



C&S PAPER CO.,LTD

(SZSE stock code:002511)

2020

Environmental, Social and Governance Report



Foreword



A journey of a thousand miles begins with a single step.

So it is with life and business.

With steely determination and clear goals,
people's living standards have improved.

We always provide high-quality products and more considerate services
in accordance with our philosophy of “building product, enterprise and
professional brands.”

Concentration, technique and excellence
are the value we have worked to attain.

In the pursuit of quality,
we make technology-driven innovations.

We win the market with quality and thus promote the development of our brand,
which is unanimously recognized by our partners.

The blueprint of our dream
includes each of our partners.

The good is like water,
both soft and hard.

C&S,
in its ultimate pursuit of details,
consistently maintains quality and innovation
to build a century-old enterprise, create a tasteful lifestyle
and keep moving forward.

We welcome, respect and employ talents.

We embrace the world and connect various fields to create a sharing,
win-win situation

and maximize the collective value of talents and users.

We look forward to working with you
as we create a cleaner, more comfortable world.



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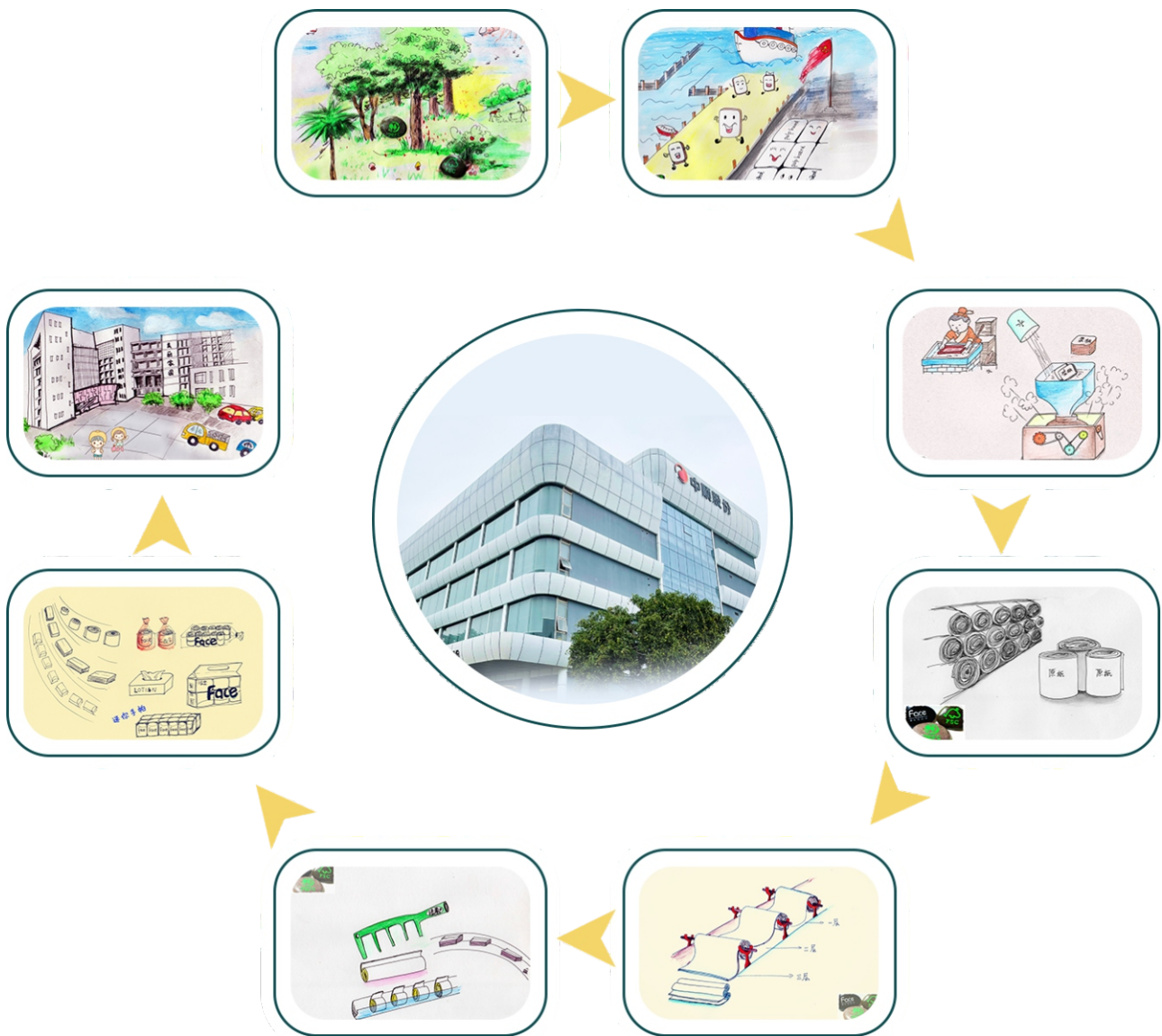
C&S Paper Co., Ltd. (hereinafter "C&S" or "the company") strives for the vision of "high-quality life, tasteful C&S" in order to provide more soothing, higher-quality products for consumers. It is committed to building a harmonious enterprise, developing a sustainable business model and creating a career-development platform with which employees can help ensure growth for themselves and the company. It provides high-quality products and services to meet customer demands. C&S practically assumes its social responsibility while pursuing development to benefit the company, employees, partners, consumers and society. In all, we strive to convey a positive corporate image.

The company prepared the 2020 Environmental, Social and Governance Report (ESG Report), describing its concept and practice of sustainable development and the fulfillment of social responsibility in terms of community well-being, corporate governance, investor relations and the environment.

This report was published electronically together with the 2020 Annual Report of C&S Paper Co., Ltd. The digital version can be found on www.cninfo.com.cn, an information-disclosure website specified by the Shenzhen Stock Exchange (SSE).

Chapter I

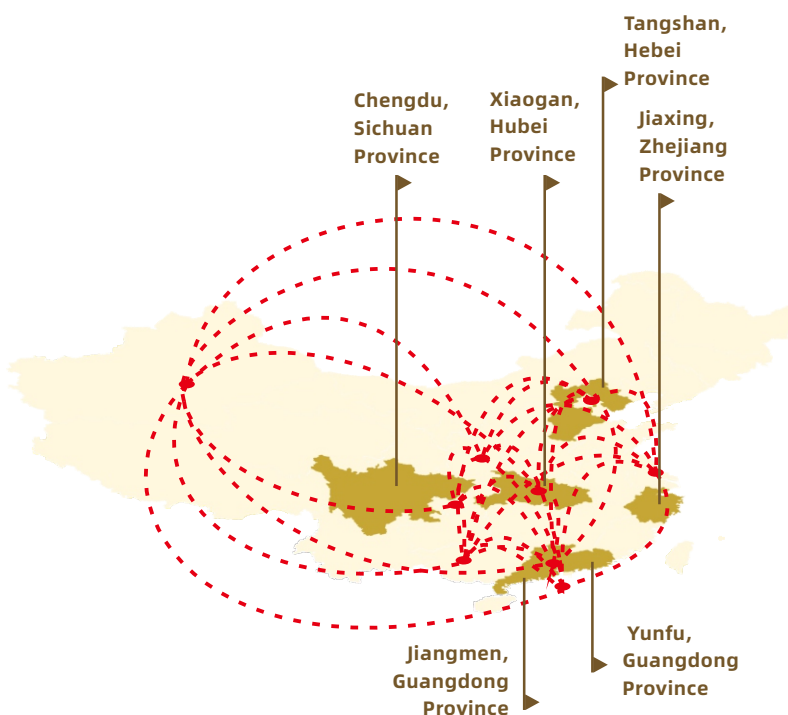
C&S' Targeted, People-Centered Action Principle



Company profile

C&S Paper Co., Ltd. (hereinafter "C&S" or "the company") was established on May 28, 1999, and officially listed on SSE's SMEs board (stock code 002511) on November 25, 2010. As the first A-share listed tissue-paper enterprise in China, it has total equity of 1,312 million shares, net assets exceeding RMB 5,041 million, more than 6,000 employees and annual sales revenue of more than RMB 7,800 million. Thus, it has been accorded the honorary titles "Outstanding Private Science and Technology Enterprise in China," "Top 100 Private Enterprises in Guangdong Province" and others.

As one of China's leading tissue-paper enterprises, C&S strives for the vision of "high-quality life, tasteful C&S" in order to provide more soothing, higher-quality products for consumers. It mainly has high-quality tissue paper, personal care and health product categories of three major brand series: C&S, Sun and Doremi. Its main products are roll paper, coreless paper, paper extraction, pocket tissue, moist tissue, soft cotton tissue, sanitary pads and baby diapers. Among the company's various series are "OKBEBE" diapers, "Doremi" sanitary pads, "Fresh Cotton Unbleached" soft cotton tissue, the "Sun" product line, C&S Face products, the C&S Lotion line, C&S Natural Wood products, the C&S Golden line and Moist Tissue products.



The company has established production bases in Jiangmen and Yunfu, Guangdong Province; Chengdu, Sichuan Province; Jiaying, Zhejiang Province; Xiaogan, Hubei Province; and Tangshan, Hebei Province. The products are sold throughout the nine major territories of China (South China, Yunnan-Guizhou-Guangxi region, Southwest China, Northwest China, East China, Central China, North China, Northeast China and the Hong Kong-Macao region) as well as to Southeast Asia, the Mideast, the Occident and other overseas markets.

Corporate culture

Product brand

Innovative and Unique

Quality——A variety of first-rate products with softness, moistness, dampness retention and other innovative qualities.

Appeal——Leading, novel and fashionable, featuring unique colors.

Principle——Excellence is our constant pursuit.

Enterprise brand

Corporate objectives

Build a century-old enterprise.

First-class mechanisms, departments and talents.

First-class equipment, raw materials, quality and rewards.

Professional brand

Tao and win

"Tao" is a reference to the observance of natural laws. C&S has its own philosophy of life, talent-recruitment criteria, professional ethics and business model.

C&S donates to worthy causes, accumulates merits and virtues, reduces acts of inequity and demonstrates compassion.

C&S' major events in 2020

Joining to fight the pandemic

Coronavirus erupted in late 2019 in Wuhan, Hubei Province. It then spread rapidly throughout the country and the world. Amid the increasingly serious pandemic situation, the people of C&S have been determined to fight and win the battle against COVID-19 by mobilizing resources to control the spread of the virus. As a socially responsible enterprise, C&S cares about medical workers and ordinary people on the front lines. In fact, the company quickly restructured the plant at its Yunfu production base to produce medical masks and contribute to the control of the pandemic.

The company donated RMB 10.80 million in cash and provided RMB 0.5 million worth of pre-moistened sanitary disinfecting tissue and other paper products for the control of COVID-19. The company has been steadfastly on the side of medical workers in the fight against the pandemic.

In order to respond to the health crisis and meet the urgent need for protective supplies, the company has responded to the government's call and quickly started to produce masks. Soon, the company completed a series of work, such as the reconstruction of the 100,000-grade dust-free workshop, the procurement for the production line, and the selection of BFE95 and above-grade melt-blown fabric raw materials. To address the shortage of pandemic prevention and control supplies, the company has donated more than a million medical surgical masks and 5,000 feminine napkins to the front-line areas and other anti-pandemic units.

In February 2021, the company donated materials valued at more than RMB 1 million to heroic front-line pandemic fighters in Shijiazhuang.

In March 2021, the company donated more than four million masks to countries participating in the Belt and Road Initiative, including Russia, Pakistan and Myanmar, to support the international fight against the pandemic.

C&S artistic "Home" trend presentation with C&S FACE oil-painting series products officially launched

On September 19, 2020, C&S carried out the C&S Artistic "Home" Trend Presentation event jointly with Liu Tong, a famous paper-folding artist, and CITYZINE. C&S took the lead to gain insight regarding new trends, launch C&S FACE oil-painting series products, and integrate elements of oil painting into the packaging to create an oil painting world, show comforting scenes from daily life, and encourage a love of oil painting in the FMCG home field.



The first reserved unlocking exercise of the 2018 Equity Incentive Plan

The company, in 2020, finished the first reserved unlocking exercise of the 2018 Stock-Option and Restricted-Share Incentive Plan to create considerable value for incentive objects and share its achievements.

Restricted Shares

	Total no. of employees	Number of unlocked shares (share)	Price of unlocking (RMB/share)	Number of employees subject to unlocking	Number of actually unlocked shares (share)	Number of shares canceled through back-back (share)
First time	569	5,902,650	4.33	533	5,593,428	802,722
Reserved	46	837,510	7.02	43	765,270	211,890

Stock options

	Total no. of employees	Exercise amount (option)	Exercise price (RMB/option)	Number of entitled employees	Actual exercise amount (option)	Amount canceled (option)
First time	3118	4,120,350	8.572	2522	3,431,505	2,110,545
Reserved	104	696,300	13.965	88	640,389	151,111

Completed clearing of the Second Employee Stock-Ownership Plan

On November 28, 2020, the lock-up period of the company's Second Employee Stock-Ownership Plan expired and the clearing for the plan started.

