

SUSTAINABILITY REPORT

2024



南方包装集团有限公司
Southern Packaging Group Limited

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About This Report

Scope

Southern Packaging Group Limited's (together with all its subsidiaries, the “Group”, “we”, “our”, “us”) sustainability report (the “Report”) focuses on the Group's sustainability efforts and strategies for the period from 1 January 2024 to 31 December 2024 (“FY2024”). Our production facilities are located at economically vibrant regions in China, namely, Foshan Nanhai, Foshan Gaoming, and Jiangsu Changzhou. Our headquarters are at 36 Robinson Road, #20-01 City House, Singapore 068877.

Reporting Framework

This Report was prepared with reference to the reporting principles and requirements of the Global Reporting Initiative (“GRI”) Universal Standards 2021. The GRI Standards were selected as they represent the best global practices for reporting on an organisation's economic, environmental, and social impacts. We also adopted the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations as it represents the best global set of comparable climate-related disclosures. In compliance with Rule 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section A: Mainboard Rules, this Report includes the primary components of a sustainability report on a ‘comply or explain’ basis. We are also incorporating all TCFD recommendations in this Report.

Data Assurance

We have not sought external assurance for this sustainability report. We have relied on internal verification to ensure the accuracy of all information presented in this Report and will consider seeking external assurance in the future. An internal review of our sustainability reporting processes was also conducted by our internal auditor, pursuant to Rule 711B (3) of the Singapore Exchange Listing Rules.

Feedback

We welcome and value all feedback on this Report. For any queries, comments, or suggestions, please contact us through email at: sp.investor@southern-package.com. This Report can be downloaded from the Group's corporate website at <http://www.southern-packaging.com/en/index.aspx>.

Board Statement

Dear Stakeholders,

The Board of Directors (the "Board") of Southern Packaging Group Limited is pleased to present our eighth sustainability report for the financial year ended 31 December 2024. This report highlights our ongoing efforts and achievements in sustainability, offering a comprehensive update on our performance and progress.

The plastic packaging customisation and processing industry continues to experience rapid change, driven by shifting environmental policies, rising consumer demand for sustainable products, and advancements in production technologies. These factors are transforming the competitive landscape and presenting both challenges and opportunities. Looking ahead, we expect that fluctuations in raw material prices, changes in international trade regulations, technological advancements, and evolving market demands will be key factors influencing our performance.

In response to these challenges, the Group plans to remain adaptable by refining our procurement strategies, increasing our investment in research and development, and staying closely attuned to market developments. We believe that through strategic flexibility and innovation, we can navigate these changes effectively and sustain steady growth.

The Group will also continue to focus on the marketing and sale of the remaining units of Apex Tower, aiming to capitalise on opportunities to enhance sales within our property portfolio despite market conditions.

The Board takes full responsibility for overseeing sustainability within the Group, and places sustainability at the heart of our business and strategic priorities, aiming to create long-term value for stakeholders through strong governance, environmental stewardship, and social responsibility. The Board actively incorporates sustainability considerations into strategic planning, including the identification of key ESG factors and the ongoing oversight of their effective management. We review and approve the management of material sustainability topics, making certain that our actions are aligned with long-term value creation for our stakeholders. Regular Board meetings are held to evaluate and approve major strategic plans, particularly those focused on sustainability.

The Board recognises the importance of sustainability in securing the long-term success of the Group. We remain committed to minimising our environmental footprint, enhancing corporate responsibility, and creating enduring value for all stakeholders. We thank our stakeholders for their continued support and look forward to collaborating further on our sustainability journey in the years ahead.

Sincerely,
Board of Directors
Southern Packaging Group Limited

Corporate Profile

Southern Packaging is a leading manufacturer specialising in the production of both flexible and rigid packaging solutions for a wide variety of industries, including food and beverages, pharmaceuticals, household products, and personal care. As a prominent player in the global plastic packaging industry, the Group has earned a strong reputation internationally.

Focused on expanding our footprint in the Chinese market, the Group is committed to meeting the needs of the fast-moving consumer goods (FMCG) packaging sector. We strive to stay at the forefront of innovation by exploring new production methods and introducing advanced technologies that offer solutions like pollution prevention, light protection, and enhanced sealing. To drive these advancements, we have assembled a highly skilled management team, alongside technical experts and a dedicated workforce. Additionally, we are working to strengthen our automation capabilities to optimise costs and improve operational efficiency, which are key factors in achieving our long-term goals.

Our commitment to sustaining a leading position in China's plastic packaging market drives us to continually invest in research and development (R&D), cutting-edge technology, and state-of-the-art equipment to further enhance the quality of our products.

Vision, Mission and Core Values

Vision

Decorate the world and strive for perfection

Mission

- To continuously invest in technology in order to meet the emerging needs of the market
- To strengthen our quality capability to satisfy different customer needs
- To produce safe and environmentally friendly products that would benefit the society
- To ensure long term value for our investors
- To create a platform for all employees to do their best and ensure constant development

