

Corporate Social Responsibility & Environmental Report

2009

Gold East Paper (Jiangsu) Co., Ltd.

Brief Introduction

Name: GOLD EAST PAPER (JIANGSU) CO., LTD.

Address: No.8 Xinggang Dong Road., Dagang, Zhenjiang,
Jiangsu Province, P.R. China, 212132

Company Type: Joint-venture

Date of Establishment: May 18, 1997

Product Range: C2S art paper/Gloss, C2S art paper/Matt, C2S art paper HWSO,
C1S art paper, etc.

Annual Production Capacity (2008): 2.20 Million Metric Tons

Annual Sales Amount (2008): RMB 9.16 Billion

Staff Number (2007): 5,293

Company Belief: Challenging limits, Pursuing perfection.

Business Philosophy: Continuous improvement for the revitalization of China's
papermaking industry; cherish humanity's future; and uphold the concept of
sustainable development.

Core Values: Customer comes first, people-oriented, integrity, harmony,
effectiveness.

**The report describes economy, environment, social work, and other
operational activities of Gold East Paper from January 1st to Dec 31st, 2008.**

Contents

1- Message from the President	4
2- Company Profile	6
❖ Honors in 2008.....	7
3- Corporate Governance	8
❖ Organization Overview.....	8
❖ Technology Innovation.....	8
4- Economic Performance	9
5- Environmental Performance	10
❖ Environmental Management.....	10
❖ Process Control.....	12
❖ Recycle.....	16
❖ Plant Green.....	17
❖ Environmental invest.....	18
6- Social Performance	19
❖ Employee.....	19
❖ Health and Safety.....	21
(Supply Chain Management.....	22 21 2
❖ Product Service & Safety.....	23
(Social Charities.....	25 23 4
7- Readers' Feedback	25

1- Message from the President

Nowadays, the world is not the only age for pursuing benefit, promoting sustainable development between enterprise and society has become common expectation of the whole people. Currently, constructing resource conservation and environment-friendly enterprise, realizing human and nature to develop harmoniously are the company's most important social responsibilities.

For the biggest art-paper-mill in China, since its establishment, Gold East Paper has been firmly following the concept of constructing environment-friendly enterprise, fulfilling social responsibility and running through all the time consciously to realize balanced development of the economy, the society, and the environment and also gain broad development space.

The society can not be developed without its core value; the enterprise also requires core value. Taking charge for the society, trying one's best to be responsible for it, keeping ahead it, which should be taken on by the enterprise for long-term development. "Harmony" is the most important in Gold East Paper's core value, which fully reflecting the enterprise to layout its entire development trace from the height of sustainable development. It requires considering and promoting the environment protection and other social responsibility work entirely from higher extent. For future, Gold East Paper are more willing to make its contribution to modern Chinese paper industry and explore endlessly for protecting human's existent environment and civilized prosperity.

Currently, the per capita of annual paper consumption is 55kg compared with 300kg paper consumption in developed countries. According to the data provided by PPI, which indicates that by 2020, the per capita of paper consumption will reach 69kg in China, the total consumption around the country will reach 100 million tons, but in 2007, the general production capacity of domestic paper and paper board are only 73.5 million tons. Therefore, the development prospect of China's paper industry is very broad.

Being suffered from recent international finance storm, the economy of different countries all around the world all met with concussion from different content. On the background of this international economic situation, the requirement of inside and outside paper market all shrunk, the market price of

product “diving” to a large scope, the production management of paper enterprise was also come under enormous impulsion.

In this difficult period, Gold East Paper will try every means possible to exert its distribution access, expand selling quantity and exploit market. At the same time, Gold East Paper will take different measures inside the company, including reducing the purchasing cost of different raw and auxiliary materials and spare parts, pushing energy saving and consumption reduction, carbon decreasing to reduce inside operation cost so as to insure the enterprise to manage in order.

Gold East Paper will commit to make great efforts to build a modern green paper enterprise with more environmental protection, higher pro-active technology and higher utilization of resources.



President: Mr. Wu sengfong

Wu Sengfong
President

2- Company Profile

Gold East Paper is a Greenfield Mill and currently the single largest-scale Art-Paper-Mill in the world. Located on a 5.33km² site in Zhenjiang, Gold East paper enjoys access to modern Shanghai at east and the ancient capital Nanjing at west.

Incorporated on May 18, 1997, the total investment is USD2.173 billion, and the annual production capacity is over 2 million MT, Gold East Paper has three coated woodfree paper production lines from Voith and Metso. PM1 and PM2 are supplied by Voith Sulzer with a trim width of 9.77m, operating speed of 1,600m/min, and daily capacity of 1,700MT. PM3, with an on-line coater, is supplied by Voith Sulzer with a trim width of 9.77m, operating speed of 1,800m/min, and daily capacity of 2,400MT. OMC1 and OMC2, with four Opticoat jet coating heads, are supplied by Metso with a trim width of 9.77m, operating speed of 1800m/min, and daily capacity of 2,000MT.

World level machinery and advanced technology result in high quality products. C2S art paper/gloss, C2S art paper/matt, C2S art paper (HSWO)&C1S art paper have been well & widely accepted in printing, publishing and wrapping industries.

Utilities and satellite plants include power station, fresh water plant, effluent treatment plant, GCC (Ground Calcium Carbonate) plant, PCC (Precipitated Calcium Carbonate) plant as well as 2 docks each handling 20.000DWT vessels at the same time.

Gold East Paper also adopts advanced management system to make customers satisfaction. DCS (Distributed Control System), QCS (Quality Control System), SPC (Statistical Process Control) and CTR (Cycle Time Reduction) etc are widely used in production and business management.