From December 1, 2020 to January 5, 2021, all 11,709,583 shares under the Employee Stock-Ownership Plan were sold at higher prices.

Becoming the brand with the fastest-growing Kantar's Consumer Reach score

Kantar Worldpanel Division published the Asian Brand Footprint 2020. According to that report, C&S, which is among the 50 most popular brands in China, increased its Consumer Research Point (CRP) by 11%, recruited 5.73 million new urban consumer households in 2019 and became the brand with the fastest-growing CRP for that year.

Standard Governance and Promotion of New RMB 10 Billion Industrial Platform

Standardizing and optimizing the structure of corporate governance is the key to sustainable development at C&S

Three bodies' rational, standardized operations to promote development

General Meeting of Shareholders

7
times

Meeting of the Board of Directors

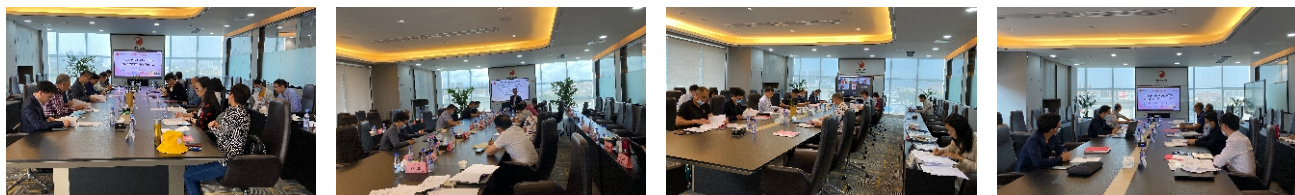
10
times

Meeting of the Board of Supervisors

7
times

Main Considerations

- 2019 Annual Report, and reports for Q1, Q2 and Q3 2020
- Change of business scope, increase of registered capital, and amendment to the Articles of Association
- Profit distribution in 2019
- Achievements in meeting the unlocking/exercise conditions for restricted shares and stock options granted for the first time under the 2018 Stock-Option and Restricted-Share Incentive Plan; unlocking; independent exercise; cancellation through buyback
- Achievements in meeting the unlocking/exercise conditions for restricted shares and stock options reserved under the 2018 Stock-Option and Restricted-Share Incentive Plan; unlocking; independent exercise; cancellation through buyback
- The facility, guarantee, related party transaction and wealth management in 2021
- Renewal of contract with the accounting firm
- Appointment of senior executives



Strict information-disclosure review for fair-and-accurate information transmission

The company, in 2020, published a total of 148 reports with around 1.32 million characters, in connection with the detailed business dynamics of the company and there was no correction to its announcements in any of three consecutive years. Its credit rating in 2019 was A, marking a first for the company.

002511

考评年度

▼

考评结果

▼

查询

[主板](#)
[中小企业板](#)
[创业板](#)

公司代码	公司简称	考评结果	考评年度
002511	中顺洁柔	A	2019
002511	中顺洁柔	B	2018
002511	中顺洁柔	C	2017
002511	中顺洁柔	B	2016
002511	中顺洁柔	B	2015
002511	中顺洁柔	B	2014
002511	中顺洁柔	B	2013
002511	中顺洁柔	B	2012
002511	中顺洁柔	B	2011
002511	中顺洁柔	合格	2010

Active participation in regulators' survey and true report of business performance

Many listed companies were affected by the COVID-19 pandemic in 2020. In order to understand the business operations of listed companies in time and bail them out, the regulators have issued questionnaires on several occasions, including surveys that covered the business conditions of listed companies during the pandemic and post-pandemic periods. The company responded to each questionnaire, doing so in a manner consistent with its actual conditions in order to evidence its pandemic-prevention effort and resumption of activity. Despite the severity of the pandemic, the company has maintained orderly operations and a high standard governance.

Regulators' Questionnaires	
Shenzhen Stock Exchange	CSRC Guangdong Office
Questionnaire: Financial Assets and Similar Financial Assets of Listed Companies	Questionnaire: Impact of COVID-19 Pandemic on and Difficulties and Policy Requirements of Listed Companies
Questionnaire: Existing Technologies and Intellectual Property Rights of Listed Companies	Questionnaire: Business Conditions of Listed Companies during COVID-19 Pandemic
Questionnaire: Change of Control of Listed Companies in Shenzhen	Questionnaire: Effects of Resumption Policies
Questionnaire: Tax Data for Stock-Ownership Incentives	Questionnaire: Stock-Ownership Incentives of Listed Companies
Questionnaire: Optimization Effect of Self-regulatory Rules in Shenzhen	Questionnaire: Post-Resumption Output Target Achievement of and Impact of COVID-19 on Listed Companies
Questionnaire: Verification of Listed Companies' Targeted Poverty Alleviation Data in the Past Three Years	Questionnaire: Impact of Overseas Pandemic Control, Raw Materials and Equipment Supply, and Goods & Services Selling on Production and Operation of Listed Companies and the Measures of the Companies for Responding to Global Industrial and Supply Chain Changes
Questionnaire: Debt Among Listed Companies in Shenzhen	Questionnaire: Listed Companies in Industry
Questionnaire: Impact of COVID-19 Pandemic on Listed Companies	Questionnaire: Clean Government Review
Statistical Table of M&A and Reorganization	Questionnaire: Listed Companies' Self Examination and Correction of Fund Embezzlement and Illegal Guarantee
Questionnaire: International Control, Fund Embezzlement, Illegal Guarantee and Other Problems of Listed Companies	
Statistics of Impact of COVID-19 on Listed Companies	
Questionnaire: Investor Relations Among Companies Listed on the Shenzhen Stock Exchange	

Fulfillment of the independent director's responsibilities and supervision of the company's business standards

The independent director, in 2020, participated in corporate governance as well as the work of the Board of Directors and special committees, deliberated the company's major events, and provided opinions on related party transactions, guarantees, investment in and implementation of major events, etc. Due to the pandemic, the company didn't arrange for the independent director to personally inspect each production base and sales territory at the end of the year. However, the independent director has understood the company's production and sales; listened to each production base's resumption plan, supply-chain allocation and other information; and offered advice concerning the company's business operations by means of video conferencing, WeChat, telephone, etc.



※ The independent director visited the life house of the company and known the products of the company ※

Strictly standardized system links from R&D to quality control for maximum product quality

C&S strives for the vision of "high-quality life, tasteful C&S" in order to provide soothing, higher-quality products for consumers. At every link--from R&D, procurement, production and quality control to sale and delivery--the company follows strict standards as it pursues innovation, stays on the path from a good company to a great company, and meets its responsibilities as a provider of quality products.

1. Product research and development

Research and development, or R&D, has always been part of the corporate DNA at C&S. Since its establishment, the company has maintained a strong impetus for that effort. According to the market developments and increasing consumer demands for its products, the company has formulated different tissue papers to satisfy different consumers' different life scenarios, including the C&S Face water-wettable series, C&S Lotion moisture-retention series, mini package and Chuangxinyi open design, all of which have been well received by consumers.

The company launched the new "Sun" paper brand and started to implement the "dual-brand" business policy. Sun is positioned as offering high quality and cost performance at a lower price, and consequently its success will be crucial to the company's increased market share.

The company has been actively developing new product categories by using the synergistic effect of channels. So far, the company has launched the "Fresh Cotton Unbleached" soft cotton-tissue series, "Doremi" female sanitary pad series, and "OKBEBE" diaper series, constantly enriching channel content and improving brand effects.

In response to the government's call, the company has actively taken actions to produce medical masks. Furthermore, in the forthcoming post-pandemic period, consumers will have to change their consumption habits during the pandemic period. Therefore, the company has quickly met market demands and seized every opportunity to launch antimicrobial paper, alcohol-disinfected moist tissue, disinfectant hand sanitizer, mouthwash and other products while enhancing the brand effects and implementing a diversification strategy.

C&S FACE oil-painting series products

In September 2020, C&S FACE oil-painting series products were launched as high-end products of the "FACE" series, which are thick and tough but very soft upon the skin. They also have beautiful, high-definition embossing that characterizes them as "artworks" among tissues.

Antimicrobial tissue and toilet paper series products

Antimicrobial tissue and toilet paper series products were launched. Although such papers are used in an environment contaminated with bacteria or used to wipe bacteria in daily operations, they can remain clean. Additionally, there is no stimulation to skin and mucous membrane.

High-quality medical surgical masks

High-quality medical surgical masks are produced. Due to their "high-efficiency filtration, low respiratory resistance, and comfort of wearing," such masks were approved by EU CE and U.S. FDA. Third-party laboratory results from the United States, the E.U. and Japan have shown that the products meet the highest quality standards of this regard.

Antimicrobial hand sanitizer

The company launched its antimicrobial hand sanitizer. It can effectively restrain intestinal pathogenic bacteria and pyogenic bacillus. Moreover, it contains plant extracts and moisturizing ingredients that help keep the skin moist and supple.

Active sanitary pad package

Active sanitary pad package was launched for juveniles at an age of 15-25 in the market in June 2020. It looks small, cute and portable, and thus became a leading category with which Doremi will attract new consumers.

Care products for newborns, babies and toddlers

In 2021, care products for newborns, babies and toddlers were launched, including diapers and pull-ups. They meet high medical care standards, and are skin-friendly, breathable, dry and clean, and easy to absorb liquid. The company strictly monitors such products with six major product-performance indicators, including sensitized microorganism test and production-environment bacteria, and makes efforts to provide a safer, more comfortable growth experience for babies.

2. The supply chain

• Supplier management

C&S has been fully and closely cooperating with suppliers, based on mutual benefit and win-win harmony. In the company's constant efforts made for customers, suppliers play a very important role in providing high-quality raw materials for us to produce products in line with customer expectations. After joint efforts, both sides have established trust relationships with each other so that customer demands are taken into account seriously.

The most important raw material for C&S is wood-pulp board, so it selects sustainable, traceable raw supplies of materials.

C&S' suppliers use timbers from sustainably managed forests. And all these timbers can be traced and obtained from certified or regulated forests. This ensures legal and compliant forest timber supply and an acceptable and sustainable supply chain. Each supplier selected by the company is required to have a tracking system to enable the company to trace the origin of the purchased timbers.

Forest rejuvenation is an important link in the sustainable development of forests. We require suppliers to consider the environmental value in all forestry measures and ensure that the amount of foreign growth exceeds that of forest consumption.

Each supplier selected by the company is required to improve business operation through any certified management system, such as quality, environment, energy efficiency and security systems.

For freight transport, the company selects suppliers that excel in regard to material tracking and inventory management. RFID pulp tracking technology can effectively and reliably track the whole pulp transport process. Accurate real-time tracking can eliminate freight errors and ensure correct delivery. Radio Frequency Identification (RFID) tag will be automatically applied to each pulp production unit in each supplier's factory, to ensure continuous availability of information required for the company's business planning.



We always know the origin of timber.



We have all timbers legally harvested.



100% FSC® controlled timber and PEFCTM controlled source



We plant new trees in all harvesting areas.



We don't use timbers from protected areas or tropical forests.



We have 85% of timbers certified (with a percentage of timbers certified worldwide of just 11%)



We stress biodiversity in our operation.



We manage forests by means of carbon sink.



We actively protect the water system.



We formulate strict requirements for all suppliers globally and conduct regular review for them.

• Supply-chain management

For the supply chain, we conduct end-to-end closed-loop data management and improve it in line with major KPI indicators:



Improvement of sales forecast accuracy rate

Efforts are made to develop plans to drive demand change, set up goals, and conduct a monthly performance ranking for all provincial offices, where the bottom performing offices shall analyze the cause and undergo self-criticism, while the top performing offices shall share their experience. And to establish a PK competition mechanism within the supply chain and strengthen communication and training to facilitate the improvement of sales forecast accuracy rate;



Improvement of order-fulfillment rate

Efforts are made to develop a production capacity plan and conduct reasonable production allocation in advance for the balance of production and marketing, propose monthly and weekly production and marketing coordination mechanisms, optimize the inventory category structure for finished goods, work out an accurate production schedule, improve effective safety stock of finished goods, prepare production and OEM supplements in advance in line with the pace of sales and the production of various types of products, especially during a good start, back-to-school season, "June 18" festival, and "Double Eleven" festival, and strengthen effective production and marketing coordination, and meet supply requirements;



Reduction of logistics expenses

Efforts are made to optimize the supply routes and reduce total supply logistics costs in accordance with the production capacity layout in each area. In 2020, products in some areas of Anhui Province were directly shipped from Central China to effectively reduce logistics costs.

