



APP-China
Sustainable Development
Report

2016

About This Report

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

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

Language

Chinese and English; for any difference, the Chinese version shall prevail;

Period

January 1, 2016 – December 31, 2016;

Frequency

Annual report. The last report was published in October 2016;

Assurance

APP-China has commissioned SGS-CSTC Standards Technical Services Co., Ltd. (SGS) to assess the reliability, objectivity and transparency of this report. Please refer to the Assurance Statement for further details.

Indicator Selection

In accordance with GRI materiality, stakeholder engagement, sustainable development principles and professional judgement, APP-China produced this report based on the following methods;



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

Scope of the Report

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

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

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

Data and Information Collection

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

Methodology for Data and Information Collection

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

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



Message from the Chairman

For APP-China, sustainable development has never been so important as today. Our employees who have worked here for more than 20 years since our company's birth have endured certain changes in their work, lives and roles. For us, APP-China, dedicated to becoming the most important global Chinese paper manufacturer, has come to the threshold of a new era where clarity of purpose and vision is needed.

First, our sustainable papermaking process remains unchanged. The "integration of Plantation-Pulp-Paper" has been proven in the past as a repeatable model that can become widespread and meets the needs of social development. Based on this process, we need to drive the whole papermaking industry including APP-China toward a more sustainable direction, which is the most important demand concerning paper products in today's society. However, what we need to change should be our reflection on the changing roles of paper in our lives. We have laid a solid foundation to meet new needs in a sustainable way in the future by increasing our

investment in innovation, further integrating innovative resources, proposing our own "Industry 4.0 Planning", and strengthening the management and control of procurement. What we need to change should also be our reflection on the changing role of APP-China in the paper industry. China's 13th Five-Year Plan for the paper industry states that China will push this industry toward energy-saving, environmentally friendly and green development principles, and increase the functions and variety of paper and paper products in line with improvement of quality. Following this plan, we will leverage our global resources to better lead China's paper industry toward a brighter future.

Second, our bottom line of environmental protection remains unchanged. The 13th Five-Year Plan for Environmental Protection sets out a directly measurable environmental standard and the forthcoming national carbon trading market will cap energy consumption for enterprises. APP-China will ensure that the standards applied to all of its subsidiary plants are stricter than

both national and local standards. However, we need to constantly improve our environmental equipment and minimise our impact on the environment. In 2016, we enhanced the sustainability of the paper industry by continuing to promote desulphurisation and denitrification, upgrading technology in our sewage treatment plants, using more clean energy such as photovoltaic power, and deepening our communication with external environmental protection agencies and organisations.

Third, our care for people remains unchanged.

It is our consistent belief that our employees and support from the community are the foundation of our success. Thus, APP-China has done its utmost to meet the needs of both employees and the community. However, we are making efforts to take into account more internal and external voices. In 2016, we strengthened communication with employees, widened channels to collect complaints and feedback, and gradually improved the employee performance review. At the same time, we increased the

influence of our development on local areas by deepening communication with neighbouring communities and local governments as well as by our volunteer services.

Finally, it is impossible for any enterprise to realise sustainable development without support from all of society. Faced with changes in both our internal operations and the external environment, we have made concerted efforts to improve and develop with the final beneficiary being all of society. This is what APP-China adheres to. However, we need to exert more influence on more people and on a broader scope through our practices. In this regard we hope for all people to join together to march forward into the new century.

Teguh Ganda Wijaya

Chairman and President

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Corporate Profile

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

largest industrial paper producers in China today. Gold Huasheng is a diversified special paper producer. Gold Hongye is a well-known modern household paper maker in Asia. Hainan Jinhai Pulp & Paper is one of the largest pulp producers in China. Guangxi Jingui Pulp & Paper is the largest chemical mechanical pulp producer in China.

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

By the end of 2016
Total Assets

161.83 RMB billion

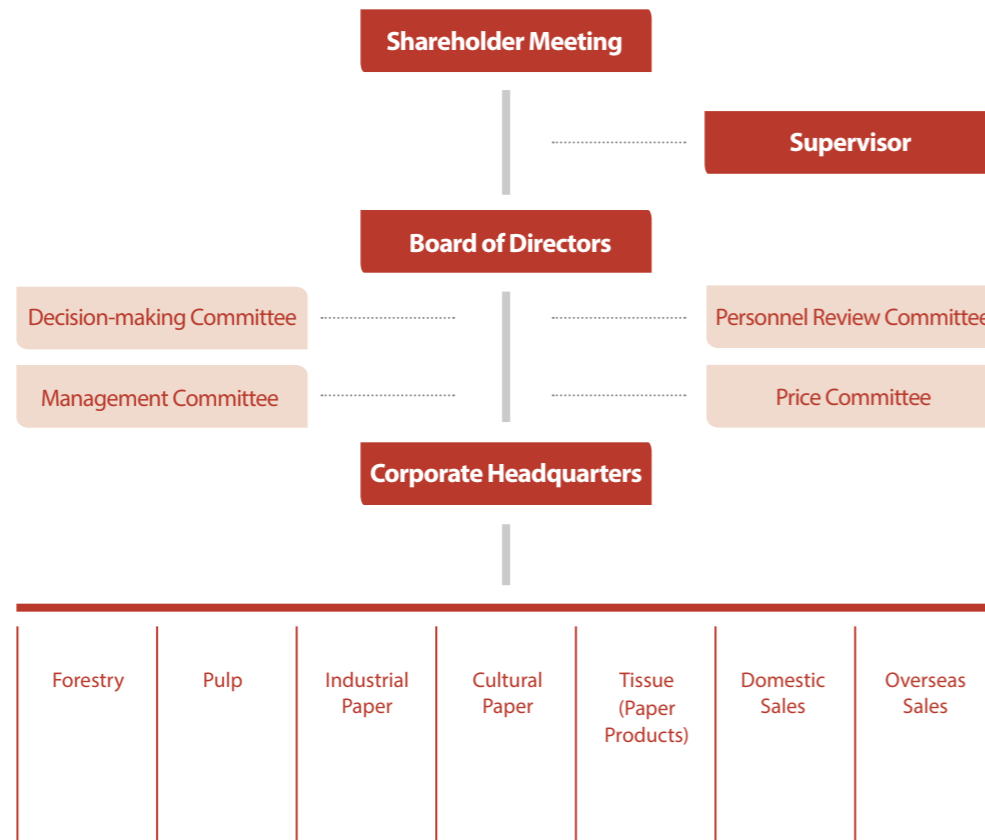
Sales Revenues
in China of 2016

47.4 RMB billion

Full-time employees
of 2016

33,000

Organizational Structure



Corporate Culture

Common goals

Mission

Action Guidelines

Management System

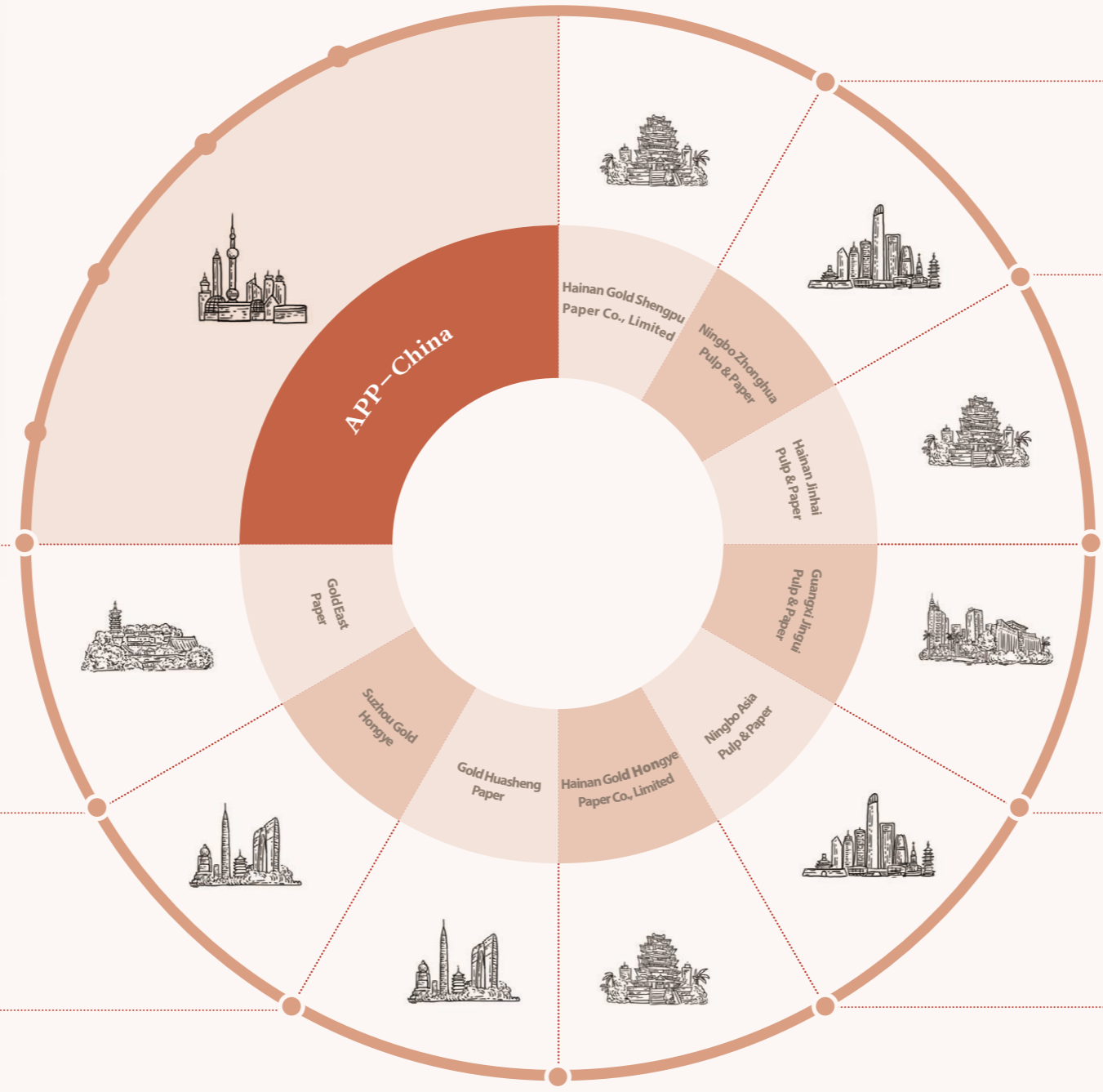
Moral Foundation



Achievements & Honours



- International Carbon Gold Reward, by the World Economic and Environmental Conference
- Commemorative Medal on Emotional Ties to Our Homeland, Benefiting the People, by the State Council Overseas Chinese Affairs Office
- Pioneer for Sustainable Development, by the Global Compact Network China
- Responsible Enterprise of 2016, by China News Service



- Benchmark of the Jiangsu Paper Industry for the Twelfth Five-Year Plan, by the Paper Industry Association of Jiangsu Province
- Certificate for China Environmental Labelling (Type II), by the China Environmental United Certification Centre
- Top 500 Enterprise for Foreign Trade of China, by the Statistical Society for Foreign Economic Relations and Trade of China
- Top 10 Enterprise for Papermaking of Light Industry in China, by the China Light Industry Council and China Paper Association
- Top 100 Enterprise of Light Industry in China, by the China Light Industry Council
- 434th on the list of Top 500 Enterprises of China and 216th on the list of Top 500 Manufacturers of China, by the China Enterprise Confederation/China Enterprise Directors Association

- Benchmark of the Jiangsu Paper Industry for the Twelfth Five-Year Plan, by the Jiangsu Province Paper Industry Association

- Benchmark of the Jiangsu Paper Industry for the Twelfth Five-Year Plan, by the Jiangsu Province Paper Industry Association
- Outstanding Enterprise for Green Raw & Auxiliary Materials, by the China Association for Printing Technologies
- Excellent Enterprise of Environmental Labelling in China, by the China Environmental United Certification Centre

- Water-Saving Enterprise (first batch) of Hainan, by the Bureau of Industry and Information Technology of Hainan and the Water Department of Hainan Province

- Top 100 Enterprise with Fastest Growth in Zhejiang, by the Zhejiang Enterprise Confederation

- Water-Saving Enterprise (first batch) of Hainan, by the Bureau of Industry and Information Technology of Hainan and the Water Department of Hainan Province
- Provincial Exemplary Enterprise for Intellectual Property Management, by the Intellectual Property Office of Hainan Province
- Top 10 Enterprise for Papermaking of Light Industry in China, by the China Light Industry Council and China Paper Association
- Top 100 Enterprise of Hainan, by the Hainan Province Enterprise Confederation/Hainan Province Enterprise Directors Association
- Award for Extraordinary Contributor of the Third China Forestry Conference, by the State Forestry Administration of China and the Agricultural, Forestry, Water Conservation and Meteorological Worker's Union of China

- Pilot for System Integration, Industrialisation and Information in 2016, by the Office for Ministry of Industry and Information Technology of China
- Demonstration project for the Internet+ Manufacturing Industry of Guangxi in 2016, by the Guangxi Committee of Industry and Information Technology
- Guangxi Famous Brand for Export, by the Department of Commerce of Guangxi
- Deputy Director of the Guangxi Association for Paper Industry, by the Guangxi Association for the Paper Industry
- Top 10 Best Manufacturer of Guangxi in 2016, by the Department of Commerce of Guangxi

- Excellent Foreign Investor in Zhejiang, by the Committee of Zhejiang Investment & Trade Symposium

- Water-Saving Enterprise (first batch) of Hainan, by the Bureau of Industry and Information Technology of Hainan and the Water Department of Hainan Province
- Top 100 Enterprise of Hainan, by the Hainan Province Enterprise Confederation/Hainan Province Enterprise Directors Association

Sustainable Management: Goals and Path

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

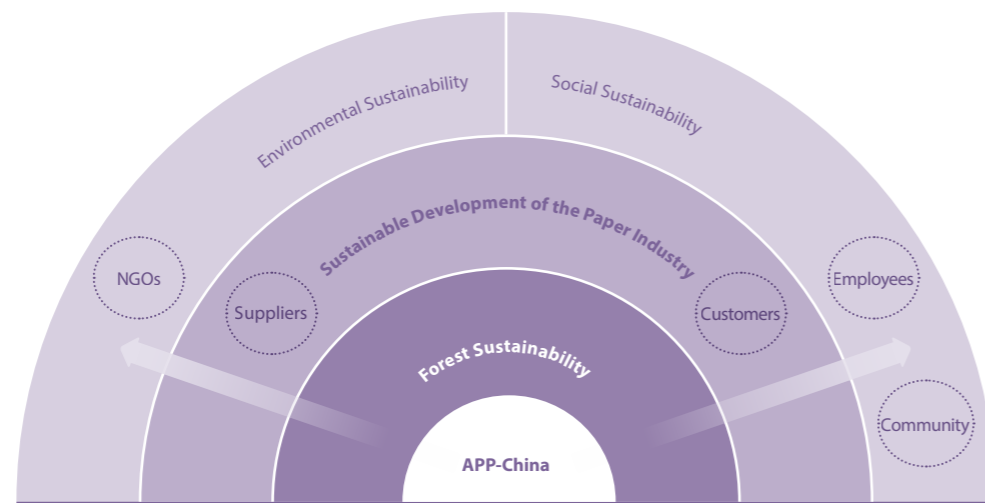
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The Concept of Sustainable Development

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

In 2016, the changes in our corporate environment were diverse in origin and deeply affected the business base of the paper industry. Compared to implementation of new regulations in separate spheres in the past, such as steadily improving environmental protection standards, in 2016 the State's policies were more oriented toward guiding the overall level of social sustainable development. For example, 1) after signing the Paris Agreement on Climate Change, a series of energy-saving and emission reduction policies were released; 2) the "13th Five-Year" Plan for Ecological Protection for the first time set quantifiable assessment indicators; and 3) supply-side reform and cutting excess industrial capacity have impacted a number of traditional energy-intensive industries including the paper industry. Now, China has assumed responsibility for sustainable development at the global and national level by beginning to implement realisable and specific measures. Facing these changes, APP-China needs to determine and pursue a more comprehensive concept of sustainable development.



APP-China's Concept of Sustainable Development

With the sustainable operation of forests as its base, APP-China will drive the sustainable development of the paper industry by creating a sustainable process for paper production and influencing its suppliers and clients, thus leading its stakeholders to achieve sustainable development.

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

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

Sustainable Development Goals

As a member of the UN Global Compact, APP-China has long aligned its sustainable development goals with global sustainable development goals and contributed to the global goals through its actions. After the UN's millennium development goals were due and achieved in 2015, 17 new sustainable development goals (SDGs) were proposed and passed, to which APP-

China intends to contribute, so that it can drive the sustainable development of APP-China and society. In 2016, after reviewing the relationship between its own operating scope and the 17 new SDGs, APP-China worked out its sustainable development strategy at four levels, and defined specific strategies and clear-cut indicators to ensure its goals can be achieved.