Core values

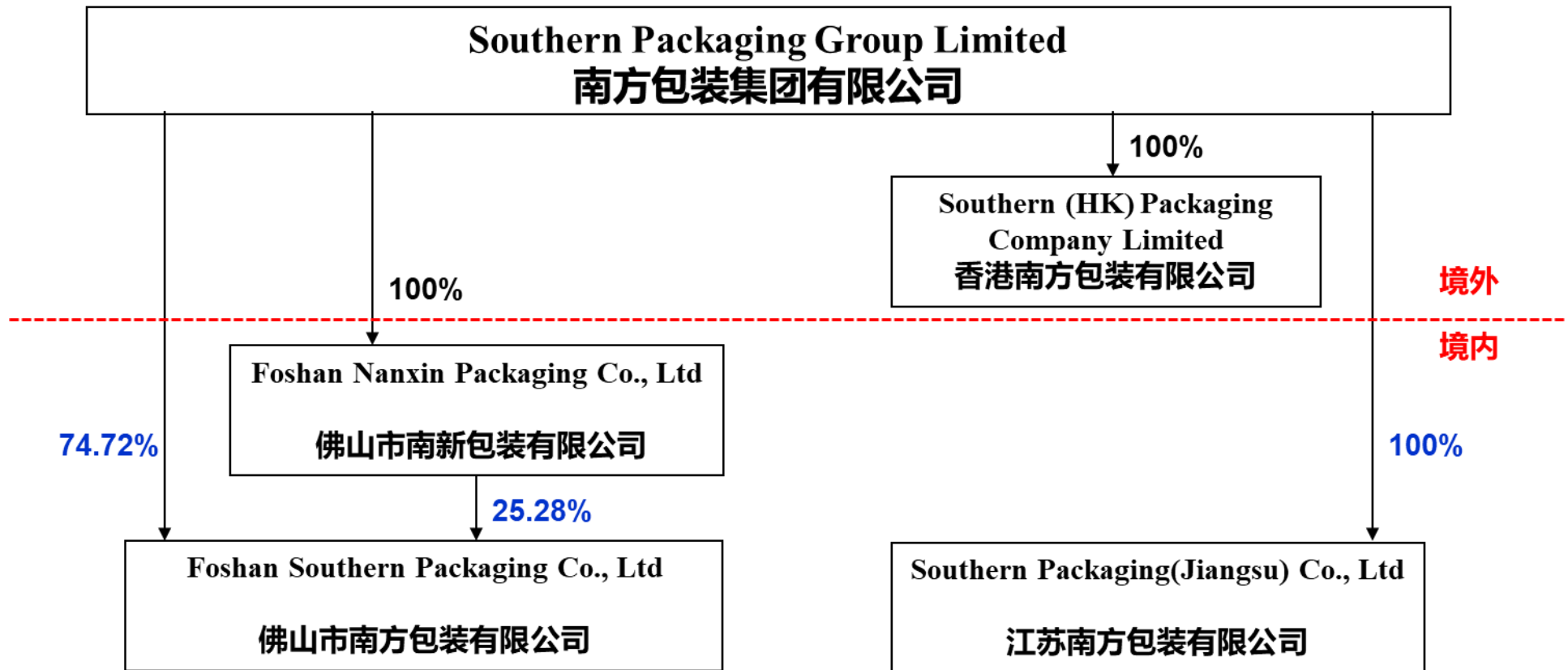
Quality First, Safety First

We have a comprehensive quality management programme in place, including quality management system maintenance, process quality control, project quality management and testing centres. This guarantees the quality and safety of the whole supply chain from upstream suppliers, manufacturing, to end customers.

Technology Innovation, Sustainability

The key to the breakthrough development of an enterprise is endlessly innovation. We improve our competitiveness through technological and product innovation. We are committed to promote the environmental protection development of the global plastic packaging industry, to achieve sustainability and creating a better life for our stakeholders.

Our Group Structure



Supply Chain Management

Our products are exported to over 30 countries, primarily serving multinational companies. Key raw materials such as plastic film, resins, adhesives, and printing inks are vital to our production process. According to our procurement policy, we ensure a minimum of two suppliers for each raw material, with selection based on factors including price and quality. The Group regularly evaluates suppliers on various criteria, including environmental impact, pricing competitiveness, delivery performance, product quality, and after-sales service. Sustainability is a priority, and we assess the recyclability of materials, giving preference to suppliers that adhere to strict quality standards.

In FY2024, our trade purchases amounted to approximately RMB 545million, reflecting an 4% decrease compared to RMB 570 million in FY2023. This corresponds with a similar decrease in the Group's revenue.

Product quality is central to the success of our business. Our automated inspection systems, integrated with advanced tools, control systems, and IT applications, ensure effective coordination across production stages. Additionally, our ISO 9001 and ISO 22000/FSSC 22000 certifications from Lloyd's Register of Quality Assurance ensure that we meet legal requirements and deliver high-quality, safe products that satisfy customer expectations.

Our Sustainability Governance

The Board recognises the critical role that a strong governance framework plays in protecting stakeholder interests and supporting the Group's growth. We believe that effective corporate governance, transparency, and accountability are essential to safeguarding long-term value for our shareholders.

In compliance with Rule 710 of the SGX-ST Listing Manual, our governance practices align with the relevant regulations, notices, and guidelines issued by the SGX-ST. The Board is responsible for overseeing the Group's sustainability strategies and initiatives, with the support of the Audit Committee, Nominating Committee, and Remuneration Committee. Together, they work to integrate sustainability into our business operations, ensuring that these initiatives are aligned with the Group's overall objectives. The Board reviews all sustainability-related matters and ensures that stakeholders receive timely updates. We believe that maintaining open and frequent communication is key to the continued success of the Group, and all directors and employees are expected to act in good faith and in the best interests of the Group. To support the Board's sustainability-related responsibilities, all directors have completed the required SGX-approved training on sustainability for directors of listed companies.

The Group has established a formal sustainability policy, approved by the Board, which outlines our approach to critical areas such as supply chain management, environmental protection, and employee relations. This policy is communicated across all subsidiaries, and management is tasked with ensuring that the Group's operations align with the policy, while also monitoring the effectiveness of sustainability initiatives.

Our commitment to strong corporate governance is reflected in the implementation of policies covering Conflict of Interest, Whistleblowing, and the Code of Business Conduct. Internal control systems have been put in place to manage financial, operational, compliance, and IT-related risks, ensuring that shareholder value and the Group's assets are protected.

We are pleased to report that there were no instances of non-compliance with environmental laws and regulations during FY2024. Going forward, we remain committed to staying abreast of any changes in environmental laws and regulations and ensuring that we continue to meet these standards across all regions where we operate.

Stakeholder Engagement

The Group highly values the integration of stakeholders' perspectives in shaping corporate strategies that promote long-term growth and development. By maintaining continuous dialogue with a wide array of stakeholders, including customers, employees, investors, suppliers, and regulatory bodies, the Group strives to understand and address their needs and concerns. This proactive engagement helps manage expectations effectively and serves as a foundation for ensuring the sustainability of our business operations.

The table below outlines the various channels through which the Group engaged with key stakeholders in FY2024.