2020 was an extraordinary and challenging year. COVID-19 pandemic occurred. National and local governments issued a series of prevention and control policies to stop the virus from spreading. Wuhan was locked down. Barriers were set on streets and factory accesses, various checkpoint checks were carried out for logistics and distribution, quarantine was implemented, etc. In such a case, it became much more difficult to deliver products. After unblocking of Wuhan on April 8, the virus infection cases were successively found in Xinjiang, Hebei, Heilongjiang... In such circumstances, the company actively took countermeasures and adjusted the supply location for customers in Central China to South China to ensure normal supply during the pandemic. To ensure normal delivery, our logistics workers risked their lives to work on the front lines. During this period, the following adjustments were made in terms of logistics:

Seeking vehicles with special notification certificates as far as possible to ensure smooth delivery of goods;

Centrally and separately managing vehicle drivers involved in delivery during the lock-down period to demonstrate humanistic care and take safety precautions;

Issuing relevant certificates to ensure smooth access for employees;

Conducting the integrated management of logistics and warehousing, production and marketing, ensuring every employee at his/her own position, keeping close contact with salesmen, and ensure the overall smooth operation;

Due to the outbreak of the pandemic and the unilateral devaluation of goods, annual logistics expenses in 2020 were basically the same as those in 2019, ensuring achievement of the company's performance goal.

3. Optimization of production management and enhancement of product quality

• Management by walking around, and continuous improvement

The Production Management Department of the company implements the "management by walking around" strategy so as to encourage production managers to personally inspect production sites, timely identify any problem, and quickly help on-site managers in their efforts to improve. Due to these effective measures, the paper production efficiency was increased from 90% to 96% and the processing efficiency was increased from 82% to 93%.

• Equipment improvement and innovation

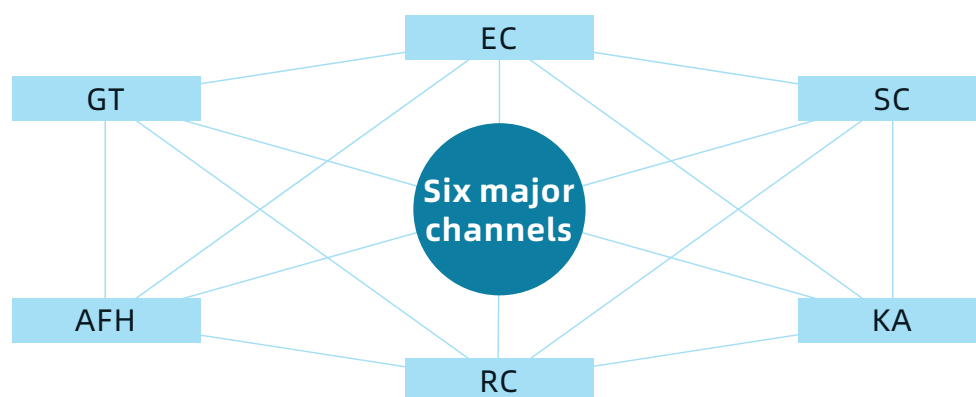
The company encourages innovation. It has developed an innovation mechanism to continuously stimulate employee's thinking, find out any improvement opportunity, effectively improve production efficiency, and reduce production cost. In 2020, there were more than 200 technical improvements and innovations in total. The following table shows representative innovations in various production bases:

S/N	Project name	Before improvement	After improvement
1	Technical improvement of the vacuum pump of the nine-row machine through frequency conversion control	Originally, the vacuum pump was started by star delta, it was impossible to adjust negative pressure over different products of the folding machine, and the motor was protected with thermo relay.	The adoption of a frequency converter makes it possible to adjust negative pressure at a vacuum degree, properly reduce the frequency according to folding requirements to reduce power consumption, and have a quick alert response in case of any frequency converter failure.
2	Clean water system renovation	(1) Clean water was used in cooling at the paper machine oil station and flowed into white water pool; (2) The cooling water from the rolling bearing of the fan flowed into the white water pool.	The cooling water from both the oil station and the fan is led into the PEO diluting tank to reduce the temperature of recycled water in the diluting tank, improve the PEO viscosity, and reduce the dosage of the disperser.
3	Renovation of water pan of vacuum roller	Once the blanket passes the extrusion area, the water in the vacuum roller hole can't be cleaned away completely, the water splashing phenomenon was serious, the paper became wet again and there was a bubble impression in the vacuum, thus the energy consumption for drying was increased.	The adoption of the water pan of the vacuum roller reduces steam consumption and improves vehicle speed.
4	Direct production water supply instead of clean water supply for gas desulfurization system	The process pump was used to provide water for the gas desulfurization system 24 hours. Any water supply was not continuous, except for the cooling water of the circulating pump, so that electricity was wasted and equipment parts were damaged due to long-term operation.	After the adoption of the direct production water supply, this pump was stopped and annual electricity fee saving reaches more than RMB 600,000.
5	Electricity consumption improvement of the vacuum pump of 3600 tissue machine	(1) The noise of roots vacuum pump is extremely great and forms an occupational hazard; (2) One OK tissue production line is configured with two roots vacuum pumps. Monthly electricity consumption is 50% of the total tissue-production electricity consumption.	(1) The noise of permanent magnet vacuum pump is reduced to 18 dB; (2) Daily electricity saving reaches 24% overall.
6	The seven-piece packaging transformation of Changde facial tissue machine	It's impossible to produce a seven-piece product with current equipment in the plant. The equipment should technically be improved and the product structure should be enriched.	On the basis of the original production of eight or 10 pieces, the equipment can produce a seven-piece product. After the improvement, the equipment runs steadily. The production may be changed at any time if needed, to achieve the improvement effect.
7	Recycling of concentrated water	In the preparation and desalination process, reverse osmosis generates some concentrated water, which is partly used in cleaning the mechanical filter and partly drained away, resulting in certain waste.	The redundant concentrated water is treated through reverse osmosis again, which saves 10,710 tons of water annually.

S/N	Project name	Before improvement	After improvement
8	Technical improvement of paper injection of BF12 paper machine	Originally, paper injection into the BF12 paper machine was conducted manually by the operator. The operator easily touched the rotating part of the equipment, and the paper machine ran quickly. In such a case, a safety accident could easily occur.	Before the tough cloth is put into the compression roller, a tail cutter is installed, the paper injection duct is installed on the knife rest and reeling end, the paper injection string is moved away, and then the paper is injected with compressed air. As such, the operator avoids touching the rotating part of the equipment, and the frequency of safety accident is reduced.
9	The heat dissipation at the mouth of and improvement of slime pulp in the machine chest	(1) The nozzle of the original pulp tank is relatively short, and the great pulp impact force results in much pulp accumulated on the wall and hatch of the tank and at the mouth of the machine chest. The pulp tank is an independent and well-sealed stainless-steel structure in which the temperature is very high in summer. In a long term, there is a quality risk that the pulp will become slime and generate impurities easily; (2) Each time, cleaning the tank and removing away slime pulp are time-consuming and labor-intensive.	(1) An air vent is built for the machine chest, a fan is installed to achieve air convection, and the nozzle of the pulp tank is technically improved to prevent pulp drops from sticking on the tank wall so that the temperature in the tank is reduced, the opulp will not become slime any more, and the quality problem is aslved; (2) The lower frequency and shorter time of cleaning of the pulp tank result in a reduction of labor intensity.
10	Servo improvement of the vacuum pump of the tissue line folding machine	It is powered by a full-frequency 75KW motor, but the frequency can't be adjusted due to production under different working conditions.	The full-frequency motor is replaced with a servo motor to reduce the frequency as per the corresponding vacuum degree under different working conditions. The power-saving rate after the improvement is 12.9% in comparison with that before the improvement.
11	Technical improvement for pulp reclaimed from air-flotation machine no. 2 and no. 5 for environmental protection in Jiangmen	(1) White water from any papermaking workshop is drained into the trench, and the fibers flow along the trench and into the eco-friendly workshop to treat through air flotation method and generate waste pulp. (2) The white water is mixed with water in the trench, and it is impossible to separate them from each other for independent treatment.	(1) Two new 5m ³ PE pulp storage tanks are increased, the fibers are recovered from air-flotation machine no. 2 and no. 5, through the technically improved pipes, and to the pulp tank, and then withdrawn through the pulp pump to the KCF, no. 3 and no. 4 paper machines. (2) After the technical improvement of the white water pipes, it is possible to reclaim white water from paper machine nos. 1, 2, 3 and 4 through the air-flotation machine nos. 2 and 5 and switch the white water pipes between the air-flotation machines to prevent the workshop or air-flotation machine from being repaired and the white water from being drained into the trench. (3) Based upon the technical improvement for fiber recovery from air-flotation machines, the production and eco-friendly workshops communicate with each other to reduce the drainage of white water into the trench and pump the water to an air-flotation machine through the proper pipe, so that the usage rate of the reclaimed pulp is improved.
12	The transformation from the air compressor into OPD energy-saving motor	Currently, the air compressor is started by the star delta contractor at a significant current, which results in electricity waste and impacts the network voltage. And it is unloaded under a pressure up to 8KG, where the dry running of the motor results in exceptional damage to motor-bearing and power consumption due to long-term operation.	The power-saving rate reaches 5%.

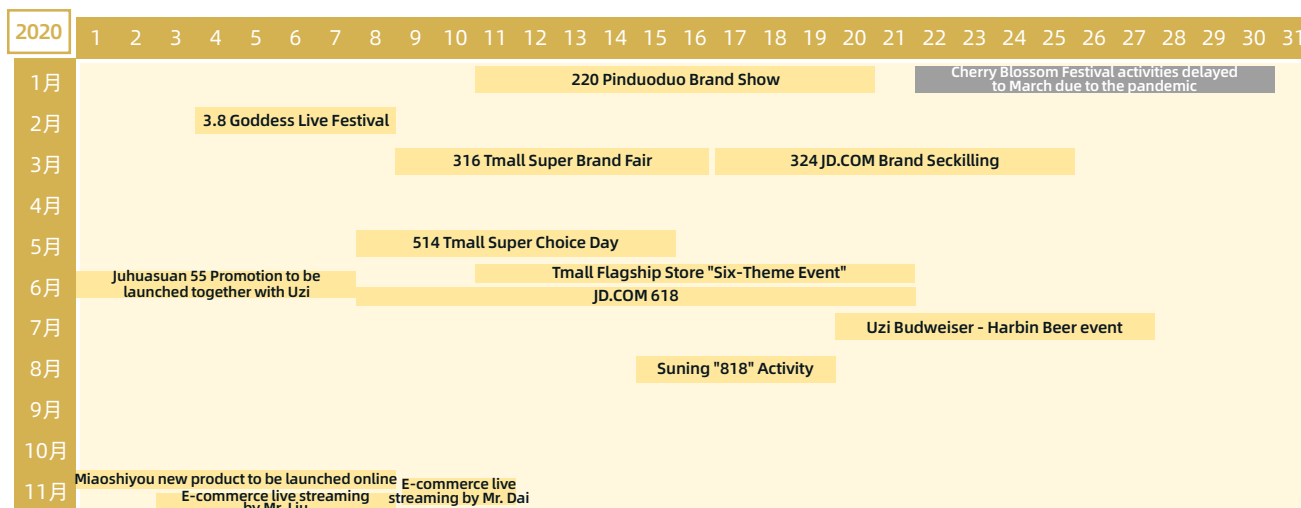
4. Joint functioning of six major channels and expansion of product and category diversification

2020 was the second year of implementation of the company's second "Five-Year Plan." In the year, the company enhanced its channels. These are General Trade (GT), E-Commerce (EC), Key Account (KA), Away From Home (AFH), Special Channel (SC), and Retail Channel (RC), which provide more accurate positioning services and guide consumers to achieve effective results. They form a marketing network covering a majority of prefecture-level (or county-level) cities in China. Additionally, the company implements the strategies of direct sale to counties and distribution to towns to continue fine and flat market management and expand the network layout for distributors.



Due to the outbreak of the pandemic, the supply chain was blocked in 2020, and great challenges happened to offline channels. The company quickly made changes in accordance with consumption habits during the pandemic. While adjusting supply-chain management and ensuring stable sales through offline channels, the company has actively input more resources online and strengthened the layout and development of the EC channel, with relatively remarkable EC performance.

Timeline of e-commerce marketing activities



Thirteen marketing activities were conducted in 2020, including two live shows with featured stars, two IP new product launch activities, four platform product marketing activities, three presidential live shows and a joint brand promotion activity. In addition to regular large-scale promotion and Category Day, Tmall conducted the 55 Promotion Activity in 2020.



Our offline dealer channels were significantly influenced by the pandemic in 2020. The company continued to strengthen contact with and support for dealers, held regular exchange meetings for dealers, provided relevant training for dealers and ensured timely updates in regard to market developments. The company has hoarded its products during Spring Festival to ensure adequate inventory; provided masks for dealers, actively coordinated supply-chain allocation to ensure smooth logistics as far as possible during the pandemic. We also held dealers' exchange meeting, supported dealers' products, assisted dealers in reasonably arranging the product marketing and selling activity proportions, relaunched sales vehicles in stores, gradually recovered and improved dealers' profitability, and strived to establish mutual-benefit, harmonious and win-win new cooperation relationships with the dealers during the post-pandemic period.