Level	Content	Specific Strategies
Sustainable Operation	Sustainable profitability is the cornerstone on which the enterprise can fulfil its corporate social responsibilities. APP-China will strictly abide by business ethics standards, fight against corruption, dumping and monopolies, and under the premise of compliance and integrity, continue to enhance the transparency of supervision mechanisms and build self-value, as well as actively contribute to community development and push for a win-win situation by developing local economies, creating new job opportunities and building rural infrastructure.	<ul style="list-style-type: none"> • Sustainable profitability • Creating economic value • Transparent management mechanism
Innovative Development	APP-China will achieve sustained development in the new normal state of economy and meet the customised needs of the market through diversification, technology upgrading, product innovation, and other means. By improving product quality, it will at the same time increase added value and support independent tests, verification and certification of products, so as to provide its clients with more qualified, safer and environmentally friendly products and solutions.	<ul style="list-style-type: none"> • Diversification • Technology upgrading • Creating highly value-added products that meet the market needs.
Sustainable Production Pattern	Sustainable production refers to promoting highly effective use of resources and energy, and provision of green and sustainable job opportunities with an aim to "reduce consumption, increase quantity and improve quality", namely, it tries to reduce resource consumption, environmental degradation, and pollution during the entire life cycle, while at the same time improving life quality. APP-China is dedicated to integrating the concept of green environmental protection into its production pattern of "Integration of Plantation-Pulp-Paper" by practicing responsible procurement, seeking and providing solutions to sustainable forest management and environmental protection, vigorously implementing its energy-saving and emission reduction policies in its production lines and supply chain, and consistently improving its products' resource utilisation. Meanwhile, APP-China will strive to help its employees to realise their individual value by providing them with a healthy and safe working environment, and respecting their interests and rights.	<ul style="list-style-type: none"> • Sustainable forest management • Responsible procurement • Mitigating the greenhouse effect • Green production • Providing decent job opportunities and creating a healthy and safe working environment
Healthy Lifestyle	To fulfil its long-held mission of preserving our living environment and improving life quality, APP-China will strive to reduce the negative impact of the use of dangerous chemicals in its operation; APP-China is also dedicated to providing consumers with healthy products so that people can live healthy and comfortable lives.	<ul style="list-style-type: none"> • Reducing the use of dangerous chemicals • Providing consumers with healthy products

Sustainable Development Management System

Defining the concept and goals of sustainable development has determined a new direction to APP-China's sustainable development. To ensure our goals can be achieved, APP-China has made adjustments to its management structure to meet the needs of its development in line with new trends in the industry.

There are also new challenges for us. APP-China's sustainable development has faced complex situations, partly because comprehensive policies should be made from the perspective of the whole enterprise in response to both the content of sustainable development and demands from different stakeholders. In contrast with independent management and control by the HQ functional departments, APP-China, based on its original office of the Chairman, set up a new supreme decision-making body in 2015, which is composed of a number of management and control committees for safety, environmental protection, employees' rights and interests, product liability, etc. The body makes overall judgements on various issues involved in the operation of APP-China's sustainable development, and releases management policies to be carried out in production and operation.

The establishment of a supreme decision-making body also provides a solution to another challenge in the sustainable development management. The mills and forests under APP-China are located in different regions across the country, and it is not easy for them to take action toward a unified and stated goal due to the individualised needs of clients and markets, different local policy environments, and more fragmented management and control of original production units. Therefore, APP-China has gradually improved its HQ's management and control of different spheres of sustainable development to ensure the smooth realisation of its sustainable development goals. In 2016, APP-China set up an HQ Research and Development

Centre, steadily expanded the management scope and mode of the procurement centre, improved the administrative authority of different business units such as units of industrial paper, cultural paper and household paper, and established a longitudinal sustainable development management system from its mills and forests up to the HQ management and control centre level, and then to the supreme decision-making body. The establishment of this system has ensured our sustainable development goals are carried out at all levels. Meanwhile, as the main body of production and management, our mills and forests keep in direct contact with all stakeholders in operation. The judgement of all parties on our actions for sustainable development is directly influenced by these contacts, through which we also receive feedback from the outside world. Our longitudinal reporting and feedback mechanism also ensures that the supreme decision-making body understands the demands of all parties and effectively incorporates both inside and outside sourced information.

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

APP-China Certification Status Overview

	ISO 9001	ISO 14001	OHSAS 18001	PEFC-CoC
Gold East Paper	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Gold Huasheng	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Suzhou Hongye	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Ningbo Zhonghua	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Ningbo Asia Pulp	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Hainan Jinhai Pulp & Paper	Replacement	Replacement	Replacement	Periodic audit
Guangxi Jingui Pulp & Paper	Periodic audit	Periodic audit	Periodic audit	Periodic audit
Hainan Gold Hongye	renewal of certificate	--	--	Periodic audit
Hainan Gold Shengpu	Periodic audit	--	--	--

APP-China Was Recognised as a "Pioneering Enterprise for SDGs"

In August 2016, in the "Lighting the Beautiful Future—2016 China Summit for Achieving Sustainable Development Goals", APP-China was recognised as a "Pioneering Enterprise for SDGs". The summit, sponsored by the UN Global Compact Network China, and supported by the National

Development and Reform Commission and China Enterprise Confederation, aimed to showcase the contributions made by Chinese enterprises in the spheres of economic development, service to society and environmental protection when actively responding to the UN's SDGs. A total of 16

enterprises (including APP-China) were recognised as pioneering enterprises, and their achievements were compiled in the Achievement Collection of the "Lighting the Beautiful Future — Achieving Sustainable Development Goals", and submitted to the UN Global Compact.



APP-China Was Recognised as a "2016 Responsible Company"

After winning the same award in 2013 and 2015, APP-China won the "2016 Most Responsible Company" award for the third time at the 12th "International Forum for Corporate Social Respectability in China", sponsored by China News Service and China News Weekly.

With the theme as "rewarding good will, and identifying the original responsible force", the forum brought together hundreds of guests from government, enterprises and academia to discuss the original intentions and goals of enterprises, as well as challenges that the enterprises are faced with in the new normal state of economy.



As a global leading pulp and paper manufacturer, APP-China has vigorously carried out a sustainable development strategy for many years. While we provide consumers with quality paper products, we are also dedicated to solving the contradiction between growing demand for paper and environmental protection and scarcity of resources. APP-China will continue to make China become a 'powerful paper making country' by sharing our experience, exchanging technologies, spreading expertise, leading peers to take a 'green development' approach, and driving paper manufacturers to become plan makers and practitioners to solve the problems of scarcity of resources, environmental pollution, economic challenges, etc.






Mrs. Zhai Jingli Vice President, APP-China

Stakeholder Engagement

As our critical partners on the path to realisation of sustainable development, stakeholders are able to help us understand the impact of our actions and make proper evaluations. APP-China has long maintained a variety of channels to keep in close contact with stakeholders and collect feedback and information from all parties in a timely fashion. APP-China, through its efficient internal management system, uses the feedback and information to inform its decisions on sustainable development. Also, feedback from stakeholders provides straightforward responses to our rapidly adjustment of operation and management strategies, and changes in stakeholder demand reflect changes in their specific goals in sustainable development, thus helping us revise our sustainable development in a timely manner.

There are two communication channels between APP-China and its stakeholders. One is the HQ functional departments, mills and forests. They, in their daily operation, directly work with different stakeholders according to their own functions and responsibilities. This is our most straightforward approach to getting to know the demands of all parties. After collecting daily information, APP-China identifies the types and demands of key stakeholders, and then meets the demands from all parties through targeted responses. This report on the annual sustainable development of APP-China also responds to stakeholder demands through information disclosure.

APP-China Stakeholder Communication

Stakeholders	Communication channels	Key Concerns of Stakeholder	Communication Content
 <p>Employees</p>	<ul style="list-style-type: none"> Internal website Internal journals Staff congress Official website of the company 	<ul style="list-style-type: none"> Water management Occupational health and safety Product quality and safety Compliance Employee development Compensation and benefits 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Occupational Health and Safety Please refer to Response to Customer Demands Please refer to Compliance Management Please refer to Career Development and Capacity Upgrading Please refer to Protection of Employees' Rights and Interests and Career Development and Capacity Upgrading
 <p>Customers and consumers</p>	<ul style="list-style-type: none"> Consumer surveys Consumer complaints handling Product promotion event Company Wechat Internet media Customer follow-up and regular visits Mill site research Customer satisfaction survey Customer complaint handling Cooperative research and development mechanism Official website of the company 	<ul style="list-style-type: none"> Emissions and waste management Water resources Product quality and safety Health and safety Customer satisfaction 	<ul style="list-style-type: none"> Please refer to Management of Emissions Please refer to Water Resource Management Please refer to Response to Customer Demands Please refer to Occupational Health and Safety Please refer to Response to Customer Demands
 <p>Supplier/ Contractor</p>	<ul style="list-style-type: none"> Daily communication meetings Supplier review and site investigation Cooperative research and development mechanism Cooperation agreement Official website of the company 	<ul style="list-style-type: none"> Water resources Health and safety Emissions and waste management Compensation and benefits Compliance 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Occupational Health and Safety Please refer to Management of Emissions Please refer to Protection of Employees' Rights and Interests and Career Development and Capacity Upgrading Please refer to Compliance Management

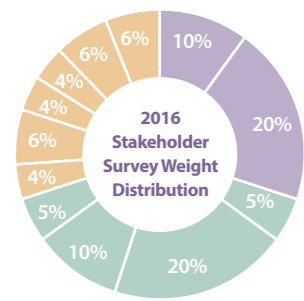
Stakeholders	Communication channels	Key Concerns of Stakeholder	Communication Content
 <p>Bank</p>	<ul style="list-style-type: none"> Cooperation agreement Daily communication meetings Official website of the company 	<ul style="list-style-type: none"> Emissions and waste management Compliance Forest management Risk control Anti-corruption 	<ul style="list-style-type: none"> Please refer to Management of Emissions Please refer to Compliance Management Please refer to Forest Policies and Sustainable Forestry Please refer to Sustainable Development Management System Please refer to Compliance Management
 <p>Government agencies</p>	<ul style="list-style-type: none"> Government meetings Regular visits Government staff monitoring Official website of the company 	<ul style="list-style-type: none"> Compliance Water resources Occupational health and safety Product quality and safety 	<ul style="list-style-type: none"> Please refer to Compliance Management Please refer to Water Resource Management Please refer to Occupational Health and Safety Please refer to Response to Customer Demands
 <p>Community representatives</p>	<ul style="list-style-type: none"> Community representative survey Daily visits Community opinion feedback mechanism Community public welfare activities Official website of the company 	<ul style="list-style-type: none"> Water resources Occupational health and safety Driving regional development Community participation Product quality and safety 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Occupational Health and Safety Please refer to Community Engagement Please refer to Community Engagement, Philanthropy and Charity Please refer to Response to Customer Demands
 <p>Trade associations</p>	<ul style="list-style-type: none"> Industry meetings Regular visits Industry websites and official websites of the company Industry survey 	<ul style="list-style-type: none"> Emissions and waste management Forest management Supply chain management Compliance Research and development innovation 	<ul style="list-style-type: none"> Please refer to Management of Emissions Please refer to Forest Policies and Sustainable Forestry Please refer to Responsible Procurement Please refer to Compliance Management Please refer to Technology and Product Innovation
 <p>Academic institutions</p>	<ul style="list-style-type: none"> Cooperative research and development mechanism Cooperation agreement Official website of the company 	<ul style="list-style-type: none"> Water resources Occupational health and safety Driving regional development Product quality and safety Energy 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Occupational Health and Safety Please refer to Community Engagement Please refer to Response to Customer Demands Please refer to Energy Management
 <p>NGOs</p>	<ul style="list-style-type: none"> NGO opinion feedback mechanism Internet media NGO and the official website of the company 	<ul style="list-style-type: none"> Water resources Energy Supply chain management Information disclosure 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Energy Management Please refer to Responsible Procurement Please refer to Stakeholder Engagement
 <p>Media</p>	<ul style="list-style-type: none"> Press release Press conference Official website of the company 	<ul style="list-style-type: none"> Water resources Energy Compliance 	<ul style="list-style-type: none"> Please refer to Water Resource Management Please refer to Energy Management Please refer to Compliance Management

The number of valid returned questionnaires rose to 624 in 2016 from 173 in 2015

624

As an important complement to its daily communication with stakeholders, since 2009, APP-China has conducted a stakeholder survey every year. The survey has helped us systemically review our stakeholders' responses to related issues in sustainable development, identify key issues in sustainable development, make appropriate judgements, and then determine our annual focus. In 2016, in order to maintain the unity of the survey, we kept the weighting for the stakeholders unchanged, but in response to the development

of the domestic mobile internet industry, we only used an online survey. By taking advantage of our adjusted sustainable development management system, the subjects of our questionnaire could be more varied. As a result, the number of valid returned questionnaires rose to 624 in 2016 from 173 in 2015, which made the evaluation and feedback received from the stakeholders more accurate and richer in content. All these factors drove the improvement of APP-China's sustainable development actions in terms of effectiveness and comprehensiveness.



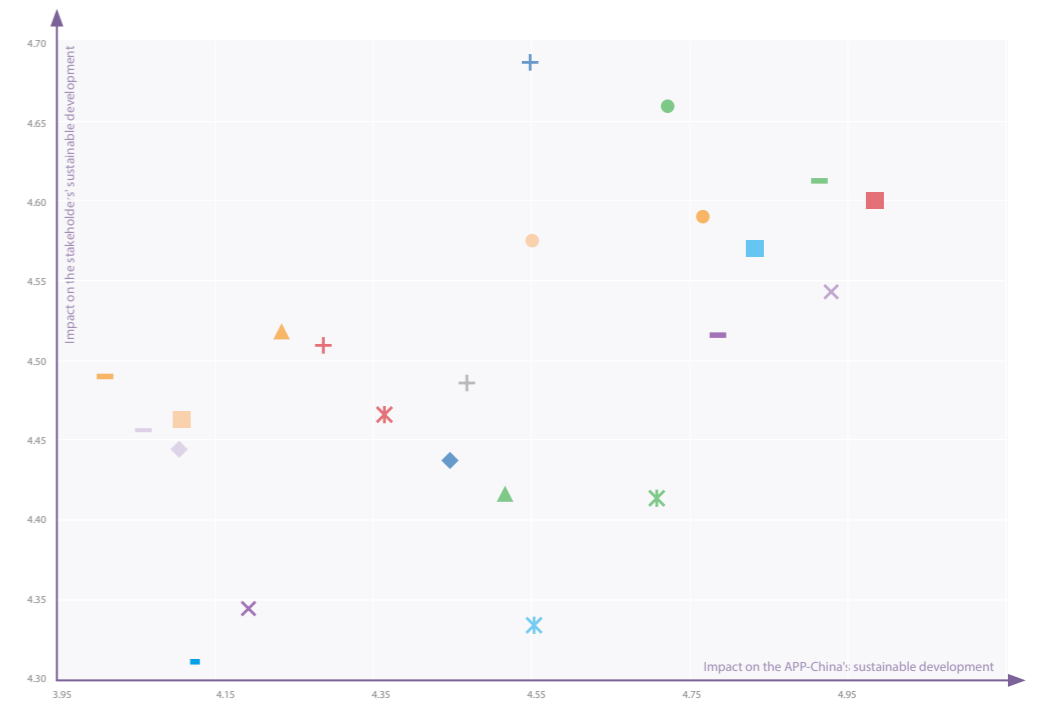
■ Employees
■ Partners
■ Community



Compliance Management

For all business activities carried out by APP-China, we have insisted on compliance as the bottom line. Continual improvement of staff awareness of anti-corruption measures is one of our major priorities regarding compliance management. Within the enterprise, APP-China optimises internal compliance management, provides rules and regulations training, has created an anti-corruption reporting mailbox, requires employees to sign the Employment Professional Ethics and Probity Code of Conduct, and provides a bulletin board and other channels to strengthen communication on internal controls, anti-corruption and anti-commercial bribery with employees to raise their awareness. In 2015, no significant legal risk events occurred within APP-China.

Meanwhile, APP-China has published anti-corruption announcements on its corporate website and printed its anti-corruption mail box address on business cards to communicate anti-corruption information to keep external stakeholders such as suppliers and contractors informed of our anti-corruption policy and code of conduct, to help them maintain a healthy, fair and transparent business environment.



