

2025 Environmental, Social, and Governance (ESG) Report

Shanghai M&G Stationery Inc.



M&G STATIONERY

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About This Report

This report is the fifth Environmental, Social, and Governance Report (hereinafter referred to as "this Report") released by Shanghai M&G Stationery Inc. (hereinafter referred to as "M&G Stationery," "M&G," "we," or "the Company"), focusing on the disclosure of M&G's concepts, progress, and highlights in environmental protection, social responsibility, and corporate governance during 2025.



Basis for Preparation

This Report has been prepared in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* ("SSE Sustainability Report Guidelines") and the *Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE—Compilation of Sustainable Development Reports* ("SSE Sustainability Report Guide") issued by the Shanghai Stock Exchange website, while also referencing the *Corporate Sustainability Disclosure Standards – Basic Standards (Trial)* ("Ministry of Finance Basic Disclosure Standards") and the *Corporate Sustainability Disclosure Standards No. 1 – Climate (Trial)* ("Ministry of Finance Climate Disclosure Standards") issued by nine Chinese government authorities including the Ministry of Finance of the People's Republic of China, the *GRI Sustainability Reporting Standards* ("GRI Standards") issued by the Global Sustainability Standards Board ("GSSB"), the *IFRS Sustainability Disclosure Standards* ("IFRS S1" and "IFRS S2") issued by the International Sustainability Standards Board ("ISSB"), the *Recommendations of the Task Force on Climate-related Financial Disclosures* ("TCFD") and the United Nations *Sustainable Development Goals* (SDGs).

Scope of Report

Reporting scope:

The reporting period aligns with M&G's 2025 Annual Report, covering January 1, 2025, to December 31, 2025 (hereinafter referred to as "this year" or "the reporting period"). Selected content and data may extend to or reference other years where appropriate.

Organizational scope:

Unless specifically stated, the information and data disclosed in this Report align with the scope of M&G's 2025 Annual Report, encompassing M&G Stationery and its subsidiaries such as Colipu Technologies Group Co., Ltd. (hereinafter referred to as "Colipu Group"), Jiumu M&G Store Enterprise Management Co., Ltd. (hereinafter referred to as "Jiumu Store"), Axus Stationery (Shanghai) Company Ltd. (hereinafter referred to as "Axus Stationery") and other subsidiaries.

Statement

The data contained in this Report is sourced from the Company's official documents, related reports, and statistical records. Unless otherwise specified, all monetary amounts in this Report are denominated in Renminbi (RMB).

This Report has been reviewed and approved at the 15th meeting of the 6th Board of Directors, the 1st meeting of the Strategy Committee in 2026 of M&G held on March 30, 2026.

Report Assurance

To enhance the authenticity and reliability of this Report, it has undergone third-party assurance by CECEP (HK) Advisory Company Limited. An independent assurance statement has been provided, with detailed content available in the "Independent Assurance Statement" chapter.

Access to Report

This Report is available in both Simplified Chinese and English versions. In the event of any discrepancy between the two versions, the Simplified Chinese version shall prevail.

This Report is published in both printed and electronic formats. The electronic version can be viewed and downloaded on the SSE website (www.sse.com.cn), the CNInfo Information Disclosure Platform (www.cninfo.com.cn), and M&G Stationery's official corporate website (www.mg-pen.com).

Feedback and Suggestions

For any inquiries or feedback regarding this Report, please contact us through the following channels:

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Email: ESG@mg-pen.com

President's Message



Chen Huxiong

President of Shanghai M&G Stationery Inc.

With another year behind us, we have delivered meaningful progress and tangible accomplishments. 2025 marks a period of steady progress and sustained positive momentum, with M&G navigating challenges confidently and advancing forward. Faced with a complex landscape marked by the shift from old to new drivers in the global economy, intensifying market competition, and mounting pressure on the consumer market, M&G chose to be a long-termist and remained committed to doing what is difficult but right. Centered on the vision of "Writing a Sustainable Business Future," we made steady progress and delivered sustained efforts across the four strategic pillars: Sustainable Products, Response to Climate Change, Sustainable Supply Chain, and Empowering Employees and Communities, achieving a series of phased breakthroughs with demonstrative significance for the industry. During the reporting period, M&G's MSCI ESG rating jumped to AA, and we were successfully selected for the S&P Global *Sustainability Yearbook 2026*, joining the leading ranks of ESG governance among global peers. This marks that, through outstanding ESG practices, we are demonstrating to the world the responsibility and excellence of "China's stationery."

Upholding Green Innovation and Writing a New Paradigm for Sustainable Products

Products are the bridge through which M&G connects consumers with a better green life. In 2025, we deepened the implementation of the *Sustainable Product Evaluation Standards*, embedding sustainable concepts throughout the full product life cycle and accelerating the development of a diversified sustainable product portfolio. On the consumer side, through materials innovation and creative design, we launched new products in the "LOHAS" and "Rare Animals," translating biodiversity conservation concepts into accessible everyday experiences; on the corporate side, we developed the "Eco'Office" low-carbon office solution to empower customers' green transformation. Moreover, we leveraged creative pop-up events and in-store sustainability zones to deepen value resonance with the younger generation, and showcased our innovative achievements at international platforms such as the Boao Forum for Asia and COP30, contributing to the world a China solution that leads the transformation toward green consumption.

Deepening Climate Action, and Driving Low-Carbon Transition across the Entire Value Chain

In response to the long-term challenges of climate and environmental changes, M&G implements the carbon neutrality roadmap with strong execution. In 2025, notwithstanding the completion and commencement of operations at our new base, we maintained carbon emissions within our targets, achieving a 36% reduction in total Scope 1 and Scope 2 carbon emissions compared with 2021. By increasing the construction of in-house photovoltaic systems at the production and logistics base and expanding green electricity procurement, the proportion of renewable energy in total electricity consumption increased to 21%. Our carbon reduction initiatives were further extended to upstream and downstream segments of the value chain. In accordance with ISO 14067, we established a product carbon footprint accounting system and completed full life cycle carbon footprint accounting for 11 products, six of which have obtained third-party certification. In addition, by leveraging AI algorithms to optimize logistics scheduling and scaling up the use of reusable packaging materials,

we have continued to reduce carbon emissions in the warehousing and logistics stage and further strengthened the green resilience of our operations.

Strengthening Win-Win Value Creation and Building a Responsible Supply System

Supply chain resilience and shared prosperity across the value chain are the cornerstones of M&G's steady and sustained progress. We are committed to building a green, compliant, and win-win sustainable supply chain system, integrating ESG assessment dimensions into new supplier screening and onboarding mechanisms to ensure control at the source. During the reporting period, we completed comprehensive and in-depth ESG assessments of 97 key suppliers. Through collaborative efforts, we promoted targeted management improvements, achieving a rectification compliance rate of 100%. Upholding the vision of "Partnership for a Shared Future," we continue to strengthen our support for channel partners. In 2025, we carried out a wide range of channel empowerment initiatives, including platform development, brand upgrading, and digital transformation, providing all-around support to help channel partners build resilient risk resistance to navigate business cycles and jointly create enduring value.

Upholding the Altruistic Philosophy and Jointly Building Employee and Community Well-being

The altruistic philosophy of "Prioritizing the well-being of others before our own" is the foundation of M&G's corporate culture. In 2025, we upheld a people-oriented approach and were committed to building a broad platform for every striver to fully develop their talents. We continued to optimize talent pipeline development. Through training programs such as the "Child of Light" management trainee development program and the M&G Lecture Class, we enabled new forces to grow rapidly and helped leading talents stand out. At the same time, we elevated diversity, equity, and inclusion (DEI) to a strategic level, appointing for the first time a Chief Diversity Officer (CDO) of M&G Stationery. We released the DEI Strategy House to all employees and, by advancing initiatives such as the Women's Leadership Workshop and the Employee Engagement Survey, built an open and inclusive workplace environment. In the area of social responsibility, the Shanghai M&G Foundation remained deeply rooted in rural art education. During the year, its flagship program, the "Art Education Plan" program, reached 960 schools and 110 communities, benefiting a total of 860,000 individuals. We also joined hands with the professional psychology team of East China Normal University to publish the first *Report of an Art Education Based Mental Health*, using professional expertise to fill an industry gap. From eight consecutive years of the "E.G.G Walkathon" charity walk to charity art exhibitions in the heart of the city, we mobilized employees and the public to take action in person, converging into a powerful tide for good and enabling the M&G Charity brand to shine brilliantly across society.

The way of benefiting all beings advances with the times. On our future journey, we will always remain true to our original aspiration, walking side by side with consumers, employees, customers, suppliers, and all stakeholders to jointly write a new chapter for Chinese brands on the path of sustainable development, and steadily move toward the goal of becoming a world-class M&G.

About M&G

As one of the world's largest stationery manufacturers, M&G Stationery is a comprehensive stationery supplier and office service provider that integrates creative value and service advantages, advocates a fashionable stationery lifestyle, and provides learning and work scenario solutions. It is committed to making learning and work happier and more efficient, with products covering writing instruments, student stationery, office supplies, and others. The Company was officially listed on the SSE on January 27, 2015, with the stock code 603899.

M&G has an independent and complete business system covering brand and product design and development, raw material procurement, product manufacturing, supply chain management, warehousing and logistics, and marketing network management. It has nearly 70,000 retail terminals nationwide and 900 retail stores such as Jiumu Store and M&G Life. At the same time, it launches thousands of new products every year based on market demand, with its products exported to over 100 countries and regions and partners all over the world. As a popular domestic brand among Chinese consumers, M&G is pioneering innovation in Chinese stationery, achieving a magnificent transformation from "Made in China" to "Created in China." In recent years, M&G's diverse products have been featured at high-level international events such as the APEC Summit, the Boao Forum for Asia and the Global CEO Summit, demonstrating the Company's realize the vision of becoming a "world-class M&G."

M&G Business System



Retail stores such as Jiumu Store and M&G Life

900⁺

Products exported to

100⁺ countries and regions

Revenue

RMB **25.06** billion

year-over-year

UP **3** %

Total number of employees

5,503

Retail shops nationwide

Nearly **70,000**



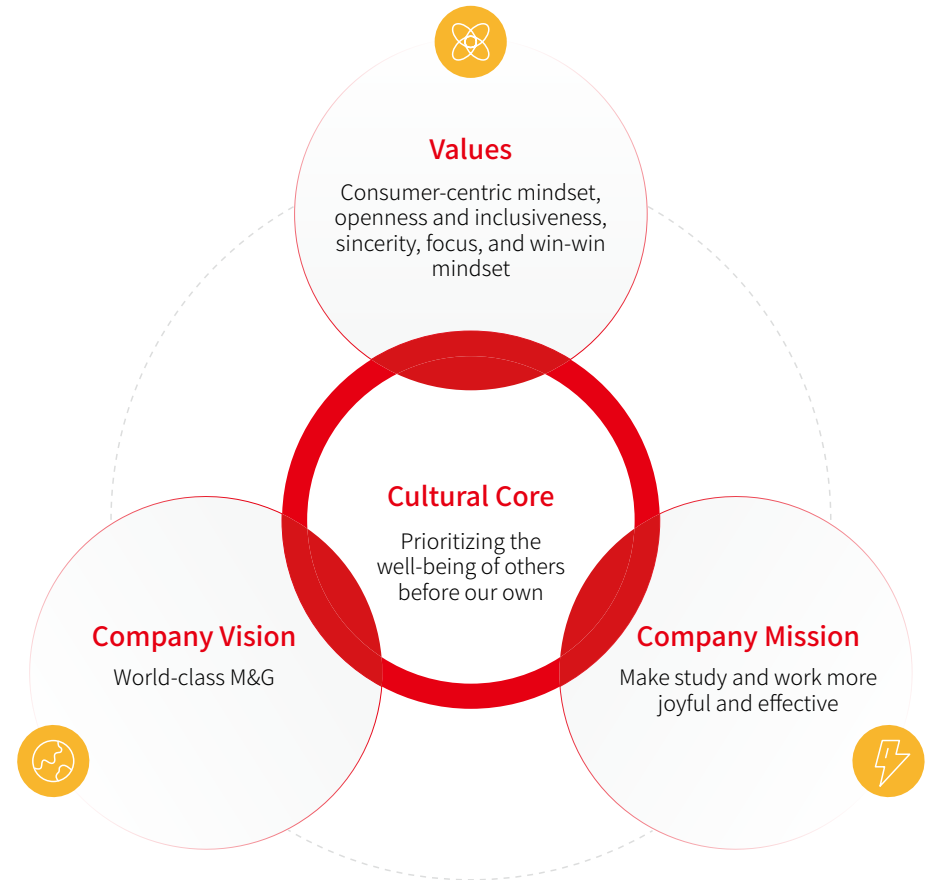
M&G Business Layout

M&G is comprehensively promoting four product tracks—mass market stationery segment, premium stationery segment, arts and kids drawing segment, office stationery segment. It is actively exploring channel innovation and vigorously developing large retail store business of Jiumu Store and M&G Life, as well as general materials digital procurement service business of Colipu Group. It has created an independent, trendy, cultural, and creative brand, More-Than-Fun (Qizhihaowan), and has subsequently acquired and invested in Axus Stationery (which owns the well-known wooden pencil brand Marco) and the Norwegian high-end spine-protection backpack brand, Beckman, accelerating its international expansion and continuously expanding its brand matrix.