GTE customer exchange meeting for the East China region



Launch meeting for stockpiling in the Yunnan-Guizhou-Guangxi region during Spring Festival



Launch meeting for dealer exchange base for stockpiling during Spring Festival in the Northeast China region



Launch meeting for new FACE oil-painting series in the North China region



Autumn campus stockpiling and key-account exchange meeting in the South China region



Dealers' exchange meeting in the Central China region



Major meeting of dealers in the Northwest China region, where participants learned about Xi'an and excellent dealers were invited to share their experiences



"Sanitary Production Symposium" for sanitary product dealers and prospective dealers in the Southwest China region

5. Quality management and customer service

C&S carefully selects high-quality wood pulp from a global network of sources. Accordingly, raw materials come from North America, South America, Europe, Southeast Asia and elsewhere, and its partners have been recognized by international environmental protection organizations. With FSC® and COC® (FSC® production and marketing supervision chain) certifications, the company pursues healthy, sustainable development.

C&S has passed the ISO 9001 quality-management system certification. It has sound, complete and strict management systems and operation rules for all links from procurement of raw materials, monitoring over the production process, check of finished goods, delivery of products, to the rendering of after-sales services. Additionally, the company strictly controls and supervises all-level work to ensure that consumers are provided with high-quality products and services.

Certification Statistics of C&S Paper Co., Ltd.

Member enterprise	Certification system			
	ISO9001:2015	ISO14001:2015	ISO45001:2018	FSC COC
C&S Paper Co., Ltd.	✓	✓	✓	✓
Jiangmen C&S Paper Co., Ltd.	✓	✓	✓	✓
C&S (Yunfu) Paper Co., Ltd.	✓	✓	✓	✓
C&S (Sichuan) Paper Co., Ltd.	✓	✓	✓	✓
Zhejiang Zhongshun Paper Co., Ltd.	✓	✓	✓	✓
C&S (Hubei) Paper Co., Ltd.	✓	✓	✓	✓
C&S Paper Co., Ltd. Tangshan Branch	✓	✓	✓	✓
Shanghai Huicong Paper Industry Co., Ltd.				✓
Beijing C&S Paper Co., Ltd.				✓
C&S Hong Kong Co., Ltd.				✓
C&S (Macao) Co., Ltd.				✓
Zhong Shun International Co., Ltd.				✓
Zhongshan Zhongshun Trading Co., Ltd.				✓
Hangzhou C&S Trading Co., Ltd.				✓
Xiaogan C&S Trading Co., Ltd.				✓
C&S (Yunfu) Trading Co., Ltd.				✓

The company always puts consumers first, and therefore it values user experience. The Quality Management Department of the company was organized in order to hold the Quality Evaluation Conference at regular intervals, evaluate products from six major production bases in aspects from physical and chemical indicators to actual touch feeling, and identify areas requiring improvement. Furthermore, the company has been improving and perfecting customer complaint channels. In addition to the traditional customer complaint hotline, it has gradually increased the marketing, e-commerce, e-consumer, Microblog, WeChat, employee, and shopping guide channels. In order to further expand channels for the acceptance of complaints from the marketplace and receive a broader range of opinions and suggestions from the market, the company has officially opened its product quality complaint platform (only for C&S employees) through WeChat. Upon entry-into-service, this complaint platform will become an effective product-quality supervision platform as well as a platform for direct contact with Production and Quality Management departments. Therefore, the company receives complaints and suggestions from customers through multiple channels, strives to understand customers' advice on product defects and improvements, and gives timely feedback to the R&D and Production departments to continuously improve product properties and meet consumers' usage requirements.

Chapter III

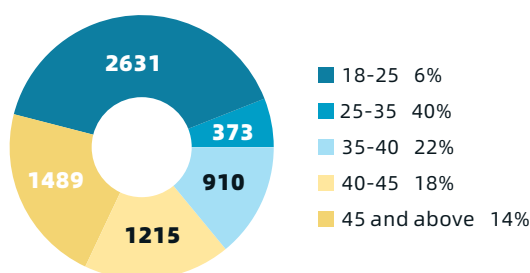
People-Oriented Principle and Employee Value Achievement

Employees lay a foundation for an enterprise, and their growth and development form an impetus for the enterprise' sustainable development.

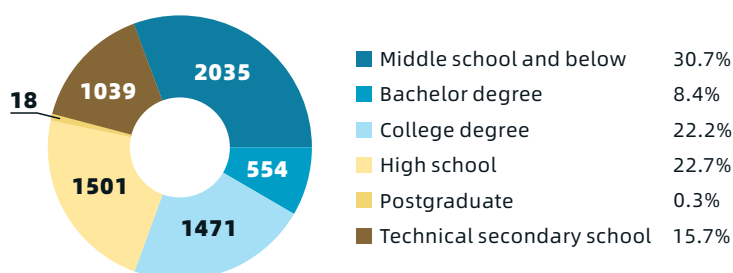
Personnel structure

C&S gives every single employee an equal opportunity, fair treatment and complete welfare. Additionally, C&S hires the disabled, and provides job opportunities for more disabled people.

● By age



● By educational background



● By gender



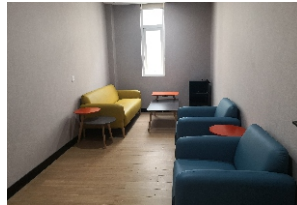
● Whether there are disabled employees

Currently, C&S has five disabled employees.

Compensation and benefits

The company hires employees in accordance with the requirements of national labor laws and regulations, signs a written labor contract with each employee on the basis of equality, voluntariness and consultation, and provides competitive total compensation and statutory benefits for each employee in line with laws. To advocate a humanized working atmosphere, the company prepares different wishes and gifts for our employees in every important festival or holiday, such as Women's Day, Children's Day, May Day and National Day. The company also follows every employee's important life events, holds a birthday party for every employee each year, and gives wishes and gifts to employees who get married or have babies. The various events help the employees and their family members feel the warmth of our big family, and a relaxed work environment encourages them to improve their life balance while promoting the stability of employee teams so as to ensure the healthy development for the company and its people.

Area	Date	Activity contents
Headquarters	July 21, 2020	Theme Party Day Campaign at the HQ
Hubei C&S	July 31, 2020	Army Day event
Headquarters	August 6, 2020	Floriculture training and group photo
Headquarters	August 22, 2020	Parents-child Funny Campaign of THE PAPER HOUSE for "Cleaning and Soft Care for Baby "
Zhejiang C&S	August 22, 2020	Outward Bound Program of Chief Camp
Headquarters	September 28, 2020	Mid-Autumn Festival Garden Party
Hubei C&S	September 14, 2020	The First Table Ball Competition
Tangshan Branch	September 30, 2020	Mid-Autumn Festival Celebration
Sichuan C&S	October 26, 2020	Employees' birthday party in Octobe



Creating a comfortable living/working environment for employees



The first table-tennis competition at the Hubei base



Army Day event at the Hubei base



Employee's birthday party at the Sichuan base



Mid-Autumn Festival celebration at the Tangshan base



Outward Bound "Chief Camp" program at the Zhejiang base



Parent/child fun campaign of THE PAPER HOUSE for "Cleaning and Soft Care for Baby" at HQ



Mid-Autumn Festival garden party at HQ



Theme Party Day campaign at HQ



Beach volleyball competition for the North China region



Team-building campaign for the East China region



Team-building campaign for the South China region



Outward Bound program for the Southwest China region

Staff training

The company, in 2020, has further improved its training system. The company's training programs cover various training courses that involves complete sequence, all jobs, multiple types and forms, with the aim of helping employees to realize growth and development. It has improved the comprehensive capability and quality of employees from the aspects of macroeconomics and national policy to corporate strategy, standardized governance, financial management and talent management, so that new employees can smoothly integrate with the company through systematic, professional training.

The company has established production-safety and management systems, through which it has conducted investigation and treatment in regard to hazards. It has improved the occupational health and safety education and training of employees, and obtained certification under the QHSAS18001 occupational health and safety-management system. The company has regularly organized the safety production meetings, conducted emergency drills, fire-safety training and other activities, and purchased various labor protection articles for employees in a timely manner, to ensure their safety during production and related work.

Content of Training

Area	Training Contents	Participant	Number of Participants
Headquarters	Document-management methods and skills	System liaison officers of various departments + regional ISO system specialists	15
Headquarters	Daily quality management required of suppliers	Personnel of Purchasing + QC	9
Headquarters	Project Tendering System, Supplier Management System, Purchasing Management System, Notice on Management Reminder and Standardized Operation for Principles of 2019 Annual Financial Summary Conference, Management System for Quality Audit and Performance Evaluation of Suppliers, Implementation Plan of Excellent Team in 2020, Financial Training on Logistics Sign-off System, Management System for Quality Audit and Performance Evaluation of Suppliers, Management System for Reward and Punishment of Quality, Purchasing Price Verification Management System, Management System of EAS Basic Data, Training on Financial Workflow Design, Discount Training in 2020, Logistics Distribution Management System, Training on Practical Application of VAT Invoice, Management System of Outsourcing Products, Travel-Expense System for Business Personnel and Staffs (New Edition in May 2020), ERP Management System, Management System of Cashier Work, Management System for Sprngement System, Management System for Oaterials and Gifts, Advertising Materia s aMastem, Accountability System for Sales o End aMystem, Per-Capita Index Analysis Manag ment aSyalysis Management System, Loan Manage ent aSnnagement System of the company, Purchas ng aAaor Management System, Internal D ta aMdnancial Analysis Management System, Pro ct aOistem for Access and Rejection of Supp ier, aFyrification of Purchasing Price, Manag ment aSensumption Customer, Management system f r aVorehouse, Credit System for Commercial Caot Check During Unpacking of Product in aWdering of Air and Rail Tickets, and Management System for Charity Aid of C&S Paper	Finance Department clerk	3599
Headquarters	EAS training	Information-based factory personnel	2
Headquarters	Introduction of auditing skills and methods	System liaison officers of various departments + regional ISO system specialists	15
Headquarters	Analysis and resolution of common customer complaints	(Group) Market + R&D + Logistics + Purchasing + Sales	20
Headquarters	Management of significant sales-expense risks	Regional general manager, marketing general manager, channel director and marketing planning director	20
Headquarters	Brief introduction to copywriting identification of product packaging	Product manager + designer	15
Headquarters	Management of engineering risk	Engineering director and project manager	10

Area	Training Contents	Participant	Number of Participants
Headquarters	Audit training	Audit Department	10
Hubei C&S	Operation training for outgoing area of stereoscopic warehouse, safety-management training of stereoscopic warehouse and WMS system operation of stereoscopic warehouse	Maintenance worker of stereoscopic warehouse	12
Hubei C&S	Training on accounting and payment of personal income tax, qualification training of ISO three-system internal auditor, comprehensive emergency-plan training, TTT training, training on third-order system of the occupational health system, structured thinking and expression, and standard training on 2020 pest-control summary & production environmental hygiene	Squad leader and above	274
Hubei C&S	Process control standard	Chief of paper machine and former process quality controller	44
Hubei C&S	Material receiving and dispatching process, and operation training of ERP system documentation	Warehouse keeper of semi-finished goods	9
Hubei C&S	Hand-feel test and training on fronts and back identification of paper, hand-feel test and equipment management	all operators and personnel above the chief level in the former process and subsequent process; QC officer	501
Hubei C&S	Training on safe operation of equipment and common faults of equipment in the stereoscopic warehouse	Electricians and maintenance workers	42
Hubei C&S	Safety training and drills for operation in confined spaces	Papermaking and environmental protection personnel	19
Hubei C&S	Safety operation and maintenance training for complete sets of high and low voltage equipment, CAD training, special operation safety training, dryer training, troubleshooting and maintenance of water-cooled air conditioners, safety-management training, DCS operation of papermaking machines, DCS training for desulfurization and de-nitration, training on handling methods for common fault of frequency converter, handling methods for common fault of soft starter, equipment maintenance training, and usage of common fire-fighting equipment	Electrician of M&E Department	169
Hubei C&S	OJT training of 3600 Workshop and Facial Tissue Workshop, training of Excel office software, OJT training of pre-process, OJT training of Tissue Workshop, Boiler Workshop and Rewinding Workshop	All department employees	300
Hubei C&S	safety education and training for resumption of work and production, certification training for first-aider, fire-safety theory and practical training, and training for monthly, weekly and daily production scheduling	All factory employees	910