APP-China's 2016 sustainable development materiality matrix



Seven legal risk management and control measures at APP-China at the mill level

1. Risk control for decision-making	unified decisions issued by the Board of Directors and General Manager
2. Risk control on contract management	the legal department at headquarters is responsible for reviewing important contracts for all departments (e.g., important contracts from the departments of procurement, logistics, finance and propaganda) and contract management system establishment. The legal department of each mill is responsible for its own contracts review
3. Risk control on legal disputes and lawsuits	unified risk management and control on lawsuits is determined by headquarters according to the subject and its importance
4. Legal risk control on investment projects	legal assessment on all investment projects and review of all legal documents
5. Legal risk control on operations	review of all subsidiary establishments, alteration, cancellation and operational legitimacy
6. Legal risk control on corporate leaders	legitimacy review of all legal documents signed off on by the company's legal representatives, legal liability exemptions and change of legal representatives
7. Legal risk control on corporate corruption	implement prevention and control regulations against corporate "corrupt behaviours" with the department of internal control

Sustainable Papermaking Industry Integration and Diversification

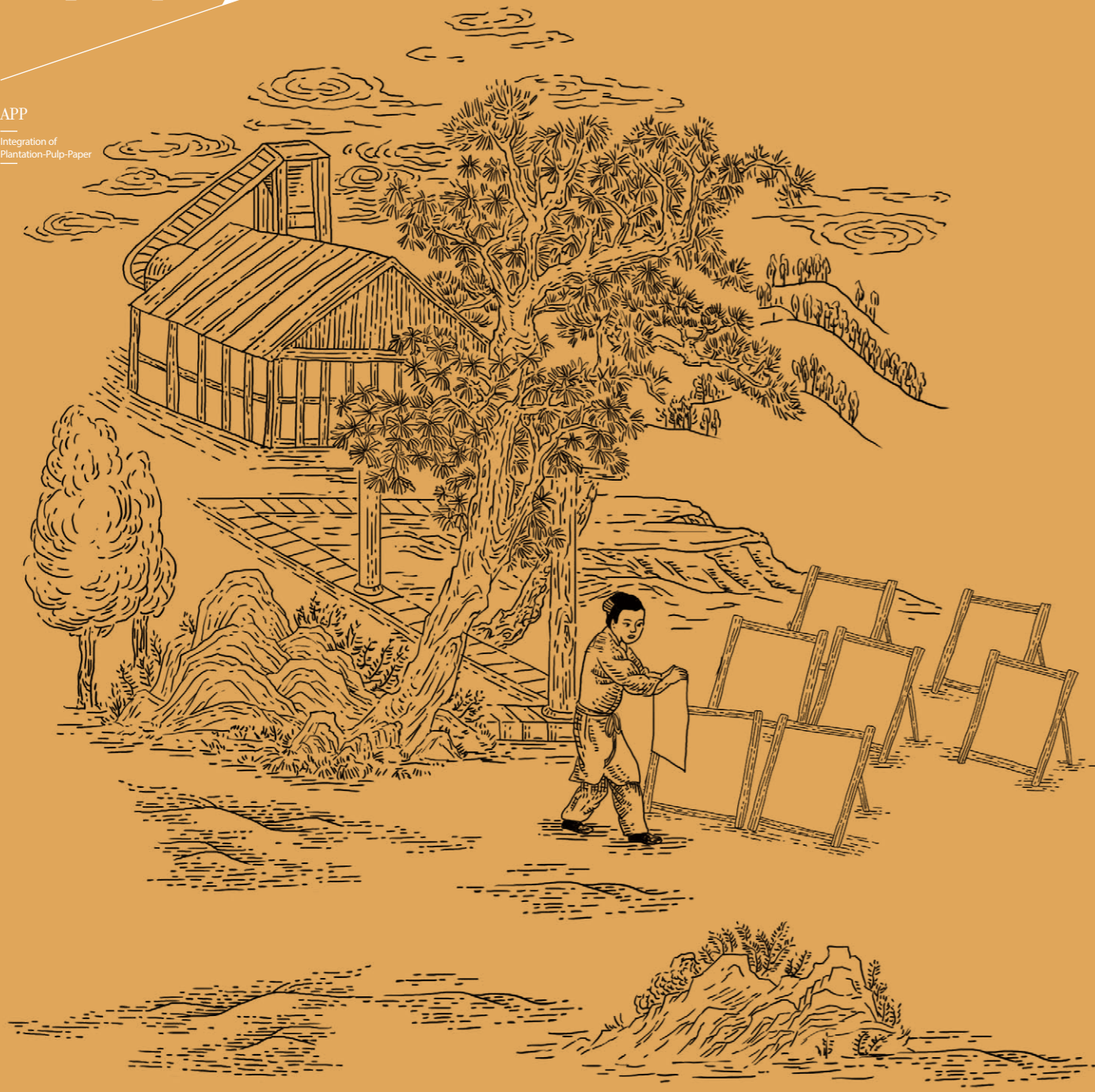
The motivation behind the papermaking industry's transformation comes from the industry's development direction: more efficient and cleaner. The strategy of "Integration of Plantation-Pulp-Paper" advocated by APP-China has provided a modern sustainable industry pattern. On the other hand, it comes from changes from the demand side: the role of paper material in daily life has changed, which needs the cooperation of all parties in the industry in order to realise the sustainable development of the industry chain in the future.

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Integration of Plantation-Pulp-Paper

APP
Integration of
Plantation-Pulp-Paper

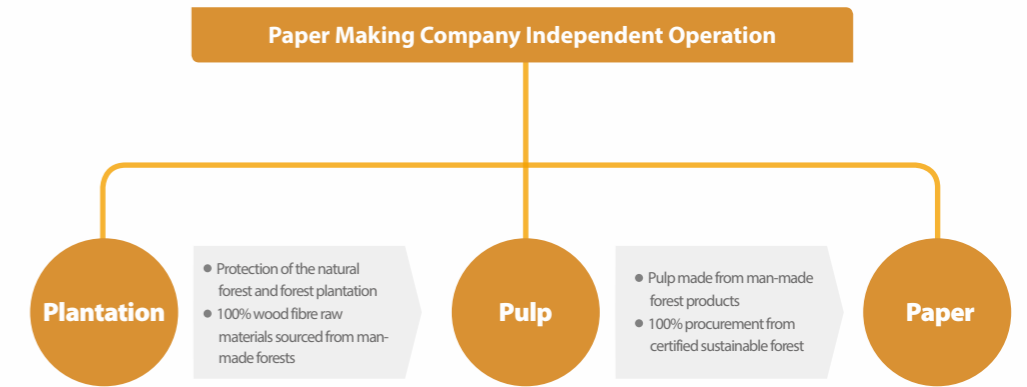


As the first domestic enterprise to propose the "Integration of Plantation-Pulp-Paper" model, APP-China advocates a recyclable green paper industry

chain model, which minimises the papermaking industry's impact on natural resources, changes the traditional small-scale papermaking enterprises'

"aggressive" mode of production, and back feeds the ecological environment at the same time.

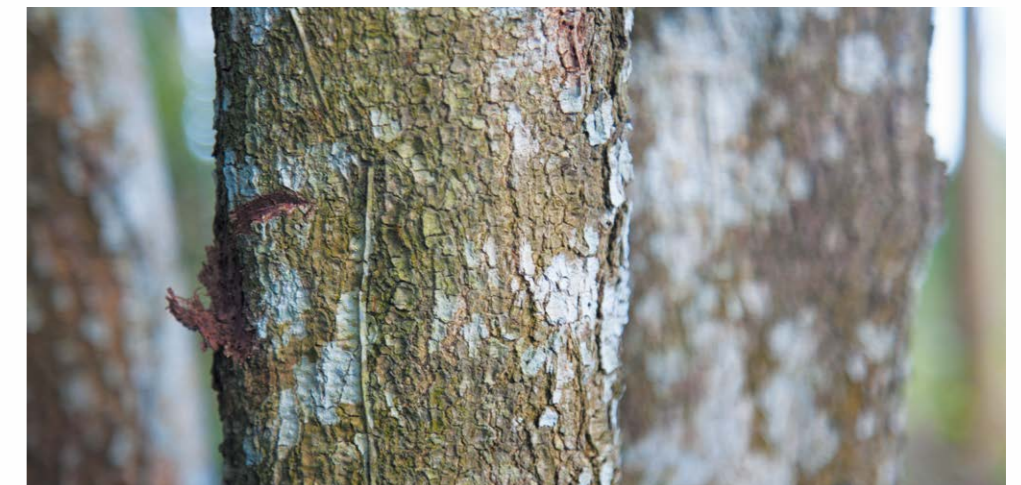
APP-China's Integration of Plantation-Pulp-Paper Long Term Goal



Unlike asset-light industries such as the IT industry and clothing industry, paper enterprises need to adjust their own mills' production models to adapt to changes in external demand. 2016 was a new starting point for the Chinese paper industry. Facing an increase in environmental inspections, small paper businesses which

consumed enormous natural resources became unsustainable due to the structure adjustment brought by supply-side reformation. The paper industry will move toward a more efficient and sustainable direction, and we have proven that the "Integration of Plantation-Pulp-Paper" is feasible. In the past two years, we have been delighted to

find that more and more modern papermaking enterprises have adopted this model, and APP-China is also willing to share its own experience to make the industry chain more sustainable.



Forest Policies

As the basis of "Integration of Plantation-Pulp-Paper", APP-China ensures the sustainability of this business model starting at the operation of plantations and the protection of natural forests. Since the end of the last century, the APP-China has adhered to the

concept of "scientific and technological forests, ecological forests, and legal forests", ensuring the sustainable development of forests while improving the supply of forest resources.

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

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

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



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

APP-China Forest has developed a mature staff education management method to standardise the company education training to ensure that employees receive a unified and standardised sustainable forest education. In addition to specific skills training, the company also requires employees to understand the basic knowledge of ISO14001EMS, to master the company's environmental policy and identify major environmental factors. The human resources department will also track and assess the training effects, which will affect the performance evaluation of employees.

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

Sustainable forests depend on the support and synergy with local communities. In order to standardise the company's communication with local communities, APP-China Forest, according to the principle of FPIC (Free, Prior and Informed Consent), established and formally implemented the "Community Communication Management Measures" on January 1, 2017. For disputes in forestry operations, the company has issued the "Managing Measures of Forestland Complaints and Disputes", which require clear responsibilities, positive attitudes, and procedure-based and legal solutions. As part of communication, APP requires staff to encourage residents to participate in a fair, open and transparent way. Attention should be paid to the accuracy and effectiveness of the information transmission, and to choose the right way to communicate with community residents. Special attention should be given to encouraging the participation of ethnic minorities, women, the elderly and children, and to listen to their recommendations. Respect should be paid to the traditional cultural habits of ethnic minorities, and the thoughts and recommendations of the residents should be responded to or given within two weeks. At the same time, APP publishes its annual and quarterly business activities on forestry networks (<http://www.acf.com.cc>), which involve forest management plans, forest monitoring result reports, management methods, etc.

FPIC (Free, Prior and Informed Consent)



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

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

APP-China is dedicated to boosting the common progress of the company and local communities and sharing the fruits of its development. In the operation of woodland areas, APP-China Forest gives priority to the residents of surrounding communities

in hiring employees. The proportion of local employees is 86%, which effectively promotes local employment. APP-China Forest also prefers using local suppliers to promote economic development.

APP-China Forestry's Guangxi Business Units and the Local Community Grow Together

In 2016, four of APP-China Forest's Guangxi business units employed more than 2,500 people in their operation. Companies paid local communities 121.01 million Yuan (including 76.24 million Yuan in freight and 3.623 million Yuan of taxes) for logging cost, 89.43 million Yuan for afforestation and plantation cost and 14.19 million Yuan for rent cost. The business units also bought 117,300 tons of logs (about 70.38 million Yuan, at 600 Yuan/ton) from villagers. At the same time, the operation of APP-China Forest has driven the local transportation industry forward, and the number of local vehicles used for production stabilised at around 200.



The percentage of local employees amount in forest operation has reached

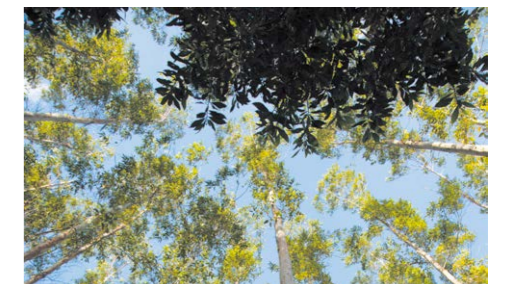
86%

Sustainable Forestry

Per its effective management policy, APP-China is committed to stopping all natural forest production, and working with The Forest Trust (TFT), a third-party appraisal institution, to ensure its forest protection policy is effectively implemented.

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

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



HCV Forest

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



There are six recognized forms of High conservation values forests:

- 1 Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.
- 2 Landscape level ecosystems and ecosystem mosaics.
- 3 Rare, threatened, or endangered ecosystems, habitats or refugia.
- 4 **Basic ecosystem services in critical situations**
Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.
- 5 **Basic necessities of local communities**
Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.
- 6 **Cultural Value**
Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

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

APP-China Forest has launched a five-year ecological environment monitoring program for plantation, covering biodiversity, soil and water conservation, soil fertility and other projects, and completed the

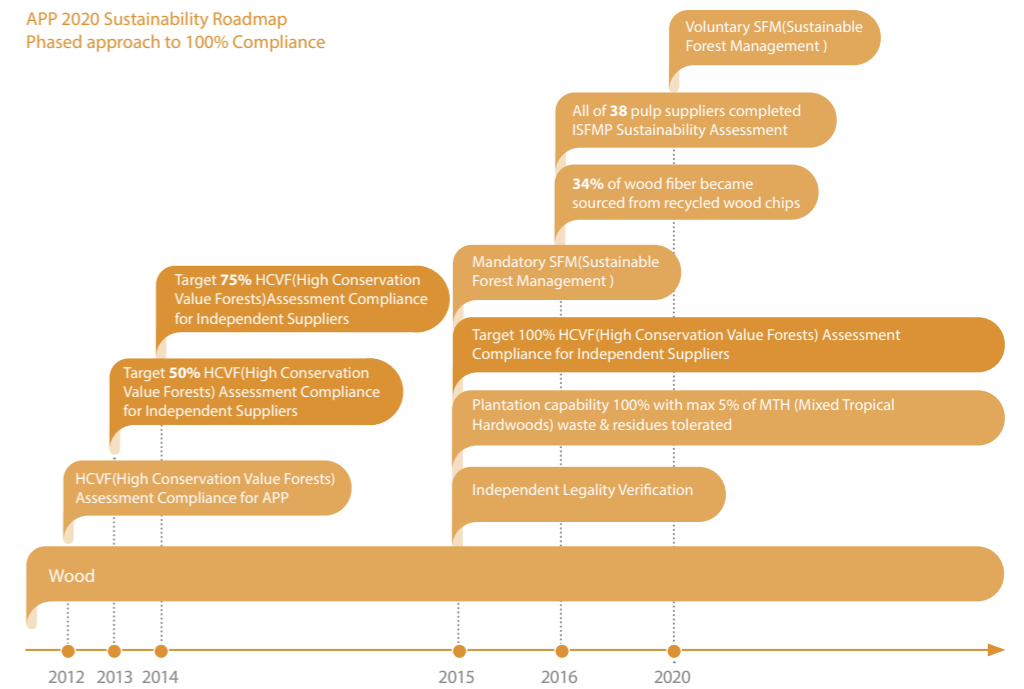
first cycle of ecological monitoring in 2014. The monitoring results show that APP-China's forest operation measures effectively avoid adverse effects on local soil and water and biodiversity. In 2016, APP-China Forest and the Chinese Academy of Forestry (CAF) released the "Annual Report on Eucalyptus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

Procurement of Wood and Pulp

As the direct raw material of paper production, APP-China uses effective control to guarantee the sustainability of the sourcing of wood and pulp, which has a huge impact on realising sustainable development. In 2012, APP-China put forward the "Sustainability Roadmap Vision 2020" and presented specific goals for related suppliers in sustainable

development. APP-China, as an important component in the global operating network, has always been engaged in enhancing the sustainable development requirements for external raw material suppliers regarding obtaining wood materials from plantations based on independent management.

APP 2020 Sustainability Roadmap
Phased approach to 100% Compliance



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

At the end of 2016, the number of enterprises which subordinated to APP-China obtained PEFC/CoC certification is

17

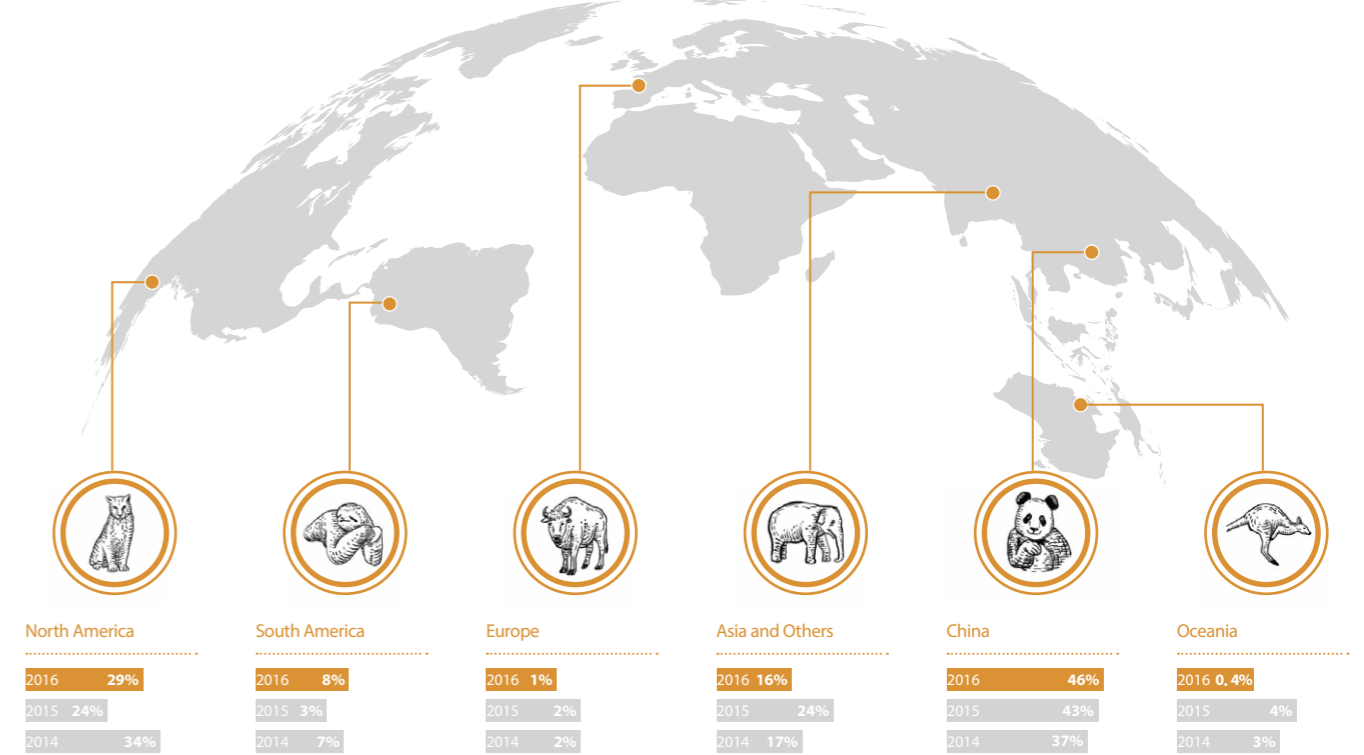
At the end of 2016, the newly-purchased quantity of the certified wood fiber accounted for