Key Stakeholders	Engagement Channels	Key Interests of Key Stakeholders
Customers	<ul style="list-style-type: none"> Regular interactions Enquiry and feedback channels Strategic partnership on products recyclability and degradability 	<ul style="list-style-type: none"> Top-notch customer service Timely delivery After-sales service
Employees	<ul style="list-style-type: none"> Annual employee performance appraisal Regular team meetings Employee training 	<ul style="list-style-type: none"> Staff rights and welfare Safe working environment Opportunities for personal and career development
Investors	<ul style="list-style-type: none"> Regular investor meetings Annual and interim reports Circulars to shareholders 	<ul style="list-style-type: none"> Revenue growth and profitability Sustainable shareholder returns Responsible allocation of capitals to ensure sustainable growth
Suppliers	<ul style="list-style-type: none"> Product presentations Quote and contract discussions Delivery updates Strategic partnership on products recyclability 	<ul style="list-style-type: none"> Timely payments and fair terms High integrity and ethical standards
Government and Regulators	<ul style="list-style-type: none"> Participation in industry meetings with regulators Regular reports Participation in discussions 	<ul style="list-style-type: none"> Compliance with regulations Timely reporting and resolution of issues

Materiality Assessment

The Group has conducted a review of our material topics, incorporating feedback from stakeholder engagements. In FY2024, we have determined that the four material topics disclosed in FY2023 remain relevant to our business and stakeholders. No new topics have been added for FY2024.

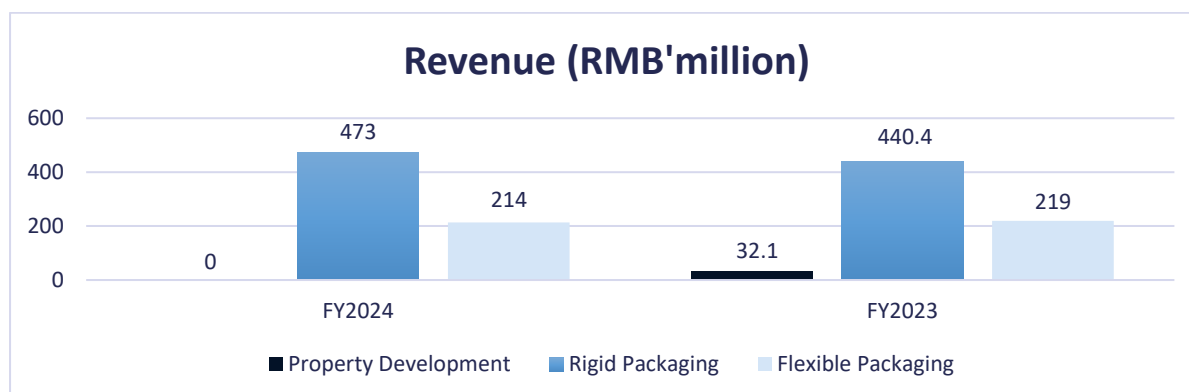
Economic
PerformanceEnvironmental
Protection

Employment

Training and
Education

Economic Performance

The Group's revenue decreased by RMB 3.7 million (-0.5%) from **RMB 691.6 million in FY2023** to **RMB 687.9 in FY2024**. The decrease of sales is mainly due to the decrease in property sales. However, the revenue for Rigid Packaging segment has increased by RMB 32.6 million. Further details and breakdown of our economic value generated by business segments for both FY2023 and FY2024 are stated in the following table below.



Total Operating Income (RMB' Million)	FY2023	FY2024
Revenue	691.6	687.9
Add: Other operating income	12.5	15.0
Total	704.1	702.9

The Group's breakdown of economic value distributed for both FY2023 and FY2024 are stated in the following tables below.

Expenses (RMB' Million)	FY2023	FY2024
Operating costs and employee wages	696.4	683.2
Interest expense	21.5	20.78
Tax expense (credit)	(0.3)	7.86

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Between FY2023 and FY2024, total expenses decreased slightly from RMB 717.6 million to RMB 711.84 million, reflecting a modest year-on-year decline of approximately 0.8%. The most significant contributor to this decline was a 1.9% reduction in operating costs and employee wages, which dropped from RMB 696.4 million to RMB 683.2 million. Interest expenses also saw a marginal decrease from RMB 21.5 million to RMB 20.78 million.

Taking the difference between economic value generated and economic value distributed, the Group's economic value retained is stated below.

Economic Values (RMB' Million)	FY2023	FY2024
Economic Value Generated	704.1	702.9
Economic Value Distributed	717.6	721.8
Economic Value Retained	-13.5	-18.9

The Group aims to establish more strategic partnerships with new multinational corporate clients. At the same time, we remain committed to developing innovative products and expanding our production capacity in the near future. Additionally, we are continuously focused on improving operational efficiency, with dedicated efforts to reduce costs and enhance production through the strategic use of our technology and R&D capabilities.

Our Targets:

The Group has the following targets for improving our economic performance.

Short-term	Our goal is to strengthen market development and expand the sales revenue of our advantageous projects in segmented markets, such as high-end pharmaceuticals, health food and dairy products, and sauce packaging markets. At the same time, we aim to further enhance our company's research and development innovation capabilities, improve our gross profit margin through timely innovation of new products, and enhance our overall profit performance.
Medium- and Long-term	Enhance our core competitiveness, focus on strengthening R&D development, and jointly develop with market-leading brand customers to form broader strategic cooperation, in order to achieve longer-term and more stable sustainable development.

Employment

Our employees are integral to maintaining the Group's competitive advantage and delivering high-quality products. We have developed a comprehensive human capital strategy that includes policies and practices aimed at attracting and retaining top talent. In line with our commitment to diversity, the Group actively seeks to hire individuals of all ages and genders, fostering a dynamic and inclusive workforce. Equal employment opportunities are embedded in our policies, forming a core component of our broader employee retention strategy.

The Group offers competitive compensation packages that meet or exceed industry standards in the regions where we operate. These packages include benefits such as social and health insurance, healthcare coverage, parental leave, and annual leave.

The company is dedicated to supporting employee health and wellbeing through a holistic approach that addresses both immediate needs and long-term development. This commitment includes providing essential security through social insurance and housing provident funds, offering paid leave, and maintaining a safe, clean, and well-ventilated work environment with proper lighting and necessary tools. Additionally, the company promotes career advancement through training and development opportunities and supports employees' physical health with regular checkups and access to medical services.

Performance

We had a total of 1,069 employees as of the end of FY2024 (FY2023: 1,145 employees). Further breakdown of our employees is listed below.