Area	Training Contents	Participant	Number of Participants
Hubei C&S	Training for the pulper's intelligent control system, training in the intelligent control system of pulp grinding, principle training in the chemicals used in papermaking, vacuum-roller training, OJT training, training in the winding-control systems of papermaking machines, BTG scraper training, training in quality knowledge and testing techniques, training in the finished-product quality standard, training in magnetic-suspension vacuum pump equipment, common faults and treatment methods of electromechanical instruments for papermaking, and training in the papermaking process and chemical theory	Employees of former process	279
Hubei C&S	Warehousing-management safety training	All employees of Logistics Department	18
Hubei C&S	Excel skills and function application, project-review training, time management, Q&A for company rules, regulations and labor laws, and fishbowl meetings	Trainees of Mentorship Program and Jumpstart Program, managers, supervisors, squad leaders and human resources staffs of various workshops	100
Hubei C&S	Training on accounting and analysis of costs, pest control training, and squad-leader capability-enhancement training	Workshop manager, supervisor, squad leader and statistics	118
Hubei C&S	Training on emergency treatment of food poisoning	All employees of administration + staff restaurant	11
Hubei C&S	Operation procedures for desulfurization system of dust remover, safety procedures for de-nitration system, operation training on DCS for the boiler, DCS operation of desulfurization and de-nitration system, boiler emergency plan, application and safety of hydrochloric acid, and procedures for second-stage circulating fluidized bed boiler	All employees of boiler workshop	105
Hubei C&S	OJT training, typical work-related injury cases and identification of on-site hazards, hand-feel test, maintenance and commissioning of rewinding and the Soontrue packing machine, training on water treatment, training on five major risk operation systems and precautions for operation safety, training on driving safety operation and emergency disposal, skill training and hand-feel test	All employees of workshop	1512
Hubei C&S	Training in the operation and safety of stereoscopic warehouse equipment	All employees of Logistics Department	7
Hubei C&S	Coordination of production and sales, management systems for sluggish/decreasing sales of packing materials and training in the operation specification, and formulation of monthly capacity analysis and supply plan	All employees of Production Planning Department	13
Hubei C&S	3600 tissue quality training, OK bundle-packing machine training, skills and commissioning training of OK bundle-packing machine, training on identification of machine hazards and safety operation process, folding-machine skill training and OJT practical training	Employees and operators of 3600 workshop	278

Area	Training Contents	Participant	Number of Participants
Hubei C&S	How to hold a pre-shift meeting, identification and control of risk factors, primary-level management training, PPT skill training, time management, on-site management practice training, efficient communication, training on seven major techniques of QC, manager's role cognition and Excel skill training	Trainees of Eagle Program and Eyas Program	376
Hubei C&S	Training of safety management rules, correct understanding of the occupational hazards in workshops as well as the prevention and control measures	Supervisor and above	74
Hubei C&S	Corporate culture, paper products and product knowledge, professional quality, 5S, equipment maintenance, personnel rules and regulations, safety and quality	New recruits	351
Hubei C&S	Training on automatic warehouse system	Personnel of Warehousing and Logistics Department	12
Hubei C&S	Operation process of system documents for various positions in auxiliary material warehouse	Staff of Materials and Equipment Department	9
Hubei C&S	Hand-feel test	Phase II former process + QC employees	34
Jiangmen C&S	Product standards and requirements	Employees of subsequent process	285
Jiangmen C&S	Operation training regarding the 3600 tissue roll machine, kitchen-towel-roll machine, bundle-packing machine, new kitchen-towel-roll machine and rewinding machine, commissioning training of 3-D embossing units, W+D skill operation training, operation skill training of new mini facial tissue machine, training of hidden troubleshooting investigation for equipment, training in safe equipment operation, and operation skill training of single packing machine.	Chief, operator and packer	161
Jiangmen C&S	Training on anti-mosquito management and dust prevention, training on papermaking process and key control points, training in safe crane operation, training on start-up and shutdown operation process of papermaking machines, dryer coating establishment and scraper usage, hand-feel test, on-site environmental management training, safety-management system training, typical quality cases, IE improvement techniques and practical applications, change-point management, correction and prevention of common paper defects, and training in cause analysis and paper-defect control methods	Squad leader, chief, operator, packer and supervisor	500
Jiangmen C&S	High-risk-operation safety training, equipment-lubrication management training, non-standard sketch drawing training, equipment vibration fault test, common troubleshooting training, Siemens S7-300/400 PLC application and fault diagnosis technology	Mechanical technician and electrician	153

Area	Training Contents	Participant	Number of Participants
Jiangmen C&S	Training for the pulper's intelligent control system, training in the intelligent control system of pulp grinding, principle training in the chemicals used in papermaking, vacuum-roller training, OJT training, training in the winding-control systems of papermaking machines, BTG scraper training, training in quality knowledge and testing techniques, training in the finished-product quality standard, training in magnetic-suspension vacuum pump equipment, common faults and treatment methods of electromechanical instruments for papermaking, and training in the papermaking process and chemical theory	Warehouse squad leader and warehouse manager	178
Jiangmen C&S	Training in the operation skills of four-color napkin, operation of full embossing equipment of 3600 tissue roll machine, and Songchuan single packing machine	Operator	23
Jiangmen C&S	Expense Withholding Management System, Notice on Management Reminder and Standardized Operation for Principles of Annual Financial Summary Conference, Management System for Team-Building Expenses, Training on Sales Management of Waste Materials, Staff Travel Management System, Loan Management System, Usage Publicity of VAT Invoice, Fund Planning Training, Fixed-Asset System, Easy Reimbursement System Training, and Expense Reimbursement and Invoice Verification Management System	Financial staff, department heads and clerks	199
Jiangmen C&S	Excel orientation training, instrument operation and self-calibration, laboratory management regulations, typical non-conformity of packaging materials, overview of quality-management system, identification and cause analysis of paper defects	Managers, supervisors, quality control staff and workshop statistics	76
Jiangmen C&S	Forklift safety training	Forklift Driver	21
Jiangmen C&S	Common EHS laws and regulations, Red Cross first-aid training, and intrinsic safety	Full-time and part-time security administrator	60
Jiangmen C&S	Training in safety regulations, efficient team management, accident case safety training, drill training of fire safety emergency plan, improvement of management skills for safety on the production site, training in occupational health, manager core leadership and improvement of management skills, training on interpretation of ISO9001 system clause, training on laws and regulations of environmental protection, and quality awareness	Manager, supervisor, squad leader	337
Jiangmen C&S	Fire-fighting equipment training	Workshop employees	288
Jiangmen C&S	On-site 5S management training	Employees of tissue workshop	176
Sichuan C&S	Training on quality standard of rewinding	Rewinding employees	127

Area	Training Contents	Participant	Number of Participants
Sichuan C&S	FIFO (First-in and first-out) management, 5S of semi-finished products and visual-based field management, training in the Materials and Equipment Department's quality system, troubleshooting of stereoscopic warehouse, and training in management knowledge of hazardous chemicals	Warehouse keeper	97
Sichuan C&S	Correction of paper defects, OJT training for the Dechang 2850 rewinder, OJT training for TT paper machine, OJT training for X7 rewinder, OJT training for 2700/3600 slitting machine, OJT training for BF 12T paper machine, OJT training for Korber 3600 rewinder, OJT training for BF 12T paper machine, OJT training for nine-row machines, OJT training for the Dechang 3600 rewinder, 3600 OK machine/2860OJT training, 1800OJT training, OJT training for TK10 square tissue, and OJT training for facial tissue	Chief, assistant worker, steel grinding operator, pulp grinding operator, pulping operator, operator, and packer	308
Sichuan C&S	Training on work-related injury cases, fire safety drills and first-aid training	All employees	1256
Sichuan C&S	Training on PPT basic production skills, efficiency improvement and case sharing, team management skills, general management tools, including PDCA, time management, basic production skills of PPT, and workshop team management	Trainees of Starter and Explorer Program	39
Sichuan C&S	Training in management of workshop, pest control, creating charming trainers, curriculum design and development	Squad leader and above	223
Sichuan C&S	Special equipment training, operation training for safety of maintenance workers and electricians, crane safety operation, abnormal treatment of electric cabinets and transformers, and equipment maintenance	Maintenance workers, electricians, boilers, lifting equipment and pressure vessels	280
Sichuan C&S	OJT training for BF10 paper machine, OJT training for Quanli 2800/3600 OK machine, OJT training for nine-row machines and quality standard training	Operator, chief and packer	294
Sichuan C&S	Training in tissue quality standards	Tissue employees	209
Sichuan C&S	Training in papermaking/slitting quality standards	Papermaking and slitting employees	96
Sichuan C&S	Training in the ISO quality-management system	HR officer	10
Sichuan C&S	Training in 5S visual-based management	Squad leader and manager of workshop	23
Sichuan C&S	Training in the M&E Department's quality system	Employees of the M&E Department	41
Sichuan C&S	Emergency training for drowning accidents; OJT training for boiler and water treatment	Water-treatment workers and boiler operator	24
Sichuan C&S	OJT training for the TT paper machine	Steel grinding operator and pulping operator	12
Sichuan C&S	Safety management system, environmental management /ISO45001 systems	Department Head	48
Sichuan C&S	New-employee orientation	New recruits	32
Sichuan C&S	Occupational health	Employee involved in the occupational disease hazards	580

Area	Training Contents	Participant	Number of Participants
Sichuan C&S	Fire-safety training	Relevant personnel	56
Sichuan C&S	Practical operation of testing instruments	QC specialist	20
Sichuan C&S	Safety training on electricity used for maintenance in the production workshop	Electrician, repairman and maintenance squad leader	31
Sichuan C&S	Target and assessment of QC Department in 2021	Employees of QC Department	25
Sichuan C&S	Training on work-related injury cases;	All production employees	531
Sichuan C&S	Training on quality standard of rewinding	Rewinding employees	127
Tangshan Branch	Training on autonomy operation process of option	Employees involved in option	163
Tangshan Branch	New employee orientation	New recruits	6
Tangshan Branch	Training on safety of vehicle operation	Employees of subsequent process	60
Tangshan Branch	Team-building, fire safety, warehousing and logistics workflow	Employees of warehouse and logistics	64
Tangshan Branch	Capacity planning	Relevant departments involved	10
Tangshan Branch	Training on process inspection skills, PDCA cycle, feeding knowledge points in 2020, physical property detection and instrument operation	All employees of QC Department, supervisor and squad leader of workshop	59
Tangshan Branch	Repositioning of the managers, task and time management, systematic thinking and decision-making, target management, public speech and expression, authorization - releasing of team energy, scene incentive - inspiring employees, and managers' role positioning	Trainees of Starter and Members of Talent Echelon	47
Tangshan Branch	Training in the operation skills of tissue	Operators and packer in tissue section	50
Tangshan Branch	Training on customer complaint analysis and process inspection of QC Department	Some employees of tissue section in No.2 Workshop	5
Tangshan Branch	Quality management training, pre-holiday safety training, quality management training, identification training of risk factor, learning training of procedural document and third-order system, JD Baitiao training, and training for five disciplines of squad leader	Employees of manufacturing workshop	2020
Tangshan Branch	Safety training for high-risk operation	Employees of M&E Department	25
Tangshan Branch	Training on theory and application of lubricating oil, safety of operation in confined spaces, and how to do well in equipment management	Employees of former process, maintenance worker and electrician	46
Tangshan Branch	Training on papermaking operation skills, former process cost knowledge, operation in the confined spaces, pulp grinding principle and selection of grinding segment	All employees of papermaking	93
Tangshan Branch	Training on OK tissue operation skills and 3600 OK OJT training	3600 OK operator and packer	54
Tangshan Branch	Production-safety training	All employees of Production Department	240
Tangshan Branch	Training course for basic knowledge of internal auditors	Internal auditor of factory	38

Area	Training Contents	Participant	Number of Participants
Tangshan Branch	Quality management training, occupational health training, training on control of foreign matters in the production workshop, third-order system training, workshop cleaner production, inspection formula training and pest control management	Front-line workshop employees	1727
Tangshan Branch	Operation training of boiler water treatment post	Boiler water treatment employees	9
Tangshan Branch	Internal training for cashier post	Employees of Finance Department	6
Tangshan Branch	Fire-safety training	Employee representative	39
Yunfu C&S	Mask machine operation training, mask quality training, on-site safety training, skills and practical training, training on salary unit price and calculation method, mask quality, and safety in the work-related injury cases	Employees of mask workshop	1304
Yunfu C&S	Execution, analysis training of potential safety hazards, regulations on assessment of qualification rate, training on execution of squad team leader, cost control, multi-panel principle training, on-site visual-based management, fire protection training, emergency drills in the confined space, communication skills, occupational health and hygiene, equipment training, human factors engineering, case analysis of work-related accidents, laws and regulations training, QCC process training, and management training	Squad leader, chief, operator and packer	1079
Yunfu C&S	5S training and quality training	Employees of No.1 non-reeling workshop	177
Yunfu C&S	Job-skill training, quality standard training, examination of inspection standard for facial tissue, customer complaint analysis, and cost management	All employees of facial tissue	162
Yunfu C&S	Rescue at the scene of the drowning	Employees of environmental protection workshop	6
Yunfu C&S	Vehicle operation training	Vehicle operation employees	154
Yunfu C&S	Training on safe usage of chemicals and pulping post	Beater man, chief and broken paper operator	55
Yunfu C&S	Production-safety training, quality training, process inspection training, quality practice of chief post, skills to improve production efficiency, 5S workshop management, vehicle operation training, workshop safety production, and key points of folding commissioning	Chief, squad leader, felt operator, operator, single packer, packer, assistant worker, rewinding and folding worker	585
Yunfu C&S	Post technical knowledge theory + post-practical training, training in the operation of roll paper tissue rewinder and folding machine	Rewinding, large swing, roll core, single packing, bundle-packing machine and large packing operators	105
Yunfu C&S	Training on summary of safety operation and daily problems in forklift operation	Zhuoer Logistics and Tianhe Logistics	25
Yunfu C&S	Calibration of inspection instruments	QC specialist	22
Yunfu C&S	Fire drill	All factory employees	913
Yunfu C&S	Skill training	Operators of bundle-packing machine and single packing machine, and packer	27

