2	A method for preparing a reactive self-crosslinking PVA high-barrier paper-based material	Authorized Patents
3	A vacuum steam-water separator	Authorized Utility Model Patents
4	A method for preparing a low-conductivity spacer paper for liquid crystal display glass substrates	Invention Patents

New patent applications		
1	A method for producing a high-glossy cigarette tipping base paper	Invention Patents
2	A method for preparing a highly flexible, far-infrared emitting paper	Invention Patents
3	A multi-functional inclined-wire pilot paper machine	Invention Patents
4	A method for preparing a high-permeability, high-strength filter plug wrapping paper	Invention Patents
5	A method for preparing a high-definition protective paper for electronic screens	Invention Patents
6	A method for preparing a resource-efficient, low-grammage, high-opacity waxing wrapping paper	Invention Patents
7	A method for preparing a fully degradable, plastic-substituting, high-strength food packaging paper	Invention Patents
8	A method for preparing a bio-based, fluorine-free, high-barrier food packaging paper	Invention Patents

New industrial standards involved		
1	GB/T 36392-2025 Coated paper and board for food packaging	China National Standard
2	GB/T 22823-2025 Adhesive tape base paper	China National Standard
3	T/CL876-2025 Carbon paper for proton exchange membrane fuel cell	Group Standard of China International Association for Promotion of Science and Technology (CIAPST)

New R&D projects		
1	Key technology for efficient surface sizing of cigarette tipping base paper (New Industrial Product of Zhejiang Province)	Economy and Information Technology Department of Zhejiang Province
2	Self-adhesive medical packaging paper with high-temperature steam sterilization (Scientific and Technological Achievement of Zhejiang Province)	Department of Science and Technology of Zhejiang Province
3	Water-based food packaging paper (Scientific and Technological Achievement of Zhejiang Province)	Department of Science and Technology of Zhejiang Province



### 3.2.2 Smart Production

In the fiscal year 2025, our entire plant was honored as a “Zhejiang Smart Factory (High-Grade Specialty Paper Smart Factory)”, making us the sole specialty paper enterprise in Quzhou City to receive this recognition. This represents a significant upgrade from being named a “Zhejiang Smart Factory (High-Grade Specialty Paper Digital Workshop)” in 2022, marking a comprehensive leap from a “digital workshop” to a “fully integrated smart factory”. We are actively promoting the integrated development of next-generation information technology with manufacturing technology. The Company has fully completed Phase III of its digital transformation project. Phase III has realized digital twin and virtual reality interaction, integrated AI algorithms, and implemented an “ESG+AI” production responsibility system. It has achieved integrated production line layouts, automated product manufacturing, and cloud-based production control. Through advanced system integration and collaboration, the MOM+ platform connects systems including APS, MES, QMS, WMS and EMS, achieving closed-loop data management for the entire chain from order to delivery. This realizes automation, digitization and intelligence in factory operations, optimizing efficiency, yield, costs and quality, thereby comprehensively enhancing our core competitiveness.



Digital Twin System Entry



Digital Twin Factory Overview



Digital Twin Factory Panoramic Tour



Digital Twin Workshop Tour



Digital Twin Process Equipment Inspection



Digital Twin Nighttime Transparent Inspection



Digital Twin Raw Material Transparent Analysis



Digital Twin Equipment Disassembly and Testing



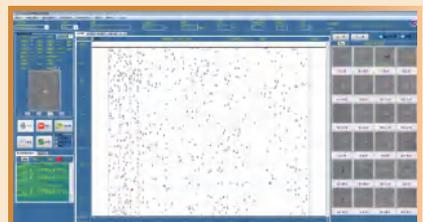
Real-time Production Line Dynamic Monitoring



Photovoltaic Power Usage Scheduling Analysis



Production Line Data Collection and Control



Paper Product AI-based Defect Recognition

### Advanced Production Equipment:

We have successively introduced key production equipment and online inspection systems of international advanced standards from Germany, the United States, Italy, France and other countries. Examples include BELLMER shaker and Siemens drive control system from Germany, as well as Honeywell Quantitative Moisture Control System (QCS) from the USA. This has enabled us to establish a first-class specialty paper production line with leading technology in China. We continuously carry out technical transformation and system optimization of main equipment in our existing production line. Through sensor technology, the Internet of Things (IoT), and standard industrial Internet protocols such as OPC DA, OPC UA and MODBUS, we have achieved network access for equipment across all production lines and workshops, supporting real-time edge computing and cloud-based data governance.

### Pioneering Intelligence:

We have successfully constructed a smart manufacturing operation system centered on data-driven decision-making. By integrating software and hardware systems such as MOM+ (Manufacturing Operations Management), APS (Advanced Planning and Scheduling), MES (Manufacturing Execution System), QMS (Quality Management System), EMS (Energy Management System), WMS (Warehouse Management System), EAM (Enterprise Asset Management), ERP (Enterprise Resource Planning), DCS (Distributed Control System), QCS (Quality Control System), WIS (Workshop Information System) and Digital Twin, we have achieved digital management across the entire business process from sales order to production delivery. APS enables intelligent scheduling, efficiency improved by over 90%. The entire production process is monitored in real-time with transparency and control through MES and digital twin technology. QMS ensures uniform product quality standards and enables minute-level precision traceability. WMS ensures accuracy and efficiency in warehouse operations. Concurrently, EMS assists us in achieving green and low-carbon operations.

### Deep-Rooted Green Concept:

In terms of energy management, we rely on EMS for real-time monitoring and precise control of plant-wide energy consumption. Through multi-level digital twin simulations spanning “plant-workshop-production line-workstation”, and by simulating equipment and production line operation status under different timeframes and climatic conditions in real-time, managers can gain a comprehensive understanding of the production process from macro to micro levels. This provides a scientific basis for production plan optimization, energy consumption control, and emergency response planning. By deploying a rooftop distributed photovoltaic power station, we have significantly increased the self-sufficiency rate of green energy. In the production process, we continuously reduce unit product energy and material consumption through advanced processes and optimization by digital systems (such as MES, APS), achieving energy conservation and emission reduction at the source. Furthermore, we have established a comprehensive wastewater treatment and recycling system, substantially reducing fresh water intake and wastewater discharge. These technological initiatives have earned us the “National Green Factory” certification, achieving a win-win situation between environmental and economic benefits.