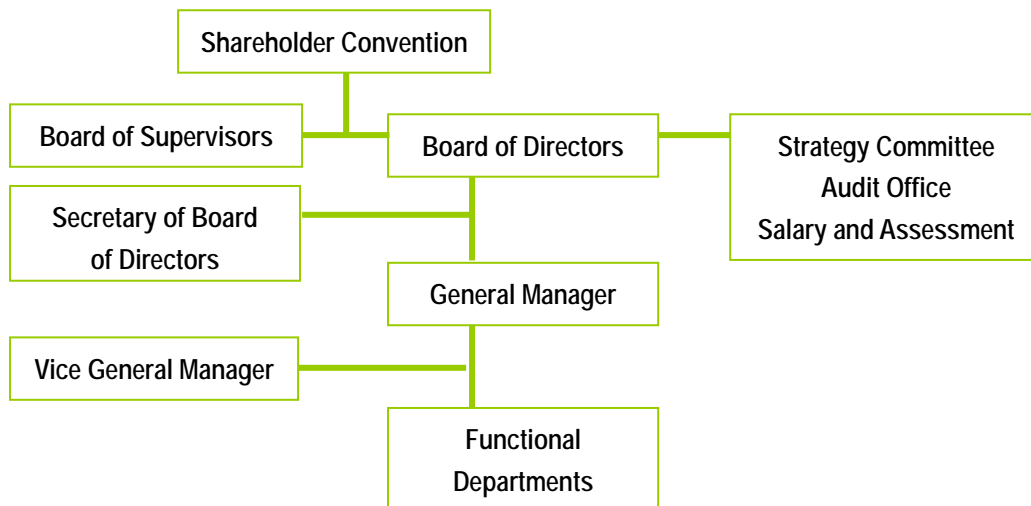
❖ Honors in 2008

Honors	Issuing Department
First National Environment-friendly Enterprise	State Environment Protection Administration
Top 100 National Environment-friendly Project	State Environment Protection Administration
Model of Staff's Family	National Labor Union
CCTV2006China Enterprise Social Responsibility Survey "Sustainable Development Contribution Award"	China Enterprise Social Responsibility Survey Committee
National Industry Tourism Demonstration Site	Assessment Committee for National Industry & Agriculture Model Site
China Charity Career Prominent Contribution Award	China Charity Federation
National Green Model Unit	National Green Committee
Top 100 Star National Overseas Chinese Capital Enterprise	State Department Affairs Office、Top 100 Star National Overseas Chinese Capital Choosing Committee
National Pioneering Unit for Quality Control	China Quality Association/Six SIGMA Promoting Committee
National Customers Satisfaction Product	China Quality Association/National Consumer's Committee
Product Quality granted Exemption from National Inspection	PRC State Administration for Quality Inspection and Quarantine
"Space Shuttle" Art Paper, National Product, granted Exemption from Official Inspection	State Administration for Quality Inspection and Quarantine
"Space Shuttle" awarded as Famous Trademark	Trademark Bureau of State Administration for Industry & Commerce
Jiangsu Famous Product certificate (Space Shuttle、East Sail、Long Crane)	Jiangsu Famous Brand Strategy Promoting Committee
Environment Protection Grand Contribution Enterprise	Jiangsu Paper Manufacture Industry Association
Advanced Technology Enterprise Confirm Certificate with Foreign Capital	Jiangsu Foreign Trade Economic Cooperation Office
Jiangsu Excellent Overseas Chinese Capital Enterprise	Jiangsu Outside Economic & Trade Office、Jiangsu Overseas Chinese Union
Earthquake-resistance Pioneering Collectivity	Jiangsu Province Overseas Chinese Federation

3- Corporate Governance

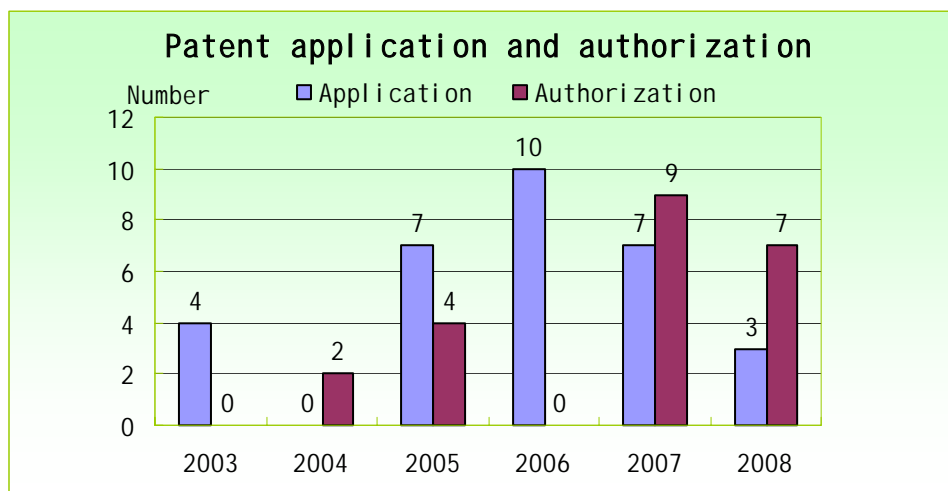
The company has system in place to help us to evaluate internal risks, set internal examine organization structure, and adopt a complete risk management framework in order to effectively control operational, financial, marketing, regulations and ethical risks.