Area	Training Contents	Participant	Number of Participants
Yunfu C&S	Safety-system training	Supervisor and squad leader	62
Yunfu C&S	Equipment repair technology	Equipment administrator	9
Yunfu C&S	Specification for material placement in workshop	Ground handling	7
Yunfu C&S	Equipment maintenance training	Equipment administrator	27
Yunfu C&S	Overview of ISO9001 system, training and practical operation for FSC-COC system	Internal auditor	44
Yunfu C&S	Skill training for tissue-folding machine	Folding operator	14
Zhejiang C&S	Lecture 1: Developing Excellent Department Leaders: Leadership; Lecture 2 of Outstanding Department Leaders: Team-Building; Lecture 3 of Outstanding Department Leaders: Executive Capacity; Lecture 4 of Outstanding Department Leaders: Objective Management; Lecture 5 of Outstanding Department Leaders: Cohesion; Lecture 6 of Outstanding Department Leaders: Stress and Emotion Management; Lecture 7 of Outstanding Department Leaders: Human Resource Management of Nonhuman Resources; Lecture 8 of Outstanding Department Leaders: Skills Development of Outstanding Department Heads; Lecture 9 of Outstanding Department Leaders: On-Site Management and Improvement; Lecture 10 of Outstanding Department Leaders: Process Management; Lecture 11 of Outstanding Department Leaders: Understanding Waste and eEfficiency; and Lecture 12 of Outstanding aDpartment Leaders: How to Become a Competent Production Supervisor)	Department heads, squad leader and supervisor	465
Zhejiang C&S	Practical training on new employees for fire-fighting equipment	New recruits	17
Zhejiang C&S	Seven major wastes, hazard identification/ particularization of work-related injury cases	Chief, operator and all employees of subsequent process	443
Zhejiang C&S	Safety operation procedures, how to control process changes, instrument operation training, training on identification of hazard source location in the workshop/particularization of work-related injury cases, safety training and drills for operation in the confined space	All employees of former process	120
Zhejiang C&S	CPR first-aid training, Chief, Keep Running, training for and work resumption, standardized clean production and management of on-site foreign matters, equipment management, seven major practices for QC, training on non-conformance control procedures, TPM special training, 14 safety-management systems, accident case training, advanced on-site management of Chief, Keep Running, rules for work safety, chief development training, 5S management of Chief, Keep Running, qualification training for hazardous chemicals practitioners, occupational health and safety education	Production Department, M&E Department, QC Department, Materials and Equipment Department	1408

Area	Training Contents	Participant	Number of Participants
Zhejiang C&S	Training on supplier's bearing lubrication, safety training of M&E Department for pinch accidents of conveyor belt, high-voltage electrician certificate/welding certificate, high-voltage electrician certificate/welding certificate/low-voltage electrician certificate, and safe usage of electric tools	Employees of M&E Department	78
Zhejiang C&S	Objectives management, common paper defects and processing methods, OJT2.0 (improvement of abnormality handling ability and conversion efficiency), 5S training, use and maintenance of felt	Chief, squad leader and assistant worker	88
Zhejiang C&S	Training on quality complaint of customer, safety education and training for train operators, safety education and training for vehicle operators, occupational health and safety education and training, and training on system requirements	All members of former / subsequent processes and QC Department	459
Zhejiang C&S	Mechanical drawing, equipment management - evaporating, emitting, dripping and leaking phenomenon	Maintenance worker, electrician	60
Zhejiang C&S	Pest control management	Employees above the level of squad leader	8
Zhejiang C&S	OJT2.0 (abnormality handling ability and conversion efficiency improvement)	Operator/chief	120
Zhejiang C&S	Option exercise training	Incentives for employees in various departments	80
Zhejiang C&S	TWI work guidance and excellent leadership	Squad leader and supervisor of production stockpile	7
Zhejiang C&S	Certificate of safety management personnel and safety responsible personnel	Safety and Environmental Protection Department, and General Manager Office	6
Zhejiang C&S	Management procedures for procurement of special products and treatment of abnormal quality of production equipment	All members of QC Department	32
Zhejiang C&S	Training on improvement of MTP core management capability, innovation 6S site management and production efficiency improvement IE	Stockpile supervisor and squad leader	8
Zhejiang C&S	Electric traction	Electrician	10
Zhejiang C&S	5S management, single packing machine production switch skills assessment	Tissue Chief, all staff	68
Zhejiang C&S	Safety (fire safety) management	Huihuang labor outsourcing personnel	20
Zhejiang C&S	Forklift operation and handling personnel safety training	Forklift handling outsourcing personnel	20
Zhejiang C&S	Project in-depth replay	Project team members	18

Area	Training Contents	Participant	Number of training sessions
Northeast region	2021 spring warehousing	Dealers in Northeast region + Heilongjiang Provincial Office in Northeast China	1

Area	Training Contents	Participant	Number of training sessions
Northeast region	2021 spring warehousing	Dealers in Northeast region + Liaoning and Jilin Provincial Office in Northeast China	1
Southwest region	Training of Reserve Directors	Reserve Director	1
Southwest region	Training of dealers	Dealers	1
Northwest region	"Chang'an Military Academy" Orientation Training	New recruits	3
Northwest region	Logistics training	Logistics employees	1
North China region	Theory on future business operation of dealers	Major clients and marketing teams, external trainers in the North China region	1
East China region	Orientation Training	New recruits	2
South China region	H1 summary & H2 performance kick-off meeting	Business elites in the South China region	1
South China region	Q4 new employee training camp	New employees of South China region	1
South China region	Study and exchange on sample market of Heshan, Jiangmen of Guangzhou Branch, Guangzhou and Shenzhen Office	South China region-Guangzhou and Shenzhen Provincial Office-Guangzhou Business Team	1
Central China region	Swift Horse Class Cadres Training Camp	Above business directors	8
Yunnan-Guizhou-Sichuan region	Orientation Training	New employees in recent three months	4



Ensuring openness and transparency to protect investors' rights and interests

Efforts will be made to improve communication with investors, protect the rights and interests of investors, enhance the openness and transparency and facilitate the development of the company, hear the suggestions of investors and enable investors' supervision of the company.

The company's favorable development

The company has introduced outstanding talents from R&D, production, sales, quality management, among other systems, since 2014, thereby establishing a first-rate management team in the industry. The establishment of the new management team has led to the comprehensive reform of various aspects of the company including the management structure, marketing channel and incentive mechanism, and further improved operation of the company. After several years of effort, the company has seen significant improvement in its channel strength, product strength and brand strength. Operating income increased from RMB 2.522 billion in 2014 to RMB 7.824 billion and net profit attributable to listed company increased from RMB 67 million to RMB 906 million. The company has led its industry with double-digit growth in income and profit every year.

Prioritizing dividends and repaying investors

Just as C&S ensures opportunities for the growth and development of its personnel, the company creates value for shareholders. It attaches great importance to returns for shareholders, and it persistently shares growth and income with investors. The company has maintained a consistent profit-distribution policy since it was listed on the stock exchange, and consequently it prioritized a reasonable return on investment while giving consideration to the company's sustainable development.

Profit Distribution Since the Company's Listing

Year of profit distribution	Distribution plan	Cash dividend Amount (RMB)	Ratio of net profit attributable to the listed company in the consolidated statement (%)
2020	Paying cash dividend of RMB 1.00 (tax included) for every 10 shares to all shareholders (excluding repurchased shares) The company implemented share repurchasing plan in 2020. As of May 21, 2020, the company completed the share repurchase with a total amount of RMB 27,680,721.76 for such shares. According to Article 7 of the Implementation Rules on Repurchasing Shares for Listed Companies of Shenzhen Stock Exchange, the sum for share repurchase of the company is deemed as cash dividend.	157,787,599.56	17.42
2019	Paying cash dividend of RMB 0.75 (tax included) for every 10 shares to all shareholders (excluding repurchased shares)	98,024,652.98	16.23
2018	Paying cash dividend of RMB 0.23 (tax included) for every 10 shares to all shareholders (excluding repurchased shares) The company implemented share repurchasing plan in 2018. As of December 4, 2018, the company completed the share repurchase with a total amount of RMB 94,581,547.35 for such shares. According to Article 7 of the Implementation Rules on Repurchasing Shares for Listed Companies of Shenzhen Stock Exchange, the sum for share repurchase of the company is deemed as cash dividend.	124,358,696.49	30.56
2017	Paying cash dividend of RMB 1.00 (tax included) for every 10 shares to all shareholders and granting seven shares for every 10 shares to all shareholders by capital reserve	75,746,454.00	21.70
2016	Paying cash dividend of RMB 1.00 (tax included) for every 10 shares to all shareholders and granting five shares for every 10 shares to all shareholders by capital reserve	50,525,800.00	19.40
2015	Paying cash dividend of RMB 0.5 (tax included) for every 10 shares to all shareholders	25,183,850.00	28.55
2014	Paying cash dividend of RMB 0.1 (tax included) for every 10 shares to all shareholders and granting two shares for every 10 shares to all shareholders by capital reserve	4,056,000.00	6.01
2013	Granting three shares for every 10 shares to all shareholders by capital reserve.	-	-
2012	Paying cash dividend of RMB 1.5 (tax included) for every 10 shares to all shareholders and granting five shares for every 10 shares to all shareholders by capital reserve	31,200,000.00	19.63
2011	Paying cash of RMB 2 (tax included) for every 10 shares to all shareholders and granting three shares for every 10 shares by capital reserve	32,000,000.00	39.73

Enhancing the investor relationship and providing a stable return

1. Great performance is observed in secondary market throughout the year, providing a positive return for investors

(1) It records growth of 65.42% in 2020. The highest growth is 108%. Papermaking industry records growth of 22.10%.

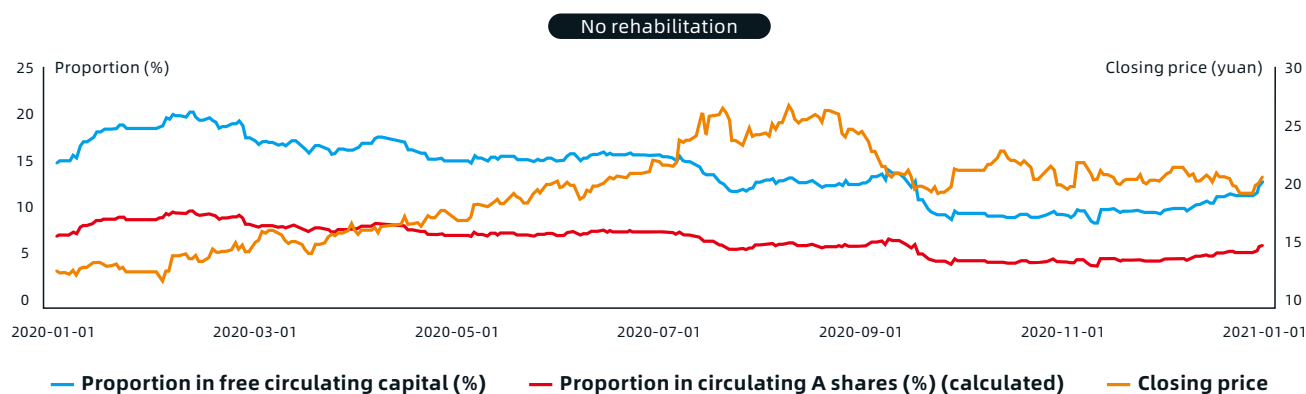
(2) On August 11, 2020, share price of the company reached a record high at RMB 27.15 per share, resulting in market value of more than RMB 35 billion.

2. The company's shareholder structure is continuously improved in order to maintain the stability of high-quality assets at home and abroad

(1) As of December 31, the company had 2,153 holding institutional shareholders, an increase of 92.75% over the beginning of the period, and recorded "0" turnover of significant institutional shareholders.

(2) In 2020, foreign investors maintained stable holding of the company's shares via Shenzhen Connect, resulting in stable, high-quality overseas assets.