21.91 %

List of PEFC-CoC Certified Enterprises in APP-China Report Range

Numbering	APP-China Affiliates	Certificate No
1	Gold East Trading (Hong Kong) Co., Limited	SGS-PEFC / COC-0249
2	Gold East Paper (Jiangsu) Co., Limited	SGS-PEFC / COC-0263
3	Gold Huasheng Paper Gold (Suzhou Industrial Park) Co., Limited	SGS-PEFC / COC-0328
4	Ningbo Zhonghua Pulp & Paper Co., Limited	SGS-PEFC / COC-0334
5	Ningbo Asia Pulp & Paper Co., Limited	SGS-PEFC / COC-0360
6	Gold Hongye Paper Group Co., Limited	SGS-PEFC / COC-0462
7	AXA Pu Paper Products (Suzhou Industrial Park) Co., Limited	SGS-PEFC / COC-0533
8	Jinfengyuan Paper (Shanghai) Co., Limited	SGS-PEFC / COC-0628
9	Yalong Paper Products (Kunshan) Co., Limited	SGS-PEFC / COC-0787
10	Hainan Jinhai Pulp & Paper Co., Limited	SGS-PEFC / COC-0805
11	Hainan Gold Hongye Paper Co., Limited	SGS-PEFC / COC-1733
12	Gold Hongye Trading (Hong Kong) Co., Limited	SGS-PEFC / COC-1463
13	Gold Huasheng Trading (Hong Kong) Co., Limited	SGS-PEFC / COC-1464
14	Ningbo Asia Pulp Trading (Hong Kong) Co., Limited	SGS-PEFC / COC-1465
15	Hainan Jinhai Trading (Hong Kong) Co., Limited	SGS-PEFC / COC-1467
16	Guangxi Jingui Pulp & Paper Co., Limited	SGS-PEFC / COC-1543
17	Sinar Mas Paper (Shenzhen) Co., Limited	SGS-PEFC / COC-1640

Pulp Procurement by APP-China by Origin



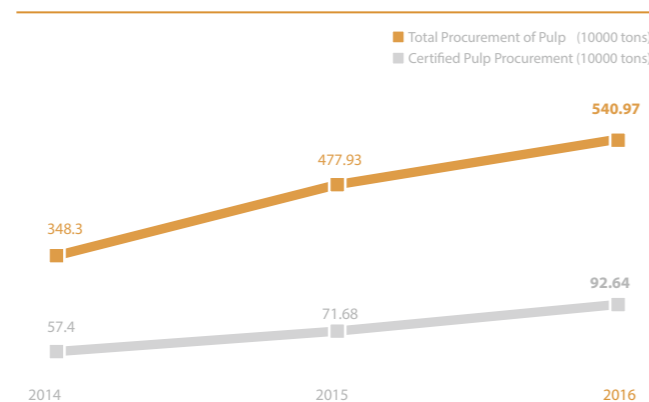
*The proportion of procurement by origin varies according to pulp quality and market price.

From the perspective of purchasing pulp, APP-China carries out unified procurement management. Pulp is procured from the pulp mills subordinated to APP-China as well as external suppliers and the pulp quality needs to meet the unified standard. Meanwhile, APP-China has strengthened the

management and control of pulp inventory, optimised the allocation of commodity sources and reduced ineffective inventory. In 2016, newly-purchased certified pulp accounted for 17.1% of total procurement. APP-China strove to rely on local supplies to reduce greenhouse gas

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

Pulp Procurement by APP-China



In 2016, newly-purchased certified pulp accounted for

17.1%

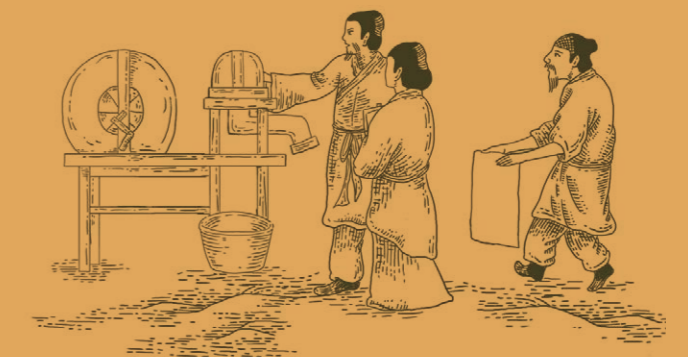
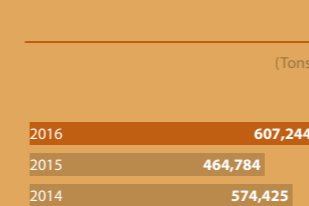
Waste Paper as Raw Materials

Statistics show that 1 ton of recycled paper can produce 800 kg of good paper, which can save 17 trees, 3 m³ of landfill waste, 240 kg of sodium carbonate, 75% of papermaking pollutants and 40-50% of energy consumption for papermaking. Every piece of paper can be recycled at least twice and the use of recycled paper has become more and more popular. APP-China, as a leading enterprise in the industry, recycles waste paper to

produce industrial paper, which creates economic value and contributes to environmental protection. In order to assure the high quality of the recycled paper, APP-China has conducted research on colour range, clearness of printing, quality, etc., to achieve good paper characteristics. As at the end of

2016, the raw materials purchased for waste paper reached 607,244 tons, an increase of 31% over that in 2015, and the raw materials of recycled paper mainly came from overseas due to the quality requirements on the production process.

Procurement of Recycled Raw Material by APP-China



Forest Certification

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

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

CFCC and PEFC also provide a "green passport" and "market access certificate" for conducting international trade smoothly, and facilitate Chinese products to enter the international market.

In 2016, the certification rate of APP-China Forest's self-managed forests reached 100% for the first time and the total certificated area reached 223,057.5 hectares, which was a milestone in the sustainability of APP-China's self-managed forests.

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

100%

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

254,660.01 hectares



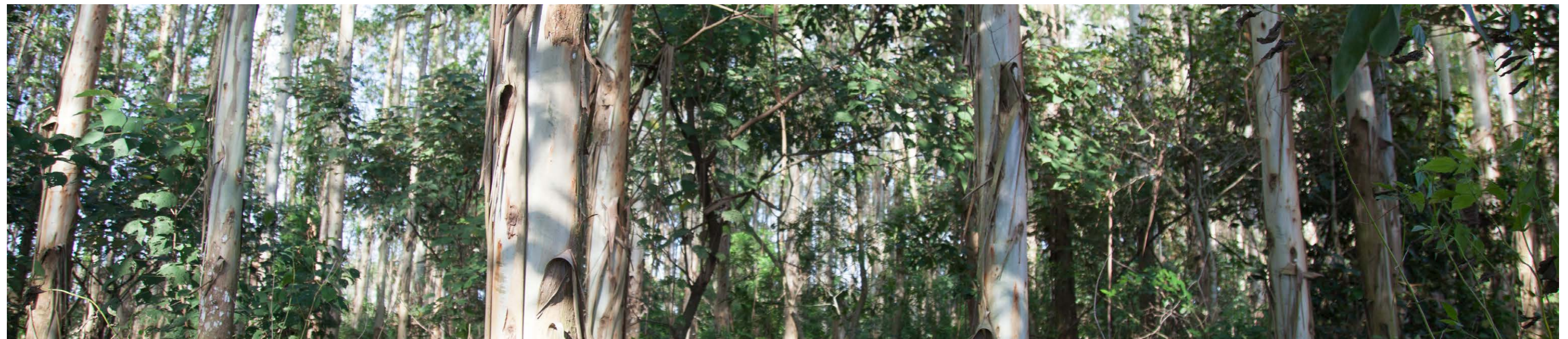
List of APP-China Certified Forestry Companies

Number	APP-China Forestry Companies	Certification area (hectares)	CFCC/PEFC FM Certification Number
1	Hainan Jinhua Forestry Co., Ltd.	68,583	CFCC/PEFC-FM-ZTFC-000003
2	Guangxi Jingui Forestry Co., Limited	42,873.9	CFCC/PEFC-FM-ZTFC-000005
3	Guangxi Jin Qin High-Yield Forest	44,076.1	CFCC/PEFC-FM-ZTFC-000006
4	Guangxi Xing Gui Forest	3,820.4	CFCC/PEFC-FM-ZTFC-000031
5	Guangxi Jintaiyang Forestry Co., Ltd.	1,389	CFCC/PEFC-FM-ZTFC-000031
6	Jinqingyuan High-Yield Forest (Paper Material) Base Co., Ltd.	11,072	CFCC/PEFC-FM-ZTFC-000007
7	The First Shaoguan Jinshaoguan High-Yield Forest (Paper Material) Base Co., Ltd.	14,240	CFCC/PEFC-FM-ZTFC-000008
8	Leizhou Jintaiyang Forestry Technology Co., Ltd.	746.97	CFCC/PEFC-FM-ZTFC-000030
9	Yangjiang Jintaiyang Forestry Technology Co., Ltd.	2,456.91	CFCC/PEFC-FM-ZTFC-000030
10	Huizhou Jintaiyang Forestry Technology Co., Ltd.	3,086.63	CFCC/PEFC-FM-ZTFC-000030
11	Wenshan Jinwenshan High-Yield Forest	19,642.5	CFCC/PEFC-FM-ZTFC-000017
12	Simao Jinlancang High-Yield Forest	42,672.6	CFCC/PEFC-FM-ZTFC-000018
Total		254,660.01	

In recent years, APP-China has made clear its desire to rebuild its connection with the FSC (Forest Stewardship Council) and obtain the FSC certification again. In 2016, the FSC, APP-

China and other 2 stakeholders discussed draft roadmaps for rebuilding the connection between APP-China and the FSC and the negotiation made substantial progress. The parties

hope to reach consensus within one to two years, which would further help APP-China to receive more recognition for its sustainable development.



Diversified Demand

APP
Diversified Demand



The "Integration of Plantation-Pulp-Paper" production model provides a basis for the sustainable development of papermaking enterprises, including APP-China. With the change in use of paper from information carrier to materials, demand for paper is becoming more diverse. In particular, with the rapid rise of China's internet technology, people's lifestyles have changed

fundamentally within a few years, which has brought challenges to the existing industrial structure but also provided new opportunities for the future. Given the ongoing transformation of the paper industry, APP-China believes that the paper industry will enter a new stage of development through the collaboration of all the industry chain partners.

Meeting the Diversified Demand for Paper Products through Cooperation



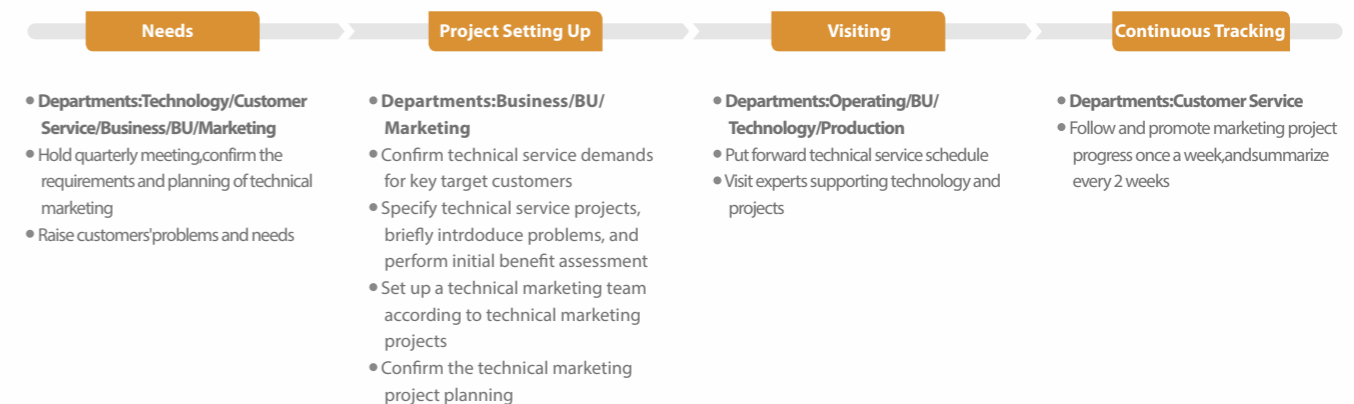
Response to Customer Demand

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

marketing" mechanism, that is, to solve customers' problems by combining the production, marketing, customer service, product quality assurance and R&D departments, and integrating team strength. We developed a technical marketing plan each quarter for key customers to understand the technical services that they need and to formulate specific service plans. Compared with the traditional practice of solving problems after receiving customer complaints, we believe that by meeting customers' requirements in advance, dissatisfaction can be prevented ahead of time and customer recognition can be improved.

In 2016, we received more and more personalised orders from customers, and collaboration between technical staff on both sides became common. Based on this, APP-China put forward the "technical

Technical Marketing Procedure



Another important manifestation of the diversified social demand is that the application range of paper products is gradually increasing. APP-China performed an investigation to understand the requirements of special product users. Moreover, in

the development process, APP-China has established a cooperative relationship with suppliers of chemicals, fragrances and spices by obtaining the support of external institutions, to ensure that products meet the needs of users for different materials.

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

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

Customers' complaints and suggestions not only indicated their high quality requirements for our products, but also were an important driving force helping APP-China promote product and service quality. Facing existing problems and responding to customers' demand is one of the

fundamental measures ensuring our product quality. APP-China has implemented and improved a customer complaint processing mechanism, and stipulated the main responsibility of each department in complaints processing according to the management and assessment

methods. Through customer satisfaction measurement and message processing, customers' requirements on the company's products and service were timely and properly handled. In addition, the company actively conducted corrective measures, and improved product quality to avoid the re-occurrence of quality issues and improve customer satisfaction.

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

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

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

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

In 2016, Gold Huasheng Paper visited various lottery printing factories and testing organisations in Beijing and Shanghai, and learned the testing content of the two testing

organisations, including standards, methods, indicators, requirements, time period, processes, etc. Gold Huasheng Paper categorized and compared the testing methods and standards. After understood the requirements for certified paper, Gold Huasheng Paper developed ultra-high quality lottery paper, searching for advanced high level heat-sensing materials, designed paper production plans especially for the mill's production equipment and established a series of quality management SOPs. Finally, Gold Huasheng Paper successfully developed ultra-high quality lottery paper, and received the China welfare lottery quality certificate and China sports lottery quality certificate.

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

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

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



Suzhou Gold Hongye Strengthened Audit Control of its Customer Visit Mill

According to the "Audit Control Procedures of Key Customer Visiting Mill", Suzhou Gold Hongye clarified the responsibility of each department and the detailed procedures for audit control. Regular and irregular internal audits of the company's various systems were carried out, including the quality management system, environmental management system, occupational health and safety management system, forestry product production and marketing chain, China forest certification production and marketing chain, original ecological product certification of paper for daily use, measurement system, energy system, Good Manufacturing Practice of Cosmetics (GMPC System), and FSC production and marketing chain. The abnormalities found in the external

audit were addressed, and the effective operation of each management system was validated and ensured.

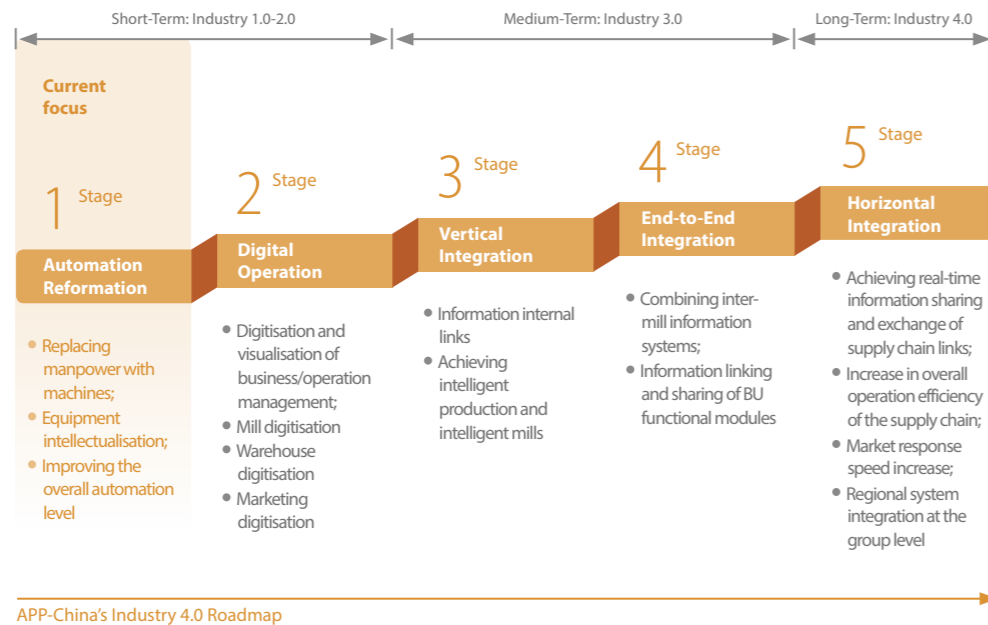
In 2016, Suzhou Gold Hongye received 10 on-site customer audits with good results, including Coca-Cola, Starbucks, Disney, Xiabu Xiabu, Tropical Rain Forest, ASKUL and AEON.



Technology and Product Innovation

Research and development is a source of energy for sustainable development, and also provides a continuous driver for APP-China to meet more requirements. In particular, facing the social innovation demand for paper products, we need to integrate more internal and external R&D resources, and constantly promote industry innovation. The positioning of APP-China's R&D department is turning toward enterprise development. It is expected to technically innovate in the traditional industry, actively promote industry-government-academia-research cooperation, and actively introduce governmental resources and academic talent.