❖ Organization Overview



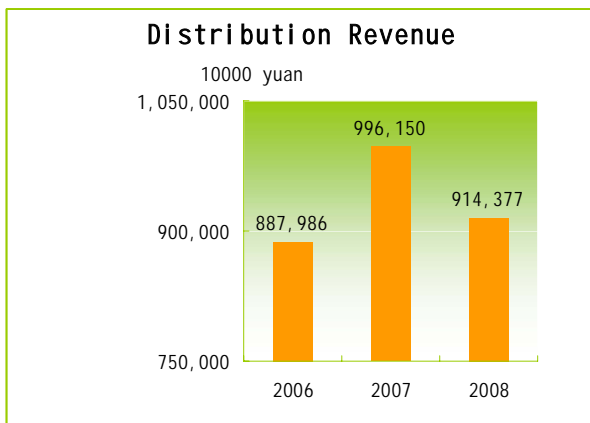
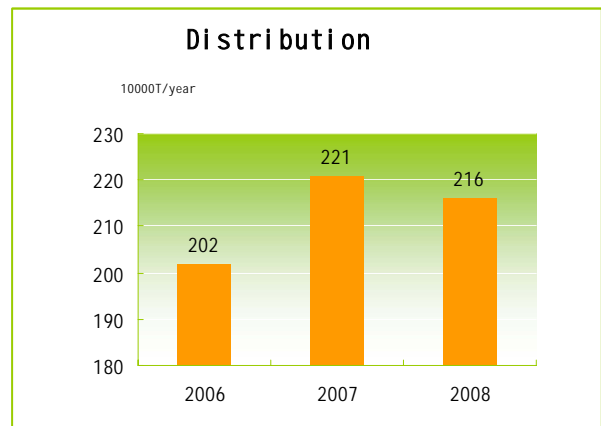
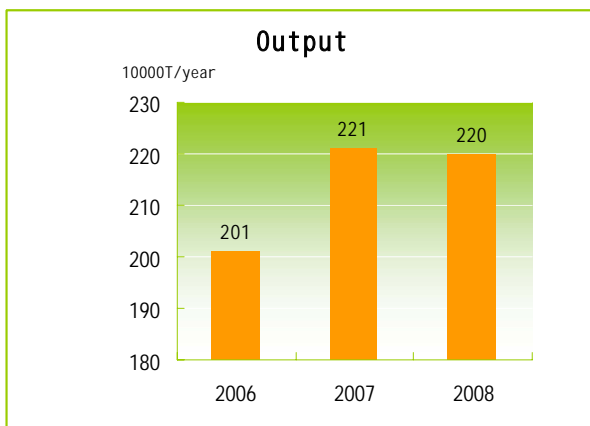
❖ Technology Innovation

Depend on science and technology progress strength, the company has gained continuous and steady development. Up to 2008, the company has applied 31 patents altogether and registered 3 copyrights, hereinto 5 patents, 12 utility news and 5 designs has been licensed.



4- Economic Performance

In 2008, financial tsunami brought great concussion to global economy, Gold East Paper reduced cost expense by internal improvement and waste reduction, and dedicated to develop new product and exploit new market at the same time, which converted “danger” to “chance”. The company has actualized RMB 9.144 billion distribution revenue all around the year, there into export foreign exchange RMB 2.233 billion, tax paying RMB 0.873 billion. Gold East Paper has made great contribution to national and regional economy.



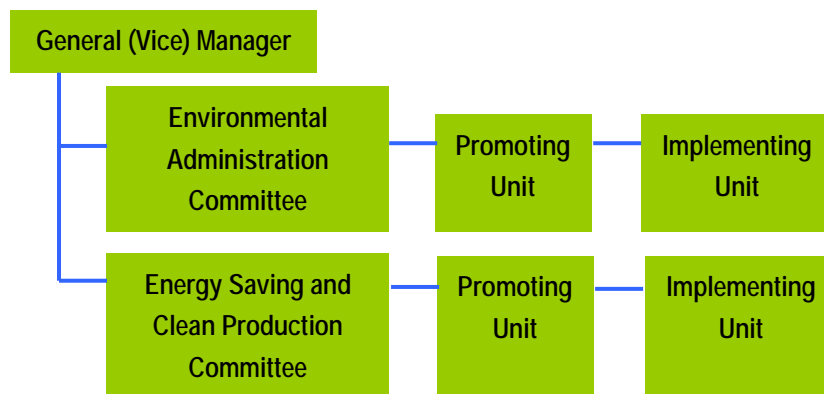
5- Environmental Performance

❖ Environmental Management

■ Environmental Guideline

- Maintain natural environment
- Comply with requirements of laws, regulations and standards
- Reduce waste and recycle resources
- Save energy and reduce consumption by effectively using resources
- Continually make improvements towards preventing and ultimately eliminating pollution
- Periodically audit the suitability of environmental system

■ Environmental Management Organizations



■ System Certification

Gold East Paper passed the ISO14001 environmental management system certification in December 2000. The company has constructed and implemented environmental management system according to ISO14001 International Standards and National Environmental Management Requirements. Gold East Paper organizes auditor to audit the system periodically to insure the continuous improvement of environmental management system. The company has implemented complete environmental management for the entire product lifestyle,

such as product design, raw material procurement, production control and waste disposal.