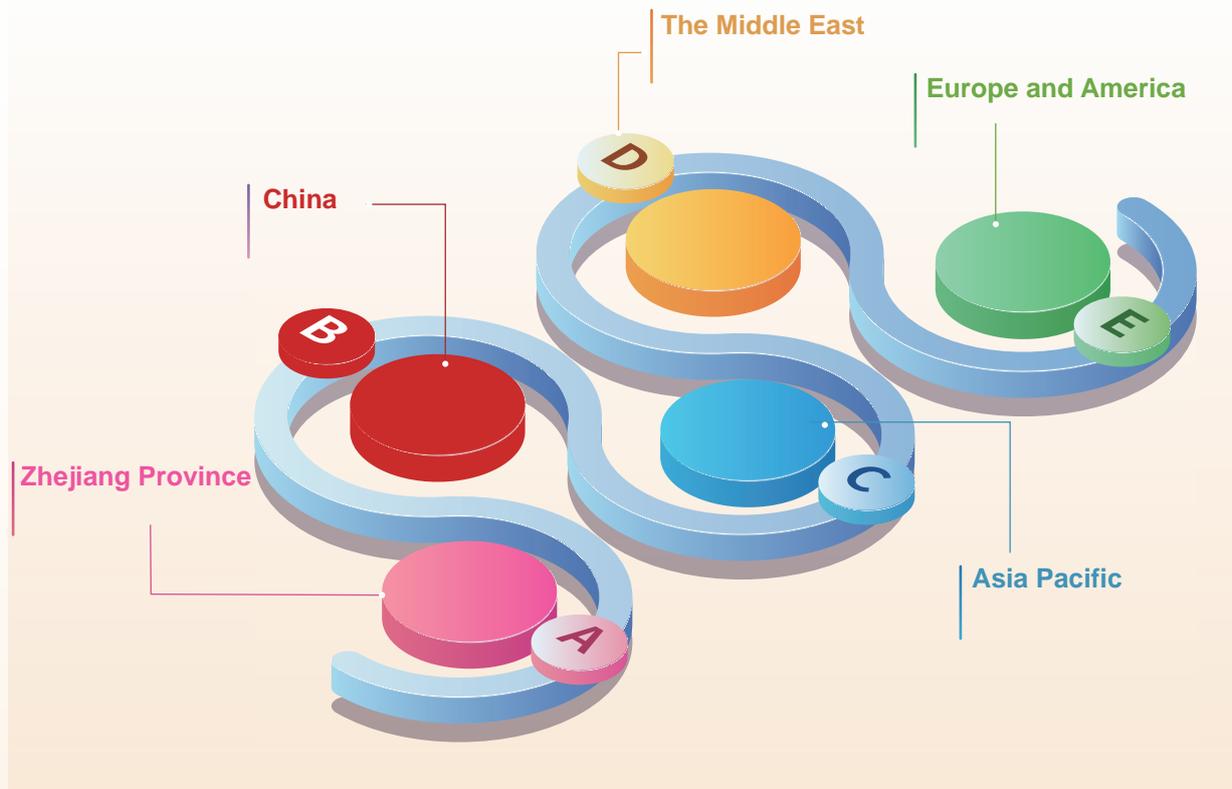
### Significant Comprehensive Benefits:

According to internal comprehensive estimates, our quality incident handling costs have been reduced by 20%, the efficiency of responding to customer complaints has been improved by 75%, production efficiency has increased by 25%, unplanned downtime has decreased by 10-15%, and both unit production costs and comprehensive energy consumption for comparable products have achieved measurable reductions of over 5%. Scheduling efficiency has increased by over 90%, significantly enhancing the Company's order-taking capacity and production flexibility. Since the commencement of digital transformation, we have not only built a modern, intelligent manufacturing facility that is technologically leading, advanced in management, high-quality in service and environmentally friendly, but also established a continuously improvable technical system. This provides sustainable data assets for process optimization, laying a solid foundation for future sustainable development. With the further application of new technologies like 5G and the Industrial Internet, we will continue to deepen our smart manufacturing initiatives, propel the factory towards even higher levels of intelligence, and set a new benchmark for enhancing new quality productive forces in the industry.

ESG+AI

## 3.3 Suppliers and Customers

### 3.3.1 Customers



#### Global layout

##### Overseas markets:

US, Japan, India, Malaysia, Thailand, Vietnam, Singapore, Italy, UK, Germany, UAE, Australia, Brazil, South Africa, Uruguay, Indonesia, Belgium, Sweden, Finland, Poland, Canada, Czech Republic, Philippines, etc.

##### Domestic markets:

Yunnan, Anhui, Henan, Hunan, Sichuan, Zhejiang, Shanghai, Beijing, Guangdong, Gansu, Jiangsu, Guangxi, Shandong, Hubei, Xinjiang, Shaanxi, Heilongjiang, Jilin, Guizhou, Fujian, Shanxi, Shenzhen, Tianjin, Chongqing, etc.

Headquartered in Hangzhou, Zhejiang Province, Kaifeng New Material has forged an international sales network covering domestic markets, and overseas markets in Asia Pacific, the Middle East, Europe and America, so as to meet the needs of customers and to fully bolster the global brand strategy. To expand our global presence, we dig into new markets and customer groups, as well as extend our talent and customer outreach and draw on welfare policies released by various countries in the process of globalization. All these efforts will enhance industry competitive advantages, and increase corporate earnings.

## Overseas Expansion

Our marketing channels at home include direct marketing and marketing by dealers, with direct marketing as the core. Facing the export market, we adopt a combination of direct marketing, marketing by dealers and marketing by commercial agents. Notably, dealers or commercial agents boasting strong financial strength, positive reputation, competitive marketing capacity and diverse marketing channels are employed to help us expand international market outreach. The Company enjoys a strong reputation in the market, with product quality and services widely recognized by customers.

Since 2024, we have focused our efforts on high-end product lines and overseas markets. To further seize market opportunities, we have responded to invitations to go global, participating in major international paper exhibitions such as the Bangkok Paper Exhibition in Thailand, Inter-Tabac Dortmund in Germany, the Surabaya Tobacco Exhibition in Indonesia, WT Middle East, and PulpForExpo. In recent years, we have successfully added cooperative customers from regions including Malaysia, Indonesia, Vietnam, India, Brazil, Armenia, Mexico, Dubai, Singapore, Poland, Canada, Sweden, the Czech Republic, and the Philippines. This has incrementally increased export volume by tens of millions of RMB, doubled year-on-year in 2025 and marking an initial success in exploring new market growth points. In the future, we will continue to expand the international market, tap into the potential of the international specialty paper industry, accumulate and enhance our export strength.