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

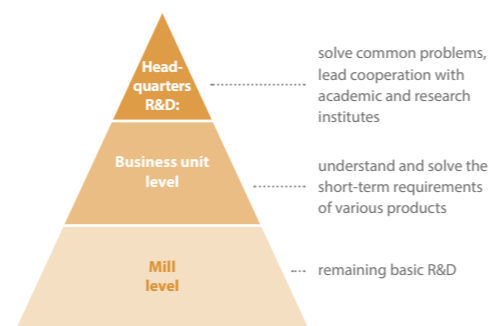


APP-China's annual R&D investment reached

788 million Yuan

In 2016, focusing on optimising the department structure and functions, APP-China set up a technology and enterprise development department, consisting of several business and R&D departments, including the R&D centre and the pulp equipment department. In addition, APP-China treated exploration and development prospective technology as its mission, integrated the R&D function of mills with headquarters, and set China as the centre of technology and product innovation, for both Jinguang Paper and the whole world. In 2016, APP-China's annual R&D investment reached 1,071,819,735 Yuan.

APP-China's Three-Tier R&D System



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

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

Birth of the "Blister King"

For a long time, the paper used in the domestic high-grade blister market was mainly imported. In order to fill the gap in domestic high-grade blister paper, after a long-term exploration process, Ningbo Asian Pulp held multiple discussions on raw materials, formulations and paper machine technology conditions, overcame various difficulties, and finally found the best technological copying conditions of blister paper in September 2016. Once launched, the blister product made its reputation as the "Blister King", which broke the monopoly of foreign products and improved the company's competitiveness.



Gold East Paper Cooperated with Universities on Research Projects

For some time, Gold East Paper has cooperated with universities to carry out various research projects, including the development of energy-saving and consumption-reducing products and optimisation of production processes and product development, and achieved fruitful results.

Since 2011, Gold East Paper has cooperated with Nanjing Forestry University to carry out long-term industry-university-research cooperation on the key technology of water saving and clean production in the papermaking process. The company's clean papermaking technology and white water recycling technology involve optimisation of garbage removal technology

using polyvalent metal cations, and calcium carbonate surface coating technology using cationic starch. In the process, some technologies were jointly developed, including "a control agent of dissolved and colloidal substances in white water from paper machine recycling and its application", "application of a starch modified filler in paper making", etc. As a result of this research the use of functional chemical additives was reduced by 25%, paper machine operating performance was improved, and waste water discharge decreased. In the case of Gold East, 1.5 million tons of high-level paper and a total of 9.3 million m³ of fresh water was saved, the emission of COD was reduced by 465 tons, and the emission of SS (Suspended Solids) was reduced by 93 tons.

At the same time, Gold East Paper jointly undertook the project of the "Operation Optimised Control for Energy Saving and Fibre Shape Distribution in Pulp Process", supported by the Key Project of Natural Science Foundation of China, with Northeastern University, Zhejiang University and South China University of Technology in 2014. Gold East Paper provided operation data from relevant pulp production lines for the project, and carried out industrial application experimental research on the proposed method.

We have created a favourable external environment for the research and development of technologies and products by strengthening communication with governments. In the case of Suzhou government, with the introduction of a new policy of promoting innovative urban construction in Suzhou, the support for R&D projects was greatly strengthened. An inclusive fiscal policy was fully implemented, the additional deduction of R&D costs was promoted, and high-tech enterprise income tax was reduced. In 2016, based on its R&D status, Suzhou Gold Hongye received a number of government subsidies and incentives in accordance with its understanding and interpretation of these policies, including 23 R&D additional deduction projects, acceptance of the Suzhou Living Paper Engineering Technology Research Centre, and the establishment of a foreign expert laboratory. Moreover, Suzhou Gold Hongye won the 2016 high-value patent awards supported by the government, Suzhou 2016 awards for enterprises obtaining invention patent authorisation, Suzhou Industrial Park Science and Technology Development Funds, etc.

Effective patent management and intellectual property protection is one of the fundamental measures protecting APP-China's technology and product innovation. In 2016, APP-China instituted intellectual property management at the group level, and integrated the originally distributed intellectual property management of mills to the legal department at the company's headquarters. The legal department now directly serves all the subsidiary factories. In addition, factories also improved their intellectual property management systems, including establishing patent committees, promulgating

relevant documents (such as the "Patent Management Approach"), and providing whole process control for patent application procedures (including invention creation and documentation proposals, review, decision-making, application preparation and formal application). In 2016, APP-China received 175 patents, including 107 invention patents, 26 utility model patents and 42 design patents.

The number of patents APP-China received

175



Varying customer needs require the diversification of raw materials. As an important partner to meet social needs, APP-China values common growth with suppliers. They work together to build a green supply chain that is healthy, positive and sustainable via strengthening communications in multiple ways.

Based on the principle of "being open, fair and impartial", APP-China has built a strict procurement process for quality assurance. The company clearly outlines requirements and indicators on environmental and social responsibility for both suppliers and contractors. Auditing is regularly performed on the quality and social responsibilities of suppliers and contractors in the process of selection and cooperation, and therefore social responsibility of suppliers is continuously improved.

With tight control over procurement, APP-China gives priority to suppliers that have already implemented the concept of sustainable development, especially those that are qualified in this area.

Random inspections are also performed annually on partner suppliers. Since 2015, all new suppliers of APP-China have been required to sign the Statement and Agreement on Corporate Social Responsibility. The signed paper, formulated in accordance with national and international laws and regulations and social responsibility code SA8000, specifies how suppliers shall behave in terms of commercial ethics, human rights, environmental protection, energy-saving and emission reduction, and intellectual property rights. Not one case of child or forced labour for suppliers or contractors was noted in 2016.

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

settling of the goods, mainly for raw materials needed in manufacturing (i.e., chemicals, wood chips and waste paper) as well as services including sewage treatment and new energy devices. It is also the department's duty to manage and evaluate suppliers, prices, and project bidding and tendering. This means improvement of supplied materials and services, after which the concentrated procurement and long-term contracts bring significant advantages in cost while avoiding repetition of procurement and inventory. Thus, the overall procurement ability is enhanced.

2016 witnessed APP-China's establishment and application of VSR, a self-service registration platform for suppliers. A new module for the suppliers' system is added to the platform which provides the suppliers with access to APP-China's Suppliers List. As online managing is enabled, APP-China can more effectively communicate with its suppliers. Online management moreover helps reduce procurement cost, inventory and delivery time.

Hainan Jinhai Pulp & Paper Won the "Provincial Exemplary Enterprise for Intellectual Property Management" Awarded by the Hainan Provincial Intellectual Property Office

With the principle of "complying with laws and regulations, and improving its intellectual property management mechanism", Hainan Jinhai Pulp & Paper established an intellectual property management system, formulated the "Intellectual Property Risk Management and Dispute Handling Procedures of Jinhai Pulp & Paper", "Intellectual Property Management Approach of Jinhai Pulp & Paper" and "Intellectual Property Target Assessment Approach of Jinhai Pulp & Paper", and stipulated the relevant intellectual property responsibility of each department. Through target setting, competition training, and

dispute handling procedure, with its complete intellectual property management structure and mechanism, the company's overall intellectual property management was promoted.

The company adheres to the principles of "based on talents, to create a learning and incentivised work environment; guided by science and technology, to pursue scientific and technological leadership and efficiency; supported by MBOS management, to continuously improve and promote scientific research transformation", developed short, medium and long-

term goals for intellectual property management, and won the "Provincial Exemplary Enterprise for Intellectual Property Management" title awarded by the Hainan Provincial Intellectual Property Office in 2016.



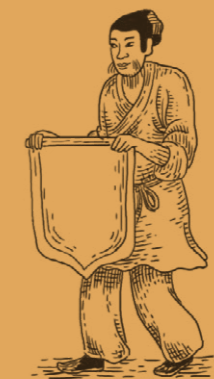
Training Program for Procurement Staff

A sustainable supply chain and procurement requires scientific and efficient management. In order to achieve this by enhancing procurement efficiency and HR management, APP-China's procurement department adopts work-shifting in its headquarters while launching an overall talent pool plan for both the headquarters and its branches.

The department shifts staff from procurement offices for different materials. To illustrate, staff in charge of procurement of chemicals take shifts with those buying wood chips. This also helps bridge differences within the

procurement department, thus laying a solid foundation for coordination. Corruption is also largely inhibited. Meanwhile, by shifting their working positions, the staff become more aware of the correlation between their jobs and others, equipping themselves with multiple skills and capabilities in assuming sole responsibility.

The talent pool initiative first prepares staff as alternates for procurement positions both in the headquarters and its branch plants and also provides them with training needed for the target position in advance.



Sustainable Environment

Energy and Ecology

With China's entry into a new stage of development, low-carbon development and ecological environmental protection have attracted unprecedented attention. As an industry leader, APP-China is not only concerned about the enterprise itself, but also the sustainable development of the entire domestic paper industry. APP-China aims to transform the image of the traditional paper industry from high energy consumption and high pollution to energy-saving, environment-protecting, green and sustainable.

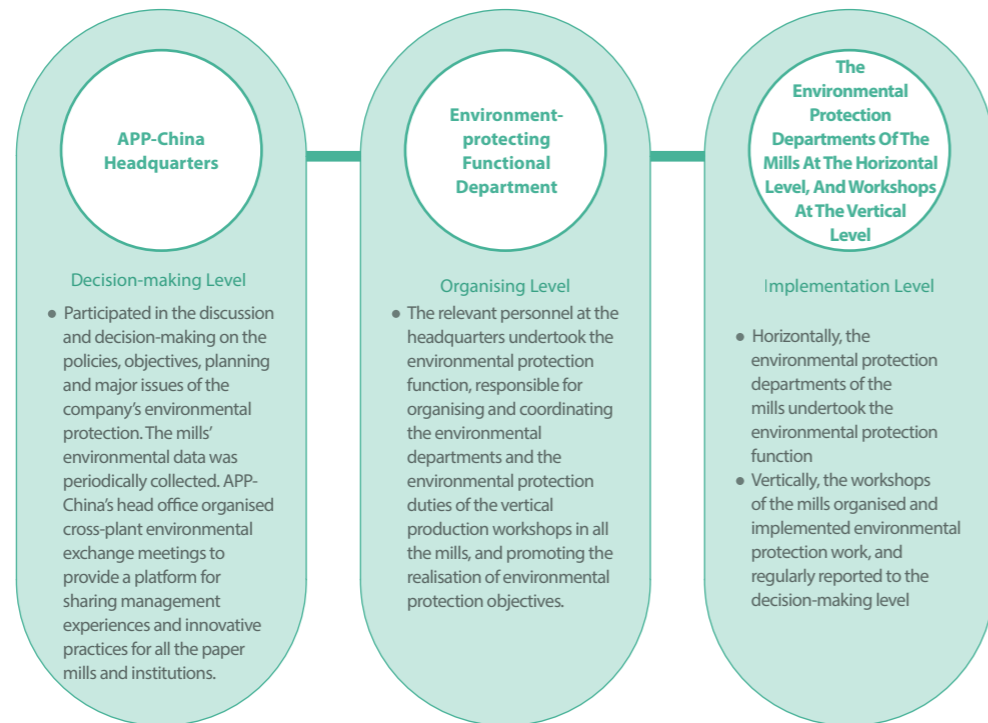
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Environment Management

APP-China has established a sound and effective environmental management system. Based on three aspects including optimising organisational structure, improving management capacity and improving assessment mechanism, the company has created specific requirements for different management levels to achieve the closed-loop management of strategy, operation and evaluation. In line with its own operation, the company has set up detailed environmental performance assessment indicators for each subsidiary mill, and the headquarters will evaluate and manage all sewage discharge and exhaust emission data reported by its subsidiaries. The company holds an inter-

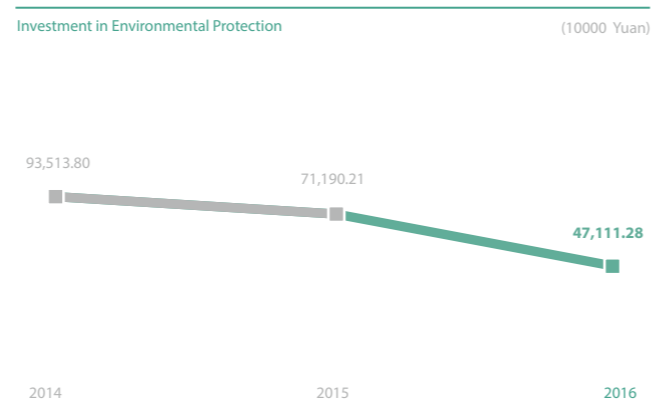
mill exchange meeting every quarter to encourage each mill to actively exchange excellent experiences in environmental management, which effectively promotes the improvement of the company's overall environmental management ability. At the same time, the company focuses on communication with internal and external stakeholders, and monitoring of the sewage discharge and exhaust emissions of each subsidiary mill. The company also actively listens to the feedback of community residents, and invites representatives to carry out on-site monitoring of mills, which has achieved good results.

The Environmental Management Structure of APP-China



The environment-protecting investment of APP-China from 2014 to 2016 showed an annual decrease. The reason was because all the mills began to carry out coal plant transformation through desulphurisation and denitrification technology. The investment in the desulphurisation and denitrification project was quite high, accounting for the majority of total environmental investment in these three years. With the gradual completion of the project, the late investments were mainly project balance payments, and thus the amount was small. In addition, in 2016, the environmental investment of each subsidiary of APP-China was also used for sewage and exhaust gas treatment.

Investment in Environmental Protection 2014-2016



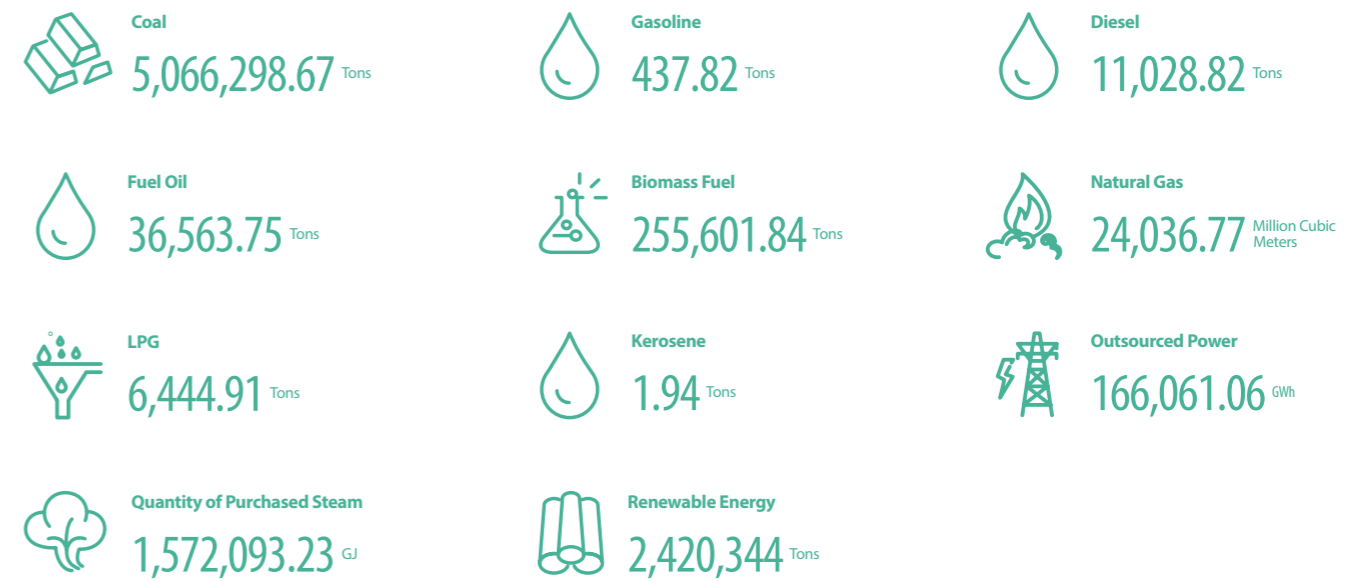
Energy Management

With the national macroeconomic policy of energy structure adjustment, APP-China has paid high attention to its own energy structure management, and constantly increased the use of energy-saving equipment and energy-saving technologies. APP-China pushed its mills to establish sound energy management systems, carry out structural adjustment of energy usage, vigorously extend the use of renewable energy, such as photovoltaic power generation, and reduce the proportion of coal use.

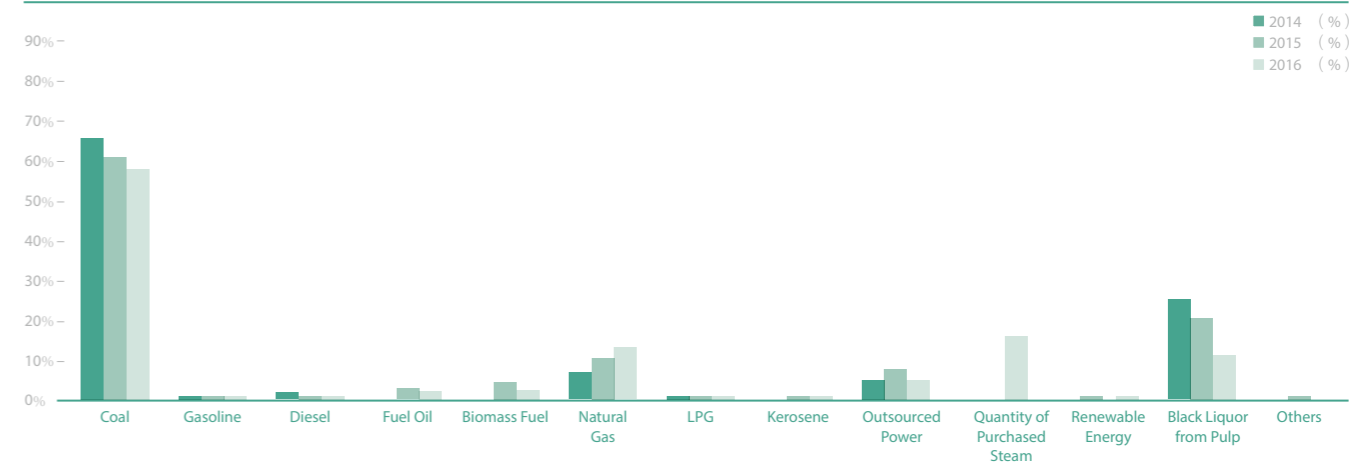
In 2016, APP-China continued to tap its energy-saving potential, and its mills actively carried out energy-saving technological transformation programs, effectively reducing the unit energy consumption of products. In APP-China's integral energy structure, coal was still

the most important energy source, but the proportion has been constantly declining. In 2016, the coal energy consumption accounted for 63% of the total, reduced by 3% compared with that in 2015 (66%). Meanwhile, the amount of purchased electricity and purchased steam showed a downward trend, the energy structure was constantly adjusted, renewable energy continued to be developed, use of renewable energy was promoted, a photovoltaic power generation project was started, and the use of fossil fuels was reduced, which fundamentally decreased the generation and emission of greenhouse gases and increased the use of renewable energy. Up to December 2016, APP-China's mills used 193,221.2 MWH of electricity generated by new energy.