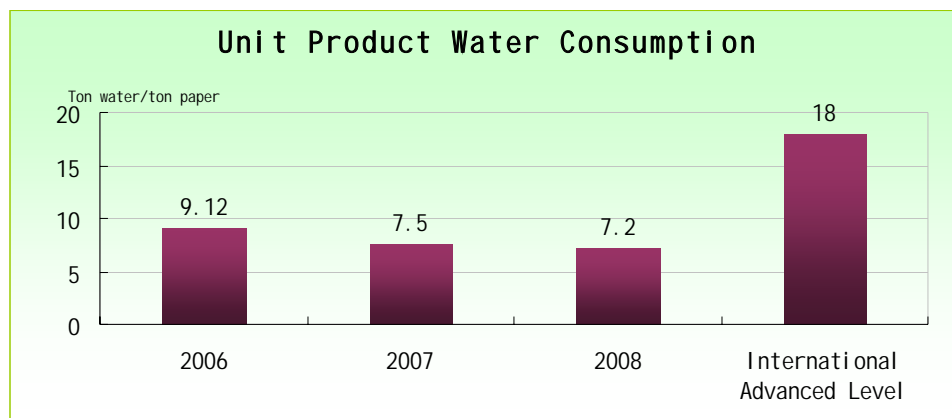


■ Certification System List

Certification System	Certification Unit	Obtainment Time
Measurement Management System Certification (ISO10012)	Zhongqi Measurement System Certification	August,2008
Certificate for Measurement Assurance	Jiangsu Quality and Technology Supervision Bureau	August,2007
PEFC Certification	SGS	November , 2007
Occupational Health and Safety Management System Certification (OHSAS18001:1999)	National Quality Certification Center	December , 2004
Environmental Management System Certification (ISO14001:2004)	National Quality Certification Center	February , 2001
Quality Control System Certification (ISO9001)	SGS	February , 2000

❖ Process Control

China's national policy of "The Eleventh Five-Year Plan", which puts forth the following targets for environmental protection to be achieved in "The Eleventh Five-Year" phase, the ratio of energy sources consumption to total unit domestic production will be reduced by 20%, the total amount of pollutant discharge will be reduced by 10%, the total amount of COD discharge will be reduced by 10%.



Faced with the increasing prominent position of the short of resources and environmental problem, the company innovates the development mode according to scientific development view and sustainable economy principle, take "water conservation, energy saving, consumption reduction, carbon decrease, pollution lessening and efficiency increase" as main targets, make effective and recycle use of resources by implementing clean production and technology progress. At present, Gold East Paper's indexes such as energy consumption, water consumption for producing 1MT of paper and pollutant discharge all keep ahead the international benchmark.

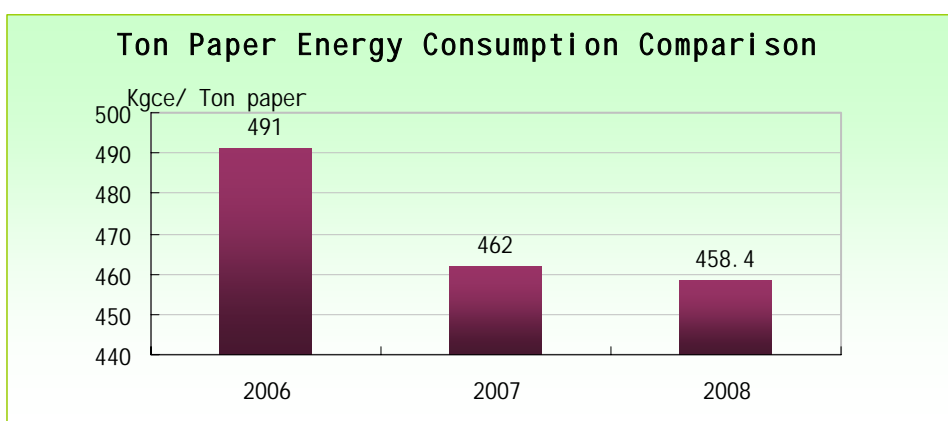
■ Water Resources Consumption Reduction

At present, the level of water consumption of the international benchmark is 12~18m³ in producing one ton of coated art paper, the average level of that of domestic is about 30m³. Gold East Paper has always made great efforts to develop water recycling, emission reduction and cleaner production activities. These mainly include water conservation and waste saving practices. In 2008, water consumption in producing one ton of mill's coated art paper average was 7.2 m³.

The company made the effluent which be disposed by papermaking waste water as the disposal object and combined film technology with industry water disposal technology, so a new and applicable arts and crafts - film integration craftwork has been exploited. The effluent was returned to use treated by this processing craftwork, then the returned water replaced clean water to manufacture boiler super pure water, which improved the comprehensive utility of discharge water and recyclable water so as to achieve the target of further declining the discharge of water consumption in producing one ton of paper and pollutant discharge and retaining fetch water and waste discharge capacity and surplus for company's continuous development.

■ Pursuing High Efficiency and Low Energy Consumption

As one of the “One Thousand Enterprises” of China's key energy consumption enterprise, Gold East Paper consolidated management and put related contents of 《Energy Saving》 which became effective on 1st April, 2008 in practice. The company carried through energy saving and reconstruction to papermaking working procedure and associated with scientific research unit to analyze systematically, fully excavated the potential of energy saving.



In the face of adverse impact brought by financial crisis in the second half year in 2008, Gold East Paper adjusted production pattern in time, optimized operation

and overcame the infection of the short of production capacity. In 2008, the comprehensive energy consumption of ton paper was reduced from 462kgce in 2007 to 458.4kgce, fell 1.15% with the same ratio, Standard coal equivalent in energy conservation was 12,000 tons, million in output value of energy consumption was 0.74tce, fell 5%.

At the same time, in order to reduce the adverse effects of greenhouse gases on the Earth's climate which generated by burning fossil energy, in September 2008, Gold East Paper invited third party agency to assess corporate carbon footprint. After treating clout and other internal waste of enterprise, delivering into thermal power station boiler combustion, the company carried through the feasibility of biomass energy alternative to the trial assessment. Because of coal accounting for about 70% in National energy constitution proportion and due to intense energy in 2008, the market price and quality for coal declined. Company's coal consumption added 9.2% than that of in 2007, resulting in CO2 emissions than the increase in 2007. Gold East Paper's continuous energy conservation and alternative energy use are also the important approach to reduce the discharge of greenhouse gas.