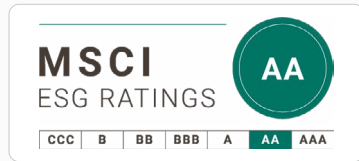
M&G STATIONERY



Corporate Culture



Ratings and Awards



MSCI ESG Rating
AA



Selected for the S&P Global
Sustainability Yearbook 2026



CDP Climate Change
B



Wind ESG Rating
AA

2025 Exemplary Cases of
Biodiversity Conservation in
Industry and Commerce
Ministry of Ecology and Environment

2025 Outstanding Practice Case
of Sustainable Development
for Listed Companies
China Association for Public Companies

2025 China Corporate
ESG 100 Index
People's Daily Overseas Online

Sustainability Pioneer Cases
Corporate Sustainable Development Conference

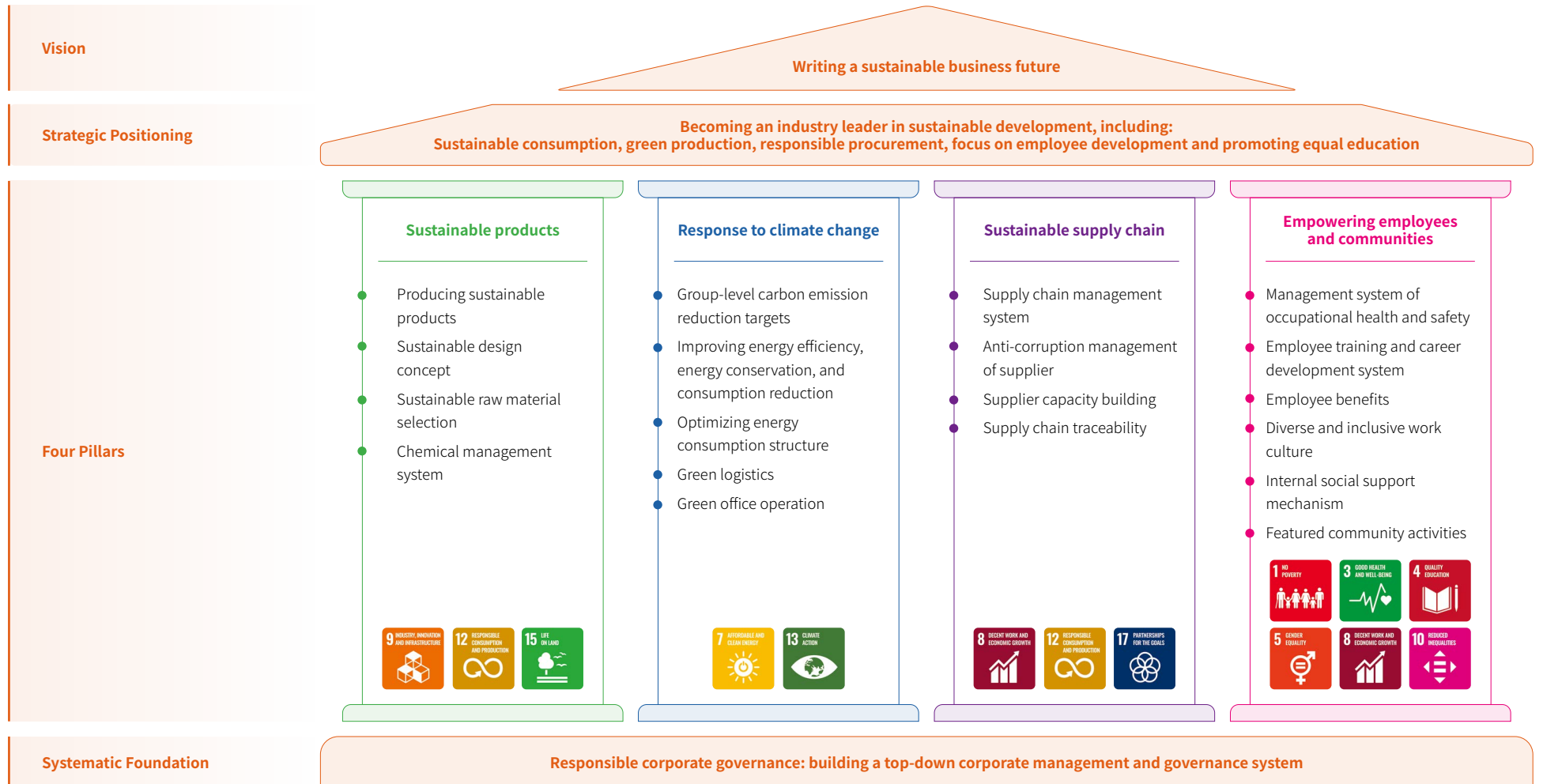
2025 Corporate Green Transition
and ESG Practice Case
All-China Environment Federation

Children's Charity Contribution
Award
Shanghai Children's Public Welfare Foundation

Sustainable Development Management

Sustainable Development Strategy

M&G has established its sustainability vision of "writing a sustainable business future." Centered on four strategic pillars: sustainable products, response to climate change, sustainable supply chain, and empowering employees and communities, the Company has defined its 2022-2025 Sustainable Development Strategy. Committed to leading industry-wide sustainable development, M&G focuses on advancing sustainable consumption, green production, responsible sourcing, employee growth initiatives, and equitable education programs.



M&G's Sustainable Development Goals

During the reporting period, M&G officially released its 2030 Sustainable Development Goals, promoting the transformation of ESG from a concept into quantifiable, trackable, and actionable initiatives, and using these goals to integrate sustainable concepts into business operations further. The goals were formulated based on research into domestic and international laws and policies, reference to industry-leading practices, and an assessment of the Company's internal status. Following multiple rounds of discussions among the Company's core management team, the implementation path and specific annual action metrics were finalized. As 2025, the first year of implementing these quantifiable goals, begins, the Company has linked sustainability goals to the performance reviews of business unit heads. By implementing a management cycle of "monthly tracking, quarterly review, and annual assessment," resources are allocated, and timely adjustments are made in response to business evolution and environmental changes, ensuring steady progress of all objectives.

M&G's Sustainable Development Goals and Progress in 2025

Strategic Pillars	Goals	Baseline Year	Target Year	Progress in 2025	Status
 Sustainable products¹	To adopt sustainable design for 20% of products	/	2030	Total of 262 products adopting sustainable design	In progress
	To perform sustainable product evaluation for 100% of new product development	/	2030	Fully integrating sustainable product evaluation into new product development and review processes	In progress
 Response to climate change²	To reduce GHG emissions from our own operations (Scope 1 and Scope 2) by 42%	2021	2030	Reduced Scope 1 and 2 GHG emissions by 36% in 2025 compared to 2021	In progress
	To achieve carbon neutrality across the entire value chain.	2021	2050	Established an initial supplier carbon data management system and collected carbon data from 80% suppliers	In progress
 Sustainable supply chain	To ensure that 100% of key suppliers comply with M&G ESG guidelines	/	2025	100% pass rate for key suppliers in ESG assessment and remediation	Achieved
	To ensure that ESG assessments and audits cover 80% of suppliers	/	2030	97 suppliers participated in the M&G ESG audit, achieving 100% coverage of key suppliers	In progress
	To integrate ESG requirements into all new supplier screening and onboarding standards	/	2025	Incorporated ESG risk assessment factors into the assessment system for new supplier development and onboarding	Achieved
 Empowering employees and communities	To ensure that 100% of full-time employees are covered by the training system	/	2028	Employee training coverage reached 85.6%	In progress
	To maintain zero severe injuries and fatalities annually	2024	/	Zero severe injuries and fatalities	Achieved
	To achieve 10 million instances of empowerment	2022	2030	Since 2022, the Shanghai M&G Charity Foundation's educational charity initiatives have generated over 2.03 million instances of benefit	In progress

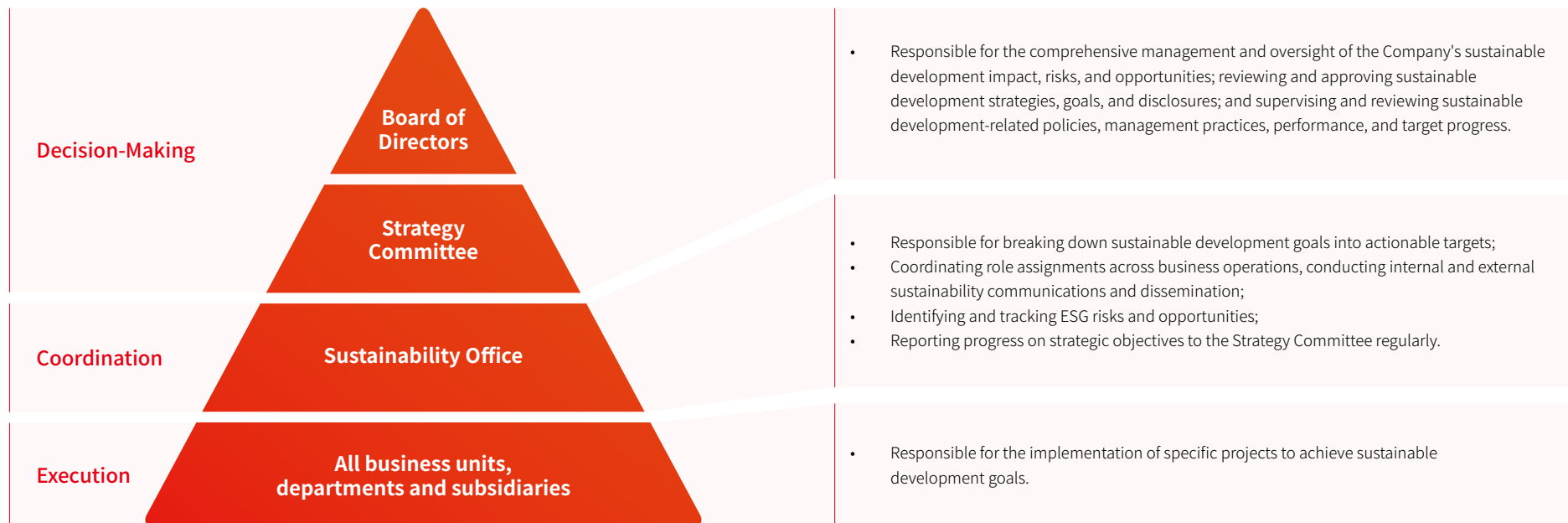
1. For more information on the definition and evaluation methods of sustainable products, please refer to the "Product Stewardship – Sustainable Products" section of this Report.

2. Scope 2 GHG emissions reduction targets are set using a market-based accounting method.

Sustainable Development Governance

M&G has established a clear and well-structured sustainable development governance framework that integrates top-down coordination. During the reporting period, the Company released its *Environmental and Sustainability Policy*³, further clarifying a tiered governance system comprising the Board of Directors, the Strategy Committee, the Sustainability Office, various business units, departments and subsidiaries that drive the implementation of sustainability strategy initiatives. The Company has established a Sustainability Office, led by the Chief Sustainability Officer (CSO). The team members possess professional expertise and experience in sustainability. To support key projects under annual goals, the Company runs focused training sessions for managers on new trends and related topics to strengthen science-based decision-making skills across all governance levels.

M&G's Sustainability Governance Framework and Responsibilities



The Company implements dynamic monitoring and hierarchical management of ESG performance. Each business unit, department, and subsidiaries gathers and regularly reports key ESG data. The Sustainability Office tracks ESG performance in real time, using the strength of sustainability governance as a measure of each function's efficiency, thereby reinforcing management accountability. Based on this feedback, the Board's Strategy Committee reviews progress on key goals and allocates resources to link ESG aims with operations. Concurrently, the Company integrates sustainability-related impacts, risks and opportunities into business decision processes. This includes prudent collaboration with high-risk suppliers and partners, or implementing risk management in line with standard procedures, to ensure the precise implementation of the sustainability strategy, thereby laying a solid governance foundation for the organization's long-term, resilient growth.

3. M&G's *Environmental and Sustainability Policy* has been published on the Company's official website under the "[Investor Relations – ESG – Reports and Policies](#)" section.

