

Corporate Social Responsibility

Creating a Better Environment

ND Paper considers that conscientious environmental protection is an important part of being a responsible corporate citizen. As a major packaging products manufacturer in the world, we understand that preservation of the natural environment can help maintain harmony between the economic benefits of businesses and the well-being of society. Only by doing so can we provide a healthy environment for our future generations. Therefore, we always give a high priority to environmental protection.

Indeed, the implementation of environmentally responsible practices and the maintenance of high environmental standards are not only what we do to observe our social obligations, but also what we consider as a valuable asset and competitive edge. Our steadfast commitment not only reduces the impact of our operations on the environment, but also brings down our risk exposure to liabilities under environmental protection laws and regulations.

The Group has set up an operation system and has built in the environmental protection concept in the design and development of our products to demonstrate the green benefits in making paper. For example, we use a high proportion of recovered paper in our production. As of today, an average of approximately 85% of the fiber in our products is derived from recovered paper. We also recycle our scrap fiber by-products which arise from the production of linerboard to work with other raw materials in the production of high performance corrugating medium.

Meanwhile, ND Paper has established a dedicated environmental protection department and has successfully formulated a verified system for environmental protection. This department is responsible for monitoring and overseeing the treatment of a variety of wastes, including wastewater, fumes emission, solid waste and noise pollution. The environmental protection department is also responsible for optimising processes as the production system evolves so to ensure that the Company is making every effort to respect the environment and uphold the highest level of corporate social responsibility.

By introducing high standard environmentally friendly equipment and technologies and implementing highly efficient environmental management, each of the plants of the Group has obtained the ISO14001 certification for their environmental management standards.

Wastewater Treatment

Clean water is an important natural resource and an essential element in the paper manufacturing process. In order to minimise the impact on water resources, we have built our own wastewater treatment facilities in the Dongguan and Taicang production bases, which incorporate state-of-the-art technologies. Such technologies include the automated programmable logic controller (PLC) systems and online monitoring equipment systems that allow us to monitor our wastewater discharge more efficiently. To conserve water resources, we have also built our own water recycling and conservation systems in the Dongguan and Taicang production bases to reduce our water consumption significantly at each of our production lines. These systems allow us to achieve the purpose more effectively by taking advantage of the differences in water quality requirements of different production lines. For example, water used in the manufacture of coated duplex board with grey back is treated and recycled for use in the high performance corrugating medium production lines before it is treated again and released. Depending on the product type, our paper production process consumes approximately 6 to 15 tonnes of

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water, including treated and recycled water, for each tonne of production, which is less than half of what is set forth in the standards governing water consumption in the manufacturing of paper products issued by the China National Standardisation Administration Commission.

Item	Water quality parameter before treatment	Water quality parameter after treatment	Target Value of the first type within period II in the Guangdong province
COD _{CR}	2,500 mg/l	<100 mg/l	≤100 mg/l
BOD ₅	1,000 mg/l	<20 mg/l	≤ 20 mg/l
SS	2,000 mg/l	<70 mg/l	≤ 70 mg/l
PH	6~9	6~9	6~9

Fumes Emission Treatment

As a measure to minimise fumes emission, the Group has adopted the half-dry desulphurisation technology and wet desulphurisation technology. We have a circulating fluidised bed waste-to-energy boiler in the Dongguan production base, with an annual capacity of burning 87,500 tonnes of waste to produce 315,000 tonnes of steam. We also collect the solid waste from wastewater for incineration in the Dongguan production base. The circulating fluidised bed waste-to-energy boiler provides efficient combustion, low atmospheric emissions and the ability to burn a wide range of low-grade fuels, including waste sludge, in an efficient and environmentally friendly manner. We believe that ND Paper is one of the few paper manufacturers in China who are using waste-to-energy boilers. In the Taicang production base, the Group disposes of solid waste by using it to produce recycled pallets.