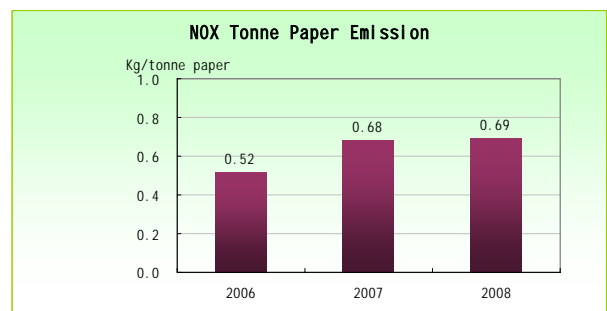
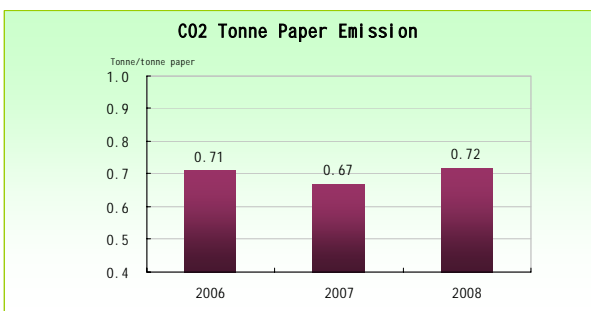
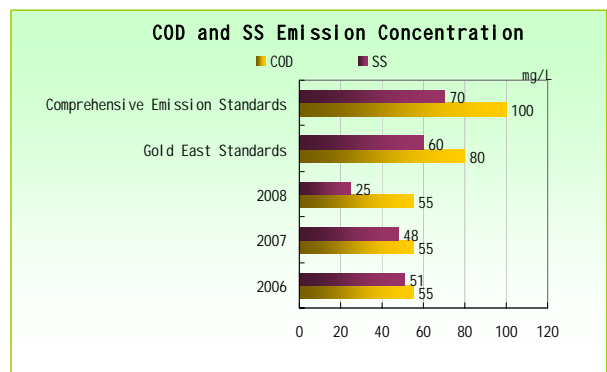
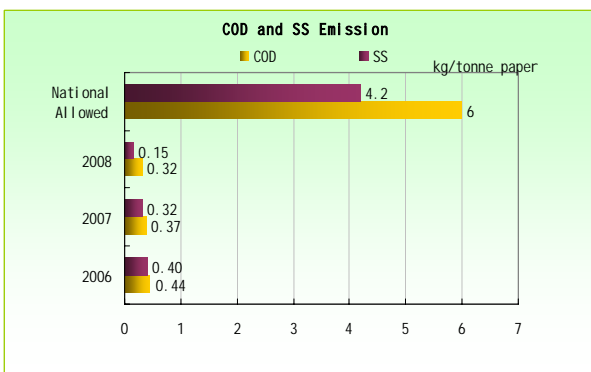
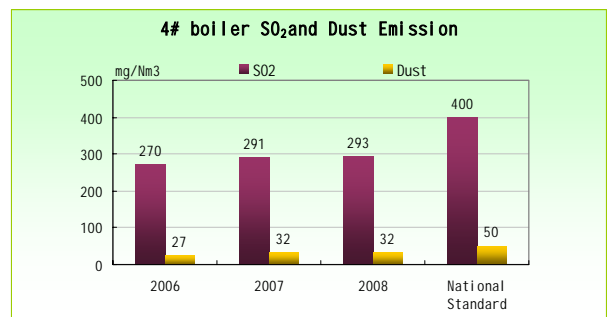
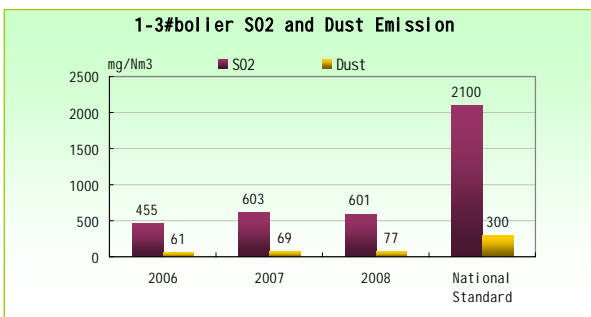
Energy and Resources Data List

Energy Sources Title	Unit	Consumption in 2008
Coal	Ton	1,300,728
Natural Gas	10,000 cubic meters	5,395
Gas	Ton	150
Diesel Oil	Ton	4,181
LPG	Ton	7,432
Heat Power	GJ	8,009,572
Electric Power	KWH	146,915

■ Environment Monitoring , Emission Standards

The company implemented three-tier monitoring management to pollutant discharge. Firstly, the company installed on-line data and screen monitoring system and with the government environmental protection agency network monitoring, a 24-hour real-time monitoring of wastewater and exhaust gas emissions. The

company has full-time environmental protection agencies responsible for waste water and exhaust gas testing. The test items including dust, NO_x, SO₂, wastewater SS, BOD₅, pH, COD_{Cr} and so on. Keep track of wastewater generation, treatment, emission and exhaust gas emissions. Regular supervision and monitoring to company's wastewater and exhaust gas discharge by Municipal Environmental Monitoring Station, and at the same time, the company made the biological detection method of discharge water to foster fish to verify water quality of sewage treatment to ensure the emission reached the national standards.