### 3.3.2 Supply Chain

To effectively manage suppliers, our long-term partners, the Company and Kaifeng New Material have developed internal regulations such as the Supplier Management Procedures and the Management Regulations on Supplier Performance, and set up the Supply Chain Risk Control Committee, strict supplier selection, access qualification assessment, review, and supplier performance management. We are committed to maintaining mutually beneficial and win-win relationship with suppliers, and jointly strengthening and refining the social responsibility management system of the supply chain, so as to achieve sustainable development of the supply chain.

In 2025, following the procurement standards for raw and auxiliary materials, we classified materials into four categories: Class A (chemical raw materials, high-value equipment), Class B (commercial wood pulp), Class C (packaging materials), and Class D (fire safety, labor protection, hoisting supplies). Through comparison of various manufacturers and suppliers concerning management, quality, financial status, delivery capacity and price (cost-performance ratio), we ultimately identified 87 qualified suppliers. Among these, 77 have been our partners for over 3 years, and 30 for over 10 years. We actively promote a localized procurement model, prioritizing collaboration with and nurturing supplier partners within Zhejiang Province to continuously reduce long-distance transportation costs and carbon emissions waste. In 2025, the proportion of local suppliers within Zhejiang Province reached 68%.



#### Procurement control

Our Procurement Control Procedures has outlined measurable evaluation criteria, classified suppliers into A, B and C grades, and specified provisions concerning supply proportions and time of payment. Besides, we have developed a well-performing supplier assessment system covering supplier investigation, selection, evaluation and control according to the quality, environment and work safety standard requirements. As a result, we have forged trustworthy cooperation with a series of reliable suppliers meeting our requirements on quality, cost and delivery.

Affected by the combined impact of the international market and geopolitical factors, wood pulp prices generally experienced a trend of initial increase followed by a decline in 2025, which provided opportunities to adjust wood pulp procurement pace and strengthen cost control. We calmly analyzed the market, made timely forecasts, optimized the raw material mix, expanded raw material supply channels, and fully leveraged flexible procurement strategies. This effectively reduced the average cost of wood pulp throughout the year, ensuring the Company's strong operational resilience and stable performance.

### 3.3.3 Products and Services

Kaifeng New Material have been made to set up the Quality Management Team led,we formulated such systems as the Quality Management System, the Raw Material Management System and the Production Management System, establishing a comprehensive process quality management framework centered on Lean 3T Management. The team of inspection personnel is stable, and quality control construction tasks are rigorous and orderly.. The products have been granted a series of system certificates, including ISO9001 Quality Management System, ISO14001 Environmental Management System, ISO22000 Food Safety Management System, ISO45001 Occupational Health and Safety Management System, FSC Certification, PEFC (Programme for the Endorsement of Forest Certification) System, BRCGS Global Standards for Food Safety, FDA (Food and Drug Administration) Certification, Energy Management System, and Intellectual Property Management System. Kaifeng New Material is able to undertake bulk production of customized specialty paper products, and has been well recognized by its partners such as Detpak, Zidan, Baowu and Kodak, laying a solid guarantee for improving product quality.



## Product Service Process

Through the formulation of the Service Standard Details, we have established a market-driven, customer-centric service process that ensures comprehensive support spanning pre-sales, in-sales and after-sales phases.

### Communication Phase

Timely internal technical reviews are conducted and customer requirements are analyzed, so as to provide process control sheets for suitable products and conduct sample simulation trials and small-batch prototype production.

### Production Phase

Dedicated positions are set up to monitor and verify the quality of raw material and calibrate intelligent analysis data in real-time. Production line supervisors monitor and control production process data via mobile and computer terminals according to technical specifications. Production workers and patrol inspectors monitor the continuous operational stability of equipment, instruments and paper operation. The Technical Department head adjusts processes and materials promptly based on periodic data changes. Quality control personnel strictly record paper formation status using AI-powered intelligent scanning to identify surface void data, promptly discussing causes and rectifying defective paper. Products are only approved for packaging after ensuring quality compliance. The alignment between production process and product characteristics is ensured. Warehoused products are strictly coded and archived, materials are promptly allocated in the business system for dispatch, and the status of products in transit is tracked. Before shipment, various indicator tests and usability assessments are conducted, and product samples are retained for further observation.

### After-Sales Phase

For products with problems during transit or customer use, causes are promptly investigated, and recalls are processed if necessary. Quality risks, complaints and suggestions are addressed timely and appropriately.

## Service complaint management

The Company and Kaifeng New Material have opened up convenient channels for customer consultation, complaints and suggestions, and formulated customer complaint management regulations to communicate and address customers' concerns, complaints and insights timely and effectively. Besides, we have set annual assessment indicators for "customer satisfaction" and "complaint follow-up", established a sound after-sales customer service system, and assigned technical and service personnel to visit customers from time to time. In 2025, our product quality was stable and met applicable standards; there were no major quality disputes; the after-sales follow-up rate was maintained at 100%, and the customer satisfaction rate reached 99%; no customer complaints about quality were received, and no products were recalled. No incidents of secondary product recalls have occurred.



## 3.4 Employees

### 3.4.1 Protection of Employees' Rights and Interests

#### Our payroll

As of the end of 2025, the Company had 281 employees on the payroll, and all of our employees have signed labor contracts.

By gender: 77 females and 204 males.

By profession: 171 production workers, 46 technicians, 42 administrative staff, 15 sales persons, and 7 financial staff.

#### Employment compliance

In accordance with the Labor Law of the People's Republic of China and applicable labor management regulations, we have implemented the Good Employment Practice, and signed labor contracts with our employees. In addition, we always bear the due corporate contribution to social insurance, housing provident fund and supplementary insurance for our employees in accordance with the law. In 2025, all our employees entered into labor contracts, and had access to the social insurance package.

We have established and improved the remuneration system and the incentive mechanism, and formulated a range of regulations such as the Management Regulations on Remuneration, the Management Regulations on Internal Promotion and Competition for Jobs and the Management Regulations on Remuneration Accounting and Payment. These actions allow for regular pay increase, and enable our employees to work and enjoy their rights and interests according to law. In 2025, there were over 8 paid leave days per employee.

We stay committed to prohibiting child labor, protecting female employees, combating discrimination, safeguarding dignity, and respecting voluntary labor. In 2025, the Company had no incidents of discrimination, child labor or forced labor.