Management of Sustainability Topics

Double Materiality Assessment

The materiality assessment of sustainability topics serves as the foundation for M&G's sustainability planning, internal and external communication, and information disclosure. In accordance with the requirements of the *SSE Sustainability Report Guidelines*, the Company conducted a quantitative upgrade of our assessment methodology this year, effectively linking sustainability-related opportunities and risks with specific financial metrics. Through policy analysis, peer benchmarking, internal workshops, and cross-department interviews, we systematically identified and assessed "double materiality" with respect to the potential impacts of existing sustainability topics on our finances (financial materiality) and our actual and potential impacts on the economy, society, and the environment (impact materiality). After submitting the assessment results to the Company's Risk Management and Compliance Committee for review and confirmation, we developed M&G's 2025 Sustainability Material Topic Matrix. In the future, we will further optimize the assessment methodology for double materiality topics, enhance the level of quantification and accuracy of the financial materiality assessment, and disclose it when the time is right, communicating transparently with stakeholders.

Topic Library Update

By analyzing sustainability trends and industry dynamics, based on the requirements of the *SSE Sustainability Report Guidelines*, and in conjunction with M&G's strategic planning and operational priorities, we updated and confirmed 18 sustainability topics. Compared with the topics identified in 2024, the following changes were made: "Labor rights," "Employee benefits," and "Training and development" were merged into the "Employee rights and development" topic, "Product quality" and "Chemical safety" were merged into the "Product quality and safety" topic, "Response to climate change" and "Carbon emissions and energy management" were merged into the "Response to climate change" topic.

Risk and Opportunity Identification

Based on the confirmed list of topics and through benchmarking studies, internal workshops, and business interviews, we established a mapping relationship of "topics-processes-impacts," preliminarily identified and verified the trigger points of key risks and opportunities in business processes, and clarified the chain of impact transmission on our operations.

Topic Materiality Assessment

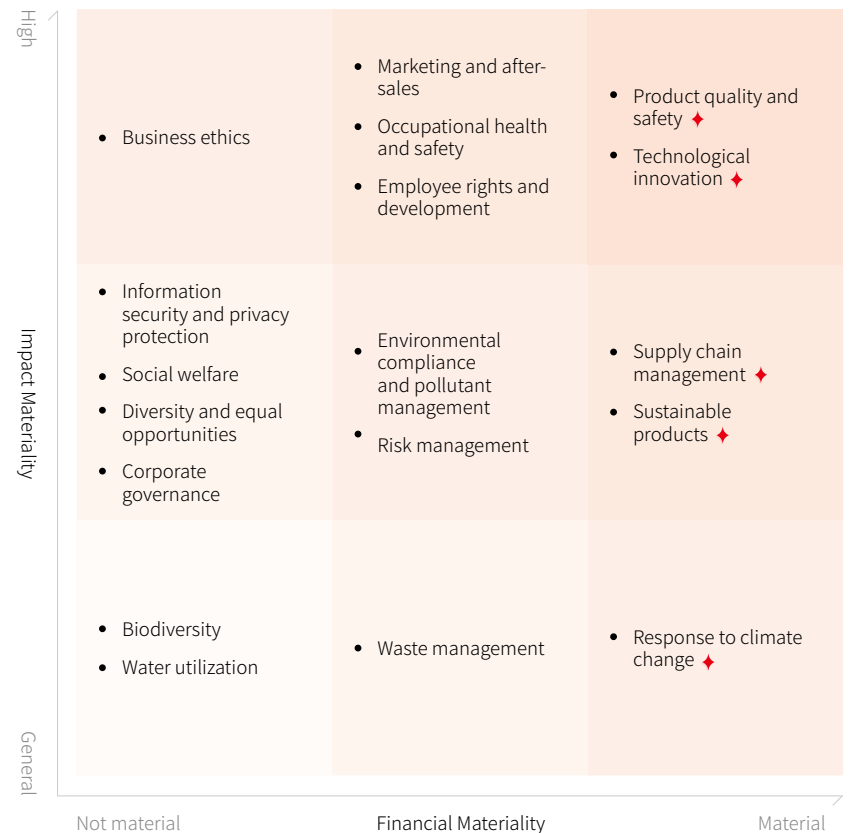
Financial materiality assessment: Based on risk and opportunity identification, we matched each topic with existing accounting items and available financial data, established a basis for quantitative analysis, scored each topic for the degree of financial impact and likelihood of occurrence and, based on the composite average score calculated as well as defined thresholds, prioritized the topics with financial materiality. After incorporating the opinions of internal experts and senior management, we formed the financial materiality assessment results for all topics.

Impact materiality assessment: We distributed survey questionnaires to 13 stakeholder groups, including Board members, investors, employees, suppliers, and consumers, inviting them to score each topic across two dimensions: degree of impact and likelihood of occurrence. Weighted calculations were performed on the scores based on the perspectives of each group, and the topics were then prioritized. This year, a total of 742 valid questionnaires were collected.

Development of the Double Materiality Matrix

Based on the results of financial materiality assessment and impact materiality assessment, we prepared a topic matrix and reported it to the Company's Risk Management and Compliance Committee. M&G's double materiality topic matrix was thus reviewed and confirmed.

M&G's 2025 Sustainability Material Topic Matrix



Note: In this Report, a topic marked with "♦" is financially material as assessed by the Company.

Impacts, Risks and Opportunities

M&G follows the principle of double materiality and attaches great importance to the potential impacts of sustainability topics on our business value, especially those with high financial materiality. Through a systematic assessment mechanism, we identify and manage the risks and opportunities associated with these topics to enhance our strategic resilience and create long-term value. The Company has integrated the management of sustainability-related risks and opportunities into our overall strategy and enterprise-wide risk management system. Leveraging our existing the "three lines of defense" risk management system, we have clarified the responsibilities of business departments, functional departments for risk management, and the Audit Department, established a normalized risk monitoring and early warning mechanism, and ensured that material financial risks are preventable and controllable.

Topic	Specific Metric	Risk/ Opportunity	Impacts Timeframe ⁴	Affected Value Chain Processes	Potential Impacts	Response Measures
Product quality and safety ♦	Product quality	Risk	Short, medium, and long term	Upstream of the value chain, corporate operations, downstream of the value chain	Stricter, higher-level product quality testing and chemical management require additional capital investment. Meanwhile, quality-related negative incidents may lead to product recalls, damage to brand reputation, and other consequences, thereby affecting our revenue.	Strengthen the development of the product quality and safety management system to reduce quality risks, while strictly controlling the quality and safety of raw materials and finished products across the supply chain.
	Healthy and safe products	Opportunity	Medium and long term	Downstream of the value chain	Consumers are paying increasing attention to the health and safety of stationery products. High-value-added products with higher safety standards can unlock new profit growth drivers and promote growth in revenue and operating performance.	Continue to invest in the R&D of food-grade children's art supplies while implementing chemical safety management standards that are more stringent national standards, and raise consumers' awareness of product health and safety.
Technological innovation ♦	Intellectual property protection	Risk	Medium and long term	Corporate operations, downstream of the value chain	If our core technologies are infringed upon or maliciously imitated by third parties, our differentiated competitive advantage may be weakened, leading to the loss of market share and potential revenue. Additionally, involvement in intellectual property disputes or litigation may result in extra legal and compliance costs, as well as compensation liabilities.	Improve the intellectual property compliance management system, embedding intellectual property risk identification into the end-to-end business process, and join forces with multiple parties to strictly combat infringement, safeguarding market share and brand reputation.
	Innovation in materials, process, and design	Opportunity	Medium and long term	Corporate operations	Through automated production and process improvements, we can directly reduce energy, material, and labor costs and improve profit margins. Over the long term, technological innovation is favorable for higher product pricing, new business expansion, and asset revitalization, bringing sustainable value creation to the Company.	By establishing an R&D innovation system and increasing R&D investment, we continuously enhance our technological innovation capabilities.










4. Definition of time horizons: Within one year is short-term, one year to five years is medium term, and more than five years is long term.

Topic	Specific Metric	Risk/ Opportunity	Impacts Timeframe ⁴	Affected Value Chain Processes	Potential Impacts	Response Measures
Supply chain management ♦	Responsible procurement	Risk	Short term	Upstream of the value chain, corporate operations	The extent to which suppliers manage their governance, environmental, and labor practices affects the stability and security of the supply chain, as well as our reputation and profitability.	Improve the supplier ESG risk assessment system, incorporate ESG metrics into supplier onboarding, management, and performance evaluation, and support suppliers in enhancing their ESG risk management capabilities.
	Green procurement	Opportunity	Medium and long term	Upstream of the value chain, corporate operations, downstream of the value chain	Green procurement brings opportunities for the Company to enhance supply chain resilience, meet market demand for low-carbon products, and obtain a green premium. Despite the increase in procurement costs in the short term due to material upgrades, it helps reduce compliance risks and enhance brand value in the long term.	Establish a product carbon footprint accounting and analysis platform, integrate the carbon footprint concept into the product life cycle, support the development of a low-carbon product series, and actively carry out supplier empowerment training to promote coordinated green and low-carbon transformation across upstream and downstream.
Sustainable products ♦	Sustainable materials substitution	Risk	Short and medium term	Upstream of the value chain, corporate operations	The unit purchase prices of sustainable raw materials such as recycled materials and bio-based materials are higher than those of traditional raw materials, which may increase production costs. Meanwhile, ensuring compliance of raw materials through traceability and green certification incurs management and compliance costs, which can constrain short-term profits.	Conduct joint supply chain R&D and innovation, expand upstream and downstream cooperation, build a circular economy system, and drive cost reduction through the scaling up of substitute materials; meanwhile, closely follow policy trends and market dynamics, carry out certification based on demand, and optimize the effectiveness of resource allocation for sustainable products.
	Green consumption	Opportunity	Medium and long term	Downstream of the value chain	With growing consumer attention on the environmental attributes of products, proactively developing a green product portfolio presents an opportunity to expand differentiated growth, while building long-term market competitiveness and revenue streams	Clarify quantitative strategic objectives for sustainable products, formulate the <i>Sustainable Product Evaluation Standards</i> , and gradually integrate the sustainability concept into the entire chain of product development and marketing.
Response to climate change ⁵ ♦	Acute and chronic physical risks and transition risk	Risk	Short, medium, and long term	Upstream of the value chain, corporate operations, downstream of the value chain	Heightened regulatory compliance requirements and increased climate-related physical and transition risks increase operating costs across multiple dimensions.	Develop and implement carbon emission reduction targets and plans, and continuously advance energy conservation and emission reduction initiatives.
	Resource efficiency, brand reputation, and market opportunities	Opportunity	Short, medium, and long term	Upstream of the value chain, corporate operations, downstream of the value chain	Improvements in resource and energy use efficiency driven by the low-carbon transition can reduce operating energy consumption expenses and hedge against potential carbon trading costs, and enhanced climate governance helps improve ESG ratings and strengthen brand credibility.	Improve data management and the quality of information disclosure to enhance the transparency of climate actions and performance; embed the climate strategy into corporate governance and our brand culture, and continuously enhance the brand's green assets.

5. For more information on climate risk-related disclosures, please refer to the "Climate and Environment - Response to Climate Change - Strategy" section of this Report.

Stakeholder Engagement

M&G is committed to establishing two-way, unimpeded, and regular communication channels with all stakeholders. Through diverse communication formats, we enable timely understanding and addressing of stakeholders' concerns and expectations.

	 Government and Regulatory Departments	 Shareholders and Investors	 Consumers and Customers	 Suppliers	 Channel Partners	 Employees	 Community and General Public	 Media	 Industry Associations
Concerned Material Topics	Product quality and safety	Marketing and after-sales	Sustainable products	Business ethics	Business ethics	Occupational health and safety	Waste management	Environmental compliance and pollutant control	Sustainable products
	Supply chain management	Product quality and safety	Supply chain management	Product quality and safety	Marketing and after-sales	Product quality and safety	Environmental compliance and pollutant control	Product quality and safety	Employee rights and development
	Social welfare	Supply chain management	Business ethics	Supply chain management	Technological innovation	Employee rights and development	Response to climate change	Sustainable products	Workplace health and safety
	Business ethics			Technological innovation			Product quality and safety		Business ethics
Communication Mechanisms and Methods	Special reports	General meetings	Product sales and promotion	Bidding	Channel cooperation conference	Internal emails	Collaboration and exchange	Official website and corporate WeChat account	Forums and seminars
	Participation in government meetings	Investor meetings	After-sales service	Supply chain conference	Marketing conference	Performance interview	Charity projects and activities	Media interview and cooperation	Participation in industry standard formulation
	Supervision and assessment	Performance briefings	Consumer survey	Contract signing and execution	Market visits	Employee satisfaction survey	Official website and WeChat official account	Forums and seminars	Project collaboration
	Field research	Information disclosure	Customer satisfaction survey	Daily business communication	Daily business communication	Training and workshop		Information disclosure	Visit and communication
	Information disclosure		Exhibition events	Supplier training		Employee clubs and activities			
			Official website and corporate WeChat account	Supply chain esg assessment and on-site audit		Annual company meeting			
						Internal corporate culture platform			
						Employee suggestion platform			
						Cooperation and dialogue			
						Public welfare projects and activities			
					Official website and corporate WeChat account				

Focus: Sustainable Product Innovation and Practice

Sustainable products are a core pillar of M&G's sustainability strategy. Since the launch of the carbon-neutral product series in partnership with Meituan's "Lush Mountain Plan" in 2023, we have gradually established a systematic sustainable product development system, prioritizing the use of recycled, recyclable, and biodegradable materials. By implementing the *Sustainable Product Evaluation Standards*⁶, we have integrated sustainability evaluation into the new product R&D process, enhancing the sustainability attributes across the entire product life cycle. Meanwhile, we actively innovate consumption scenarios, promote cross-industry collaboration and co-creation, and translate "Writing a Greener Future" from a brand proposition into concrete actions to build a green consumption ecosystem.