❖ Recycle

■ Re-use of Smoke and Dust, Reduce Exhaust Gas Emission

Since establishment, Gold East Paper has introduced environmentally friendly equipment and craftwork in calcium carbonate plant , using CO₂ -smoke and different air emission produced in the manufacturing process, which is recycled to produce calcium carbonate raw material. In 2008, the mill reduced the smoke and dust emission more than 0.58 billion cubic meters, and the reduction amounts of SO₂ and CO₂ were over 300 tons and 88,000 tons respectively.

■ The Comprehensive Use of Marble Residue

The company puts marble residue which generated by the production of heavy calcium carbonate into power plant boiler for desulfurization, which not only reducing the purchasing of limestone cost, but also greatly reducing the environmental pollution caused by solid waste.

■ The Comprehensive Use of Fly Ash

In 2008, the boiler of the power plant generated as much as 234,200tons of fly ash, through which Zhenjiang Shenghua Fly Ash Application Corporation to use as main raw material to produce blocks, the product has passed provincial-level expert assessment and been ranked as key recommended products by Zhenjiang wall materials reform office. The quality and price can completely replace loess bricklayer burning.

■ The Recyclable Use of Sewage Blocks

Part of sewage blocks in wastewater treatment field are directly delivered to circulating fluidized bed boiler (CFB) for burning by conveyor belt, making the best use of CaCO₃ containing in sewage blocks for desulphurization to reduce the addition of the CaCO₃ raw material. In 2008, the amount of self-owned comprehensive utilization was about 20,000 tons, and the rest were sold to downstream manufactures, and then be processed as industrial products so as to reduce the total generation of the solid waste.

■ Various Types of Waste Package Materials Entrusted

Outside for Comprehensive Use

The company puts chemical packaging, waste pulp board, scattered broken pulp debris, waste cable and etc for public tender and entrusted to qualified solid waster handling contractor for comprehensive treatment. In 2008, the amount of comprehensive utility was 13,000 tons.

❖ Plant Green

Gold East Paper designs and optimizes the artificial plant communities, making full use of effluents for irrigation green space to create a good ecological environment of the factory. At present, the plant green coverage reaches 63 percent, plants more than 50 varieties and over 500,000 flowers and trees; Plant greening effectively creates a comfortable micro-climate, and at the same time plays an important role in removing dust, reducing noise and radiant heat and etc. As industrial tourism demonstration sites, the company's environmental protection park breeds various animals for direct contact with visitors, such as spotted deer, peafowl, pheasant, mandarin duck, Sheldrake, hare and goat.



❖ Environmental invest

In recent years, the company invested for environmental protection has become increasingly large. At present, Gold East Paper has reached 1.15 billion investments in environmental protection, accounting for 5% in total investment. In 2008, the accumulative total environmental protection devotion was about 0.12 billion, which played a positive promoting role in improving corporate social image and maintaining eco-efficiency.

Environmental Devotion List in 2008

Category	Contents	Devotion (RMB Thousand)
Waster Conservation& Waste Reduction	Effluent contradictory penetration technology	1,580
Energy Saving& Consumption Reduction	Second power plant boiler high voltage blower motor frequency transformation	113,860
	Speed-up and energy saving modification of paper machine and coater	
Total		115,440

6- Social Performance

❖ Employee

Employees are the most valuable wealth for enterprises. Being people-oriented is one of Gold East Paper's core values. The mill cares much about staff development and maintains their rights. We make great efforts to realize values shared by employees and company to promote common development.