## Availability of facilities



We are committed to providing employees with a clean garden-style production and living environment. To this end, central air-conditioning system covers every workshop, providing employees with a working environment of constant temperature and humidity. Besides, well-established living and recreational facilities are available for employees. To be specific, our canteens provide pleasant dining environment and a wide range of safe food options. In 2025, we renovated the employee cafeteria, improved the quality and service of the meals provided. And meal allowance is another benefit for employees. To enrich the spare-time life of employees, a variety of recreation facilities have been equipped, including but not limited to fitness centers, reading rooms, table tennis rooms, basketball courts, multi-function media rooms and tea rooms. To attract and keep talents, qualified employees are provided with neat and comfortable apartments, and married couples are encouraged to both work in the Company.



## Employee care

Highlighting the importance of employees, the Company and Kaifeng New Material have set up an employee care center especially for employees with physical disabilities, female employees during their pregnancy and lactation, and employees in need. These three groups enjoy additional allowance, physical examinations free of charge, and aid fund respectively. Moreover, our employees have access to multiple communication and complaining channels, such as suggestion box, email, hotline, and face-to-face communication. To timely identify and address the concerns of employees, the Human Resources Department works with the Production Department, the Administration Department and the Labor Union to organize a rich diversity of employee care activities, continuously enhancing employee satisfaction.

## Various activities

The Company has provided its employees with various platforms to showcase their talent and develop hobbies, and organized sports competitions, festival events and female care activities to help employees better life.



In January 2025, a Spring Festival mobilization meeting was held.



In February 2026, outstanding employees of the year were recognized.



In February 2025, the Beijing headquarters conducted an annual work report.



In January 2026, the Beijing headquarters conducted an annual work report.



In September 2025, a national military parade viewing was organized.



In September 2025, a Mid-Autumn Festival celebration was held.

## Guarantee of democracy

Freedom of association: Emphasizing the protection of human rights and democracy, the Company observes applicable international rules such as the three major international covenants on human rights and the Universal Declaration of Human Rights, and has formulated internal regulations including the Freedom of Association and Collective Bargaining and the Management Regulations on Labor Union. The Labor Union has been set up along with improved working systems for employees to communicate with the Company. Employees are allowed to join or withdraw from the Labor Union freely, and are encouraged to participate in making decisions and solving problems. In 2025, the Labor Union received 14 suggestions, and studied and put all suggestions into practice. Four meetings including the workers' congresses and democratic communications were held. The employee satisfaction was 98%, a 2-percent year-on-year growth.



### 3.4.2 Occupational Health and Work Safety

The Company and Kaifeng New Material always abide by the Law on Work Safety and other applicable work safety laws and regulations. To ensure people-centered safety work, the following combined measures have been taken: step up supervision and inspection, identify and wipe out hidden hazards; establish and maintain ISO 45001 Occupational Health and Safety Management System; organize EHS-specific audit, factor-by-factor check. In addition, we set up an emergency response leading group, work out emergency response procedures, and arrange drills every year.

We conducted hazard identification, risk assessment, and risk control. We established the company's dual-prevention hierarchical control table and major risk source list, posting them at every risk point and each workstation to achieve full participation and multi-level control. In 2025, the Company had no major workplace safety accidents and no contractor safety incidents.

In 2025, over 200 front-line employees were provided with occupational health examinations. All employees had their occupational health records. There were no occupational disease cases. All new employees received work safety training. The average occupational health training hours per employee reached 15; all employees engaged in special jobs worked with required certificates.

We keep working toward Occupational Health and Safety Management (ISO 45001) certification and 6S (SEIRI, SEITON, SEISO, SEIKETSU, SHITSUKE, and SAFETY) assessment. Moreover, we have invited a third-party organ to conduct a field audit in line with AMFORI BSCI requirements. In 2025, we achieved a "B" rating in the BSCI certification, receiving 11 "A" results in 13 individual items, including occupational health and safety.



**Monitoring summary report for Zhejiang Kaifeng New Material Limited by Share Ltd.**  
**MONITORING ID: 25-0365738**

**amfori**   
 Trade with purpose

**OVERALL RATING**



A B C D E None

### 3.4.3 Career Development and Training

#### Employee development system

Taking talent training and development as a top priority, the Company and Kaifeng New Material uphold the principles of “Focus, Research, Innovation”, and strive to build a career development platform friendly to employees’ research and growth. Besides, our efforts have been intensified to foster a sustainable and strategic talent pool, attract and cultivate younger, better-educated, more professional and more pragmatic backbone employees with ideals and a sense of responsibility, provide various forms of training sessions on posts, skills, management and qualification, and organize knowledge and skill contests, encouraging employees to keep learning.

To strengthen university-industry collaboration, we prioritize forming connections with local vocational schools and colleges. We continuously innovate our employment mechanisms, proactively cultivating and appointing outstanding talents from internship programs, thereby forming a distinctive and effective employee development and training system.



#### Career development training

We have successively developed and implemented specialized professional training programs such as the “Middle Management Training Camp”, the “Young Cadre Training Class”, the “Foreign Trade Thematic Training”, the “Advanced Papermaker Vocational Skills On-site Theory Training and Examinations”, and the “Digital Smart Factory Training”. In 2025, all of our employees received training, and the average training hours measured as 31. These achievements demonstrate that our employees have equal access to training and enjoy equal opportunities to grow.



# Governance Innovation

- 4.1 Sustainable Development
- 4.2 Business Practices
- 4.3 Operational Compliance



# 4.1 Sustainable Development

## 4.1.1 Sustainable Development

### “12345” Sustainability Governance System



## Sustainable strategy planning

On the common journey of human sustainable development, we are committed to “Harmonious Coexistence and Innovative Development”, and align our ESG brand strategy with such philosophy. Guided by the UN’s 2030 Agenda and its Sustainable Development Goals (SDGs), we have identified 14 priority sustainable development goals, and formulated a “four stages over twenty years” strategic plan in line with global carbon neutrality targets.





## Digital empowerment for sustainable development

We are among the earliest listed companies in the specialty paper industry to integrate sustainability and ESG into our core strategy. To fulfill the strategy, we have taken information systems as an effective tool and carrier to advance digital development across the environmental, social, governance and market dimensions. We have set up a multi-layered, comprehensive intelligent information management system that integrates “AI (Artificial Intelligence, our intelligent brain) + MOM (Manufacturing Operations Management, our operations cloud) + IoT (Internet of Things, our process bridge)”. Through three phases of smart factory upgrades, we have achieved full-scale digital twinning and real-time AI-driven terminal control.