Sustainable product strategy and goals

By 2030

Products adopting sustainable design

20 %

New product development undergoing sustainable product evaluation

100 %

2025 highlights and progress

- Sustainable design was adopted for **262** products.
- Sustainable product evaluation was fully integrated into the new product development and review processes.
- The "Huanbaoji" sustainable product portfolio was optimized, with the newly launched LOHAS sustainable lifestyle series and "Eco" Office" low-carbon product series.
- Sustainability communication activities reached over **440** million individuals throughout the year.

Sustainable Product Portfolio Layout

M&G continues to improve the "Huanbaoji" sustainable product portfolio through insights into the needs of individual consumers and corporate customers. We have established a differentiated sustainable product strategy for both the retail and corporate business, providing the market with diverse green product options.

Retail business
(To C)

Centered on the two core themes of "biodiversity" and "sustainable lifestyles," we translate broad sustainability topics into tangible product experiences, adding another emotional element to eco-friendly raw materials and building deep resonance on environmental values and emotional connection between the brand and young consumers.

Corporate business
(To B)

Focusing on the green transformation needs of government and enterprise procurement and leveraging product life cycle assessment, we provide corporate customers with end-to-end solutions from green design to carbon reduction quantification by delivering verifiable and traceable emissions reduction data.

"Writing a Greener Future" Green Label

M&G references relevant domestic and international standards and certification specifications for green products, has formulated and implemented the *Sustainable Product Evaluation Standards*⁶, and conducts comprehensive evaluations of products from product safety, resource conservation, green and low-carbon, sustainable design, and social value dimensions.

For products that passed the evaluation, we have designed an exclusive green label symbolizing green circulation. Consumers can quickly identify M&G sustainable products through the green label on the packaging, thereby making more eco-friendly consumption choices with ease.



M&G Sustainable Product Green Label

6. For more information on the *Sustainable Product Evaluation Standards*, please refer to the "Product Stewardship - Sustainable Products" section.

Sustainable Product Series

"LOHAS" Series

The barrel of the polylactic acid (PLA) biodegradable gel pen in this series is made of polylactic acid derived from biomass such as corn, and can naturally decompose under composting conditions after disposal.

The barrel of the mechanical pencil in this series is made from recycled polypropylene (RPP), effectively enabling resource circularity.

Parts of the recycled ruler set are made from recycled plastic bottles, and the packaging features a reusable design—after use, it can be transformed into a 6-inch photo frame.

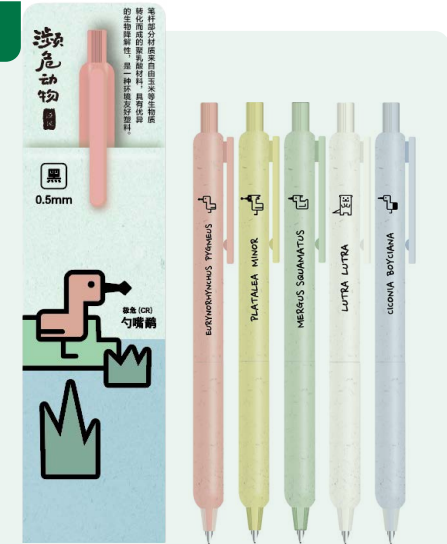
The reduced-plastic correction tape features a hollowed-out casing design, cutting plastic usage by 20%.



"Endangered Animals: Wetland" Series

This series uses polylactic acid (PLA) biodegradable materials and recycled plastics as the primary raw materials for pen barrels, helping to reduce plastic waste and pollution. By minimizing the risk of animals ingesting plastic or becoming entangled in it, the design aims to protect wildlife.

In collaboration with the Mangrove Conservation Foundation (MCF), the series incorporates the images of five endangered wetland species, including the Black-faced Spoonbill and Oriental Stork, into its packaging. This initiative raises consumer awareness of wetland conservation and biodiversity.



"Eco+ Office" Low-Carbon Product Series

All plastic components of the series have been replaced with recycled plastics, significantly reducing the use of virgin plastics and cutting the products' carbon footprint at the source.

Each product has completed a full life cycle carbon footprint calculation with reference to the ISO 14067 standard. As of the end of the reporting period, a total of six products had obtained carbon footprint certificates issued by third-party organizations, ensuring the accuracy and transparency of emissions reduction data.



"Rare Animals" Series

In collaboration with the Center for Environmental Education and Communications of the Ministry of Ecology and Environment, M&G launched the "Earth Guardians" initiative and jointly introduced a series of stationery themed around rare animal conservation, including gel pens, kraft paper notebooks, and other writing instruments.

The notebook series is co-developed by M&G together with value chain partners Suzano and Sun Paper, achieving carbon neutrality across the full life cycle from raw material sourcing, transportation, production, use, to disposal. It is the first paper product in China to obtain the ISO 14068-1 Carbon Neutrality Verification Statement.



Sustainable Design

M&G fully embeds the *Sustainable Product Evaluation Standards* into our new product R&D management system, and organizes dedicated training on sustainable product design for product designers, driving sustainable concepts to extend from writing instruments to our full range of business categories. We take lightweight, reuse, recycling, and safety and health as the core principles of sustainable design, aiming to optimize the environmental performance throughout the full life cycle of our products, from raw material sourcing to end-of-life disposal. By the end of the reporting period, we had adopted sustainable design for 262 products, and in the future, we will continue to scale up R&D and market supply of sustainable products.

In 2025

Sustainable design was adopted for

262 products



M&G Drop-Shaped Retractable Gel Pen

Lightweight design: The pen barrel adopts a drop-shaped hollow-out design, reducing plastic use by 15%, with a lighter feel in hand.



M&G Professional High-Capacity Oil-Based Fineliner

Extra-large capacity design: Each pen writes as long as two standard fineliners, offering extended longevity and excellent cost-performance.



M&G Clean-Erase Erasable Colored Pencils

Recyclable packaging: The pencils are packaged in kraft paper boxes using single-color printing to reduce environmental impact.

Paper savings: Errors can be quickly erased and adjusted to minimize paper waste.



M&G Plastic Document Box

Material structure optimization: On the premise of strictly ensuring the product's mechanical performance and appearance quality, we achieved 30% to 40% replacement of virgin plastic with recycled plastic in product components.

Green Consumption Advocacy

M&G is committed to leveraging its brand influence to promote the widespread adoption of sustainable consumption by establishing a multi-dimensional mechanism to guide green consumption and mobilizing the strengths of all sectors. During the reporting period, our sustainability-related marketing activities reached over 440 million individuals.

End-use scenario development

Across more than 860 nationwide Jiumu Stores, a dedicated sustainable products section has been set up at the core endcap location of the pen display counter. In partnership with suppliers, we have also introduced environmentally friendly corrugated cardboard display racks, rolled out by channel partners in 12 provinces, driving green collaboration across the distribution network.

Integrated marketing communications

The Company deepens sustainable communications through coordinated online and offline channels. Online, dedicated sustainable product sections have been established on our self-operated e-commerce platform, and themed marketing campaigns are carried out in collaboration with major platforms such as Tmall and JD, we partner with One Planet Foundation (OPF) to carry out pop-up events themed on "Lights Out for One Hour," "Happy Cooperation," etc., transforming sustainable concepts into tangible, interactive experiences.

"Green Credits" incentives

Jiumu Store has established a "Green Credits" member incentive mechanism. Consumers who purchase products bearing the M&G Green Label at our stores or in the membership mall can earn Green Credits. Through quantified benefits and rewards, we cultivate consumers' low-carbon purchasing habits. During the reporting period, 12.3 million Green Credits were issued.

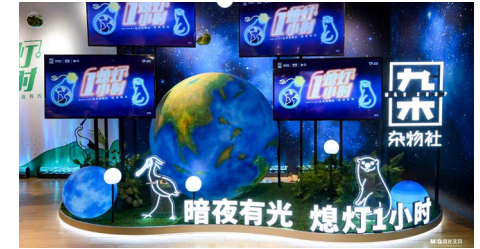
Participation in international agendas

M&G sustainable products frequently feature at high-level international forums and major industry events. During the reporting period, these products were showcased at major domestic and international events, including the Boao Forum for Asia, the Shanghai International Carbon Neutrality Expo, and the 2025 United Nations Climate Change Conference (COP30), demonstrating the China's stationery industry's practical achievements in responding to climate change and advancing the circular economy to a global audience.

In 2025

Sustainability-related marketing
activities reached

440⁺ million individuals



Jiumu Store's "Lights Off for One Hour" Pop-up Event



M&G Sustainable Products at the Boao Forum for Asia



Case | "Happy Cooperation" Pop-up: Evoking Resonance with Sustainable Values among Young Consumers

On July 5, 2025, M&G partnered with OPF to host the "Happy Collaboration" themed pop-up event at HAI550, a landmark for sustainable lifestyles in Shanghai. Taking signing and contract execution as the creative starting point, the event created an immersive space for people to enter into agreements with nature and with all things, making M&G Sustainable Products a connection point between consumers and a better life, and establishing an emotional contract between the brand and young consumers.

During the event, M&G launched the new "LOHAS" series of "Huanbaoji" and pledged to donate 1% of the series' sales revenue directly to OPF, turning consumer participation into tangible actions to protect the Earth. On the day of the event, emerging star Yuncheng He appeared as the "Sustainable Living Advocate," collaborating with influencers across multiple fields for interactive sharing. Together with seven brands, the initiative achieved cross-sector engagement, generating over 50 million total impressions and 2.6 million interactions. It not only expanded the reach of sustainability topics beyond traditional circles but also reshaped public perception, turning sustainable living into a lifestyle that is easy to experience, participate in, and share.



"Happy Collaboration" Pop-up Event

Product Stewardship

As one of the world's largest stationery manufacturers, M&G Stationery has always adhered to a consumer-centric approach and established a responsibility management system covering the entire product life cycle. We exercise stringent control over quality and safety, promote sustainable product innovation, and continuously optimize after-sales services and marketing mechanisms. Through integrity in operations and an outstanding experience, we have earned long-term trust from consumers. In the future, we will continue to craft products with dedication, promote green consumption through responsibility, and lead the industry's sustainable development.

Our goals

By 2030

To adopt sustainable design for **20%**

To perform sustainable product evaluation for **100%**

Topics addressed in this section

Sustainable products ♦

Product quality and safety ♦

Marketing and after-sales



Sustainable Products

M&G deeply embeds sustainability requirements into its business processes by building a full life cycle management approach spanning from R&D design to production and manufacturing, ensuring that every green innovation can be accurately translated into a high-quality product experience. We strive to achieve breakthroughs in key areas such as sustainable material substitution, low-carbon process improvements, and packaging lightweighting, and take concrete actions to fulfill our long-term commitment to consumers and the environment.

Governance

M&G has established a sustainable product governance structure with clear responsibilities to ensure the effective implementation and oversight of the sustainable product strategy. The Board of Directors and its Strategy Committee review and oversee the strategic direction, goal setting, and key management systems for sustainable products. We have established a cross-center sustainable product development task force coordinated by the Sustainability Office to promote the application of sustainable design concepts in our products and drive sustainable product development from the front end of design. The supply chain, production, and technical departments are responsible for implementation, such as the adoption of sustainable materials and the development of sustainable suppliers. We have established strategic goals for sustainable products and incorporated the number of sustainably designed products as a bonus item in the annual performance evaluations of the heads of relevant business centers, thereby achieving a closed-loop execution mechanism from strategic goals to management accountability.


Strategy

M&G continues to focus on the market opportunities brought about by the green and low-carbon transition. We have identified that policy guidance and shifts in consumer preferences are jointly driving growth in demand for sustainable products, presenting us with opportunities to optimize our product mix and secure long-term growth drivers. In the process of implementing our strategy, we simultaneously identify and manage associated transition risks, particularly the risk of rising costs of sustainable material procurement and compliance certification. To address this, we will leverage technological innovation and lean management to balance environmental investments with business returns, ensuring the robust implementation of its sustainability strategy.