■ Employee Employment

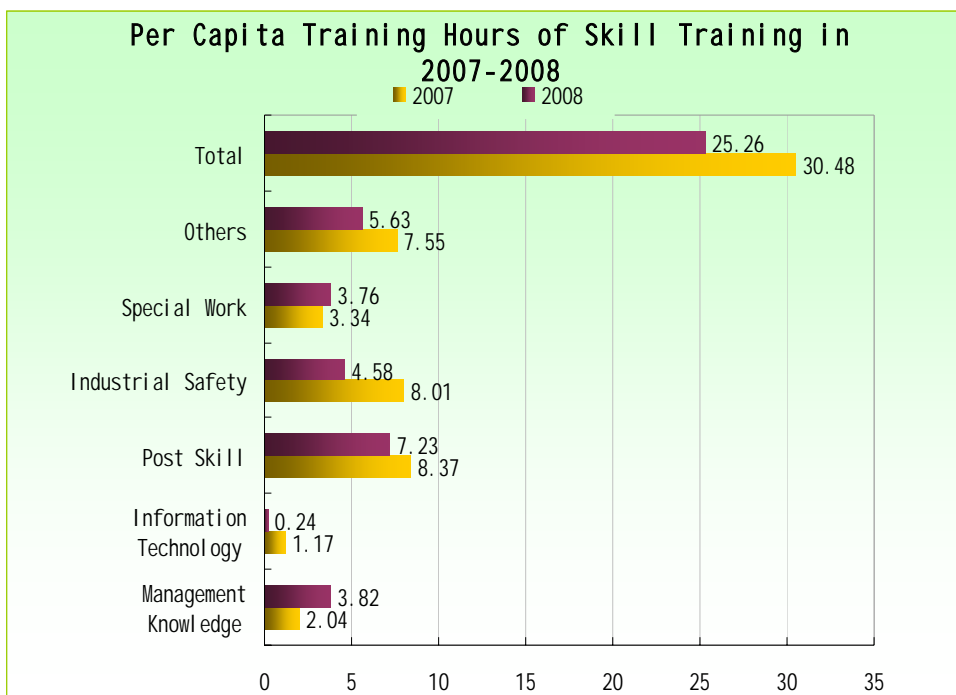
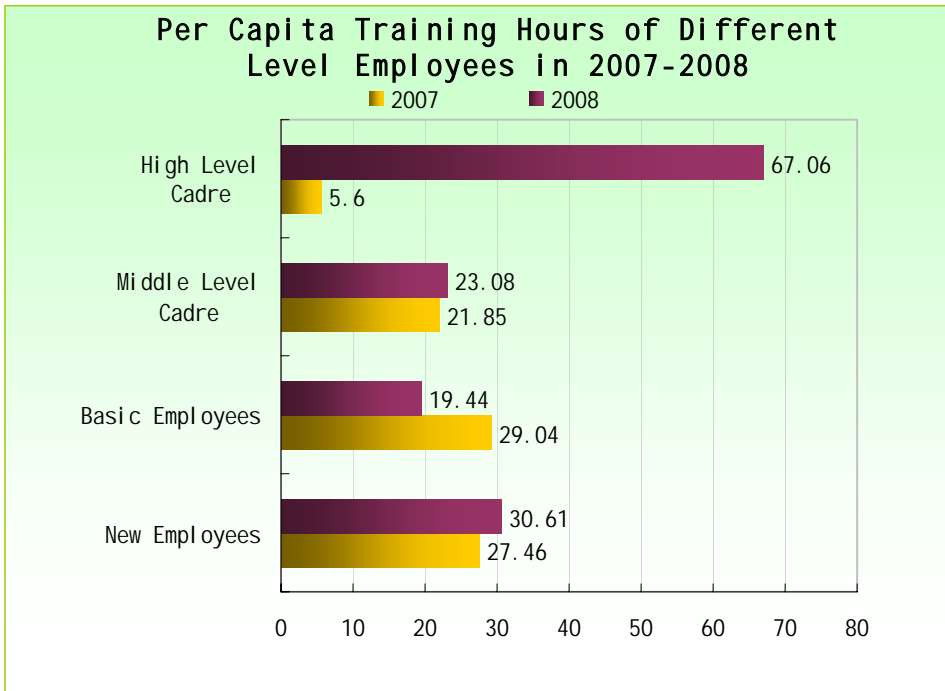
Up to the end of 2008, the total number of staff was 5,384 people, 4,573 of whom among the total number were local workers, which accounted for 84.94% in total number. The labor agreement signed between the company and employees reached 100% coverage, 5,293 staff members with a labor contract, 4 employees with a special labor contract. Also, the company has signed agreements with four labor companies, employing 898 laboring workers.

■ Training for Employee Development

The company makes employees ability model as a foundation and further perfects the scientific training system to help employees develop their career with the company, as well as career path planning scheme.

The company opened an business administration class with Tsinghua University for Managerial Level Personnel to broaden their management perspective and enhance the management accomplishment.

The mill opened the second phase MBA class with Jiangsu University for training high level managerial talents.



■ Diversification

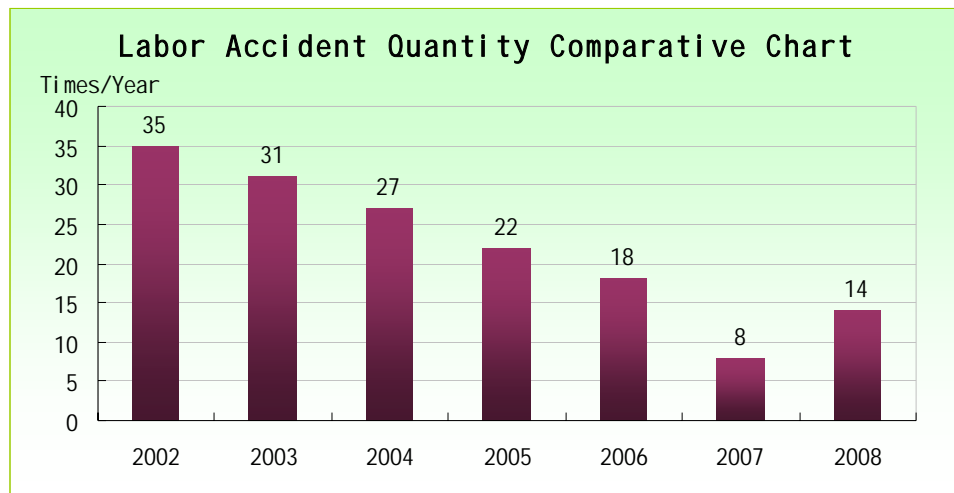
The company employed 1262 female staff employees, which accounted for 23.43% in total number, the minority staff were 33 people, with the proportion of total number of staff for 0.61%. The average age of staff is 30 years old, employees below the age of 35 accounted for the ratio of the total number of 85.80% .

In accordance with the law, where the male and female workers doing the same

work, they enjoy the same payment for labor rights; Every 3 years, the company will sign the special protection agreement with female workers and implement protection of women during "four periods.

❖ Health and Safety

Gold East Paper attaches much more importance to establish a proper set of occupational health and safety system, the company's safety production management has been continuously strengthened. In 2008, the mill organized married female employees to take part in gynecological examination and found no occupational illness.



■ Human Rights

The company pays more attention to visitors' human rights guarantee and requires the public security personnel to perform in accordance with public security responsibilities. Prohibiting the illegal detention and other forms of unlawful deprivation or restriction of personal freedom of others and forbidding the unlawful search of another person's body and as the standards for training.