We actively cooperate with POI-TECH in data acquisition and integration to continuously advance in-depth smart production construction. This collaboration has enabled seamless “sharing” across mobile, cloud and instrument interfaces, fostered “synergy” among production, warehousing and sales lines, and facilitated “auditing” at financial, compliance and disclosure levels. This integrated approach marks our entry into the era of new quality productivity driven by “AI+T (Technology)”. As the world’s first developer of a process large model specifically designed for the pulp and paper industry, POI-TECH has provided strong support for our intelligent transformation in fields of data, processes and advanced AI technology.

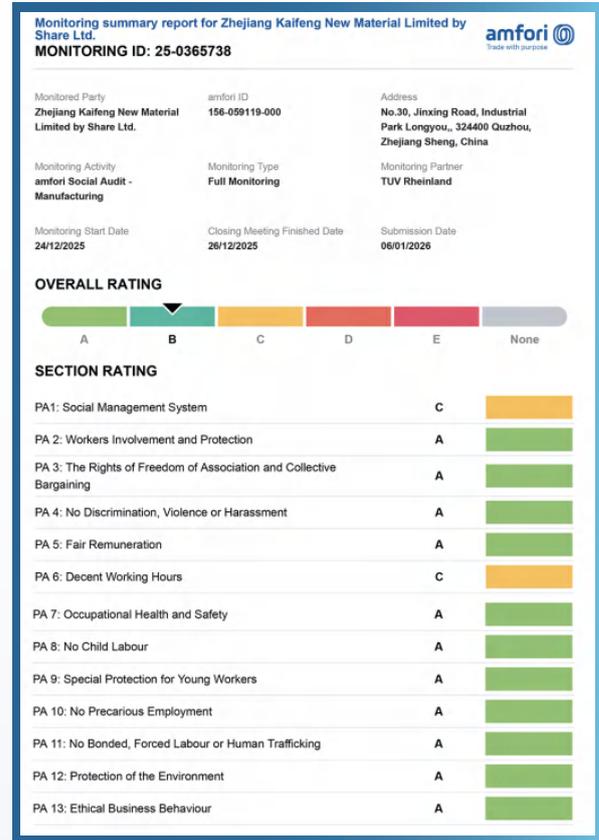
Our ongoing efforts to reduce energy and material consumption per unit of product through our ESG performance management system have earned us prestigious certifications, including “National Green Factory” and “Zhejiang Smart Factory”. Relying on our carbon footprint reporting system, we have realized independent collaboration between the carbon footprint calculation tool and the energy management system, enabling rapid decentralized collection and centralized aggregation of ESG data, as well as periodic generation of analysis reports. Going forward, key ESG indicators will be disclosed in real time through our self-built investor relations ecosystem matrix.



## 4.1.2 Due Diligence

### Due diligence body

The Risk Management Team under the Strategy and Sustainability Committee is designated as our standing due diligence body. The Team is responsible for working with the ESG Team, the Work Safety Leading Group, the Green Development Committee, the Finance Department, the Legal Department and production divisions to set up a cross-department due diligence group for regular audits of institutional structure, operation process, routine business activities, management commitments and supply chain. In 2025, we continued to engage a third-party organization of the Global Compliance and Ethics Initiative (AMFORI) to conduct an on-site BSCI audit and evaluation. We achieved a “B” rating, achieving 11 “A” ratings in 13 domain indicators, including worker participation and protection. No non-conformities were identified.



### Response to sustainable development risks

We have pooled efforts to predict combined risks in the future by capitalizing on the sustainable development risk matrix and the AI-empowered historical data model, prepare the Due Diligence Report of Sustainable Development, report existing and predicted risk points to the management for analysis and improvement, and propose the alternative technical solutions to high-risk warning incidents. For example, as the carbon emissions of the existing production line fail to reach the preset limits, we timely take targeted measures in consideration of the capacity and consumption of our self-generated green electricity as well as the production characteristics of paper products. These measures include stepping up the distribution of green electricity during peak and valley periods, shortening the operating time of natural gas-consuming production sections, enhancing the recycling efficiency of steam in multiple links, intensify the production scheduling of FSC-certified green products, improving the utilization rate of recycled pulp and reclaimed water, and replacing and upgrading power-intensive units in production lines. In 2025, the carbon emissions of our upgraded production line met emission criteria, and our energy consumption indicators per ton of products were optimized. During the process of enhancing transition towards sustainable development, we objectively experienced cost increase as greater efforts have been made to add new environmentally-friendly equipment, upgrade production lines, advance digital transformation in plants, organize digital skill training among employees, install PV panels for green electricity, expand international markets, research and develop green products, and allocate new energy vehicles. Upon analysis over the sustainable development risk matrix, the net profits of our core business excluding non-recurring gains and losses has turned from loss to profit since 2024.. We not only maintained but also moved forward our cooperation with strategic customers, such as China Tobacco, McDonald’s, KFC, Starbucks, Baowu and JISCO. All these gains shown in the matrix have laid a solid foundation for us to pursue fresh progress while ensuring stability in operations, enhance our market value, and achieve a new leap forward in green transition.

## 4.1.3 Communication with Stakeholders

Stakeholders	Communication channels	Major concerns	Responses	Effective practices
Shareholders and investors	Official website Reports We-media business interactions Training Forums Inquiries from customers Media interaction Business discussion Exhibitions Government research Inspection and oversight Eco-friendly collection Qualifications Engagement with associations Community activities Industry conferences Interaction with shareholders	Protection of investors' rights and interests	Sustainable economic growth	Hold meetings to communicate with investors
		Prevention of operating risks	Prudent operation	Conduct research meetings with investors
		Innovative development	R&D and product innovation	Launch strategy transition
Governments and regulators		Leading role in social development	Operational compliance	Optimize internal control and governance; strengthen audit and supervision
		Compliance with laws and regulations	Timely information disclosure	Disclose information at multiple platforms
Customers		Product quality	Full-process product management	Lead the formulation of several industrial standards
		First-rate services	Response to the diversified needs of consumers	Refine the customer service system
		Fair pricing	Independent R&D and innovation	Curb adverse price effect effectively in the industry chain
Partners in the industry chain		Compliance with business ethics, honesty and trustworthiness	Responsible procurement policy	Implement the full-cycle supply chain management
		Cooperation for mutual benefits and common growth	Cooperation for common development in the industry chain	Develop marketing and operation capabilities
	Sound development of industry chain	Analysis of pioneering concepts in the industry	Join the association of the industry as a core member	
Employees	Protection of basic rights and interests	Reasonable remuneration and welfare system	Provide employees with equal pay for equal work, competitive remuneration, and additional benefits	
	Occupational health and safety	Occupational health and safety management	Establish mechanisms and policies, and organize trainings	
	Career development	Employee training and promotion	Put promotion channels and career trainings in place	
Society	Public engagement	Openness and transparency	Receive supervision from the public and the media, and communicate with external parties	
	Common prosperity	Industry support	Strive for common prosperity and rural revitalization	
	Community development	Public welfare activities	Organize volunteer activities and donations	
	Media communication	More effective information disclosure	Respond to public opinions actively	
Environment	Pollution reduction	Green industry chain	Figure out carbon inventory, and shift towards energy conservation and carbon emission reduction	
	Response to climate change	Carbon reduction actions	Launch carbon footprint assessment	
	Ecological conservation	Involvement in ecological conservation projects	Conduct biodiversity conservation	