Opportunity and Risk Management

M&G has established a systematic mechanism for managing sustainable product opportunities and risks. On the opportunity side, by regularly conducting market research, benchmarking against competitors, participating in industry conferences and standard-setting, we proactively assess the market opportunities arising from green consumption trends and China's "Dual Carbon" strategy. On the risk side, backed by the Company's quality control system, we prudently identify and address transition risks arising from the green premium for sustainable materials and compliance certifications, ensuring that our products meet market access standards and customer needs in domestic and overseas markets.

Targets, Management Measures, and Performance

Strategic Pillars	Goals	Progress in 2025
 <p>Sustainable products</p>	<p>To adopt sustainable design for 20% of products by 2030.</p>	<p>Total of 262 sustainable products adopting sustainable design.</p>
	<p>To perform sustainable product evaluation for 100% of new product development by 2030.</p>	<p>Fully integrating sustainable product evaluation into new product development and review processes.</p>

Sustainable Product Evaluation

M&G released its first sustainable product evaluation standards in 2023, and in 2024 expanded the scope of application from writing instruments to multiple product lines. It has now been fully applied to the new product development process. Drawing on both domestic and international green product certification frameworks, and tailored to the characteristics of our product portfolio, the Standards conduct a comprehensive evaluation across five dimensions: product safety, resource efficiency, green and low-carbon performance, sustainable design, and social value. Through this approach, we have established a differentiated and industry-leading sustainable product evaluation system.⁷

M&G Sustainable Product Evaluation Dimensions

<p>Product safety</p> <p>Comply with M&G's control requirements for product quality and chemical safety (mandatory compliance item).</p>	<p>Resource efficiency</p> <p>Use sustainable materials with environmental certifications or recycled/reclaimed content; use recyclable, reusable, safer, and more environmentally friendly packaging materials.</p>	<p>Green and low-carbon impact</p> <p>Reduce carbon emissions throughout the product life cycle, and obtain relevant green product certifications.</p>	<p>Sustainable design</p> <p>Adopt longer-lasting, replaceable, reusable, repairable, or more universal designs.</p>	<p>Social value</p> <p>Procure from suppliers that meet M&G ESG requirements; promote sustainable concepts in product design elements.</p>
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Green Product Certification

M&G actively responds to policy guidance and customers' green procurement needs, and has developed a portfolio of green-certified products, as well as products made with certified sustainable materials. The recycled plastic used in the "Huanbaoji" series gel pens is certified under the Global Recycled Standard (GRS). The Red M&G Multifunctional Printer Paper holds Forest Stewardship Council (FSC) Certification. Multiple laser printers have obtained China Energy Conservation Product Certification; Other products, such as copy paper and toner cartridges, have obtained China Environmental Labeling Product Certification (Ten Ring Certification). We have continued to expand both the range of green certifications and the scope of certified products. Meanwhile, Colipu Group has incorporated environmental management and green product-related metrics into the supplier access evaluation system. As of the end of the reporting period, Colipu Mall offered nearly 1,500 products with green certifications, including China Green Product, China Environmental Labeling Product (Ten Ring Certification), FSC, and Program for the Endorsement of Forest (PEFC), effectively driving the value chain's transition toward green development.

M&G Products Obtaining Sustainability-related Certifications in 2025		
Certification Category	Standard/Certification	Product Examples
Safety-related	EU RoHS Certification	Packaging tape, etc.
	China RoHS Certification	Smart chessboard, portable timer, rotary timer, etc.
	EU REACH Regulation	Ink used in heat erase gel pens and highlighters
	EU EN 71-3 Safety of Toys	M&G Safe Crayon of MG Kids collection, modeling clay, etc.
Health-related	Certification under China's Hygienic Requirements of Study Products for Myopia Prevention and Control in Children and Adolescents	Eye protection printer paper, etc.
	German IGR Ergonomics Certification	Spine protection schoolbag
Environment-related	ISO14067 Product Carbon Footprint Certification	"Eco" Office" Series stapler, whiteboard marker, permanent marker, glue stick, etc.
	ISO14068 Carbon Neutral Certification	"Rare Animal" Series notebook
	GRS Certification	Recycled plastics used in "Huanbaoji" Series gel pens
	China Environmental Labeling Product Certification (Ten Ring Certification)	Printer paper, toner cartridges for laser printer
	China Energy Conservation Certification	Monochrome single-function laser printer
	FSC Certification	Red M&G multifunctional printer paper

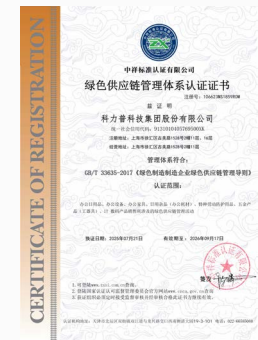
7. For some product cases that passed this evaluation system, please refer to the section "[Focus: Sustainable Product Innovation and Practice](#)"

Case | Colipu Group's Low-Carbon Supply Chain Development

In October 2025, at the 12th Shanghai Supply Chain Development Conference hosted by the Shanghai Supply Chain Development Conference, Colipu Group was awarded the title of "2025 Shanghai Low-Carbon Supply Chain Benchmark Enterprise," becoming the only enterprise in the government and enterprise procurement sector to receive this honor. The *2025 Shanghai Low-Carbon Supply Chain Benchmark Enterprise Casebook* released at the conference aims to showcase and promote best practices in carbon reduction and green development, highlighting supply chain leaders that have made outstanding contributions to low-carbon transformation. Colipu Group was selected for inclusion with its innovative case, "From Green Procurement to Digital-Intelligent Collaboration: Building a Low-Carbon End-to-End Value Chain." In addition, in terms of green management system development, Colipu Group obtained the GB/T 33635-2017 Green Supply Chain Management System Certification in 2023, and, for its outstanding performance in environmental management, social responsibility, resource utilization, and circular economy, was rated at the highest level (five-star).



Colipu Group Awarded "2025 Shanghai Low-Carbon Supply Chain Benchmark Enterprise"



Colipu Group's Green Supply Chain Management System Certification Five-Star Certificate

Sustainable Materials

M&G expands the application of new materials in products through materials R&D and technological innovation. In terms of plastic applications, by using recycled plastics, bio-based (biodegradable) plastics, and filler materials, we reduce our reliance on traditional petroleum-based plastics. Meanwhile, the Company continues to strengthen traceability management of sustainable raw materials, prioritizing the procurement of materials certified by third parties (e.g., GRS and FSC), and selecting materials that meet food-grade safety standards for children's art products, thereby enhancing the health and safety performance of the materials. Taking writing instruments as an example, we have innovatively developed, and applied lead-free, eco-friendly pen tip materials to prevent lead contamination and harm to human health at the source of production, and have also developed Pickering emulsion ink to enable longer writing length with the same ink volume, thereby extending product lifespan and reducing waste generation.

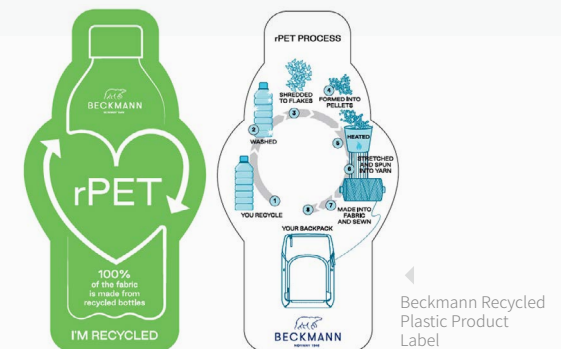


Ballpoint Pen using Pickering Emulsion Ink

Case | Beckmann Promotes Plastic and Carbon Reduction across its Full Product Line

Beckmann, a subsidiary of M&G, is committed to driving the sustainable transformation of the textile industry through the application of circular materials. Since 2002, Beckmann has incorporated recycled polyester (RPET) fabrics into its schoolbag range, and now uses recycled materials derived from post-consumer plastic bottles as the primary input for all schoolbags. Certified under GRS and OEKO-TEX® STANDARD 100, these materials ensure traceability and safety while reducing CO₂ emissions by 70%.

Beckmann is also advancing further green solutions, including R&D to shift lunch boxes and water bottles to stainless steel, and plans to replace virgin low-density polyethylene (LDPE) packaging with 100% recycled LDPE from 2026. This enables plastic reduction and circular substitution across core products and accessories, reinforcing its commitment to the circular economy and setting a benchmark for low-carbon development in the global stationery and education supplies sector.



Beckmann Recycled Plastic Product Label

Sustainable Packaging

M&G promotes the green transformation of packaging through initiatives across three major dimensions: eco-friendly material selection, lightweight design, and circular packaging. In terms of material selection, we prioritize the use of biodegradable and recyclable materials for product packaging. All paper boxes used for the Company's self-manufactured products are printed with environmentally friendly soy-based ink, which is more readily biodegradable and effectively reduces volatile organic compound (VOCs) emissions during the printing process. During the design stage, we implement the lightweight principle by removing redundant packaging layers, optimizing packaging dimensions, and promoting minimalist designs. While ensuring product safety and user experience, we minimize material consumption to the greatest extent possible. Meanwhile, we actively promote the circular use of logistics packaging by establishing a second-hand carton recycling system across e-commerce shipments, store deliveries, and inter-plant transfers to reduce the single-use of cartons. M&G Logistics Center identifies opportunities to streamline packaging for existing products. It has replaced the logistics packaging for markers with cardboard and courier bags, and promoted this solution across 48 products, covering approximately 140,000 parcels. During the reporting period, by actively promoting packaging recycling and reuse, M&G and its subsidiaries reused 2.25 million cartons cumulatively.

In 2025

M&G and its subsidiaries reused cartons cumulatively

2.25 million

Case | Display Rack Improvements Achieve Dual Benefits in Plastic Reduction and Cost Relief

Conventional notebook display racks are prone to product tilting and deformation, which can affect in-store presentation. After receiving feedback from channel partners, we immediately launched a dedicated improvement initiative to address these issues. We redesigned the support structure, optimized rack configuration and back panel height, and precisely adjusted the bottom tilt angle, effectively resolving stability issues while reducing plastic usage by approximately 20%. Following this structural optimization and upgrade, reduced plastic usage enabled a roughly 50% decrease in both cost and selling price per display rack, effectively improving channel profitability while reducing environmental impact. This resulted in dual benefits of "plastic reduction" for the racks and "cost relief" for distributors.



Conventional Racks Cause Products to Tilt Forward



Optimized Racks Enhance Product Display Quality

Plastic usage reduced by approximately

20 %

Costs and selling prices simultaneously decreased by approximately

50 %

Product Quality and Safety

M&G regards high-quality products and services as the lifeline for our survival and development, and as the cornerstone for winning consumer trust and achieving sustainable development. We have established a quality management system covering the full product life cycle, integrating quality and safety concepts into every step of R&D, procurement, production, sales, and services. With outstanding product quality, we safeguard consumers' rights and interests and fulfill our commitments to stakeholders.

Governance

M&G has established and continuously optimized the governance and management structure for product quality and safety. The Board of Directors is responsible for approving the Company's overall product quality and safety strategy, guidelines, and major policies, and regularly monitoring trends in key performance metrics. At the management level, the President and the responsible Vice President are responsible for formulating our product quality and safety strategic guidelines. For chemical safety, we have established a Chemical Management Committee composed of the Sustainability Office, Procurement Center, Production Center, Technical Center, and Quality Center. The committee is responsible for coordinating chemical-related management matters and advancing the implementation of the chemical restriction and phase-out plan. All product departments, the Production Center, Quality Center, Technical Center, Procurement Center, and Supply Chain Management Center jointly carry out full-process quality inspection and control from product development and design, raw material procurement, to product shipment.