Gender	FY2023	FY2024
Male	659	587
Female	486	482
Total	1,145	1,069

Region	FY2023	FY2024
Singapore	10	10
Eastern China	271	291
Southern China	864	768
Total	1,145	1,069

Functions	FY2023	FY2024
Management and Supervisory	234	213
Research and Development	30	38
General Workers	881	818
Total	1,145	1,069

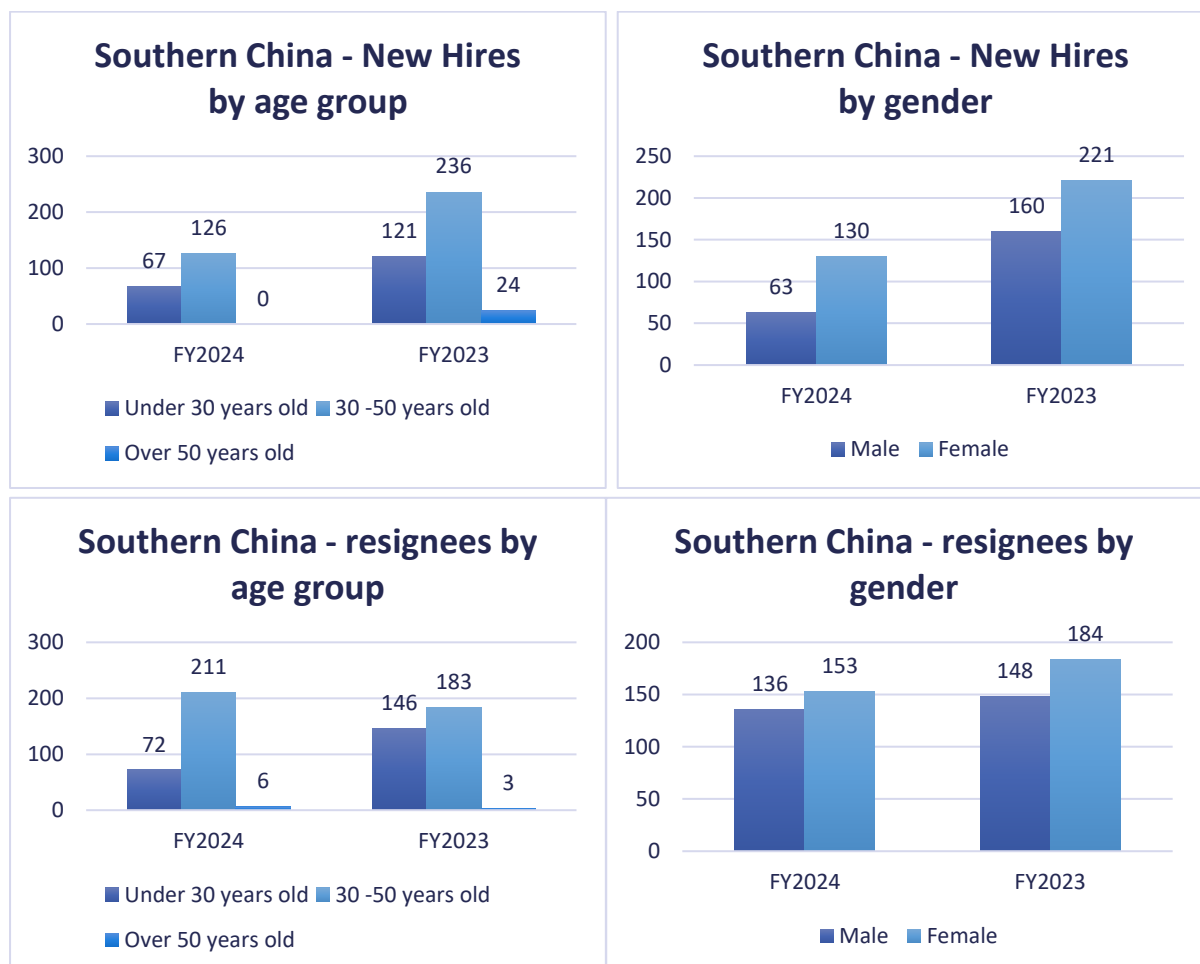
Age group	FY2023	FY2024
Under 30 Years Old	181	134
30 – 50 Years Old	856	831

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Age group	FY2023	FY2024
Over 50 Years Old	108	104
Total	1,145	1,069

New Hires and Employee Turnover

In Southern China, our new hire rate¹ decreased from 44.1% in FY2023 to 25.1% in FY2024, and our employee turnover rate² decreased from 38.4% in FY2023 to 37.6% in FY2024. A breakdown of our employee new hires and employee turnover by gender and age group are as follows:



¹ Computed based on number of new hires for the reporting period divided by headcount as of the end of the reporting period

² Computed based on number of resignees for the reporting period divided by headcount as of the end of the reporting period

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In Eastern China, our new hire rate decreased from 65.7% in FY2023 to 48.5% in FY2024, and our employee turnover rate decreased from 43.9% in FY2023 to 41.6% in FY2024. A breakdown of our employee new hires and employee turnover by gender and age group are as follows:



The high turnover rates for Southern and Eastern China are mainly due to the majority of new hires and resignees being temporary/contract employees.

Our Targets:

The Group has the following targets for improving our labour force.

Short-term	To maintain the employee turnover rate at or below 38% moving forward.
Long term	To improve employee welfare and provide a platform for employees to achieve their full potential and contribute to the Group's success.