## 4.2 Business Practices

### 4.2.1 Anti-bribery and Anti-corruption

To enhance the awareness of integrity and compliance, all employees, including the management, are required to sign the Integrity and Confidentiality Agreement. In addition, we follow up and supervise whether new promotions and new employments comply with applicable regulations. In cooperation with external partners such as suppliers, we require all suppliers to abide by business ethics, the Non-Disclosure Agreement and the Supplier Code of Conduct, and should keep away from corruption and bribery in any form. Moreover, they should sign the Commitment to Integrity as an attachment to the supply contract, and receive access assessment and sustained management.

During the reporting period, a total of 5 directors, 20 senior and mid-level managers and over 200 frontline employees participated in business ethics trainings. The number of dismissals, disciplinary actions and litigation cases resulting from corruption incidents remained at zero.

### 4.2.2 Anti-unfair Competition

Attaching great importance to the values and rights of customers, we strictly prohibit the release of false or misleading advertising information, and shall truthfully and objectively present the performance and advantages of our products. We shall not conduct false publicity on the performance, functions, quality and other contents of products to deceive or mislead consumers; we strictly prohibit sham transactions. We shall not fabricate false information to damage the reputation of competitors; we strictly prohibit the release of any content or remarks that violate national laws and regulations or go against social public morality. In 2025, the Company did not have any litigation or major administrative penalties caused by unfair competition.

The Audit and Supervision Department has been fully authorized to supervise and audit the daily economic activities of the Company from time to time. The specific duties of the department include contract review, supervision and review of material procurement prices, investigation of abnormal conditions, and proposal of penalty suggestions. Over the years, efforts have been made to prevention in advance (bidding), in-process supervision (price review) and post-audit (final accounting and abnormality investigation) targeting receipts and payments, thus basically putting commercial misconducts to an end.

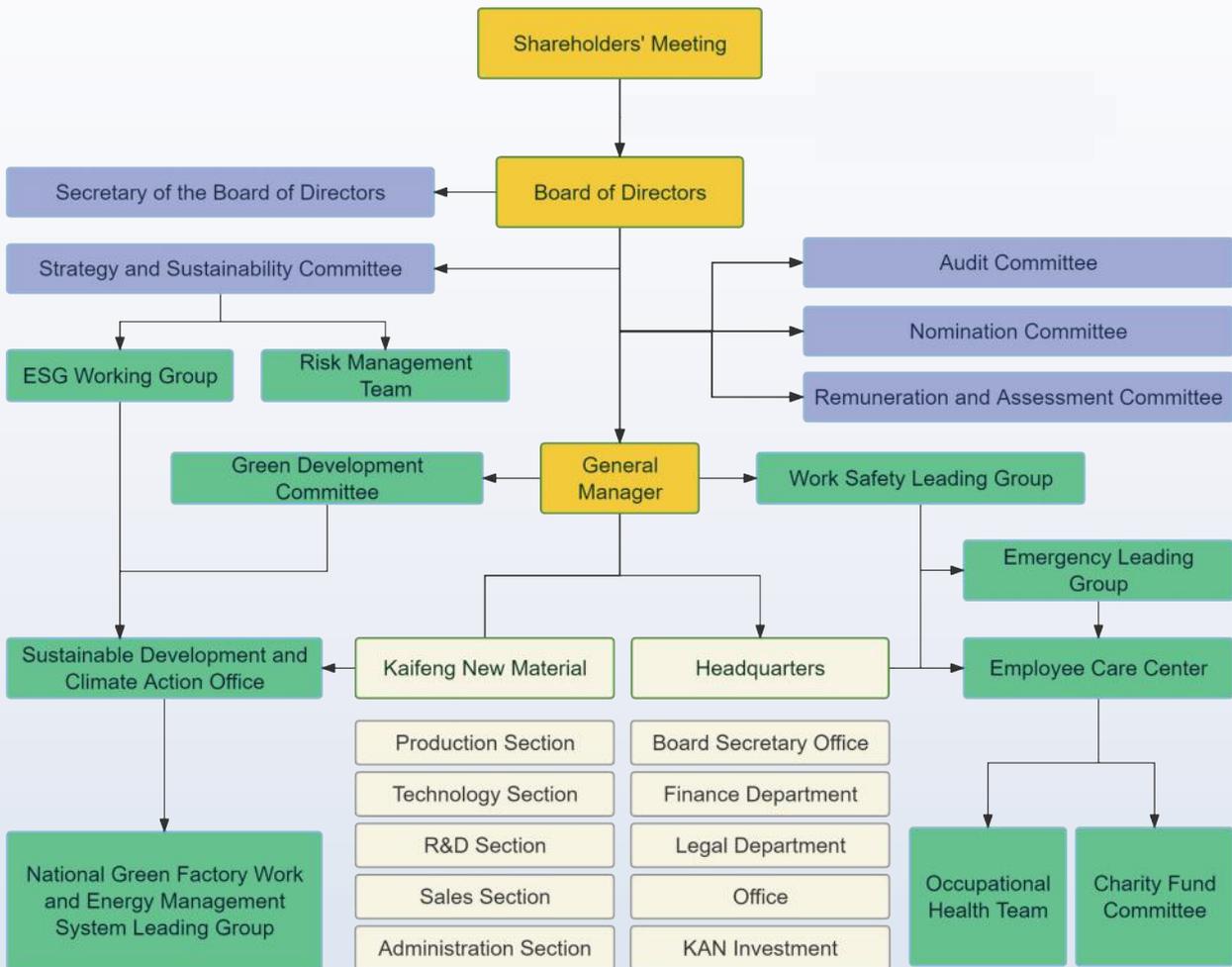


## 4.3 Operational Compliance

### 4.3.1 Scientific and Effective Management

#### Compliance management system

In accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China and regulatory documents over the governance of listed companies released by China Securities Regulatory Commission and Shenzhen Stock Exchange, we have continued to refine our corporate management framework in terms of the shareholders’ meeting, the Board of Directors, the Board of Supervisors, the duties and powers of the management, and operation regulations. In 2025, the Company held 3 shareholders’ meetings, 8 meetings of the Board of Directors, and 6 meetings of the Board of Supervisors (The Board of Supervisors was dissolved in October 2025, with its functions transferred to the Board’s Audit Committee) .