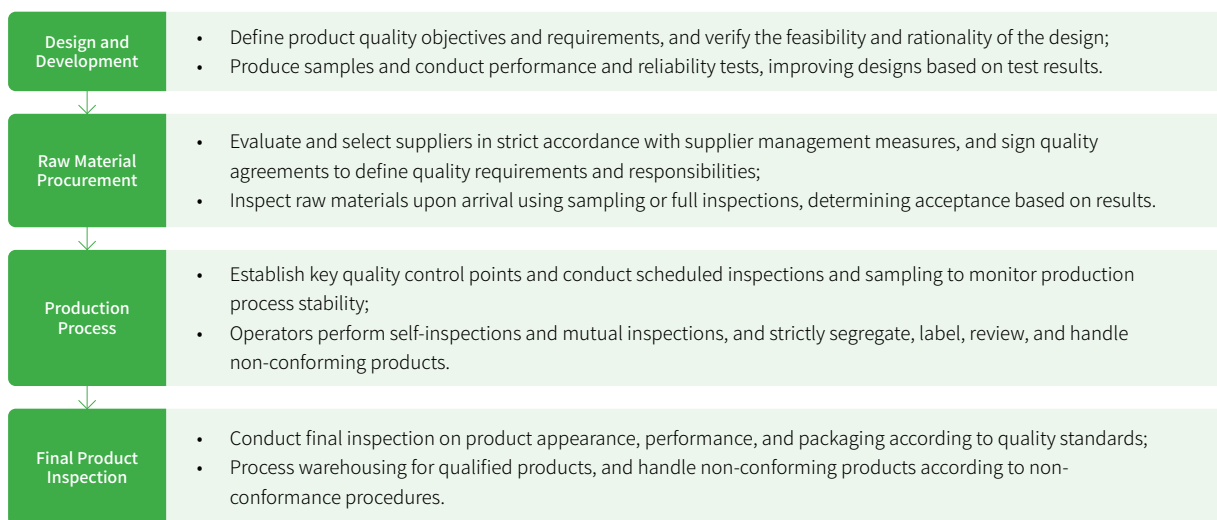
M&G Quality Management System

M&G has set up a dedicated Quality Center, building a quality management system that includes Quality Control (QC), Quality Assurance (QA), and Quality Engineering (QE). The system covers the entire process from product design and development, raw material procurement, production processes, finished product inspection, to after-sales service. Meanwhile, for writing instruments, our core category, we have established eight detailed control checkpoints, including new product review, product assembly inspection, retention sample management, and grid-based business partner management, and defined inspection procedures and guidelines for each checkpoint. During the reporting period, the Quality Center systematically reviewed our overall quality management system, updated the *Quality Management Control Procedures*, and formulated the *Injection-Molded Parts Inspection Management Provisions*, *Assembly Inspection Regulations* and other policies, further improving the product quality management system and quality control processes.

Strategy

M&G has established a normalized product quality and safety risk control mechanism, and prudently manages the financially material impacts of product quality and safety risks on our long-term competitiveness. In terms of quality management, we have established a sound quality management system covering the entire product life cycle by formulating and implementing internal policies and procedures such as the *Management and Control Procedure for Product Safety*, the *M&G Product Audit Sampling Mechanism*, and the *Quality Risk and Opportunity Control Procedure*, thereby preventing unexpected operating losses resulting from rework, scrapping, and compliance penalties. In terms of chemical safety, the Company, through the *Chemical Management Policy*, clearly sets out specifications on chemical management principles, the prohibition and phase-out of chemicals, safety standards and certification requirements, product audits, and suppliers' chemical management. In accordance with updates to laws, regulations, and policies, key points of consumer and market concern, and the expansion needs of our business and products, we regularly update the "High Concern Chemicals Control List" for prohibited or restricted chemicals to avoid legal compliance risks and proactively make adequate preparations in advance for potentially more stringent international chemical safety standards during our overseas expansion process. In addition, we proactively identify consumer groups' demand for higher safety and quality. By expanding the use of safer materials such as food-grade materials, we seize opportunities for differentiated competition and brand premium amid the wave of consumption upgrading.

M&G Product Quality Control Process



Risk Management

M&G incorporates product quality and safety risks into the overall risk management system. By benchmarking against internationally recognized management standards such as ISO 9001, the Company has established specific management system policies and objectives. Through regular internal audits and monthly statistical analysis of non-compliant items, we implement closed-loop tracking and verification of corrective and preventive measures. At the same time, leveraging the continuous improvement methodology of the M&G Business System (MBS), we carry out cross-center special improvement projects to ensure the sustained and robust operation of the quality management system and to drive continuous improvement in product quality.



M&G Headquarters and Core Subsidiaries (e.g., Colipu Group and Axis Stationery) Have All Passed ISO 9001 Quality Management System Certification

Management Measures and Performance

M&G has continued to carry out dedicated quality improvement initiatives to enhance product quality and safety, and, with a craftsman's spirit of excellence, to build a benchmark for high quality. We continue to strengthen chemical safety management to standards more stringent than the requirements of laws, regulations, and supervision, and gradually phase out chemicals of high concern. We proactively seek alternative materials with higher safety, while continuously improving product information disclosure to enhance transparency in product safety. During the reporting period, the Company did not experience any significant responsibility incidents related to the safety and quality of products and services.

Quality Improvement Initiative

M&G deeply embeds lean management into our quality governance system. Drawing on the essence of the Danaher Business System (DBS) and integrating it with our business realities, we have developed the M&G Business System (MBS) methodology. Focusing on continuous improvement, a nine-step process—covering topic selection, current-state assessment, root cause analysis, countermeasure implementation, and recurrence prevention—creates a closed-loop system that addresses quality issues from on-site detection to root-cause resolution. In 2025, M&G launched a special initiative for full value chain quality improvement, covering more than ten key product categories including writing instruments, correction tapes, paper notebooks, and calculators.



R&D and design stage

The Quality Center fully demonstrated the correlation between product user experience and quality metrics and carried out targeted improvements, with a focus on enhancing the performance of heat erase products to achieve first-class industry standards. A total of five internal training sessions related to quality improvement were conducted during the year, and the quality defect rate decreased by 81% compared with the same period last year.



Raw material stage

The Supply Chain Management Center implements early-stage mobility management for 'Three New' products involving new materials, structures, and processes. By focusing on structural design reviews and mold validation, the Center ensures product quality while institutionalizing exports M&G's standardized quality management systems to empower suppliers.



Production and testing stage

The Production Center focused on improving quality issues arising during production and testing due to processes, equipment errors, and other factors. We added visual inspection to a number of testing devices, converting inspected products into image signals for analysis via dedicated systems, enhancing detection accuracy and minimizing false positives.



Retail stage

Jiumu Store implemented targeted corrections for warehouse and quality issues, held dedicated review meetings and initiated batch-level improvement projects to address problems such as damaged packaging and abnormal fan charging, effectively safeguarding product quality at the point of sale.

Case | Intelligent Equipment Introduced to Strengthen Quality Control

M&G attaches great importance to quality inspection and continues to enhance its quality inspection capability and precision. Our in-house testing laboratory had been accredited by the China National Accreditation Service for Conformity Assessment (CNAS), providing quality inspection capabilities aligned with international standards. In 2025, M&G gradually deployed and applied 12 intelligent inspection devices, shifting from traditional offline sampling inspection to online real-time quality control in the production process. These new devices enable functional and visual inspections, including component lifespan testing, paper printing quality checks, tip quality assessment, full inspection of finished pens, cap labeling verification, and labeler testing, effectively addressing the "missed quality checks" common in traditional manual inspection, significantly improving inspection efficiency while ensuring the superior quality of every product leaving the plant.



M&G Product Quality and Safety Training for Management Trainee

Supplier Quality Empowerment

To extend product quality and safety control to the source, we implement a quality empowerment program for suppliers. We assign a technical empowerment expert team to work on-site with suppliers. By providing suppliers with standard documents, we unify and align testing standards, and strengthen the precision and stability of production process control through process optimization, shifting quality management from post-production inspection to preventive process control and improving suppliers' self-inspection capabilities. This initiative not only significantly improves the incoming inspection quality rate of key raw materials but also lays a more reliable foundation for the quality of finished products, achieving both collaborative quality governance and shared value across upstream and downstream of the supply chain. During the reporting period, through supplier empowerment initiatives, the Company worked with suppliers to resolve technical and process issues in multiple products, including staplers with non-rebounding staples and markers with loose packaging clasps.

Chemical Safety Management

M&G has formulated and implemented the *Chemical Management Policy* based on national standards and industry regulations. This policy clearly defines regulations regarding chemical management principles, the prohibition and phase-out of certain chemicals, safety standards and certification requirements, product audits, and supplier chemical management. The policy is managed by the Company's Chemical Management Committee, ensuring the uniformity and standardization of chemical usage, management and control processes in products. In line with national standards and industry rules, M&G identifies high-concern chemicals subject to limits and builds a chemical control list. At the same time, the Company updates this list as regulations change, as consumer and market needs evolve and as business and product growth require, steadily strengthening chemical control measures.

Key Chemical Safety Standards Referenced by M&G

China

Inventory of Severely Restricted Toxic Chemicals of China

The Regulations of the People's Republic of China on Administration of Controlled Chemicals - Various Monitored Chemicals List

Request in Common Use of Security for Student's Articles (GB 21027-2020)

Gel Ink Ballpoint Pens and Refills (GB/T 37853-2019)

National Safety Technical Code for Toys⁸ (GB 6675-2014)

Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products (GB/T 26572-2011)

Hygienic Requirements of Study Products for Myopia Prevention and Control in Children and Adolescents (GB 40070-2021)

Technical Requirements for Environmental Labeling Products Cultural Paper (HJ 410-2017)

Student Modeling Clay (T/CSSGA 1006-2018)

Book Cover and Slipcase (T/CSSGA 1001-2017)

Children's Acrylic Paint and Acrylic Markers (T/SLIA 0003-2024)

Exercise Books (QB/T 1437-2023)

Fountain Pens and Nibs (GB/T 26717-2024)

General Safety Requirements on Food Contact Materials and Articles (GB 4806.1-2016) and other national food safety standards

EU

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH Regulation)

Safety of Toys - Part 3: Migration of Certain Elements (EN71-3)

Safety of Toys - Part 9: Organic Chemical Compounds Requirements (EN71-9)

8. In accordance with the *Safety of toys* (GB 6675-2025) series of mandatory national standards officially released on October 1, 2025, the Company is actively advancing the transition of its products to ensure that compliance upgrades for products and the supply chain are completed within the specified timeframe.

Restriction and Phase-Out of Chemicals

M&G identifies substances of high concern that are prohibited or restricted based on national standards and industry regulations, and formulates a chemical control list and sets a plan to phase out such substances. Currently, all ink used in M&G's writing instruments must not only comply with applicable product standards and the *Request in Common Use of Security for Student's Articles* (GB 21027-2020), but should also meet the more stringent EU EN71-3 standard. In addition, the control of black gel ink is benchmarked against the restricted substances list in Appendix XVII of the EU REACH regulation. During the reporting period, six types of heat-erasable ink and 12 types of fluorescent ink used in M&G products obtained EU REACH certification.

In 2020, M&G phased out phthalates from all student products, and in 2021, the Company eliminated short-chain chlorinated paraffins from the same product category. The phase-out of both substances has now been fully completed. In the future, the Company will continue to implement replacement plans for chemicals, gradually replacing chemicals in products that may affect human health or the environment. M&G's subsidiary Beckmann has set stricter chemical rules in line with EU laws, has already eliminated phthalates, polyvinyl chloride (PVC), per- and polyfluoroalkyl substances (PFAS), bisphenol A (BPA), and other chemicals from its children's products worldwide.



In 2025 Writing instrument inks compliant with EU REACH regulation

Heat-erasable gel ink Fluorescent ink

6 **12**



Ink REACH Certification



M&G Zero-Boron Antibacterial Ultra-Light Clay: From Technological Breakthrough to Setting Industry Standards

M&G proactively implements self-regulatory controls on potentially harmful chemicals that exceed national standards. In 2024, M&G independently developed a boron-free clay product with an actual boron content of <math><50\text{mg/kg}</math>, effectively lowering the risk associated with boron additives. In 2025, M&G further launched "Boron-Free Antibacterial Ultra-Light Clay," with an actual boron content of <math><1\text{mg/kg}</math>, achieving a safety upgrade from "Boron-free" to "Zero-boron." To drive overall industry progress from the source, the Company led the revision of the *Modeling Clay* industry standard during the reporting period, advocating for limits on migratory elements (including boron), free formaldehyde and preservatives. This revision project has been approved for implementation by the Ministry of Industry and Information Technology. Through technology breakthroughs and standard leadership, the Company continues to raise safety benchmarks and guide the industry toward sustainable development.



M&G Zero-Boron Antibacterial Ultra-Light Clay

R&D of Healthy and Safe Products

In 2025, M&G adopted a full life cycle management framework to implement systematic controls spanning raw materials, user experience and packaging materials, thereby establishing a strong and trusted product safety defense.

Expanding the Food-Grade Product Portfolio

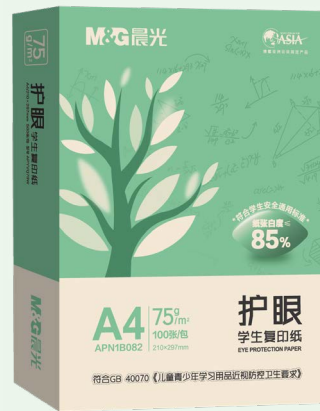
Food-grade pigments and raw materials are used across many product groups, including outline pens, markers, watercolor pens, oil paint sticks and crayons. During the reporting period, the Company launched the M&G Safe Crayons of MG Kids collection, developed for children aged 3 to 4. Made with carefully selected natural beeswax, the crayons are pure and free of talc and asbestos; they have passed the EU EN71-3 standard and skin-sensitivity tests, offering enhanced safety.