❖ Supply Chain Management

■ Green Procurement

All the pulp used in making paper in Gold East Paper possess a high quality and is 80% ECF (Elemental Chlorine Free) and TCF (Totally Chlorine Free). The origins of the pulp are mainly in Hainan, Southeast Asia, Brazil and North America. The company passed PEFC (Programme for the Endorsement of Forest Certification schemes) certification in November, 2007 to actualize the monitoring from pulp production to the whole finished paper process. For realize the corporate social responsibility and reducing the CO2 emission, in 2008, the company has made carbon footprint of data statistics for the main raw and auxiliary materials-pulp, chemicals, packaging materials.

1. When purchasing raw material according to national regulations, the mill clearly insists that all supplies provide relative accredited data.

2. Any procurement of toxic chemicals should obtain the approval from the public security system.

3. Carry through VOC_s investigation containing in chemical raw materials according to customer's requirements.

■ Suppliers Management

All the pulp, chemicals supplies have provided MSDS (Material Safety Data Sheet), all supplies' management, production and transportation of dangerous chemical raw material have passed the National certification- "Hazardous Chemicals business license", "hazardous chemicals production license" and "hazardous chemicals transportation license". Dangerous wastes contractors are required to have treatment qualification which recognized by National Environmental Protection Bureau.

In addition, the company's main raw materials suppliers are required to be familiar with Gold East Paper's environmental guidelines, and sign commitments to provide products with no-containing environmental protection controlling substances

❖ Product Service & Safety

In order to ensure customers' safety and health in the process of making use of products, the mill takes into fully concern about product safety from the papermaking material. In the entire process, the mill implements strictly different measures of product safety management from examination, inspection design and production, finished products till delivery to customers for using.

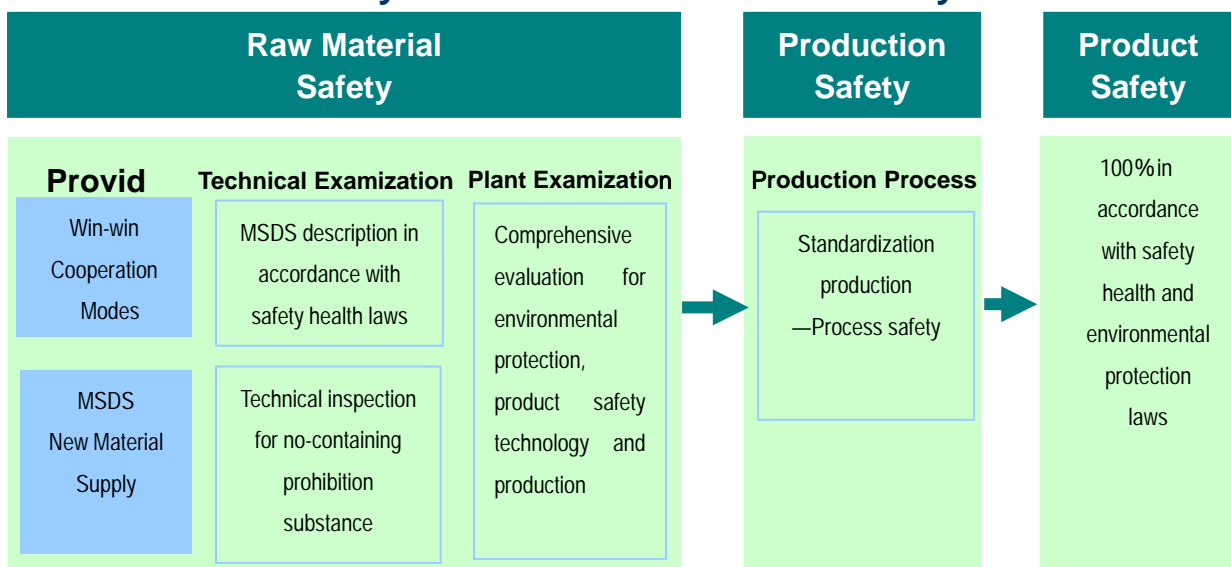
At present, the art paper production capacity of Gold East Paper is over 2 million MT and is currently the single largest-scale Art-Paper-Mill in the world. The company takes middle and high-grade art paper as the main target markets, and has developed "Space Shuttle, East Sail, long Crane, and Holy Shield" the four major brands successively to suit different customer requirements.

Gold East Paper has set up perfect quality control system to ensure that products meet customer needs.

As our core company value, we totally commit to provide our customers with the best quality in products and services, assuring by a well established Total Quality Control System.

International managerial recognition was obtained since SGS granted Gold East Paper the ISO9001 Certification on December 28, 1999. DCS(Distributed Control System), QCS(Quality Control System), SPC(Statistical Process Control) and Six Sigma are applied in quality control.

Raw Material Safety and Product Production Safety



With great concern about environmental protection and safety by the society, from customers' points of view, on the basis of safety control of raw material and production process, the mill inspects finished paper product safety of prohibition substances instructed in RoHS, VOCs, no-containing halogen element and no-containing radioactivity substances by SGS according to international and domestic product safety standards. The company also provides to customers who requires product safety inspection certificates. The company's raw material safety and product safety inspection are all 100% in accordance with specified standards.

❖ Social Charities

Gold East Paper actively supports the projects of education and public affairs. In 2008, it donated RMB 31 million to social charities, schools and institutional organizations.

1. Donated to Douyun city primary school in Guizhou province for the improvement of school buildings, the order of school uniforms, the donation of sports facilities and the release of scholarships and etc.

2. Donated to earthquake disaster area Mianyang in Sichuan Province.

In addition, from January 2008, the mill set in motion a Volunteer Management System for Employees to advocate employees to actively attend the volunteer activities. According to statistics, a total of 2078 employees took part in volunteer activities and 15,671 hours of dedication in 2008.

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