**C&S Paper [002511.SZ]-Number of shares
in Shanghai/Shenzhen-Hong Kong Stock Connect**



- 3. In 2020, COVID-19 spread across the globe, resulting in difficulties in efforts related to relationship with investors. By virtue of "cloud" methods such as WeChat, phone call, email and video conference, the Office of the Board of Directors continued to enhance maintenance of relationship with investors. Efforts were made to organize onsite investigations as well as online and offline strategic meetings of core broker organizations, and to organize and accompany significant shareholders to conduct onsite investigations in Tibet, among others. And the company participated in a variety of investigation activities such as online performance-illustration meetings and conference calls.**

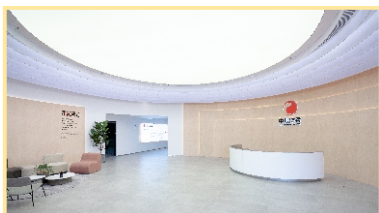
Table of Activities Involving Investor Relations in 2017 - 2020

	2017	2018	2019	2020
Reverse roadshows (sessions)	92	202	135	98
In-depth reports (nos.)	11	15	20 (including 6 in-depth surveys in English)	6 (including 1 Goldman Sachs in-depth survey in English)
Research reports (nos.)	62	129	235	289
Strategic meetings (sessions)	12	15	10	12
Investor surveys (sessions)	3	12	13	7

● Wide-ranging efforts in investor survey

C&S Life Hall is officially opened

In order to enhance investors' understanding of production, sales, products of the company, the company built the Life Hall in 2020. The Life Hall features three core themes including humanity, nature and future, boasting perfect integration with life. Detailed information on history, production technological process, application scenarios, products and operations of the company is provided, enabling investors to get a glimpse of operations of the company with the best sensory experience.

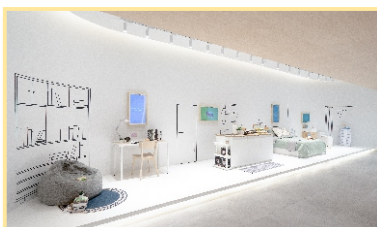
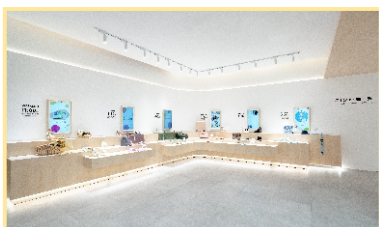


Reception area

Here you can embark on the journey of exploration to understand the life philosophy of C&S and facilitate the harmonious coexistence of human and nature.

We care

Since the company's establishment in 1978, we have been devoted to meeting every demand for tissue paper during the past four decades. Beginning with an understanding of C&S, we care about commitment. Products rely on brands, and enterprises rely on brands. This is even more true for people.

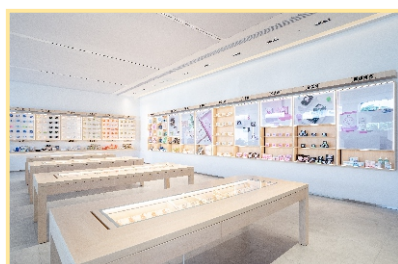


We care about your life

With easy access, we strive to satisfy every demand when you're at home; In every scenario, we strive to meet every demand in your daily life.

We care about your environment

Our attitude toward every product originates from the good intention for the harmonious coexistence of human and environment. Here you will find that we take the utmost care in every process from selection of raw materials to product use by consumers.



We care about your experience

From product quality to other aspects beyond that, we always take the utmost care to provide more diversified products, more human-based services and more considerate experience, with a view to making your life even better by virtue of continuous efforts and practices.



Since the operation of the Life Hall in July (and as of December 31, 2020), C&S Life Hall has given 151 tours with more than 3,000 visitors, including investors, enterprises, schools and employees. It was certified as onsite teaching base of the Sun Yat-Sen University Higher Center for Continuing Education.



Shenzhen Stock Exchange "Hudongyi" investor hotline

Hudongyi platform answered questions raised by 129 investors and answered more than 400 calls by investors.

Organizing online meetings and conference calls to timely inform general investors of operations of the company

The company organized 2019 annual report online performance-illustration meeting; company operation conference call during COVID-19 epidemic; performance conference calls for the first quarter, first half of year and first three quarters of 2020. Additionally, the company provided real-time analysis of operations, financial conditions and project implementation of the company in the reporting period so as to answer questions raised by investors.

Date	Contents of meeting	Meeting mode	Number of institutions
February 17	Conference call regarding operations of the company during COVID-19 epidemic	Phone call	88
March 23	Conference call regarding work and production resumption after COVID-19 epidemic	Phone call	48
May 8	Conference call regarding 2019 annual report and 2020 Q1 report	Phone call	102
May 8	2019 annual report online performance-illustration meeting	Internet	30 questions were raised

Chapter V

Implementing green development and fulfilling the duty toward social welfare

Adhering to a philosophy of green, low-carbon development, C&S strives to integrate environmental protection and company development.

Enterprise development is based on society, so giving back to society is a responsibility of the company. The company attaches great importance to the demonstration of social value and takes it a commitment for social responsibility to create wealth for society, with a view to influencing and driving the revitalization of local economy through personal development.

Strict supervision, minimum allowable emission, transparency and fairness

Under increasingly higher pressure related to environmental protection, the company continues to improve pollution management facilities in production process and improve environmental quality. All production bases of the company continue to increase capital and technological inputs and prevent environmental pollution, thereby achieving minimum allowable emission, reduced emission and green production.

1. Information on major emissions

Company name	Names of major pollutants and specific pollutants		Emission method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	In-place pollutant emission standards	Total emission	Approved total emission	Excess emission
Company name	Waste water	COD	Post-treatment discharge to sewage-treatment plant	1	Centralized treatment facilities in the plant	148mg/L	200mg/L	294.058t	335.600 t/a	N/A
		Ammoniacal nitrogen				5.8mg/L	8mg/L	11.52t	13.4 t/a	N/A
C&S (Sichuan) Paper Co., Ltd.	Waste water	COD	Discharge to water-purification station via urban sewer line after treatment	1	Discharge of production water (DW001) to general outlet DW002 via channel (to converge with domestic waste water)	33 mg/L	80mg/L	27.4413 t	96 t/a	N/A
		Ammoniacal nitrogen				0.496 mg/L	8mg/L	0.4125 t	9.6 t/a	N/A
	Exhaust gas	PM	Discharge from flue	3	3 chimneys (renovation of low nitrogen boiler was completed in June 2020; 2 boilers are frequently used while 1 is standby)	No. 1 boiler 5.2mg/m ³ No. 2 boiler 3.6 mg/m ³ No. 3 boiler 4.6 mg/m ³	20mg/Nm ³	0.6781t	/	N/A
		Nitrogen oxides				No. 1 boiler 26 mg/m ³ No. 2 boiler 81 mg/m ³ No. 3 boiler 27 mg/m ³	150mg/Nm ³	9.5484t	31.35t/a	N/A
		Sulfur dioxide				0	50mg/Nm ³	0	/	N/A
Zhejiang Zhongshun Paper Co., Ltd.	Waste water	COD	Post-treatment discharge to Jiaxing Joint Sewage Treatment Co., Ltd. via municipal pipe network	1	Centralized treatment facilities in the plant	40.1mg/L	500mg/L	8.55t	13.97 t/a	N/A
		Ammoniacal nitrogen				0.965mg/L	35mg/L	0.2t	9.78 t/a	N/A

Company name	Names of major pollutants and specific pollutants		Emission method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	In-place pollutant emission standards	Total emission	Approved total emission	Excess emission
C&S (Hubei) Paper Co., Ltd.	Waste water	COD	Post-treatment discharge to Biquan sewage-treatment plant via municipal pipe network	1	Discharged to Biquan Sewage Plant after pre-treatment in centralized treatment facilities in the plan	70.579 mg/L	400mg/L	77.974t	152.25t/a	N/A
		Ammoniacal nitrogen				3.880 mg/L	30mg/L	4.286t	15.25t/a	N/A
	Exhaust gas	PM	Desulfurization based on BDC limestone-gypsum technology and SNCR-based de-nitration	1	1 chimney	9.0 mg/Nm ³	30mg/Nm ³	9.998t	28.63 t/a	N/A
		Sulfur dioxide				18.5 mg/Nm ³	200mg/Nm ³	29.171t	203.87t/a	N/A
		Nitrogen oxides				58.0 mg/Nm ³	200mg/Nm ³	81.501t	239.85t/a	N/A
C&S (Yunfu) Paper Co., Ltd.	Waste water	COD	Continuous emission	1	Sewage-treatment plant in the factory	23.99 mg/L	80mg/L	44.81t	197.1 t/a	N/A
		Ammoniacal nitrogen				1.66 mg/L	8mg/L	3.18t	19.76 t/a	N/A
C&S Paper Co., Ltd. Tangshan Branch	Waste water	COD	Discharge to Lvyuan sewage-treatment plant after treatment at sewage-treatment station in the factory	1	Park-based general outlet (Lvyuan sewage-treatment plant)	24.96 mg/L	50mg/L	5.74t	16.5 t/a	N/A
		Ammoniacal nitrogen				0.464 mg/L	5mg/L	0.103t	1.65t/a	N/A
	Exhaust gas	PM	Discharge from chimney	1	1 chimney	2.12mg/m ³	5mg/Nm ³	0.22t	2.46 t/a	N/A
		Nitrogen oxides				17.50mg/m ³	30mg/Nm ³	1.837t	18.46t/a	N/A
		Sulfur dioxide				3mg/m ³	10mg/Nm ³	0.3128t	6.15 t/a	N/A

2. Construction and operation of facilities for pollution control and prevention

• Observance of compliance obligation

The company and its subsidiaries strictly comply with environmental protection-related laws and regulations of national and local governments, the construction of all new projects strictly adheres to environmental impact assessment system, three "simultaneous" principles and production activities strictly observe the Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and Action Plan for Prevention and Control of Water Pollution, with a view to ensuring that the treatment and emission of various pollutants complies with requirements of laws and regulations.

- Establishment and operation of water treatment equipment and facilities

all subsidiaries are equipped with a complete set of environmental protection treatment equipment and facilities. Major technologies for sewage treatment include anaerobic, aerobiotic, subsequent deep processing technologies, which can make emission of sewage comply with various indicators. Additionally, all subsidiaries are equipped with water-recycling system so as to recycle water that complies with usage standards in production process and reduce emission of sewage as possible. Sewage of Jiangmen, Zhejiang, Hubei and Tangshan Companies will be treated in a centralized manner by the company and then discharged to local sewage-treatment plants before emission. Following centralized treatment at the company, sewage of Sichuan Company will be discharged to a local water-purification station via urban sewage pipe. After treatment at the sewage-treatment plant of the company, sewage of Yunfu Company will be discharged in an organized manner.

- Online monitoring and operation of water treatment facilities

Yunfu, Sichuan, Zhejiang and Hubei subsidiaries have installed sewage online monitoring facilities, which are under direct supervision by local environmental protection bureaus. Following centralized treatment at the company, Tangshan Company will discharge sewage to local papermaking base sewage plant and no other outlet is available. Monitoring facilities are installed in the company as internal control reference. Following centralized treatment at the company, Jiangmen Company will discharge sewage to local papermaking base sewage plant and on other outlet is available. Online monitoring facilities are not installed. The Environmental Protection Bureau performs the comparison of online monitoring data on a quarterly basis in the company and the data comparison complies with relevant requirements.

- Boiler exhaust-gas emission

The Sichuan and Tangshan branches are equipped with natural gas boilers and Hubei Branch is equipped with fuel coal boilers. Exhaust gas is discharged in a centralized manner after standard desulfurization and de-nitration. Emission of boiler exhaust gas complies with the GB13271-2014 Boiler Air Pollutant Emission Standards.

3. Construction project environmental impact assessment and other environmental protection administrative licenses

- Administrative license

In line with the Management Measures for Emission License of the Ministry of Environmental Protection, applications are submitted to the Ministry of Environmental Protection. All subsidiaries completed handling of new emission license in 2017 and completed renewal and change of emission license in May 2020.

- Construction projects

The company always implements control of construction projects strictly in line with environmental protection-related laws and regulations. All construction projects are subject to environmental impact assessment. During the construction process, the company organizes the construction of environmentally friendly projects in line with construction schedule, ensuring the synchronous design, construction and operation of environmental protection facilities and subject projects. Currently, all construction projects put into production have completed environmental impact assessment, and reception and approval.

4. Environmental-event emergency response plan

- Preparation and filing of environmental event emergency response plan

On the basis of strictly implementing environmental event emergency response provisions, the company engages professional consulting and instructing institution in line with technical requirements as specified in the Guidelines on Techniques for Preparing Environmental Pollution Accidents Emergency Response Plan and prepares the Environmental Event Emergency Response Plan, which is reviewed and registered by the Environmental Protection Bureau.