M&G Safe Crayons of MG Kids Collection

Focusing on the Long-Term Health Impacts of Use

To safeguard eyesight, eye-safe student printer paper has been launched. Made from natural, unbleached pulp and free of optical brighteners, it cuts screen strain during use.



M&G Eye-Comfort Copy Paper for Students

Safety and Health of Packaging Materials

The Company has adopted a policy that favors safe materials in packaging parts such as blister packs and bases, and is actively developing and adopting safer, more environmentally friendly options, such as EVA-material drawstring bags and recyclable paper boxes, to ensure that products are safe inside and out.



M&G Easy-Erase Colored Whiteboard Pen Packaging has shifted from PVC to Paper Boxes.

Raising Awareness of Chemical Safety

M&G is committed to enhancing the transparency of product chemical safety. For all chemical substances procured, the Company requires suppliers to provide Safety Data Sheets (SDS) of chemicals and respond to relevant information requests from regulatory agencies, customers, and other stakeholders. Products promoted with health and safety as selling points are subject to strict inspection and must pass required testing and obtain relevant certifications before being launched to the market. Certification information must be disclosed as required, and false advertising is strictly prohibited. At the same time, M&G actively promotes chemical safety knowledge among consumers, using live-streaming e-commerce platforms and other channels to educate the public on the chemical content of products, encouraging consumers to pay greater attention to chemical safety.

Marketing and After-Sales

Adhering to the principles of "transparent communication and responsible delivery," M&G integrates sustainable concepts into every part of its brand communication, customer service and consumer relations. By sharing accurate information, M&G aims to guide consumers toward eco-friendly choices; with a strong after-sales system and quick-response plans, the Company protects consumer rights and improves the product-use and after-sales experience.

Responsible Marketing and Communication

M&G strictly complies with the *Advertisement Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and other relevant laws and regulations. We have issued institutional documents such as the *Promotion Compliance Guidelines* and the *Product Draft Review White Paper* to ensure that advertising is legal and compliant, sales information is transparent and accurate, and legitimate consumer rights and interests are protected.

M&G published the *M&G Social Media Platform Content Guidelines* to regulate content on self-media platforms, requiring that "all content published on social media platforms shall be truthful, legitimate, healthy, and accurate, and must not contain false or misleading information, or deceive or mislead consumers."

M&G has also formulated the *M&G Media Relations Guidelines* and the *M&G Public Opinion Management System*, which clearly state that M&G employees are required to communicate with the media and other influential audiences based on facts, maintaining an honest, clear, and transparent attitude, while actively practicing responsible marketing.

The Company's Brand Department is responsible for executing and driving brand decisions as well as planning, managing, and executing daily brand affairs; brand building is carried out in collaboration with various company departments and the marketing departments of branches nationwide. In terms of operational mechanisms, the Brand Department has developed the *M&G Stationery Visual Guidelines Manual* to ensure clear brand perception by maintaining consistent visual expressions and to provide accurate information to consumers; the Leagl Affairs Department regularly reviews key promotional and marketing points and conducts relevant internal training to ensure the accuracy and authenticity of product marketing information.

M&G E-commerce Marketing Management Mechanism

The Company has established and strictly enforces a "Three-Review, Three-Verification" marketing compliance mechanism to ensure that content on social media and e-commerce platforms undergoes a comprehensive review before publication.

Omnichannel Control

For e-commerce product detail pages, live streams, and short-form video content, the team conducts pre-publication word-by-word and full-screen reviews to ensure strict compliance with the *Advertising Law of the People's Republic of China* and platform rules.

Three-Review, Three-Verification Process

Focusing on product function and material descriptions, the e-commerce platform department, the relevant product department, and the Leagl Affairs Department conduct rigorous reviews to verify the original data, assess legal risks, and ensure brand consistency on a case-by-case basis.

Protecting Consumer Rights

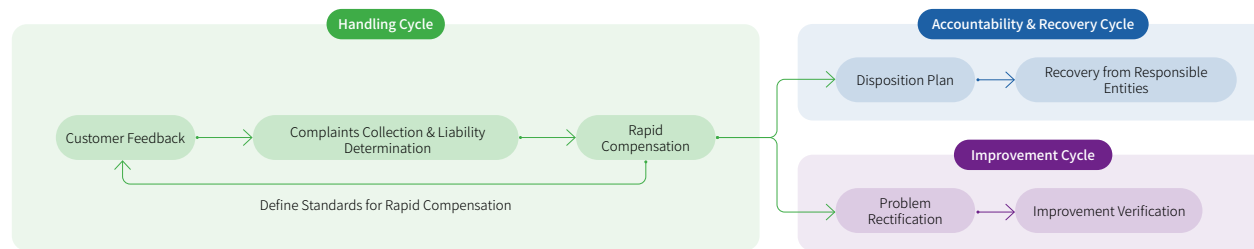
Through our "Three-Review, Three-Verification Process," we eliminate false and misleading advertising. While safeguarding our brand's reputation, we ensure that consumers receive truthful and accurate information, thereby effectively protecting their right to know.

Customer Satisfaction and After-Sales Service

Customer Satisfaction Survey

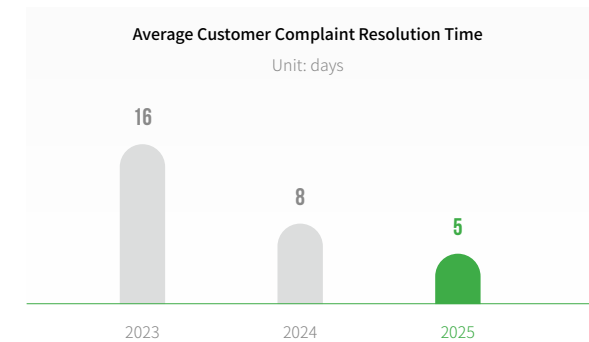
M&G actively listens to customer and consumer feedback, viewing customer satisfaction as the core metric for measuring brand health and service quality. To this end, the Company has established a routine user communication and feedback monitoring mechanism to gather authentic insights from consumers and partners across multiple channels, including channel partners, e-commerce platforms and corporate clients. Additionally, by conducting regular specialized surveys covering product functionality, user experience, after-sales response and brand recognition, the Company ensures the comprehensiveness and objectivity of its evaluation results. During the reporting period, the Company conducted an omnichannel customer satisfaction survey and achieved an overall satisfaction score of 90.9 points.

M&G's "Three-cycle Management Cycle" Customer Complaint Management Process



Customer Complaint Handling

The Company continues to streamline its consumer complaint handling mechanism, establishing a multi-channel customer complaint response team and a grid-based management system for quality business partners. During the reporting period, the Quality Center improved the grid-based management mechanism to proactively collect customer feedback, analyze common after-sales issues and establish a regular follow-up mechanism, driving a 32.7% decrease in the monthly average number of customer complaints; simultaneously establishing a "resolution, follow-up and improvement" three-cycle management cycle for customer complaints, reducing the average complaint resolution time by 37.5%. Additionally, in accordance with the *Measures for the Recall of Defective Products*, the Company established a quick response procedure, with the Sales Center leading the execution of recalls to ensure immediate response, full traceability and proper disposal of defective products, thereby effectively safeguarding consumers' legitimate rights and interests.



Progress in Establishing Customer Complaint Feedback Mechanisms Across Various Channels

Channel Partners

An after-sales issue feedback and resolution process involving "channel partners and quality specialists" has been set up, and a grid-based management system further enables quick response to after-sales issues. During the reporting period, 85% of after-sales issues were resolved within 7 days.

Large Retail Stores

Jiumu Store established a comprehensive complaint handling process, standardizing the handling procedures and statistical analysis for customer complaints across online and offline channels, and formulated rules for complaint escalation. For products with high complaint rates, on-site quality improvements are regularly conducted at suppliers to reduce complaint rates.

E-commerce Channels

M&G formulated the *Customer Complaint Handling Standards* and other management documents to standardize the full process management of customer complaints in e-commerce sales channels. The Company clarified the division of responsibilities for pre-sales, in-sales, and after-sales functions, and a dedicated after-sales work order team was formed to shorten the waiting time for online consumers' after-sales issue resolution. A monthly complaint data analysis dashboard is produced, and the results are used for subsequent complaint collection, review, and investigation and optimization work, thereby developing more targeted measures to improve complaint service quality.

Corporate Procurement Platform

During the reporting period, Colipu Group developed a unified online after-sales request portal, enabling sales personnel to access and submit customer after-sales requests in real time with a single click, thereby reducing the average after-sales request processing cycle by more than 50%; The Company implemented an "omnichannel consolidation and standardized processing" mechanism for after-sales work orders, unifying the entry point for work order registration and processing standards. By clarifying key points of customer complaint information and handling procedures, the mechanism addressed issues such as the loss, distortion, and misinterpretation of critical information during the workflow, enabling real-time tracking and dynamic management of the progress of every customer complaint.

Climate and Environment

Against the backdrop of global efforts to address climate change and to promote green transformation, M&G Stationery has integrated ecological and environmental protection into its corporate development strategy. Building on environmental compliance and pollution prevention, the Company is systematically advancing its carbon-reduction roadmap, deepening resource conservation and recycling, and actively practicing biodiversity conservation. The Company is committed to continuously reducing its environmental footprint across operations and the entire value chain while achieving steady growth, thereby helping build a future where humanity and nature coexist in harmony.

Our Goals

By 2030

Using 2021 as the base year, to reduce GHG emissions from our own operations (Scope 1 and Scope 2) by 42%

By 2050

To achieve carbon neutrality across the entire value chain

Topics addressed in this section

Response to climate change ♦
 Environmental compliance and pollution prevention
 Waste management
 Water resources management
 Biodiversity



Response to Climate Change

In response to severe climate challenges, M&G has incorporated climate change-related matters into the overall governance framework and set clear phased targets: using 2021 as the base year, to reduce GHG emissions from our own operations (Scope 1 and Scope 2) by 42% by 2030. To achieve carbon neutrality across the entire value chain by 2050.. Leveraging a carbon reduction pathway spanning R&D, production, warehousing, and logistics, we are steadily enhancing business resilience and actively responding to the national dual carbon goals.

Governance

M&G's sustainability governance framework has integrated climate change-related matters into its overall management framework⁹. During the reporting period, the Company established the "M&G Climate Action Group," comprising the Sustainability Office, heads of key energy-consuming business units such as the Production Center and the Logistics Center, and leaders of subsidiaries. The Sustainability Office is responsible for coordinating and advancing the Company's climate strategy, regularly monitoring progress toward climate targets, and managing climate-related disclosures. Heads of each business unit collaborate to establish carbon management systems, form cross-departmental working mechanisms and drive the implementation and execution of greenhouse gas reduction measures. Emission reduction targets have been broken down annually and incorporated into the annual performance evaluations of heads at each facility and business unit, ensuring routine tracking and completion of the management cycle.

Strategy

To assess the impact of climate-related risks and opportunities on the Company's short-, medium- and long-term strategies, M&G conducted a climate scenario analysis in accordance with the *SSE Sustainability Report Guidelines* and the Ministry of Finance's *Climate Disclosure Guidelines*. The Company adopted the Intergovernmental Panel on Climate Change (IPCC) SSP1-2.6 (temperature rise of 1.5° C to 2° C) and the IEA's Net-Zero Emissions (NZE) scenario as low-carbon scenarios, and the IPCC's SSP5-8.5 (temperature rise of 4° C) as a high-carbon scenario. By comparing trends in physical, environmental and socioeconomic conditions under different temperature rise paths, the Company identifies potential climate risks and opportunities facing its core business and assesses their potential financial impacts, thereby enabling the formulation of more effective and targeted response strategies. Because of limitations in current data precision and model certainty, this year's scenario analysis primarily used qualitative methods, employing narrative-based scenarios to assess business and strategic resilience. In the future, the Company will continue to improve the integration of GHG emission data with financial metrics and gradually introduce quantitative tools such as stress testing to more accurately assess climate-related financial impacts.



9. For more information on the integration of M&G's climate change-related matters into the sustainability governance framework, please refer to the "[Sustainable Development Management - Sustainable Development Governance](#)" section.