2016 APP-China Energy Consumption



2014-2016 APP-China Energy Use by Type



Suzhou Gold Hongye Achieved Energy Conservation and Emission Reduction through Various Technical Modification Measures

In 2016, Suzhou Gold Hongye adopted a variety of energy-saving technical modification measures, and effectively reduced the use of energy and resources. The mill uniformly regulated the production process, and part of the equipment was shut down or removed. For example, two white water recovery systems, TM7 & 8, were combined, and the light beating process, high energy-consuming motors, etc., were

eliminated. The energy consumption per unit decreased from 945kWh/ton in 2015 to 855kWh/ton, and water consumption per unit decreased from 13 ton/ton to 9.5 ton/ton. In the case of natural gas reduction, the calorific value per unit was decreased from 733 MCAL/ton (2015) to 623 MCAL/ton (2016) by achieving economic-speed operation and reducing the rejection rate.

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

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

In 2016, Gold Huasheng actively adjusted the power generation load of steam turbines to meet user requirements and reduce the use of diesel generators. Compared with that in 2015, the amount of diesel oil used was reduced by about 400 tons. On the

other hand, there were several boiler malfunctions in the past, resulting in an increase of boiler restart times and a large amount of unnecessary diesel consumption. The mill found that these malfunctions were due to the high water content of coal, which

led to boiler tube breakage. In 2016, a water content control requirement for coal provided by suppliers was created, which effectively reduced the start-stop times of boilers, and decreased the consumption of diesel by about 200 tons.

Water Management

In recent years, China has vigorously promoted the conservation and protection of water resources, and the implementation of strict water resources management systems. Water pollution control was constantly improved, and the national environmental protection standard for sewage discharge was also significantly improved. APP-China has established a sound water resources management mechanism. It developed a strict internal monitoring mechanism

at the mill level, and regularly reported to the headquarters on water use performance indicators. Based on advanced pulp and paper technology and facilities, by adopting strict management measures, the water consumption in all the pulp mills was constantly reduced. Near-term and long-term water-saving targets were set up in each mill. The water resources management capability was gradually improved, and the water consumption per unit was reduced.

Water Use in APP-China 2014-2016

Year	Water (Unit:tons)
2016	124,417,318
2015	120,477,308
2014	121,733,245

Hainan Jinhai Pulp & Paper, Hainan Gold Shengpu, and Hainan Gold Hongye became the first water-saving enterprises in Hainan Province

Hainan Jinhai Pulp & Paper has actively implemented the "The State Council's Opinions on the Implementation of the Strictest Water Resources Management System", constantly strengthened the enterprise's water management, improved water use efficiency and developed water use indicators which were stricter than the national standard. In 2016, thanks to the tireless efforts of all the mills, Hainan Jinhai

Pulp, Hainan Gold Shengpu, Hainan Gold Hongye became the first water-saving enterprises in Hainan Province,

serving as the province's water-saving industry benchmark.



2014-2016 APP-China's Total Quantity of Circulating Water in 9 factories

(Unit: tons)

	2014	2015	2016
Gold East Paper	462,905,343	488,100,000	283,152,000
Hainan Jinhai Pulp & Paper,	985,113,985	908,608,007	1,210,049,099
Ningbo Zhonghua Pulp & Paper	134,695,427	129,942,465	134,535,550
Ningbo Asia Pulp & Paper	151,286,064	254,805,840	220,452,737
Gold Huasheng Paper	384,789,253	259,164,007	240,569,716
Gold Hongye Paper Group	94,273,367	121,349,989	172,286,875
Guangxi Jingui Pulp & Paper	475,860,000	451,802,163	489,439,287
Hainan Gold Hongye Paper	75,970,000	71,687,661	64,712,622
Hainan Gold Shengpu Paper	36,191,596	64,178,333	57,168,302

APP-China regards sewage discharge as the top priority of the company's environmental management. In order to minimise the emission of pollutants, including COD and BOD, APP-China has introduced international top sewage treatment systems to improve the treatment technology, reduce water consumption and chemical use in the production process, continuously improve the sewage purification capacity, and ensure that sewage emission is far better than the national standard. Its mills conducted real-time monitoring of sewage emission, and synchronised the data with

the company's official website and the website of the Environmental Protection Agency, achieving data transparency. APP-China accepted public supervision, and its management level was constantly improved.

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

and COD emission fluctuated, which was due to the phased production commissioning in the pulp technology transformation process, resulting in the emission of sewage and COD increasing in a short time. With the end of commissioning, the sewage discharge index returned to the normal level in 2016. Influenced by the combined factors of paper output, water emission, and changes of COD emission concentration, the annual average sewage discharge of per ton of paper in 2016 increased slightly compared with that in 2014.

2014-2016 APP-China's Sewage Discharge

Wastewater Discharge (Unit:tons)

2016	92,621,594
2015	88,522,504
2014	107,303,658

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

National Standard Limits: 20 (Unit:tons)

2016	12.23
2015	6.74
2014	8.46

Annual Average Wastewater Discharge per Unit of Product (Per Ton of Pulp)

National Standard Limits: 50 (Unit:tons)

2016	21.87
2015	15.12
2014	21.91

COD Emissions for Each Ton of Paper Produced

National Standard Limits: 1.6 (Unit: kg/ton)

2016	0.69
2015	0.33
2014	0.276

COD Emissions for Each Ton of Pulp Produced

National Standard Limits: 5 (Unit: kg/ton)

2016	1.36
2015	1.20
2014	1.54

National standards implemented starting from Jul 1st, 2011. Data stems from GB3544-2008 Discharge Standards for Water Pollutants from Pulp and Paper Industry.

Management of Emissions

In recent years, China has increased its efforts in comprehensive air pollution management aiming to reduce the emission of various pollutants, and accelerate desulphurisation, denitrification and dedusting in key industries. In order to meet the emission requirements, APP-China carried out a number of technological innovation and equipment upgrades, spent huge sums of money on desulphurisation and denitrification transformation of thermal power plants, and achieved significant reductions in the emission of air pollutants. In 2016, the company's actual sulphur dioxide emission decreased by 19.4% compared with that in 2015, the emission of nitrogen oxide decreased by 6.5%, and the transformation effect was remarkable. In addition, APP-China's subsidiary mills transformed carbon dioxide in boiler emissions into light calcium carbonate through an advanced technology, and synthesised sulphur dioxide into ammonium sulphide fertiliser. This process did not produce any waste water, solution or residue, which further reduced the emission of air pollutants while reusing resources to the greatest extent.



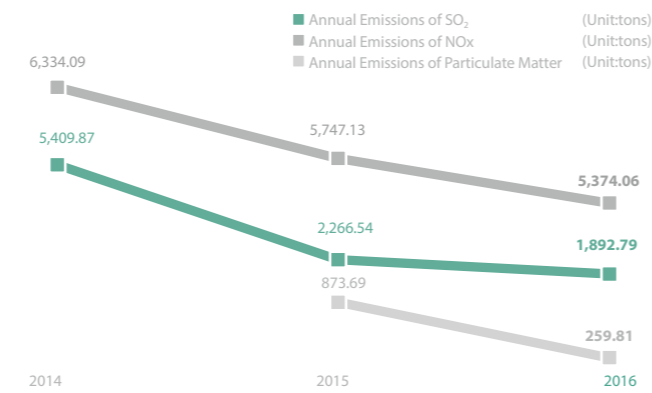
In 2016, the company's actual Sulphur dioxide emission decreased by

19.4%

In 2016, the company's nitrogen oxide emission decreased by

6.5%

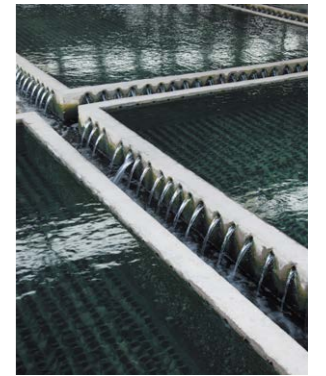
2014-2016 APP-China's Air Pollution Emissions



Management of Waste

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

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



2016 App-China's Production of General Waste

Waste Type	Unit	Production Amount	Recovery Amount	Disposal Amount
Sludge	(Unit:tons)	712,372.43	581,076.1	423,747.33
Ash	(Unit:tons)	601,998.34	483,768.14	463,279.2
Slag	(Unit:tons)	101,078.92	88,811.17	53,088.75
Other General Waste Produced	(Unit:tons)	116,587.44	78,628.41	18,809.03

Other General Waste Produced (Waste Paper, Waste Pulp, Production Package Materials, Scrap Iron, Scrap Wire, Engineering Supplies, Etc.)

The Desulphurisation and Denitrification Transformation Project of Ningbo Asia Pulp & Paper Thermal Power Plant Received Environmental Acceptance

To meet the latest "Thermal Power plant atmospheric pollutant emission standard" of the national Ministry of Environmental Protection, the desulphurisation and denitrification transformation project of Ningbo Asia Pulp & Paper thermal power plant received environmental acceptance from the Environmental Protection Agency, Beilun District, Ningbo City. After project implementation, the original flue gas emission concentration was greatly reduced, as the emission concentration of sulphur dioxide decreased from less than

400mg/Nm³ to less than 50mg/Nm³, the emission concentration of nitrogen oxide decreased from less than 450mg/Nm³ to less than 100mg/Nm³, and the emission concentration of smoke dust decreased from less than 30mg/Nm³ to less than 20mg/Nm³. The actual reductions in pollutants (mentioned above) also decreased by more than 50%, 60% and 20%, respectively, significantly reducing the pollutant emissions and costs, which contributed to the management of atmospheric emission reduction.



Gold East Paper Reduced the Amount of Solid Waste

Based on the operation status of the waste water treatment system, Jingdong Paper started the construction of a 10,000 m³ waste discharge buffer pond. The buffer pond was used to collect waste water, and when the system became stable, waste water was slowly discharged into the mixing pool and entered the waste water treatment system after mixing with daily domestic waste water, in order to reduce the impact on the system. Meanwhile, because the material concentration time was too long, the plate-and-frame filters could

not continuously operate. Moreover, the residual sludge could not be totally disposed of, which would affect the operation stability of the waste water system after long-term accumulation. In order to solve these problems, a 150 m³ sludge adjusting pond was added to the waste water system to concentrate the sludge reserve material and ensure that the three plate-and-frame filters could operate continuously. The waste water sludge and clear water mud was 100% disposed of, and thus the risk of mud accumulating in the system was eliminated.



Sustainable Society Internal and External

In the process of realising sustainable development, "people" remain a key factor. In both the internal environment (employees) and the external environment (the community) APP-China has attached great importance to communication and exchange, especially in the face of change and challenges, to realise a better future together.

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Talents and Motivation

APP
Talents and Motivation

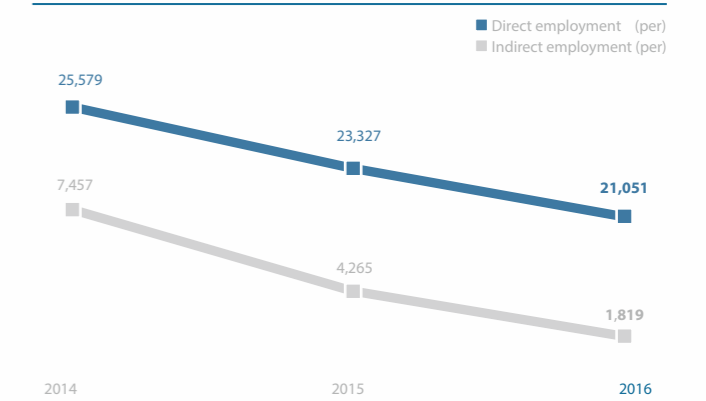


As at December 31, 2016, the total number of employees of APP-China in this report was

22,870

APP-China always adheres to the "people-oriented" business philosophy. It adopts a variety of measures to attract and retain talent, optimise the talent structure, inspire employees, and share the achievements of enterprise development. As at December 31, 2016, the total number of employees of APP-China in this report was 22,870, of which 21,051 were directly employed and 1,819 were indirectly employed. Among the directly employed staff, 5,886 are women, accounting for 28.0% of total employees. Female employees fill 364 management positions, 22.5% of the total.

2014-2016 APP-China's Direct and Indirect Employees



2014-2016 APP-China's Percentage of Female Employees

(Unit: %)

Year	Percentage
2016	28.1
2015	25.25
2014	26.86

2014-2016 APP-China's Female Employees in Management Positions

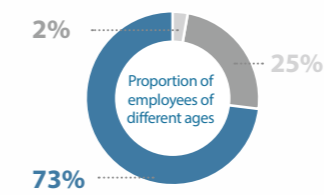
Year	Percentage	Count
2016	22.5	374
2015	18.46	326
2014	21.64	484

2016 APP-China's Employee Retention after Maternity/paternity

Category	Count
Male Employees	868 / 47
Female Employees	640 / 44

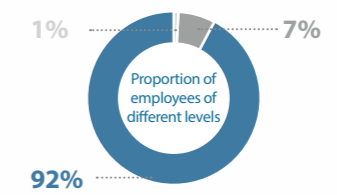
2016 APP-China's Age Structure

- 30-50 years old
- Younger than 30 years old
- Older than 50 years old



2016 APP-China's Employee Level

- Junior Management Level
- Middle Management Level
- Top Management Level



2014-2016 APP-China's Employee Turnover Rate

- Turnover rate (%)
- Male turnover rate (%)
- Female turnover rate (%)

Year	Turnover rate (%)	Male turnover rate (%)	Female turnover rate (%)
2016	18.00	16.20	13.40
2015	24.56	25.08	23.04
2014	26.57	26.21	27.55

Protection of Employees' Rights and Interests

APP-China gives top priority to all employees' rights and interests. The company strictly complies with the "Labour Law of the People's Republic of China", "Law of People's Republic of China on Employment Contracts" and "Trade Union Law of People's Republic of China", and all other laws and regulations. The company signs contracts with all employees. In recruitment, remuneration, training and promotion, APP-China is committed to eliminating discrimination on the basis of sex, ethnic background, religion, age, and political belief, and all

other forms of discrimination. Employment of child and forced labour is strictly prohibited. With all these measures, all employees can enjoy the same access to due rights and fair opportunities at work.

Amid tough market conditions from 2014 to 2016, APP-China adjusted its employment plan prudently and by following the new plan each business unit conducted recruitment and dismissal. Communication with and compensation for dismissed employees are required. The company also actively contacted relevant organisations to make

arrangements for the dismissed employees. For retained employees, the company moderately raised remuneration and benefit standards to ensure that employees have a good salary and equal pay for equal work, and remain satisfied. Implementation of the new employment plan was an inevitable choice made by APP-China in the new business situation. The process was rigorous and effective, which placated employees and protected their interests. Widespread understanding and recognition was received from the majority of employees.

Career Development and Capacity Upgrading

In 2016, APP-China has constantly improved the means of employee promotion, and the employee development channel, motivating primary level employees to strive for self-development. We focus on improving all employees' work ability. Each unit of APP-China set up and implemented

a technology model for staff development in 2017, which is beneficial for employees' training. The total cost of staff training of APP-China was 4,235,000 Yuan in 2016.

In 2016, The total cost of staff training of APP-China was **4,235,000** Yuan

Hainan Jinhai Pulp & Paper Carries out Law Popularisation to Protect Employees' Rights

Hainan Jinhai Pulp & Paper always attaches great importance to the protection of the legitimate rights and interests of employees, in addition to providing a good working environment for employees, it also actively promotes legal knowledge to the general staff. On January 5, 2016, Hainan Jinhai Pulp Paper invited leading experts from the Judicial Office of Hainan Province and the Yangpu Political Committee to provide law popularisation. Experts praised Hainan Jinhai Pulp & Paper for operating and managing its business legally, paying close attention to employees' needs, and safeguarding the rights and interests of employees. Hainan Jinhai Pulp & Paper will continue to strengthen its staff law education activities, and reach new achievements.



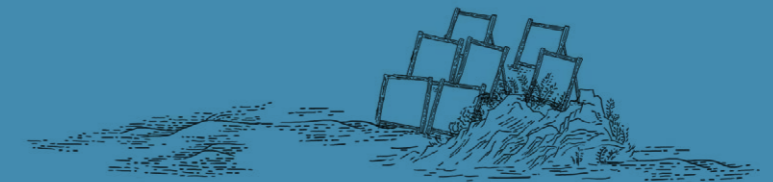
Gold East Paper's "Fighter" Culture

A "fighter" culture is practiced in Gold East Paper. The employees' work performance, work attitude, attendance and many other factors are evaluated to select the monthly, quarterly and annual "fighters". Staff who win first place are rated as "fighters". About 50 "fighters" are named each month, accounting for 1 to 2 percent of the workforce. The designation as a "fighter" can be used as a bonus point in employee promotion.