Training and Education

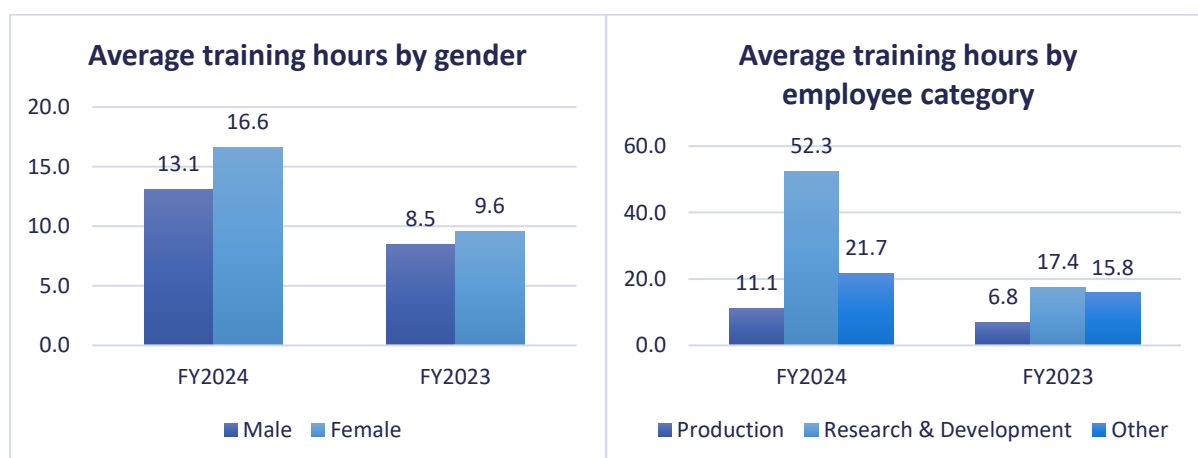
The Group views its workforce as a key driver of business success and long-term growth. Our ability to remain competitive and deliver superior services to our customers is directly linked to the expertise and capabilities of our employees, underlining the need for continuous development and adaptation.

To support the ongoing growth of our employees, we nurture a workplace culture that encourages inclusivity and teamwork. We offer a variety of training opportunities, including internal courses, on-the-job learning, product safety training, and updates on industry trends and new technologies. These efforts ensure that our workforce is equipped with the latest skills and knowledge, in line with the Group's commitment to fostering professional development.

Performance

In FY2023, there was an increase in our training hours by 53.3% for our workforce as compared to last year. With an average of 14.7 training hours per employee, we also met the FY2023 target of at least an average of 8.0 training hours per employee. The breakdown of our training hours is stated below.

Category	Total training hours		Total headcount	
	FY2023	FY2024	FY2023	FY2024
By Gender				
Male	5,540	7,686	654	587
Female	4,698	8,013	491	482
Total	10,238	15,699	1,145	1,069
By Employee Category				
Production	6,016	9,095	881	818
Research & Development	521	1,989	30	38
Other	3,701	4,615	234	213
Total	10,238	15,699	1,145	1,069



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Our Targets:

The Group has the following targets for improving our efforts in training and education.

Short-term	To provide regular training sessions for all employees with a minimum of average training hours of 8.0 hours per employee.
Long term	To develop a comprehensive training programme which covers all essential skills required for employees at different levels in the organisation.

Environmental Protection

The Group is committed to playing a key role in advancing towards a decarbonised future by improving internal processes and actively working to reduce its carbon footprint. This dedication aligns with the Government's vision for a low-carbon economy and drives the Group's ongoing efforts to enhance operational efficiency in support of broader environmental objectives.

Energy

In response to the environmental impact of electricity consumption, the Group has introduced energy conservation initiatives across its offices and production facilities. These measures include the use of energy-efficient equipment, the installation of advanced Volatile Organic Compounds (VOC) treatment machines imported from Europe, and the promotion of energy-saving tips to employees.

VOCs treatment equipment can effectively manage the exhaust emissions during the production process of flexible packaging, ensuring compliance with the Emission Standards of Air Pollutants for Printing Industry GB 41616-2022 “印刷工业大气污染物排放标准”. The NMHC emission limit specified in this standard is $\leq 70\text{mg/m}^3$.

Water

The Group acknowledges the importance of reducing both water consumption and pollution while maintaining production quality. Given the substantial water usage in the production process, targeted strategies have been adopted to safeguard water quality and explore alternative water sources, ensuring ongoing suitability for operational needs.

1. **Source Control Measures:** The Group begins at the source by carefully screening suppliers and prioritising environmentally friendly, low-pollution raw materials. This reduces the potential pollution risk of wastewater from the outset. Production processes such as printing and laminating are optimised to enhance raw material utilisation, minimise waste, and reduce additional wastewater caused by production errors.
2. **Preventative Maintenance:** Regular maintenance of production equipment, including checks on pipes, valves, and related components, helps prevent material leaks into the wastewater system, thereby reducing the risk of exacerbating water pollution.
3. **Technological Investment:** To further strengthen water management, the Group will consider gradually replacing existing open cooling tower equipment with closed cooling tower equipment or plate heat exchanger equipment to ensure water quality and reduce water loss, supporting more efficient water treatment and reuse.

Performance

The Group's total consumption and usage comparison of electricity, water and natural gas for FY2023 and FY2024 are stated in the following table. In FY2024, our electricity consumption increased slightly, while our natural gas and water consumption decreased. Similarly, the electricity intensity increased slightly while the natural gas and water intensity decreased. The increase in electricity was in line with the increase in revenue for our Rigid Packaging business segment. We have met our FY2023 target of including quantitative energy intensity disclosures for FY2024.

Resources	FY2023	FY2024	Changes between FY2023 and FY2024
Consumption of electricity (kWh)	68,253,543	72,485,821	+4,232,278
Consumption of natural gas (m ³)	1,342,649	1,101,500	-241,149
Consumption of water from public water utilities (tonnes)	271,849	249,140	-22,709
Revenue generated (RMB'million) ³	659.5	687	+27.5
Intensity Ratios			
Electricity intensity ratio ⁴	103,492.9	105,510.7	+2,017.8
Natural Gas intensity ratio ⁵	2,035.9	1,603.3	-432.6
Water intensity ratio ⁶	412.2	362.6	-49.6

Our Targets:

The Group has the following targets for improving our efforts in environmental protection.

Short-term	Please refer to the Metrics & Targets section of the TCFD report.
Long term	To gradually reduce overall electricity, water and natural gas consumption by establishing the energy utilisation mechanism to optimise emissions reduction.

³ The sales of property development did not attribute to the changes in the consumption level of electricity and water. Hence, this value excluded revenue from the sales of property development.