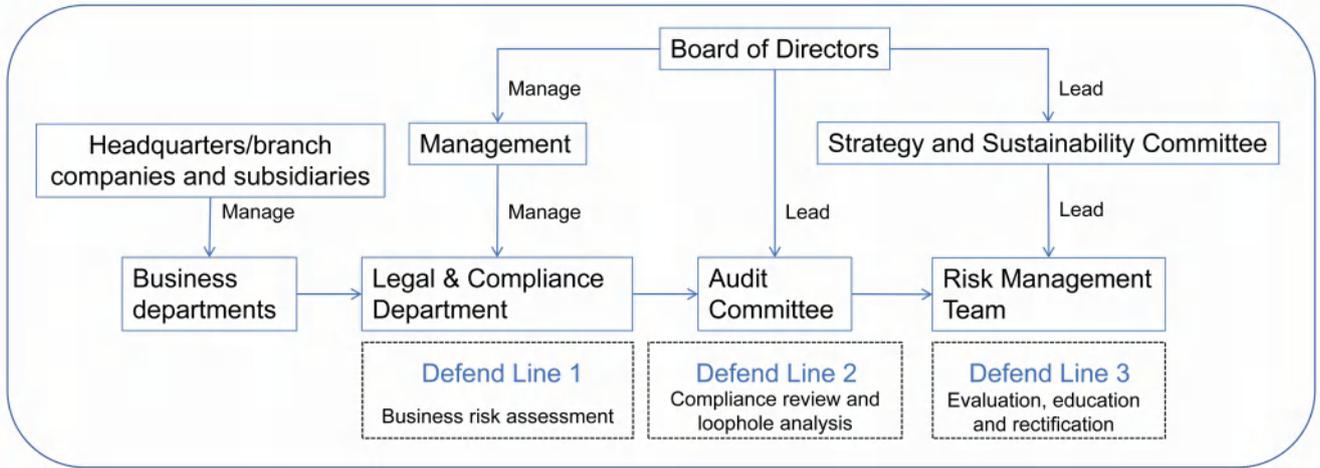
#### Financial compliance certification

The Company has always got unmodified opinions from the auditor in the past 21 years.

### 4.3.2 Comprehensive Risk Management

Under the Board of Directors, a Risk Management Committee has been set up with clear division of responsibilities related to integrity and compliance. Besides, the combination of an ERM-based risk management structure and a professional risk management team has been put in place.

#### Comprehensive Risk Management System



### ESG Month Campaign

Since 2023, we have continuously implemented ESG Month Campaigns to encourage our employees and stakeholders to know more about ESG, reinforce sense of social and environmental responsibility, and make a difference in protecting our common communities through small actions. To this end, we have always communicated the Sustainability Report by sections and latest ESG policies, organized low-carbon office competitions and daily environmental protection knowledge contests, cross-evaluated business segments in ESG performance, and visited ESG-highlighted listed companies.



Monthly Publicity and Interpretation of ESG Report



Charitable Hiking for Environmental Protection



Site Visits Supporting Rural Revitalization



Thematic Learning Sessions on ESG Topics



Tours to Production Bases

## Appendixes

### 5.1 Integrated KPI Table

**Note:**

Due to different statistical methods, some data in the Report differ slightly from historical versions, annual reports, etc. Data in annual reports comes from audited financial statements by accounting firms, while data in the Report comes from verification reports issued by third-party agencies such as carbon emission reports.

Key Performance Index	2025	2024	2023	2022
<b>Financial Performance</b>				
Operating revenue (RMB 10,000)	62692	59051	82600	139180
Net profit (RMB 10,000)	3170	574	4747	5342
Net cash flow from operating activities (RMB 10,000)	3514	7061	-2005	21832
Total assets (RMB 10,000)	189869	179946	196026	230095
Net assets (RMB 10,000)	155676	152693	153567	149342
Asset-liability ratio	8.6%	5.5%	13.4%	25.5%
<b>Environmental Performance</b>				
Total environmental protection investment (RMB 10,000)	36705	25892	44822	86503
Green procurement investment (RMB 10,000)	35776	25423	43386	77141
Energy conservation and consumption reduction investment (RMB 10,000)	82	207	247	1568
Technological transformation investment (RMB 10,000)	847	1175	1189	7793
Direct (Scope 1) GHG emissions (ton)	4255	4038	4487	75051
Indirect (Scope 2) GHG emissions (ton)	64129	65182	62210	84552
Total GHG emissions of Scope 1 and Scope 2 (ton)	68383	69220	66697	159603
Reduction rate in total greenhouse gas emissions compared to the base year 2021	-59%	-59%	-60%	-5%
Annual output of paper products (ton)	69720	62268	61681	106516
Greenhouse gas emission intensity per ton of paper (ton/ton of paper)	1.0	1.1	1.1	1.5
Reduction rate in greenhouse gas emission intensity per ton of paper compared to the base year 2021	-42%	-35%	-36%	-12%
Natural gas consumption (10,000 m3)	195	187	206	/
Natural gas consumption per ton of paper (m3/ton of paper)	27.97	30.98	33.40	/
Diesel consumption (ton)	10	11	/	/
Diesel consumption per ton of paper (ton/ton of paper)	0	0	/	/
Total electricity consumption (MWh)	65784	65324	56801	121650
Total electricity consumption per ton of paper (MWh/ton of paper)	0.94	1.05	0.92	/
Grid electricity consumption (MWh)	54473	54406	47261	/
Grid electricity consumption per ton of paper (MWh/ton of paper)	0.78	0.87	0.77	/