- **Emergency-response materials and training drill**

Emergency-response materials and training drill: The company matches corresponding emergency-response materials according to requirements in the Environmental Event Emergency Response Plan. With regard to hazardous chemicals, emergency-response measures are made according to environmental protection requirements and necessary labor -protection appliances and emergency materials are provided according to the safety technology manuals, which are subject to regular inspection and renewal. The company carries out emergency training, emergency drill and emergency plan suitability assessment on a regular basis in order to ensure the effectiveness and feasibility of emergency response plan.

5. Environmental self-monitoring plan

- **Self-monitoring ledger**

The company conducts self-monitoring according to environmental protection requirements and establishes environmental management ledgers and books, which are continuously improved in strict accordance with laws and regulations.

- **Sewage monitoring**

Currently, self-monitoring is carried out in both manual and automatic manners, and qualified units are engaged to conduct monitoring efforts in a regular manner. Automatic monitoring projects: sewage general outlet (COD, ammoniacal nitrogen, flow, phosphorus, total nitrogen); Manual monitoring projects: COD, BOD, ammoniacal nitrogen, SS, chromium, phosphorus, total phosphorus, total-nitrogen daily monitoring, other sewage-monitoring projects, non-organized exhaust-gas emission, solid waste and factory noise. Monitoring work is performed on a monthly or quarterly basis by a qualified unit according to the local environmental protection requirements.

- **Exhaust-gas monitoring**

Exhaust-gas monitoring is generally intended to test for nitrogen oxides, Ringelmann scale, sulfur dioxide, dust and fumes, with testing frequency according to the requirements of regulations.

- **Pollutant-emission self-monitoring data and environmental monitoring plans of subsidiaries are available on the national website for major pollution-source information disclosure and the provincial website for major pollution-source information disclosure.**

6. Other environmental information to be disclosed

- Emission-license information and environmental protection information related to emission-license requirements is available on national emission license management information platform, unless otherwise required by government authorities in the place where the subsidiaries are located, in which case such information is available on the platform for environmental information reporting prescribed by the local government authority.
- Other environmental protection-related information is available in "news" section of website of the company.

Reducing production costs and achieving energy conservation and emission reduction

Adhering to green, low-carbon development philosophy, the company strives to integrate environmental protection and company development. During production process, we continue to renovate equipment and upgrade technology, thereby recording YoY decrease of power consumption per ton of paper and steam consumption per ton of paper. On the basis of production-cost reduction, we strive to achieve energy conservation and emission reduction to the greatest possible extent so as to ensure win-win results with respect to socioeconomic benefit.

List of YoY Decreases in Equivalent Standard Coal- and Steam-Based Power Consumption per Ton of Paper in 2017 - 2020

Item	2017	2018	2019	2020
decreases in Equivalent standard coal-based power consumption per ton of paper (kgce/t)	6	4	7	9
decreases in Equivalent standard coal-based steam consumption per ton of paper (kgce/t)	20	11	20	16

Trading of carbon-emissions rights

Following the launch of the first trading platform of carbon emission rights across China on June 18, 2013, provinces and cities such as Beijing, Tianjin, Shanghai, Guangdong, Hubei and Chongqing successively launched pilot projects of carbon emission rights trading. Among the seven pilot regions, a majority of provinces and cities provide quota to emission control enterprises free of charge, so carbon quota is mainly granted by virtue of administrative allocation in the primary market of quota trading. Specifically, Guangdong, Shenzhen and Hubei grant certain paid quota to emission control enterprises by virtue of auction.

As of December 31, 2020, Guangdong Jiangmen Company and Yunfu Company had carbon emission quota. Hubei Company made budget and opened an account in 2020, and it's expected to use quota and accounting since 2021. Other branches are not yet subject to carbon emission quota and accounting in the provinces where they are located.

Carbon Trading at the Jiangmen and Yunfu Production Bases

Unit: 10,000t

Item	Company	2019	2018	2017	2016
Actual emission of Jiangmen	Jiangmen	13.60	15.30	16.28	15.10
Carbon emission quota of Jiangmen	Jiangmen	16.46	16.24	16.69	13.81
Actual emission of Yunfu	Yunfu	20.43	14.86	12.13	/
Carbon emission quota of Yunfu	Yunfu	23.11	14.68	12.02	/
Note: actual carbon emission in 2020 will be released after accounting by review institutions. According to actual energy management and control in production, it's expected that the actual carbon emissions of Guangdong Jiangmen and Yunfu Production Bases in 2020 will be lower than carbon emission quota in 2020.					

Jiangmen Production Base recorded actual carbon emission higher than carbon emission quota in 2016. By continuous energy conservation, emission reduction and consumption reduction measures, it managed to continuously reduce power, steam and pulp consumption in production, and actual carbon emissions in 2017, 2018 and 2019 are lower than carbon emission quotas.

Yunfu Production Base recorded actual carbon emission higher than carbon emission quota in 2017 and 2018. By continuous energy conservation, emission reduction and consumption reduction measures, it managed to continuously reduce power, steam and pulp consumption in production, and actual carbon emission in 2019 is lower than carbon emission quota.

The company will continue to be devoted to energy conservation, emission reduction and consumption reduction actions and implement such actions at the group level so as to fulfill its due social responsibility for environmental protection.

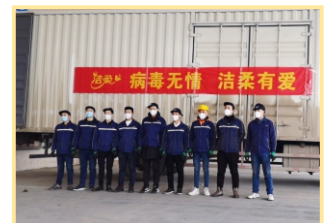
Fulfilling the duty toward social welfare

1. Joining the battle against COVID-19

COVID-19 rapidly spread throughout the country and the world in 2020. In the increasingly serious pandemic situation, all C&S people have been determined to fight and win the battle against COVID-19 by mobilizing all resources to control the spread of the epidemic. As a company with social responsibility, C&S cares about the general public. It donated RMB 10.8 million of cash and sanitary disinfecting wipes and other tissue paper worth RMB 0.5 million for specific use against COVID-19. It has been standing with medical workers in the battle against the pandemic and tiding over the crisis.

付款人		收款人	
付款人：中顺洁柔纸业股份有限公司		收款人：阜阳市颍州区疾病预防控制中心	
地址：广东省佛山市顺德区容桂街道		地址：安徽省阜阳市颍州区	
电话：020-88501000/020-88501001		电话：15305500000/0558-2400000	
开户银行：兴业银行		开户银行：阜阳市颍州区农村信用合作联社	
付款账号：21020101000000000000		收款账号：41020101000000000000	
付款金额：人民币 10,800,000.00		收款金额：人民币 10,800,000.00	
用途：疫情防控物资		用途：疫情防控物资	
备注：阜阳市颍州区疾病预防控制中心		备注：阜阳市颍州区疾病预防控制中心	

付款人		收款人	
付款人：中顺洁柔纸业股份有限公司		收款人：阜阳市颍州区疾病预防控制中心	
地址：广东省佛山市顺德区容桂街道		地址：安徽省阜阳市颍州区	
电话：020-88501000/020-88501001		电话：15305500000/0558-2400000	
开户银行：兴业银行		开户银行：阜阳市颍州区农村信用合作联社	
付款账号：21020101000000000000		收款账号：41020101000000000000	
付款金额：人民币 10,800,000.00		收款金额：人民币 10,800,000.00	
用途：疫情防控物资		用途：疫情防控物资	
备注：阜阳市颍州区疾病预防控制中心		备注：阜阳市颍州区疾病预防控制中心	



At the beginning of 2021, COVID-19 epidemic showed exacerbating trend in Shijiazhuang, Hebei Province. On February 2, charity supplies donated by C&S arrived in Shijiazhuang. 2245 containers of C&S and Doremi supplies with a total value of over RMB 1 million, including masks, sanitizers and women's sanitary shorts, were timely handed out to personnel working on the front line against the epidemic, benefiting healthcare, police, community neighborhood committee personnel, community volunteers in the fight against COVID-19 and security hotels and quarantine hotels, among others, that provide assistance to medical workers in Shijiazhuang in order to help COVID-19 prevention and control personnel defending each line of defense.



Meanwhile, artists and celebrities including Jiang Kun, Huang Xiaoming, Zhou Wei and Gong Hanlin join hands with C&S and Doremi to provide online video-based film to encourage relevant personnel to fight against COVID-19.



2. Engaging in trans-boundary production of medical supplies to help front-line medical workers

In order to gain control of COVID-19 and satisfy the pressing demand for scarce protection supplies, the company responded to government appeal by rapidly engaging in trans-boundary production of masks. Specifically, the company completed a series of tasks on a tight schedule including renovation of RMB 100,000-level dust-free plant, production line procurement, selection of $\geq$ BFE95 melt-blown fabric raw materials. The company managed to implement mask production efforts at the fastest speed, strictest standards and highest requirements, and donated the masks to front time hospitals in Hubei.



3. Providing Belt and Road charity supplies to help fight COVID-19 globally

The 3rd "Belt and Road: People to People Bonds" Hand in Hand Activity of Students, jointly organized by China Charity Federation, China NGO Network for International Exchanges and China Foundation for Peace and Development, launched the "children health love package" project in Beijing.

C&S donated approximately 4 million masks to countries including Russia, Pakistan and Myanmar via China Charity Federation in order to facilitate global efforts against COVID-19. This represents the company's efforts in social welfare undertaking beyond borders and indirectly reflects the commitment of China in enhancing world health.



4. Targeted poverty alleviation

On the basis of actively responding to national appeal regarding targeted poverty alleviation and in order to effectively implement guiding principles of significant instructions made by General Secretary Xi Jinping that the difficulty and priority of poverty alleviation development lies in targeted aspect and non-public enterprise resources are encouraged to take part in poverty alleviation with all-round responsibility, the company responds to local appeal, implements targeted poverty alleviation efforts and deepens poverty alleviation development and rural revitalization efforts. In 2020 we repeatedly paid visits to poverty-stricken areas and carried out targeted poverty alleviation work in three aspects including capital donation, materials donation and employment of poverty-stricken individuals:

In line with the framework agreement on joined efforts in building a moderately prosperous society with Jinzhai Village, Huanghua Town, Yongshan County, Shaotong, we donated RMB 40,000 to Jinzhai Village, which will be used for construction of local basic residential facilities, improving local living conditions and enhancing public welfare poverty alleviation outcomes.

We carried out targeted poverty alleviation action in Heishui County, Aba Tibetan and Qiang Autonomous Prefecture (Sichuan Province), with total donation of RMB 5,000.

We paid poverty alleviation visit to Wupu Middle School in Wupu Town, Yunmeng County, Xiaogan City, Hubei Province, with donation of epidemic prevention supplies worth RMB 30,000.

We offered job for 5 local targeted poverty alleviation individuals in Xiaogan City, Hubei Province and signed labor contracts with these individuals. Additionally, we participated in poverty alleviation and farmers supporting activities according to appeal of local government and purchased RMB 50,000 of farmers supporting supplies.

We donated RMB 100,000 of poverty alleviation fund to Luoding City, Guangdong Province and provided job for 12 targeted poverty alleviation individuals in Luoding City. Additionally, we helped registered poverty-stricken individuals to get employed and sign labor contracts with them.

5. Engaging in public-welfare undertakings

C&S in cooperation with sports and health channel of Shenzhen Media Group established the Shenzhen Radio and TV Public Welfare Foundation-Xue Fund, which will be applied to various public welfare organizations and projects and participate in public support and charitable assistance tasks.

On Double Eleven in 2020, the company launched the "you buy and I donate" activity where it promised to donate 1% of total turnover of "C&S JD Self-operated Official Flagship Store" on JD platform from 00:00 on October 21, 2020 to 24:00 on November 11, 2020 to the Shenzhen Radio and TV Public Welfare Foundation-Xue Fund. And 1% of total turnover of Tmall "C&S Flagship Store" was donated to Zhongshan Charity Federation to support the development of social welfare charity undertakings.

The company also pays regular visits to nursing institutions for the aged during festival periods in order to express compassion and care for the elderly.



6. "C&S Cup" international standard dancing open championship

The company, in 2020, continued to sponsor the "C&S Cup" international standard dancing open championship and held 13 wonderful events in cities such as Shenzhen, Guangzhou, Zhengzhou, Yinchuan, Xi'ning, Foshan, Shunde, Zhongshan, Dongguan, Qianjiang and Hengyang. China international standard dance is a fashionable and elegant dance that is very popular among the public, integrating mass feature, entertainment feature, artistic feature and competition feature. By virtue of sponsorship of the event, we facilitate the promotion of international standard dance across China and play a role in building a harmonious society, facilitating the prosperity of culture and enriching culture and sports life throughout the public.



Chapter VI Outlook

The company, in 2021, will seize the opportunity to secure further progress, stride forward with great confidence and adhere to its guiding principles. Under the ideological guidance of “innovation, enablement and accountability,” all staff will continue the pursuit of progress. Particularly, we'll continue to operate in a compliant and honest manner, facilitate the in-depth integration of product quality and consumer experience, refine functions and expand varieties, create value for shareholders, build a favorable development platform for employees, and contribute toward social development.

In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