⁴ Ratio is calculated by consumption of electricity (kWh) divided by revenue generated (RMB'million)

⁵ Ratio is calculated by consumption of natural gas (m3) divided by revenue generated (RMB'million)

⁶ Ratio is calculated by consumption of water from public water utilities (tonnes) divided by revenue generated (RMB'million)

TCFD Report

In FY2024, the Group continues to prioritise climate change as a critical issue. Building on the publication of our first TCFD report in FY2023, we remain committed to enhancing transparency and providing stakeholders with comprehensive insights into how we are managing climate-related risks. We have increased the utilisation of more green resources and technologies, and will consider the use of PCR and biobased materials. As we advance towards our goal of achieving net-zero emissions, we will focus on further integrating climate risk management into our operations and refining our strategies to address the challenges of climate change. This ongoing effort underscores our dedication to sustainability and our responsibility to minimise environmental impact while driving long-term business success.

Governance

The Board is responsible for overseeing all climate-related matters, while the senior management team is tasked with identifying, assessing, and managing climate-related risks and opportunities. The senior management team meets regularly with the Board to provide updates and engage in discussions on climate issues.

To further support this, senior management has established a dedicated climate risk management committee. This committee assists the Board in making informed decisions regarding climate risk management and ensures the effective execution of these decisions. It is responsible for developing and overseeing the implementation of climate risk strategies, which includes the ongoing identification and assessment of climate-related risks facing the Group. Specific climate risk management goals will be set, and a monitoring system will be put in place to track progress. Additionally, these strategies and measures will be continuously refined based on monitoring results and changes in the external sustainability environment.

Strategy

In FY2023, in alignment with TCFD recommendations, we identified and assessed the climate-related risks and opportunities that are most significant and relevant to our business operations. To effectively address these climate-related factors, we defined the following timeframes for short-, medium-, and long-term horizons:

- **Short-term:** 1 to 2 years
- **Medium-term:** 3 to 5 years
- **Long-term:** Over 10 years

These timeframes were selected after carefully evaluating the Group's operations, taking into account the understanding that climate-related issues often emerge over medium to long-term periods.

Climate-related risks

Type and Name of Climate Risk	Scope (by sector)	Timeframe	Risk Description	Potential (Financial) Impacts	Risk Mitigation
Transition Risk – Market Poor management of electricity usage	By sector; All sectors are evenly affected.	Short-term and Long-term	Poor electricity management presents an increased risk of operational disruptions. The need to make changes for operational hours can directly impact worker productivity and overall output. Furthermore, the risk of not adhering to laws and regulations governing maximum and minimum energy usage levels may bring about potential legal and operational impacts.	Operational disruptions and failure to comply with regulations will result in increased productivity, monetary, and manpower costs. Over time, the necessity of investing in automation or energy storage systems will further increase the Group's operational expenses.	<ul style="list-style-type: none"> • Conduct internal audit and explore the introduction of some optoelectronic energy-saving equipment. • Invest in energy-efficient machinery and energy storage technologies capable of operating effectively during off-peak hours. • Optimise production processes to be more flexible in energy usage. • Engage with energy providers to negotiate better rates for off-peak usage and to understand any potential incentives. • Careful management and clear communication regarding electricity usage policies are imperative to maintain smooth

Type and Name of Climate Risk	Scope (by sector)	Timeframe	Risk Description	Potential Impacts (Financial)	Risk Mitigation
					operations and regulatory compliance for employees.
Transition Risk – Market Recycled plastic products with quality issues	By sector; All sectors are evenly affected.	Medium-term and Long-term	In striving to meet the evolving demand for recycled plastic products, the Group faces several risks. These include potential inconsistencies in the quality and availability of recycled raw materials, which could significantly disrupt production processes and compromise the final product's quality. Furthermore, adopting new processing technologies or modifying existing equipment poses transition risks due to unfamiliar processes. Additionally, ensuring compliance with environmental and safety standards for recycled plastic products presents a significant challenge.	The cost of the transition to utilise recycled materials to produce recycled products may result in various additional costs when compared to current operations costs, impacting profit margins.	<ul style="list-style-type: none"> Establish stable partnerships with suppliers to ensure the quality and supply of recycled materials. Strengthen production process control to ensure that the performance of recycled plastic products meets standards. Analyse the costs of recycled plastics against traditional plastics to set clear cost control targets.

Climate-related opportunities

Type and Name of Climate opportunity	Scope (by sector)	Timeframe	Opportunity Description	Potential (Financial) Impacts	Management Approach
Resource efficiency Effective Electricity Use	By sector; All sectors are evenly affected.	Short-term and Long-term	The group can effectively manage electricity usage by making use of more off-peak hours. Additionally, the Group can prioritise investments in energy-efficient technologies and processes. Demonstrating all this commitment to energy conservation not only aligns with sustainability goals but also enhances the company's brand reputation as a leader in environmental stewardship.	Using electricity during off-peak hours and utilising more energy-efficient technologies and processes more effectively can significantly reduce energy costs.	<ul style="list-style-type: none"> • Train employees to adapt to new operational schedules and to understand the importance of energy management. • Prioritise investments in energy-efficient technologies.
Products and services Increased consumer demand for more recycled plastic	By sector; All sectors are evenly affected.	Medium-term and Long-term	By offering recyclable plastic products, the Group can effectively distinguish itself from competitors while meeting the growing demand for environmentally friendly solutions in the market. In the long term, optimised recycling processes have the potential to significantly reduce raw material costs,	We may receive tax benefits or subsidies from the government to support measures promoting sustainable practices. The ability to meet shifting consumer demands will improve our revenue and profitability.	<ul style="list-style-type: none"> • Educate customers on the value and benefits of recyclable plastics and enhance product recognition through marketing campaigns. • Continuously monitor relevant environmental regulations and policies to ensure compliance and capitalise on opportunities

Type and Name of Climate opportunity	Scope (by sector)	Timeframe	Opportunity Description	Potential (Financial) Impacts	Management Approach
			provided that innovative processes are developed and implemented effectively. Moreover, there are promising opportunities for collaboration with both upstream and downstream enterprises within the supply chain to explore and develop applications for recyclable plastics, further enhancing the company's sustainability efforts and market competitiveness.		arising from policy changes.