Moreover, our coal-fired cogeneration power plants in the Dongguan and Taicang production bases are equipped with particulate filtration and desulphurisation equipment, and produce emission levels that are better than those permitted under applicable PRC regulatory requirements.

Item	Average parameter before treatment	Average parameter after treatment	Target value in China
SO ₂	2,360 mg/m ³	<55 mg/m ³	≤ 400 mg/m ³
NOx	600 mg/m ³	<356 mg/m ³	≤ 450 mg/m ³
Dust	24,600 mg/m ³	<29 mg/m ³	≤ 50 mg/m ³

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Solid Wastes Treatment

Our solid wastes are mainly paper pulp waste residue, light slag and sludge. We have built an incinerator with a daily handling capacity of 300 tonnes, and, with the two other incinerators to be built soon, it is envisaged that we can handle by ourselves all the wastes during our production process without giving any environmental pressure to society. Upon completion, each of these two additional incinerators can handle approximately 600 tonnes of such wastes each day. These incinerators apply advanced marsh-gas treatment equipment and fabric-bag filters for treating dust, which are built with an online self-controlled monitor.

Noise Pollution Control Measures

All of our machines comply with the strict standards currently enforced in America and Europe, and observe all international standards for noise control. We use sound-proofing installations, including noise-insulating enclosures and mufflers in our double-disc refiners and air compressors. Personal noise protection devices like earplugs are used during inspection patrols.

The Group's manufacturing processes generate solid and liquid wastes, including wastewater and sludge, and gaseous emissions. In compliance with applicable laws and regulations, the Group has obtained all required permits for wastewater discharge, airborne emissions and solid waste disposal.

The Group has never been found to be in material violation of any environmental laws or regulations, or subject to any fine in respect thereof. The Directors believe that the Group's record of environmental compliance has been a positive factor in obtaining regulatory approvals for its expansion projects.

Caring for Our Staff

ND Paper's success today lies in the efforts of every staff member. As a responsible and considerate employer, the Group sticks to the people-oriented management philosophy that focuses on personal development and talent training. Especially, we value highly the importance of production safety, staff welfare and training for improvement of every aspect of the life quality of our staff. For example, we invite prestigious colleges and universities to hold MBA seminars in our plants so as to enrich our middle and higher management with comprehensive basic knowledge, as well as professional and administrative training, thus creating an ideal learning environment.

We also send staff to universities for further studies, so that after graduation they can put into practice what they have learned and develop their skills to take on all sorts of challenge. During the entire course of training, we encourage our staff to be creative and to improve their technical capability and corporate management standards at the same time. Such training helps guarantee the quality of our human resources to support the rapid development of the Group.

Actually, apart from these trainings, the Group also offers appropriate protection for our staff, so as to ensure a healthy environment for them to work, live and relax. In this aspect, ND Paper has also won due recognition. We obtained the OHSAS 18001 certification for the standard of our occupational health and safety management system.

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Contributing to Our Society

From society, for society. The Group fully understands that a harmonious social environment is beneficial for its long-term development. Hence, while actively developing its business, NP Paper is also keen on participating in charitable community activities. Through these charitable activities, the Group encourages its staff to fully apply the creative and innovative spirit of ND Paper, so as to stimulate their care for and dedication to the community.

For example, in 2004, when the once in a century Tsunami hit southern Asia, ND Paper took the initiative to organise a donation campaign with its staff to demonstrate the charitable spirit of the Group.

In addition, to help dropped-out students in the poor regions of China, the Group initiated an action to offer approximately 100 full scholarships to such students each year to study in the South China Polytec University, and hire them after their graduation. This program not only helps those students and improves the economic conditions of their families, but also serves to train up talent for the Group. It has won the support of government authorities. Due to this program's obvious results and profound meaning, ND Paper intends to further expand and develop the program.

Summary

ND Paper will continue our efforts to pursue the strategy of sustainable development by giving high priority to environmental protection, proactive commitment to our social responsibility as a corporate citizen, and maintaining the harmony between the search for business economic benefits and the interests of society at large.