Key Performance Index	2025	2024	2023	2022
<b>Environmental Performance</b>				
Solar power generation (MWh)	11311	11318	9540	573
Solar power generation per ton of paper (MWh/ton of paper)	0.16	0.18	0.15	/
Purchased green electricity (MWh)	10483	6495	/	/
Proportion of green electricity consumption in total electricity consumption	33%	27%	17%	/
Steam consumption (10,000 tons)	12	11	11	/
Steam consumption per ton of paper (ton/ton of paper)	1.72	1.82	2.00	/
Total energy consumption (MkJ)	599042	575933	920259	1114905
Total energy consumption per ton of paper (MkJ/ton of paper)	8.59	9.25	14.92	/
Total energy consumption (ton of coal equivalent)	20440	19651	31400	38041
Total energy consumption intensity per ton of paper (ton of coal equivalent/ton of paper)	0.29	0.32	0.51	/
Total water consumption (10,000 tons)	142.9	128.0	142.0	563.0
Total water consumption intensity per ton of paper (ton/ton of paper)	20.5	20.6	23.0	52.9
Total reclaimed water consumption (10,000 tons)	2715	2432	/	/
Reuse rate of reclaimed water	95%	95%	95%	95%
Total recycled water volume (10,000 tons)	40	44	43	/
Total industrial waste water discharge (10,000 tons)	97	80	87	/
Including: industrial waste water discharged directly into the environment (10,000 tons)	0	0	0	/
Volume of wastewater discharged to wastewater treatment plant (10,000 tons)	97	80	87	/
Wastewater discharge per ton of paper to wastewater treatment plant (ton/ton of paper)	14	13	14	/
Packaging consumption (ton)	787	1557	/	/
Plastic packaging consumption (ton)	77	/	/	/
Paper packaging consumption (ton)	710	/	/	/
Hazardous waste (ton)	0.5	0.8	/	/
General waste (ton)	971	1875	/	/
Total recycled waste (ton)	942	1802	/	/
Waste recycling rate	97%	96%	/	/
Waste gas volume from natural gas use (10,000 m3)	1954	1850	2080	/
Waste gas (from natural gas) intensity (m3/ton of paper)	280.26	297.10	337.22	/
Sulfur dioxide (SO <sub>2</sub> ) emission intensity (g/ton of paper)	1.12	1.19	1.35	/
Nitrogen oxides (NO <sub>x</sub> ) emission intensity (g/ton of paper)	44.48	47.15	53.52	/
Wastewater (industrial water) intensity (ton/ton of paper)	13.88	12.81	14.08	/
Ammonia nitrogen emission intensity (g/ton of paper)	5.72	6.07	3.63	/
Chemical Oxygen Demand (COD) intensity (g/ton of paper)	504.43	456.35	504.17	/

Key Performance Index	2025	2024	2023	2022
<b>Environmental Performance</b>				
Hazardous waste intensity (g/ton of paper)	7.17	12.85	23.00	/
General waste intensity (kg/ton of paper)	13.93	30.11	20.00	/
Serious environmental violations	0	0	0	0
Environmental credit rating of enterprises in Zhejiang Province	A	A	A	A
<b>Social Performance</b>				
Total tax (RMB 10,000)	1736	1637	4763	8965
Total number of shareholders at year-end (households)	23734	24725	32089	36624
Proportion of shareholder dividend in net profit attributable to parent company	31%	33%	31%	11%
R&D investment (RMB 10,000)	2641	2901	4445	9585
Including: intellectual property protection investment (RMB 10,000)	30	11	10	28
Digital transformation investment (RMB 10,000)	188	191	91	1480
Monetary capital (RMB 10,000)	51331	66762	87371	53770
Accounts payable (RMB 10,000)	0.6	0.4	0.6	1.6
Notes payable (RMB 100 million)	0.3	0.0	0.4	0.2
Long-term payables (RMB 100 million)	0.0	0.0	0.0	0.0
Bonds payable (RMB 100 million)	0.0	0.0	0.0	0.0
Accounts receivable (RMB 100 million)	1.3	1.4	1.5	2.7
Accounts receivable turnover rate (times)	4.7	4.1	5.6	5.2
Proportion of top five suppliers	70%	44%	33%	36%
Proportion of local procurement	68%	60%	61%	59%
Work safety investment (RMB 10,000)	101	136	134	282
Investment in employee benefits (RMB 10,000)	198	161	123	146
Total employees	281	264	266	925
Proportion of employees signing the labor contracts	100%	100%	100%	100%
Proportion of employees with occupational health records	100%	100%	100%	100%
Proportion of new employees receiving safety training	100%	100%	100%	100%
Proportion of employees engaged in special jobs with required certificates	100%	100%	100%	100%
Proportion of employees receiving training	100%	100%	100%	100%
Average hours of training per employee	31	29	24	51
Average hours of occupational health training per employee	15	14	10	23
Major production safety accidents	0	0	0	0
Employee satisfaction	98%	96%	91%	89%
Customer satisfaction	99%	99%	99%	98%
BSCI certification	B	C	/	/

Key Performance Index	2025	2024	2023	2022
<b>Corporate Governance Performance</b>				
ESG breakdown management indicators	172	165	111	126
Proportion of independent director in the Board of Directors	40%	40%	50%	43%
Proportion of female directors in the Board of Directors	20%	20%	33%	29%
Quantity of information disclosed	103	60	102	138
Investor relations management influence (10,000 persons)	124	124	166	24
Wind ESG rating	AA	AA	A	A
Quantdata ESG rating	AA	AA	AA	AA
Sino-Securities Index ESG rating	A	BBB	BB	BB
SynTao Green Finance ESG rating	A	A-	B+	/
CCXIGF ESG rating	A	A	A	A
Flush Info ESG rating	A	A	A	/
China Reform ESG rating	A	A	/	/
Lianhe Equator ESG rating	AA	AA	/	/
SusallWave ESG rating	A	A	/	/
Average business ethics training hours per employee	3.1	2.9	/	/
Number of employees dismissed or disciplined due to corruption incidents	0	0	0	0
Number of litigation cases arising from corruption incidents	0	0	0	0
Litigation cases resulting from unfair competition practices	0	0	0	0
Major administrative penalties imposed due to unfair competition practices	0	0	0	0

## 5.2 GRI Index Table

	GRI Standards 2021	Page number
About the Report	2-2, 2-3, 2-4	/
KAN Brand Value	2-1,2-6,201-1,305-1,305-2,305-4	1-11
Environmental Protection	301-2,301-3,302-1,302-4,302-5,303-2, 303-3,303-4,305-5,305-7,306-2	13-25
Social Momentum	203-1,304-2,308-1,403-1,403-2,403-3, 403-4,403-6, 403-8, 403-10, 404-2, 405-1,413-1,417-1	26-42
Governance Innovation	2-9, 2-12, 2-14,2-16,2-17,2-22,2-26,2-29,3-2,3-3	43-52



## Harmonious symbiosis Innovative development

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