Scenario Analysis

The resilience of our organisational strategy is demonstrated by our ability to adapt to and effectively address a range of climate-related scenarios, ensuring the Group's continued growth even amidst challenges. Our strategic resilience is outlined across the following aspects, with a focus on a 2-degree or lower climate scenario:

1. **Adaptability:** The Group has the capacity to adjust its operational strategies and production processes in response to climate change trends and policy shifts. This may involve transitioning to more environmentally friendly materials and technologies, reducing carbon emissions and energy consumption, and enhancing product sustainability.
2. **Risk Management:** We are equipped to identify and assess the risks posed by climate change, including both physical risks (such as the impact of extreme weather events on production and supply chains) and transitional risks (such as evolving carbon taxes and environmental regulations). By implementing emergency plans and risk mitigation strategies, we aim to minimise the impact of these risks on our operations.
3. **Innovation Drive:** The Group continually invests in research and development to create new, environmentally friendly materials and packaging solutions that cater to the growing market demand for sustainable products. This commitment to innovation allows us to maintain a competitive advantage and add value for our customers.
4. **Market Adaptability:** With increasing consumer and corporate demand for sustainable and environmentally responsible products, the Group is quick to respond by adjusting our product offerings and market strategies to meet these needs, thereby enhancing our market competitiveness.
5. **Collaboration and Partnerships:** We actively collaborate with suppliers, customers, government agencies, and non-governmental organisations to jointly tackle the challenges posed by climate change. These partnerships provide us with additional resources and support, strengthening our capacity to address climate-related challenges effectively.

Climate Scenario Mitigation Measures:

Scenario One: Global Warming Intensifies

- **Mitigation Measures:**
 - Boost investment in R&D to develop heat-resistant packaging materials that can withstand higher transportation and storage temperatures.
 - Improve energy efficiency in production processes and reduce greenhouse gas emissions.
 - Increase reliance on renewable energy sources such as solar and wind power to lessen dependence on fossil fuels.

Scenario Two: Frequent Extreme Weather Events

- **Mitigation Measures:**
 - Strengthen supply chain resilience by diversifying suppliers to minimise reliance on any single source.
 - Establish emergency plans, including backup production lines and temporary storage facilities, to mitigate the impact of sudden weather disruptions.

- Collaborate with governments and industry bodies to share risk information and jointly address the challenges posed by extreme weather.

Scenario Three: Stricter Carbon Taxes and Environmental Regulations

- **Mitigation Measures:**
 - Proactively adapt to evolving policies by reducing carbon emissions to avoid potential increases in carbon taxes.
 - Enhance monitoring and research on environmental regulations to ensure compliance with the latest legal requirements.
 - Promote the circular economy by increasing the use of recyclable and biodegradable materials to reduce our environmental footprint.

Scenario Four: Growing Consumer Demand for Sustainable Products

- **Mitigation Measures:**
 - Strengthen R&D and promote the use of sustainable packaging materials to meet the rising market demand for environmentally responsible products.
 - Engage in continuous communication with customers to understand their expectations for sustainable packaging, providing tailored solutions.
 - Highlight the Group's commitment to sustainability in marketing and branding to attract environmentally conscious consumers.

Conclusion:

By focusing on adaptability, strengthening risk management, driving innovation, responding to market demands, and enhancing collaboration, the Group's organisational strategy demonstrates robust resilience in the face of a 2-degree or lower climate scenario. Through the mitigation measures outlined above, we are prepared to effectively respond to climate-related challenges, reduce risks, capitalise on opportunities, and achieve sustainable development over the long term.

Risk Management

The Group has established a formal climate risk management policy (“气候风险管理制度”), which designates the climate risk management committee as responsible for the regular identification and assessment of climate-related risks, including both physical and transition risks.

According to the policy, each subsidiary is required to develop its own climate risk management measures in consultation with the climate risk management committee, while considering its specific circumstances. Each subsidiary will implement tailored measures to reduce energy consumption and emissions, such as improving energy efficiency and utilising renewable energy sources.

At the Group level, the policy emphasises the need to strengthen supply chain management by assessing and selecting suppliers that meet environmental protection standards. Additionally, it highlights the development and promotion of low-carbon products to meet the increasing market demand for sustainable solutions. The policy also focuses on enhancing the Group's ability to respond to extreme weather events by reinforcing disaster prevention capabilities at facilities and establishing emergency response plans. Moreover, the policy calls for the creation of a climate risk management indicator system to regularly collect and analyse relevant data, ensuring proactive management of climate-related risks.

The policy further stipulates that the Group will provide regular reports on its climate risk management status to external agencies in line with applicable regulations.

Metrics and Targets

Scope 1 and 2 carbon emissions

To calculate our GHG emissions, we used the GHG Protocol Corporate Standard, developed by the World Resources Institute and the World Business Council for Sustainable Development. We have designated FY2023 as our baseline year to track and evaluate improvements in our GHG emissions performance going forward.

The table below presents the total GHG emissions produced by the Group for FY2023 and FY2024. We applied the operational control method for our consolidation approach. Scope 1 emissions are associated with the use of natural gas in our operations, while Scope 2 emissions result from the purchase of electricity for our operations.

In FY2024, scope 1 emissions decreased while scope 2 emissions increased, reflecting changes in natural gas and electricity consumption. Overall total emissions increased slightly by 1.6%, and our emissions intensity increased by 5.5% from 59.9 tCO₂e / RMB' million to 63.2 tCO₂e / RMB' million.

GHG Emissions (Scope 1) produced		
Non-Renewable Fuel Consumption:	FY2023	FY2024
Natural Gas (tCO ₂ e) ⁷	2,533.3	2,081.3
Total	2,533.3	2,081.3

GHG Emissions (Scope 2) produced		
Total Electricity Consumption:	FY2023	FY2024
Purchased electricity from national grid ⁸ (tCO ₂ e)	38,925.0	41,338.7
Total	38,925.0	41,338.7

GHG Emissions intensity		
Metric used for intensity ratio calculations:	FY2023	FY2024
Total Scope 1 and 2 GHG Emissions (tCO ₂ e)	41,458.3	43,420.0
Revenue (RMB 'millions)	691.6	687.9
GHG Emissions intensity ratio (tCO₂e / RMB' million)	59.9	63.1

Given the global focus on combating climate change, there is an increasing demand from governments and consumers for companies to measure and reduce their greenhouse gas (GHG) emissions. As a result, we acknowledge the critical importance of understanding our carbon footprint and taking action to manage it. We have outlined our targets to address climate-related risks and opportunities in the table below. These targets have been carefully assessed for practicality and feasibility, ensuring that the company can make gradual and meaningful progress in managing climate impacts.