Ningbo Asia Pulp Provided Training on Corporate Responsibility for Management

In order to further improve the middle-level and above directors' sense of responsibility, in May 2016, Ningbo Asia Pulp invited EMBA visiting professors from Peking University, Tsinghua University and Zhejiang University to carry out "QBQ Responsibility and Professional Attitude" training. By emphasising the relationship between responsibility and ability, this training session helped improve these employees' sense of responsibility and mission to the company.



APP-China is dedicated to providing competitive compensation and benefits to employees. Subsidiary companies formulate and adjust the specific compensation scheme according to the headquarters' general principle and their own operating situation. These companies should establish a mature performance management system, ensure that

employees enjoy competitive compensation, pay pension, unemployment insurance, medical treatment insurance, employment injury insurance and housing fund contributions, and buy commercial insurance for employees. In 2016, APP-China's direct employees' social insurance coverage was 100%, and the commercial insurance coverage for direct employees was also 100%.

2016 APP-China's Average Training Hours

2016 APP-China's Average Training Hours (Unit: Hour)

Senior Management	33.90
Middle Management	31.34
Other Employees	40.22

2014-2016 APP-China's Employee Training

Total Training Costs (Unit: Yuan)

2016	423.5
2015	488.89
2014	793.05

Total Time Spent on Training (Unit: hour)

2016	685,562.5
2015	720,404.65
2014	1,035,031.72

Number of Employees Participating in Company Paid for Diploma Based Continuous Education Program (Unit: per)

2016	63
2015	65
2014	73

Amount of Money Spent on Employees Participating in Company Paid for Diploma Based Continuous Education Program (Unit: Yuan)

2016	16.68
2015	7.37
2014	11.16

Occupational Health and Safety

APP-China has continuously improved its industrial security mechanism, strengthened the management of equipment maintenance, identified potential hazards in a timely manner, strengthened employees' safety training, improved employees' safety consciousness, conducted regular fire drills, improved contingency ability, and prevented major emergencies. To prevent

and reduce accidents, APP-China has encouraged employees to timely discover and report potential safety hazards in production work, increased the financial input in personal protective equipment, strengthened the employees' occupational health and safety management, and protected the employees' occupational health and safety.

Construction of Management System

APP-China's headquarters set up evaluation indicators of occupational health and safety for the pulp mills, including lost hours due to workplace injury, total number of work-related injuries and occupational disease, number of potential hazards, economic loss due to workplace injury, fire and accident prosecution and other indicators. Safety related data is collected

from each mill each week, including workplace injury, fire, potential hazards and safety training. APP-China also organises quarterly communication meetings. Each mill's safety management departments are gathered to share their experiences and carry out key index assessments to improve the safety management level.

Occupational health and safety management framework



Each pulp mill and business unit of APP-China has adopted OHSAS18001 as the fundamental tool and platform for occupational health and safety management. According to the characteristics of the equipment and production environment, safety inspections and potential hazard checks are regularly carried out to ensure the employees' occupational health and safety. At the same time, each mill has developed a tracking system for potential hazards. In this system, the safety director will upload the details of the potential safety hazard with a photo and the corresponding department

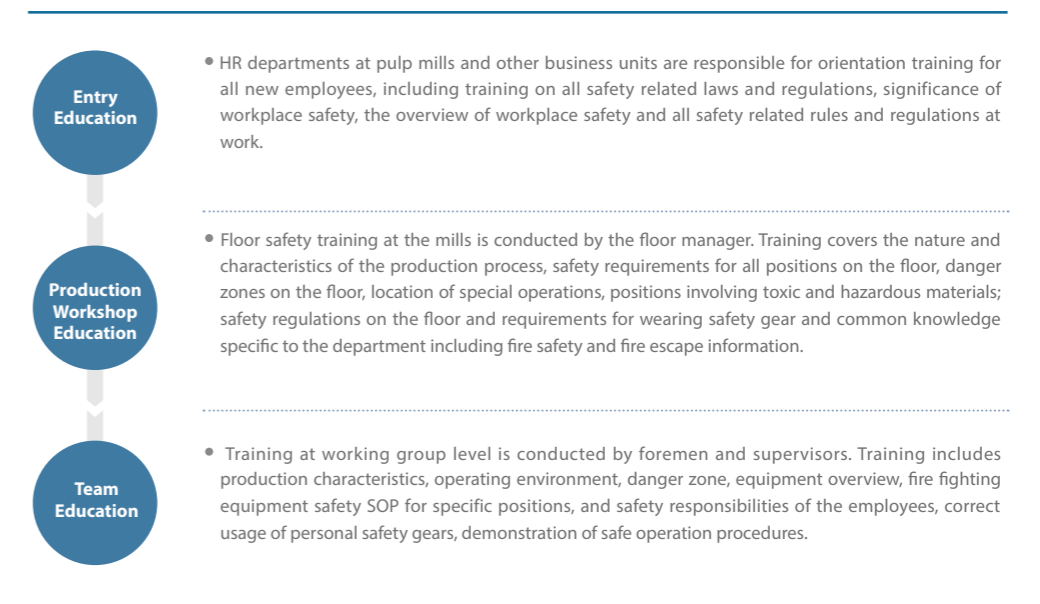
is required to make improvements and monitor them until the security department confirms the rectification in the system. This system improves the efficiency of the safety hazard management, ensures the rectification and improvement of hidden dangers, and effectively safeguards quality by identifying potential safety hazards.

Safety Education

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

In 2016, APP-China provided a total of 313,700.2 hours of safety related training for its employees. In addition, to improve the professional skill of outsourcing personnel and strengthen the contractors' safety and health management, some mills of APP-China provide the full coverage of work safety training for contractors. Trainees must pass the examination to operate in the company, which effectively prevents and reduces safety accidents in outsourcing and maintenance construction projects.

APP-China Three Tier Safety Education and Training System



Suzhou Gold Hongye's Three-Tier Safety Management

In 2016, Suzhou Gold Hongye insists on the policy "safety first, prevention foremost, comprehensive management" and the director in charge of production is also responsible for safety. The system of responsibility in safe production is implemented at each position and each level. The principle is the subsidiary mill's self-management, unified management in departments and safety supervision. On the one hand, the production and business units within the same value stream work as network nodes, among which every zone in the value

stream can effectively exchange information and share resources. On the other hand, by constructing a horizontal line among departments and a three-dimensional grid which covers supervision in all aspects, the

company can integrate organisational resources and improve the level of safety management.

APP-China's Three-Tier Safety Management Model

District self-management	Unified management in specific departments	Functional supervision
The district director is in charge of the safety management in his district	Each department manager in his scope is responsible for the safety affairs of all districts	Supervision on each department's safety work

Handling Work Injuries

APP-China has set up a process for dealing with work injury accidents and functionary and compensation standards for all the pulp mills and business units. For workplace injuries, APP-China sends the injured employee to the onsite clinic or local hospital for immediate medical attention, submits all related information for determination of the nature and cause of the injury and for insurance claim, and makes sure the injured employee has immediate access to financial assistance and speedy compensation. Meanwhile, the safety personnel on the floor inform the relevant departments to assist in the investigation of the incident. A detailed "Investigation Report of Work Injury" should include all detailed information including what happened, how it happened, and the

causes of the incident, analysis of the causes, and proposed improvements. The floor safety personnel, floor manager, safety related departments, and business manager/general manager should all sign off on the report and resolve the issue. The floor safety personnel or the personnel in charge of the floor safety from the safety related department should verify the implementation of the proposed improvement after the incident. In addition, all business units should use the incident as an opportunity for education and training to increase the safety awareness of all employees to prevent future incidents.

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

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

Year	Lost Hours per Million Working Hours (Unit: hour)
2016	1,159.80
2015	1,899.46
2014	1,445.38

Prevention of Occupational Disease

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

APP-China offers at least one occupational disease prevention training session for new recruits and regular physical examinations. APP-China actively monitors factors that may cause occupational disease on an annual basis. All personnel, especially those who work in areas with monitored hazardous factors exceeding desired limits, are required to be equipped with protective

gear to prevent exposure to hazards and, therefore, control the exposure associated with occupational diseases. One of the key areas of job safety inspections is to make sure all protective gear is worn correctly. Special physicals for personnel exposed to occupational hazards are provided free of charge. A complete personnel health care record system has been established to track developments for each individual. Employees who have a high risk of developing occupational diseases will be transferred to other suitable positions. In 2016, APP-China invested 442.58 million Yuan in personal protective equipment. In 2016, the total number of APP-China employees decreased, resulting in a small decrease in total personal protective equipment investment.

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

Year	Investment in Personal Protective Equipment (10000 Yuan)
2016	442.58
2015	532.42
2014	520.75

Employee Communication

APP-China attaches importance to employees' opinions and continuously widens channels for employee complaints and communication. All mills and business units are involved in the construction of an employee communication channel. The employees have multiple ways reporting corruption events and staff, including phone calls to the HR department at each mill and

BU, GM mailbox, anti-corruption email accounts, etc. The company continuously improves the procedures to ensure that complaints from every employee can be dealt with and answered promptly. In 2016, APP-China carried out many publicity activities according to the new corporate culture. There were no complaints, petitions, or reports related to forced labour or employment discrimination in this reporting period.

APP-China's mills have also built a diversified platform for staff communication, to provide opportunities for employees to offer advice and suggestion, exchange problems and ideas. Through communication, staff growth and corporate development are promoted.

Gold East Paper Strengthens Communication with Employees

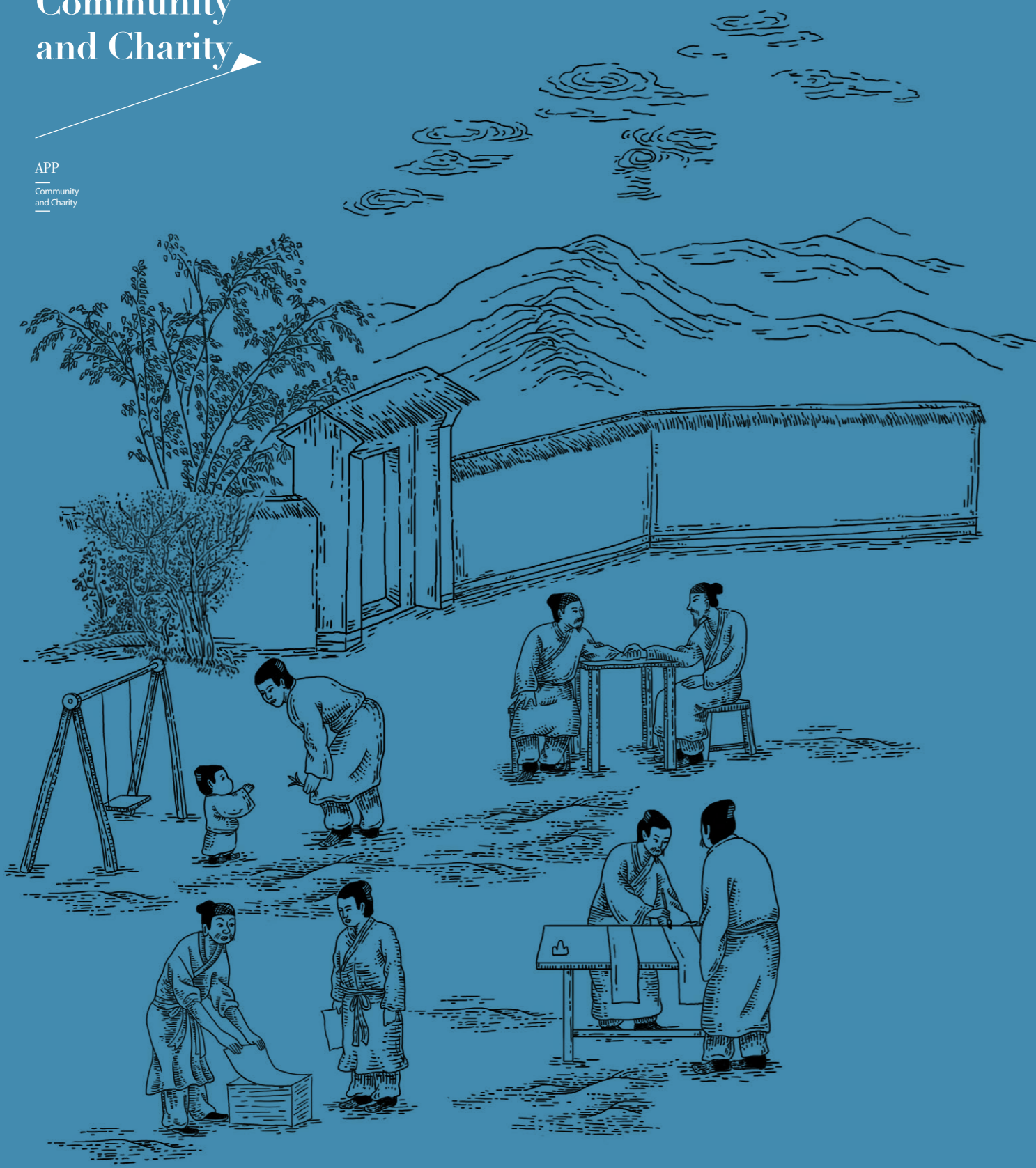
In 2016, Gold East Paper Industry held four symposiums in a row to strengthen the communication between management and ordinary employees, including meetings between the general manager and the trade union group leader, between the general manager and veteran employees, and between the general manager and grassroots employees. All the suggestions and ideas offered by the employees have been replied to by the general manager. In particular, the problems involving employee turnover, increasing workload and

salary improvement are closely related to employees' vital interests. For some issues related to the policy of APP-China HQ, the general manager will directly respond to the problem and also send the problem to the HQ. That same year, Gold East Paper Industry union held a general election. Proposals collected from the congress of workers and staff were reported to the top management. The newly established trade union committee and division of labour are responsible for answers.



Community and Charity

APP
Community and Charity



As a Chinese enterprise, APP-China has always been dedicated to Chinese papermaking culture. At the same time, we also concerned about the development of China's public welfare undertakings and the construction of a harmonious society. In 2016, we actively

explored new means of community participation and took advantage of our own professionals and talent to solve community problems. At the same time, we strove to create a fairer social environment for rural adolescent children, relying on the power of professional

organisations to promote the employment of disadvantaged groups. Moreover, we firmly believe that developing a new generation of public welfare personnel will help make the development of China's public welfare sustainable.

Community Engagement

APP-China's operation is rooted in multiple regional hinterlands. The growth of the company cannot be achieved without the local government and community support. Each mill strictly implements its social responsibilities for production, promoting employment, ensuring the safety of the community, and supporting the needy and disadvantaged. Thus the surrounding communities

and related institutions have accepted APP-China's contribution to society. At the same time, APP-China takes giving back to the community as a responsibility, considers the urgent needs of local society and uses our professional abilities to maximise our value to the community.

Volunteer Service of APP-China, 2014-2016

Volunteer Service (Unit: People-Hour)

2016	33,784
2015	36,923
2014	43,660

Due to the adjustment of the HR of APP-China and the adjustment of the community plans of its enterprises, the volunteer time in 2014-2016 decreased.

Volunteers from Gold East Paper

Gold East Paper has encouraged its employees to volunteer in the local community for over ten years. In 2008, Gold East Paper formulated its corporate policy "Regulations on Volunteer Activities". On a voluntary basis, it states employees' job responsibility, implementing process, evaluation and incentive measures. These incentive measures are associated with employees' internal promotion opportunities, and criteria for awards to excellent employees. Gold East Paper has set up fixed volunteer programs in local communities to ensure that there is a volunteer available for support every day. These volunteer programs cover hospitals, railway stations, communities, nursing homes,

welfare homes and other regions and organisations. In addition, the company regularly collects feedback on volunteer activities from the community, and makes improvements.

Gold East Paper in 2016 was awarded a "Loving Care Company" in the first volunteer exchange conference in Jiangsu province. It also won the "Charity Volunteer Team" award and the "Organising and Supporting Charity Volunteer Service" award in the second activity of "Charity Volunteer Selection", sponsored by the Civilisation Office of Zhenjiang and the Charity Federation in Zhenjiang.

Employees help at volunteer service points



Gold East Paper Worked with the Archives Bureau in Zhenjiang to Save Ancient Books

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

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



Hainan Jinhai Pulp & Paper Supports Occupational Education in Hainan Province

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

In addition, Hainan Jinhai Pulp & Paper established the "Jinguang Scholarship" in Hainan Yangpu Technical School in 2014. It will contribute a total of 400,000 Yuan for five years to help

outstanding students in Yangpu Technical School. In 2016, 110 students won the "Jinguang Scholarship".

In order to strengthen occupational education of economics and business in Hainan, Hainan Jinhai Pulp & Paper, Jinguang Scholarship and the Foundation for Environmental Protection started the "Jinguang Scholarship in Hainan College of Economics and Business" to provide scholarships to financially disadvantaged students with excellent grades. At the end of 2016, it had been implemented for seven years, with a cumulative contribution of 1.4 million Yuan, and a total of 1,050 students won the "Jinguang Scholarship".



Guangxi Jingui Pulp & Paper Organised Traditional Opera Performances in Communities

For the Chongyang Festival 2016, the Qinzhou Erjie Tea Picking Opera Troupe was invited to perform in Luerhuan Community, Jiduntou Community in the Qinzhou Economic and Technological Development Zone. This is the fourth year in a row that cultural performers were sent to communities during the Chongyang Festival. The Tea Picking Opera of Qinzhou

is one of the most popular local operas, which is vivid, affectionate and popular with an enthralling story. It is especially popular in the local rural elderly community. Typical shows such as "Three Women Offer Birthday Felicitations" and "Ma's Three Generations" attracted over 300 people to watch in 6 days. These performances enriched the cultural life of the communities.



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

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



Philanthropy and Charity

APP-China pays close attention to the existing social problems in China. With a deep understanding of the status quo of Chinese society, it integrates its own strengths and existing resources to promote the development of China's public welfare and build a harmonious society. In 2016, the company won the Commemorative Medal on "Emotional Ties to Our Homeland, Benefiting the People" issued by the State Council Overseas Chinese Affairs Office for our contribution to reconstruction after an earthquake in Lushan Ya'an in Sichuan in 2013. Multiple projects such as the "Small Sun Kindergarten" developed by APP-China and Huang Yicong Charitable Foundation, "Huang Yicong Scholarship", "Jinguang Light up Dream –

College Student Associations for Public Welfare Activities" and "APP-China Internships at NPOs" were widely appreciated by charity organisations, media and society.

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

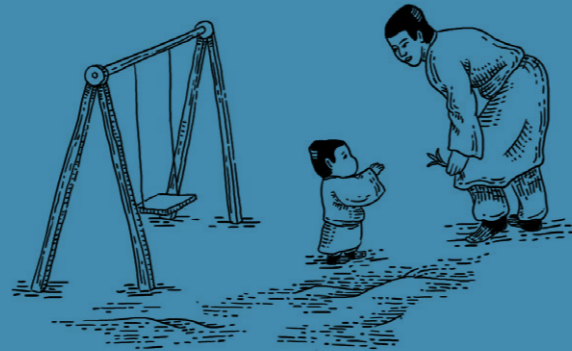
Donations by APP-China 2014-2016

Donations	(Unit:10000Yuan)
2016	1,326.7
2015	2,516.78
2014	3,502

Due to the changes in the operating performance of APP-China in 2014-2016, the company adjusted its financial expenditure, which resulted in the decrease in external donations in the last three years.

“Little Sun Kindergarten” for the Education of Young Children in Rural Areas

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



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



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



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

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

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

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

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



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



APP-China Internships at NPOs

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

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



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



In September 2016, the annual summary and commendation of the "APP-China Internship at NPOs" was held in Shanghai. An internship team from the Nanjing Ruize Disabled Service Centre won first place in both outstanding teams and outstanding interns with their excellent performance.

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

While pursuing its own economic development, Gold Huasheng Paper has actively fulfilled its social responsibilities and inherited the paper making culture. In April 2015, Gold Huasheng Paper Industry set up a paper culture experience hall representing the combination of paper culture and environmental protection education that is free for minors. A suitable curriculum on paper culture and various entertaining theme activities have been introduced there. The paper culture experience hall was

awarded by the Suzhou Civilisation Office and Education Bureau as a "Social Practice Base for the Minors in Suzhou", and became a social practice base for middle and primary school students in Suzhou. In the 2016 annual commendation of corporate social responsibility hosted by the Suzhou Industrial Park Working Committee, the paper culture experience hall was awarded as an "Excellent Brand Activity". By the end of 2016, the experience hall had received 148 visits from government agencies, media, primary and middle school students, and nearly 9,000 people.



The paper culture experience hall was awarded as an "Excellent Brand Activity" in the 2016 annual commendation of corporate social responsibility hosted by the Suzhou Industrial Park Working Committee.

Facts and Figures

Environmental Performance

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

Indicator	Unit	2016
Total investments in environmental protection	RMB 10,000	47,111.28
Total water usage	ton	124,417,318
Wastewater treatment volume	ton	92,621,594
Annual average wastewater discharge per unit of product (per ton of paper)	ton	12.23
Annual average wastewater discharge per unit of product (per ton of pulp)	ton	21.87
COD emission for each ton of paper produced	kg/t	0.69
COD emission for each ton of pulp produced	kg/t	1.325
Annual total SO ₂ emissions	ton	1,892.79
Annual total NO _x emissions	ton	5,374.06

Economic Performance

Indicator	Unit	2016
Total assets	RMB 100 million	1,618.32
Total taxes paid	RMB 100 million	22.52
Sales revenues	RMB 100 million	473.73
Total profits	RMB 100 million	31.68
Net profits	RMB 100 million	24.19

Social Performance

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

Indicator	Unit	2016
Total number of directly employed staff	person	21051
Percentage of male employees	%	72%
Percentage of female employees	%	28%
Total number of indirectly employed staff	person	1819
Percentage of employees under 30 years old	%	24.8%
Percentage of employees from 30 to 50 years old	%	74.1%
Percentage of employees over 50 years old	%	2.1%
Percentage of women in the management team	%	22.5%
Percentage of employees in the senior management team	%	0.7%
Percentage of employees in the middle management team	%	7.3%
Percentage of front line employees	%	92.4%
Total turnover rate	%	18.0%
Male turnover rate	%	12.5%
Female turnover rate	%	5.5%
Number of female employees remaining after maternity leave	person	640
Number of male employees remaining after paternity leave	person	868
Number of female employees that left after maternity leave	person	44
Number of male employees that left after paternity leave	person	47
Total number of fatalities at work and by occupational diseases	person	1
Hours lost per million working hours	hour	1159.8
Total training costs	RMB 10,000	423.5
Total time spent on training	hour	685562.5
Average training hours per person – senior-level managers	hour	33.90
Average training hours per person – middle-level managers	hour	31.34
Average training hours per person – front line employees	hour	40.22
Number of employees participating in company paid for diploma – based continuous education programs	person	63
Amount of money spent on employees participating in company paid for diploma based continuous education programs	RMB 10,000	16.68



Assurance Statement




ASSURANCE STATEMENT

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

NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by SINAR MAS PAPER (CHINA) INVESTMENT CO., LTD. (hereafter as "APP-China") to conduct an independent assurance of the 2016 SUSTAINABILITY REPORT (2016 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, including the text and data in accompanying tables, contained in the 2016 CSR Report. Assurance data and information are including APP-China Head Office, Gold East Paper (Jiangsu) Co., Ltd., Ningbo Zhonghua Paper Co., Ltd., Ningbo Asia Pulp & Paper Co., Ltd., Hainan Jinhai Pulp & Paper Co., Ltd., Hainan Gold Hongye Paper Co., Ltd., Hainan Gold Shengpu Paper Co., Ltd., which were on-site assurance, as well as, Gold Hongye Paper Group Co., Ltd., Gold Huasheng Paper (Suzhou Industrial Park) Co., Ltd., Guangxi Jingui Pulp & Paper Co., Ltd., APP-China Forestry Business Headquarters, Hainan, Guangxi and Guangdong Business Units, and Lancang, Ganzhou, Wenshan and Henan Business Sub-BUs, which were off-site assurance. Data and information of other companies were not included in this assurance process.

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

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

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (2013).

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

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company. With more than 80,000 employees, SGS operates a network of over 1,650 offices and laboratories around the world, providing the services includes the certification of management systems and services; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from APP-China, being free from bias and conflicts of interest with APP-China, its subsidiaries and stakeholders.

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

ASSURANCE OPINION

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

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



GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion the APP-China CSR Report 2016 is presented in accordance with the core option for GRI G4 2013 and fulfills all the required content and quality criteria.

Stakeholder Inclusiveness

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

Sustainability Context

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

Materiality

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

Completeness

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

Balance

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

Comparability

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

Accuracy

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

Timeliness

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

Clarity

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

Reliability

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

Signed:

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



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

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GRI Index

General Standard Disclosures

General Standard Disclosures		Page	External Assurance
Strategy and Analysis	G4-1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	4	✓
Organizational Profile	G4-3 Report the name of the organization	8	✓
	G4-4 Report the primary brands, products, and services	8	✓
	G4-5 Report the location of the organization's headquarters	8	✓
	G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	8	✓
	G4-7 Report the nature of ownership and legal form	8	✓
	G4-8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	8	✓
	G4-9 Report the scale of the organization	8	✓
	G4-10 Report the statistics and classifications of the employees	53	✓
	G4-11 Report the percentage of total employees covered by collective bargaining agreements	59	✓
	G4-12 Describe the organization's supply chain	41	✓
	G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	8	✓
	G4-14 Report whether and how the precautionary approach or principle is addressed by the organization	16	✓
G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	16-17	✓	
G4-16 List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	16-17	✓	
Identified Substantive Aspects and Borders	G4-17 List all entities included in the organization's consolidated financial statements or equivalent documents and report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	3	✓
	G4-18 Explain the process for defining the report content and the Aspect Boundaries and explain how the organization has implemented the Reporting Principles for Defining Report Content	3	✓
	G4-19 List all the material Aspects identified in the process for defining report content	18-21	✓
	G4-20 For each material Aspect, report the Aspect Boundary within the organization	18-21	✓
	G4-21 For each material Aspect, report the Aspect Boundary outside the organization	18-21	✓
	G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	None	✓
	G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant change	✓
Stakeholder Engagement	G4-24 Provide a list of stakeholder groups engaged by the organization	18-19	✓
	G4-25 Report the basis for identification and selection of stakeholders with whom to engage	18-19	✓
	G4-26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	18-19	✓
	G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	18-21	✓
	Report Overview	G4-28 Reporting period (such as fiscal or calendar year) for information provided	3
G4-29 Date of most recent previous report (if any)		3	✓
G4-30 Reporting cycle (such as annual, biennial)		3	✓
G4-31 Provide the contact point for questions regarding the report or its contents		77	✓
G4-32 Report the 'in accordance' option the organization has chosen, report the GRI Content Index for the chosen option, and report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines		3, 70	✓
G4-33 Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers and report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report		3, 70	✓
Governance	G4-34 Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	8	✓
Ethics and Integrity	G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	9, 20-21	✓

Specific Standard Disclosures		Page	Omissions	External Assurance
Economic				
Indirect Economic Impacts	G4-EC DMA	8	N/A	✓
	G4-EC1 Development and impact of infrastructure investments and services supported	68	N/A	✓
Environmental				
Materials	G4-DMA	29-31	N/A	✓
	G4-EN1 Materials used by weight or volume	29-31	N/A	✓
	G4-EN2 Percentage of materials used that are recycled input materials	31	N/A	✓
Energy	G4-EN DMA	44	N/A	✓
	G4-EN3 Energy consumption within the organization	45	N/A	✓
	G4-EN4 Energy consumption outside of the organization	45	N/A	✓
	G4-EN6 Reduction of energy consumption	45	N/A	✓
Water	G4-EN DMA	46	N/A	✓
	G4-EN8 Total water withdrawal by source	46	N/A	✓
	G4-EN10 Percentage and total volume of water recycled and reused	47	N/A	✓
Biodiversity	G4-EN DMA	27	N/A	✓
	G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	27-28	N/A	✓
	G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	27-28	N/A	✓
Emission	G4-DMA	48	N/A	✓
	G4-En21 氮氧化物、硫氧化物和其他主要气体的排放量	48	N/A	✓
Effluents and Waste	G4-EN DMA	46-49	N/A	✓
	G4-EN22 Total water discharge by quality and destination	47	N/A	✓
	G4-EN23 Total weight of waste by type and disposal method	49	N/A	✓
	G4-EN24 Total number and volume of significant spills	N/A	N/A	✓
	G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	49	N/A	✓
	G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	N/A	N/A	✓
Social				
Labor Practices and Decent Work				
Employment	G4-LA DMA	53	N/A	✓
	G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	53	N/A	✓
	G4-LA2 Benefits provided to full-time employee that are not provided to temporary or part-time employees, by significant locations of operation	54	N/A	✓
	G4-LA3 Return to work and retention rates after parental leave, by gender	53	N/A	✓

Specific Standard Disclosures		Page	Omissions	External Assurance	
Social					
Labor Practices and Decent Work					
Occupational Health and Safety	G4-LA DMA	56	N/A	√	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	56	N/A	√
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	N/A	N/A	√
Training and Education	G4-LA DMA	55	N/A	√	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	55	N/A	√
	G4-LA10	Programs for skills management and lifelong learning that supportive continued employability of employees and assist them in managing career endings	55	N/A	√
Diversity and Equal Opportunity	G4-LA DMA	54	N/A	√	
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group memberships, and other indicators of diversity	53	N/A	√
Human Rights					
Freedom of Association and Collective Bargaining	G4-HR DMA	26-27	N/A	√	
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	N/A	N/A	√
Society					
Local Communities	G4-SO DMA	26-17, 61-63	N/A	√	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	26-27	N/A	√
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	N/A	N/A	√
Anti-corruption	G4-SO DMA	20-21	N/A	√	
	G4-SO4	Communication and training on anti-corruption policies and procedures	20-21	N/A	√
	G4-SO5	Confirmed incidents of corruption and actions taken	N/A	N/A	√
Product Responsibility					
Customer Health and Safety	G4-PR DMA	36-37	N/A	√	
	G4-PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	N/A	N/A	√
Product and Service Labeling	G4-DMA	35	N/A	√	
	G4-PR 3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	32-33	N/A	√
	G4-PR 5	Results of surveys measuring customer satisfaction	37	N/A	√

UN Global Compact Ten Principles Index

No	Principles	Our Actions	Sections
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	We respect and protect the human rights of all stakeholders, including our employees, the local community of each operation site, especially the local residents near our self-managed forests. We formulated human rights principles and specific management measures, in order to prevent the occurrence of human rights violations.	● Forest Policies
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	We promise that all actions are based on the consideration of the impact on the community. In high risk areas of human rights, we introduced specific management measures of community communication and community disputes, requiring to encourage residents to participate in our action plan formulation by fair, open and transparent manner and to disclose the whole processes according to information disclosure measures and listen to the feedback.	● Community Engagement
Labor			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	APP-China strictly observes and follows "The Trade Union Law of the People's Republic of China" and all other laws and regulations regarding foreign invested companies in the areas of human resource management and employment contracts to protect its employees' legitimate right of freedom of association. APP-China sets up labor unions in various mills and the percentage of employees joining unions have increased significantly. By the end of 2014, 24,417 employees, approximately accounting for 95.46% of total work force of APP-China, joined labor unions. APP-China will promote and encourage more employees to join labor unions in the future.	● Protection of Employees' Rights and Interests
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor	APP-China deems protecting employee's rights important and prohibits any forms of forced and compulsory labor. In 2014, no complaints or any other forms of forced or compulsory labor were found.	● Protection of Employees' Rights and Interests
Principle 5	Businesses should uphold the effective abolition of child labor	APP-China resolutely prohibits the employment of juvenile workers and makes a commitment to only work with contractors and suppliers who follow the above-mentioned stipulation. In 2014, no child labor occurred at APP-China as well as at our suppliers and contractors.	● Responsible Procurement
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	APP-China guarantees to eliminate any discriminatory employment practices and engages experts to explain relevant laws and regulations for its employees to raise awareness of protecting their rights. In 2014, no complaints or reporting related to discrimination of employment practices were found.	● Protection of Employees' Rights and Interests
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	APP-China spares no effort to explore a greener and recycled business model of paper sector, and works together with employees to take part in environment protection and sustainable development activities to meet future challenges. APP-China announced "Sustainability Roadmap Vision 2020", outlining action plans for the next ten years to achieve the ultimate goal of environmental protection. Meanwhile, APP-China actively communicates and works with stakeholders to explore the greener development pattern of the paper industry.	● Environment Management
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	APP-China continues to adhere to "Paper Contract with China (PCwC)" published in 2011 to promote the realization of the sustainable development goals of paper industry. By the end of 2014, 83% of the forests passed the CFCC/PEFC certifications, which was two years ahead of the schedule.	● Environment Management
Principle 9	Businesses should undertake initiatives to promote greater environmental responsibility	In order to reduce out environmental impact, and practice clean manufacturing, APP-China requires that all subsidiary mills establish environment management systems to optimize the internal management environment. In 2014, APP-China continued to carry out the environment management system certification in the group and receive sound effect. To fully comply with the 2014 edition of Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), APP-China has invested in various technological innovation and equipment upgrading. In 2014, the total emission reduced significantly.	● Environment Management
Anti-corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	APP-China resolutely forbids any form of corrupt behavior and raises staff awareness of anti-corruption through various measures, including setting up a probity reporting mailbox, signing "Employee Occupational Ethics & Probity Specification", spreading caution through internal bulletin boards and releasing announcements to external suppliers and contractors, to maintain a healthy, fair and transparent business environment.	● Compliance Management

Feedback

Dear Readers,

Thank you so much for reading the APP-China Sustainability Report 2016. Your comments and suggestions are highly valued and appreciated. Please fill in the following form and mail/e-mail/fax to us, or directly provide feedback via a phone call. Thank you!

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Fax: +86-21-2283 9063 Email: csr@app.com.cn

1. What is your/your organisation's relationship with APP-China?

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

2. Have you ever read the APP-China Sustainability Report?

(Please ignore 3, 4 and 5 if your answer is no):

- Yes No

3. If the answer is Yes, which version?

- Printed Electronic

4. Which version do you prefer?

- Printed Electronic

5. Please indicate your overall assessment of the APP-China Sustainability Report 2016:

Readability (clear expression, quality design, excellent writing, easy to locate information)

- 3 (Better) 2 (Normal) 1 (Relatively Poor)

Reliability (information in this report is true and reliable)

- 3 (Better) 2 (Normal) 1 (Relatively Poor)

Completeness (disclosure of both positive and negative performance, provided information that you needed)

- 3 (Better) 2 (Normal) 1 (Relatively Poor)

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

APP-China Sustainability Report 2016 Team

July, 2017



Please scan to
access to PDF report



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