Time Horizon	Targets	Progress on targets
Short-term	<ul style="list-style-type: none"> Continue to review and refine our carbons emissions inventory: To periodically assess the direct and indirect carbon emissions of the Company and update our carbon emissions inventory. 	Inquire with raw material suppliers about their carbon emissions during the production process, including emissions from raw material extraction, production processing, and transportation, etc.
	<ul style="list-style-type: none"> Develop detailed emissions reduction plans: Based on the carbon emissions inventory, formulate targeted emission reduction measures and action plans. 	Completed the initial retirement and replacement of high energy consuming equipment. New equipment has been purchased in the workshop to improve the efficiency of waste gas treatment.
	<ul style="list-style-type: none"> Environmental training for employees: Ensure that over 80% of employees receive training on climate change and sustainable development. 	Conduct a departmental sustainability training course for all employees annually.
	<ul style="list-style-type: none"> Perform energy audit: Conduct an audit of the company's energy usage, identify, and implement at least 3 energy-saving measures. 	Conduct on-site inspections of production workshops, warehouses, office areas, and other locations, observe equipment operation status, and check for energy waste.

⁷ Emissions were calculated using the Greenhouse Gas Protocol GHG Emissions from Stationary Combustion tool ver 4.2

<https://ghgprotocol.org/calculation-tools-and-guidance>

⁸ Emission factor applied is derived from the China Ministry of Ecology and Environment published 2022 grid emission factor at <https://climatecooperation.cn/climate/mee-released-notice-on-the-management-of-ghg-emissions-reporting-for-power-generation-sector-from-2023-to-2025/>

Time Horizon	Targets	Progress on targets
Medium-term	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by 15% relative to the baseline year (FY2023). 	1.6% absolute emissions increase from FY2023, 5.5% increase in emissions intensity
	<ul style="list-style-type: none"> Increase energy efficiency by 10% in production and operations processes to reduce energy consumption. 	Collect energy consumption bills such as electricity, natural gas, and fuel from the company over the past 1-3 years, conduct on-site inspections of production workshops, warehouses, office areas, and other places, observe equipment operation status, check for energy waste, identify links and equipment with low energy utilisation efficiency, and analyse the root causes of energy waste. Optimise the production process.
	<ul style="list-style-type: none"> Ensure that 30% of the energy comes from renewable sources. 	We have made changes in some of the materials such as ink, which has helped reduce energy consumption.
	<ul style="list-style-type: none"> Ensure that 50% of the raw materials comes from recycled resources. 	We have a system for recycling and reusing products and packaging
Long-term	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by 30% relative to the baseline year (FY2023). 	1.6% absolute emissions increase from FY2023, 5.5% increase in emissions intensity
	<ul style="list-style-type: none"> Ensure that 70% of products can be recycled after use. 	In-progress
	<ul style="list-style-type: none"> Ensure that 80% of suppliers comply with the environmental standards set by the Company. 	In-progress

GRI Content Index

Statement of Use	Southern Packaging Group Limited has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI DISCLOSURES		PAGE NUMBER
GRI 2: General Disclosures 2021		
The Organisation and its Reporting Practices		
2-1	Organisational details	3
2-2	Entities included in the organisation's sustainability reporting	3, 6
2-3	Reporting period, frequency and contact point	3
2-4	Restatements of information	Not applicable
2-5	External assurance	3
Activities and Workers		
2-6	Activities, value chain and other business relationships	5-8
2-7	Employees	12-13
2-8	Workers who are not employees	Not applicable
Governance		
2-9	Government structure and composition	Annual Report: 18-20
2-10	Nomination and selection of the highest governance body	Annual Report: 24 – 26
2-11	Chair of the highest governance body	Annual Report: 9 – 10
2-12	Role of the highest governance body in overseeing the management of impacts	8
2-13	Delegation of responsibility for managing impacts	8
2-14	Role of the highest governance body in sustainability reporting	8
2-15	Conflicts of interests	Annual Report: 15
2-16	Communication of critical concerns	Annual Report: 39-40
2-17	Collective knowledge of the highest governance body	Annual Report: 16
2-18	Evaluation of the performance of the highest governance body	Annual Report: 29-33
2-19	Remuneration policies	Annual Report: 29-33
2-20	Process to determine remuneration	Annual Report: 29-33
2-21	Annual total compensation ratio	Confidentiality constraints
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	4
2-23	Policy commitments	8

GRI DISCLOSURES		PAGE NUMBER
2-24	Embedding policy commitments	8
2-25	Processes to remediate negative impacts	8
2-26	Mechanisms for seeking advice and raising concerns	8
2-27	Compliance with laws and regulations	8
2-28	Membership associations	Not applicable
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	9
2-30	Collective bargaining agreements	Not applicable
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	10
3-2	List of material topics	10
GRI 201: Economic Performance 2016		
3-3	Management of material topics	10 – 11
201-1	Direct economic value generated and distributed	10 – 11
GRI 302: Energy 2016		
3-3	Management of material topics	18-19
302-1	Energy consumption within the organisation	18-19
302-3	Energy intensity ratio	18-19
GRI 303: Water and Effluents 2018		
3-3	Management of material topics	18-19
303-5	Water Consumption	18-19
GRI 401: Employment 2016		
3-3	Management of material topics	12 – 15
401-1	New employee hires and employee turnover	12 – 15
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	12
GRI 404: Training and Education 2016		
3-3	Management of material topics	16-17
404-1	Average hours of training per year per employee	16
404-2	Programs for upgrading employee skills and transition assistance programs	16

TCFD Content Index

Disclosure Area	Focus	Recommended Disclosure	Page Reference / Remarks
Governance			
Disclose the organisation's governance around climate-related risks and opportunities.		a. Describe the board's oversight of climate-related risks and opportunities.	20
		b. Describe management's role in assessing and managing climate-related risks and opportunities.	20
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.		a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	20 - 24
		b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	20 - 24
		c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	25 - 26
Risk Management			
Disclose how the organisation identifies, assesses and manages climate-related risks.		a. Describe the organisation's processes for identifying and assessing climate-related risks.	27
		b. Describe the organisation's processes for managing climate-related risks	27
		c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	27
Metrics and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	27-28
		b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	28
		c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	28 - 29