Climate-Related Risks, Opportunities, and Financial Impacts

Climate-Related Risks and Potential Financial Impacts

	Risk Type	Impacts Timeframe	Affected Value Chain Processes	Potential Financial Impacts	Response Measures
Physical Risk	Acute Risk	Short, medium, and long term	Upstream of the Value Chain, Company Operations	<ul style="list-style-type: none"> Extreme weather events such as high temperatures, typhoons, and heavy rainfall may cause damage to facilities and equipment, disrupt logistics, and affect the supply of raw materials. Thereby enabling timely deliveries that avoid penalty payments and control costs; Extreme weather events such as heatwaves and thunderstorms may endanger employee health and safety, leading to production pauses or higher labor costs. 	<ul style="list-style-type: none"> Conduct regular inspections and upgrades of facilities and equipment stability to improve resilience against natural disasters; Map climate risks across the supply chain and diversify supplier locations; Develop disaster emergency response plans, conduct emergency drills, purchase accident insurance, and maintain daily reserves of disaster prevention and relief supplies.
	Chronic Risks	Medium and long term	Upstream of the Value Chain, Company Operations	<ul style="list-style-type: none"> Rising sea levels may lead to greater operational instability and increased costs for the Company's facilities located in coastal areas; Increased ecosystem vulnerability may affect the stable supply of raw materials in M&G's supply chain, such as timber and pulp, leading to higher procurement costs; The likelihood of virus transmission and outbreaks may increase, potentially impacting employee health and safety, raising labor costs. 	<ul style="list-style-type: none"> Gradually incorporate climate risk considerations into infrastructure development and future business planning; Strengthen prevention and control of forest-related risks such as fire, wind damage, and pest outbreaks; deepen sustainable forest land management; Improve employee health and safety benefits, including insurance coverage.
Transition Risks	Policy and Legal Risks	Medium term	Company Operations, Downstream of the Value Chain	<ul style="list-style-type: none"> With the continued advancement of the Dual Carbon policy, enterprises will face stricter regulations on energy conservation and carbon reduction. M&G may need to intensify emission reduction efforts and increase financial investment; Companies included in the Emissions Trading Scheme (ETS) are required to fulfill their carbon allowance settlement responsibilities. Rising carbon prices will lead to increased compliance costs; International green trade rules, such as the EU Carbon Border Adjustment Mechanism (CBAM), will increase export costs. 	<ul style="list-style-type: none"> Monitor and stay informed about national climate policy developments, and incorporate policy requirements into operational planning in a timely manner; Continuously enhance carbon management capabilities, promote energy structure transformation, and implement energy-saving technological upgrades; Calculate product carbon footprints to proactively meet potential compliance requirements and identify processes with high carbon emissions; Strengthen carbon management across the supply chain and implement green procurement to drive emission reductions throughout the value chain.

	Risk Type	Impacts Timeframe	Affected Value Chain Processes	Potential Financial Impact	Response Measures
Transition Risks	Technology Risks	Short and medium term	Company Operations, Downstream of the Value Chain	<ul style="list-style-type: none"> Stricter future carbon reduction policies will require continuously increasing R&D investment in energy-saving and emission-reducing technologies. Failure to adopt green low-carbon technologies in time may weaken market competitiveness and lead to revenue decline. 	<ul style="list-style-type: none"> Actively identify carbon reduction potential, implement energy-saving and emission-reducing projects, and continue to increase the share of renewable energy usage; Promote digitalization and intelligent technologies to improve energy efficiency.
	Market Risks	Medium term	Upstream of the Value Chain, Company Operations	<ul style="list-style-type: none"> The phase out of petrochemical feedstocks is expected to lift prices for raw materials such as plastics, thereby raising operational costs. 	<ul style="list-style-type: none"> Developing green low-carbon new materials and applying them to the development of more sustainable products.
	Reputation Risks	Short and medium term	Corporate Operations	<ul style="list-style-type: none"> Increasing attention from media, professional organizations, and industry associations on corporate ESG performance may result in reputational damage and revenue loss if related expectations are not met. 	<ul style="list-style-type: none"> Implement carbon reduction measures and ensure that related communication and promotional content is objective, accurate, and traceable.

Climate-Related Opportunities and Potential Financial Impacts

	Opportunity Type	Impacts Timeframe	Affected Value Chain Processes	Potential Financial Impacts	Response Measures
	Resource Efficiency	Short term	Company Operations	<ul style="list-style-type: none"> Improvements in energy and carbon emissions management can promote energy conservation and emission reduction, while also reducing costs and enhancing efficiency. 	<ul style="list-style-type: none"> Identify energy-saving potential and continuously improve energy efficiency; Actively promote green logistics and green office practices to strengthen energy conservation and emission reduction across all operational stages.
	Energy Sources	Medium and long term	Company Operations	<ul style="list-style-type: none"> Early deployment of renewable energy can reduce future dependence on fossil fuels. 	<ul style="list-style-type: none"> Expand the use of renewable energy and optimize the energy mix.
	Products and Services	Short, medium, and long term	Company Operations, Downstream of the Value Chain	<ul style="list-style-type: none"> As consumer awareness of green and low-carbon practices increases, and green procurement becomes a growing trend among government and corporate entities, the market demand for high-quality sustainable products will continue to rise. Developing green and low-carbon products will help the Company further enhance its competitiveness and increase revenue. 	<ul style="list-style-type: none"> Increase investment in the R&D and promotion of sustainable products; Guide product development by adopting sustainable design principles; Communicate the concept of sustainability to consumers and engage them in joint climate action.
	Market	Medium and long term	Company Operations, Downstream of the Value Chain		

Climate Strategy and Action Plan

To address the aforementioned climate-related financial risks and opportunities, M&G has formulated a comprehensive emissions reduction strategy and action plan covering the entire process – including manufacturing, warehousing and logistics, office operations, eco-friendly stores, supply chain management, and product waste management – aimed at enhancing the Company's strategic resilience and striving to achieve carbon neutrality.

M&G Carbon Emission Reduction Strategy and Action Roadmap

2021-2030

Target

Using 2021 as the base year, to reduce GHG emissions from our own operations (Scope 1 and Scope 2) by **42%** by 2030.

Action

Scope 1 and Scope 2

Manufacturing

- Explore energy-saving potential, optimize energy management, and improve energy efficiency;
- Increase the proportion of renewable energy and gradually transition to clean energy.

Warehousing and Logistics

- Optimize logistics routes and improve transportation efficiency;
- Use new energy transportation vehicles;
- Enhance warehouse intelligence and improve energy efficiency in storage facilities.

Office Operations & Green Stores

- Optimize lighting and heating, ventilation, and air conditioning systems;
- Promote low-carbon office and lifestyle concepts.

Scope 3

Supply Chain Management

- Establish a carbon emissions accounting system for the supply chain;
- Encourage suppliers to set energy-saving and emission reduction targets and regularly track progress;
- Gradually conduct product carbon footprint accounting and management;
- Empower suppliers to enhance carbon management and supply capabilities for green products.

Product End-of-Life Management

- Explore recycling, remanufacturing, and reuse of materials and products;
- Promote sustainable product design to improve the recyclability of products and packaging.

2030-2050

Target

To achieve **carbon neutrality** across the entire value chain by 2050.

Action

- Conduct regular carbon management;
- Continue expanding renewable energy use;
- Introduce innovative low-carbon technologies, processes, and management models;
- Explore additional carbon reduction opportunities such as carbon credits.



2030

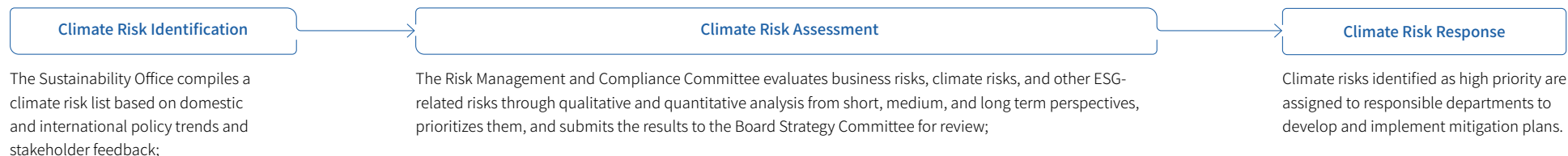
2050

2021
Base Year

Risk management

M&G integrates the identification, assessment and management of climate-related risks and opportunities into the Company's overall risk management system to methodically manage climate risks.

M&G Climate Risk Identification and Assessment Process



Metrics and Targets

Strategic Pillars	Goals	Progress in 2025
 <p>Response to climate change¹⁰</p>	<p>Using 2021 as the base year, to reduce GHG emissions from our own operations (Scope 1 and Scope 2) by 42% by 2030.</p> <p>To achieve carbon neutrality across the entire value chain by 2050.</p>	<p>The Group's Scope 1 and Scope 2 GHG emissions reduced 36% reduction compared to 2021.</p> <p>Collected carbon data from 80% suppliers, establishing an initial supplier carbon data management system.</p>

M&G continues to calculate and disclose Scope 1 and Scope 2 GHG emissions at the organizational level on an annual basis. The accounting follows standards and specifications such as ISO 14064-1:2018 *Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*, GB/T 32150-2015 *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises*, and complied with the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, with the organizational boundary defined based on the operational control approach. During the reporting period, the scope of the calculation covered the M&G Shanghai base, the Shanghai Headquarters Office Building, the South China base, the North China base, Axus Stationery, Colipu Group, and Jiumu Store (directly operated stores), and the Central China base, which is newly constructed and put into operation in 2025, has been included in the scope.

Building on this foundation, the Company is steadily advancing its efforts to track Scope 3 emissions and continuously improving the management of GHG emission data across its value chain. This year, we have initiated the accounting of Scope 3 greenhouse gas emissions for certain categories, collected GHG emission data from 80% of our suppliers, and calculated the carbon footprints for 11 products.

10. Scope 2 GHG emissions reduction targets are set using a market-based accounting method.

Notes on Data Corrections and Changes in Accounting Methods

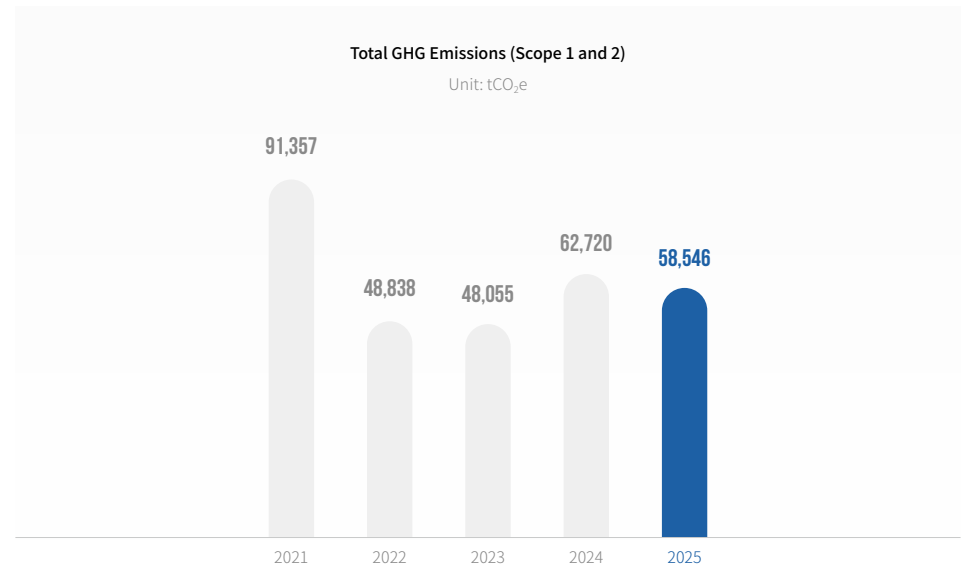
Data correction

This year, we re-verified the thermal energy content (enthalpy value) of steam. Given that steam was added as a new energy category starting in 2024, the corresponding energy consumption and GHG emissions data for 2024 have been adjusted in this Report to ensure the accuracy of historical records.

Change in accounting method

This year, the accounting method for purchased electricity data for the directly operated stores of Jiumu Store was updated from a sampling-based estimate to a survey-based estimate using actual electricity bills, providing a more accurate reflection of actual consumption. As this change cannot be applied retroactively to prior years, the disclosed purchased electricity data for 2025 and the corresponding Scope 2 GHG emissions data in this Report are not fully comparable to historical data.

M&G GHG Emissions Data



While advancing emissions reductions, we also focus closely on carbon emissions compliance and fulfillment, as well as carbon asset management. Since its inclusion in the Shanghai Carbon Emissions Trading System in 2016, M&G's Shanghai base has strictly complied with all obligations by completing annual settlements in full and continuously optimizing overall compliance costs through the effective rollover of surplus allowances. During the reporting period, we completed the 2024 annual settlement, and the 2025 settlement will proceed on schedule. Over the past five years, the Company has consistently maintained compliant operations, with no penalties associated with carbon emissions settlements.



Climate Action

To systematically advance the implementation of our climate strategy, we have broken down our emission reduction targets level by level into core areas including energy management, low-carbon logistics, and green operations, and established a comprehensive management system covering the entire process. Through quantitative management and regular tracking, we ensure a clear carbon emissions reduction pathway and effective implementation.

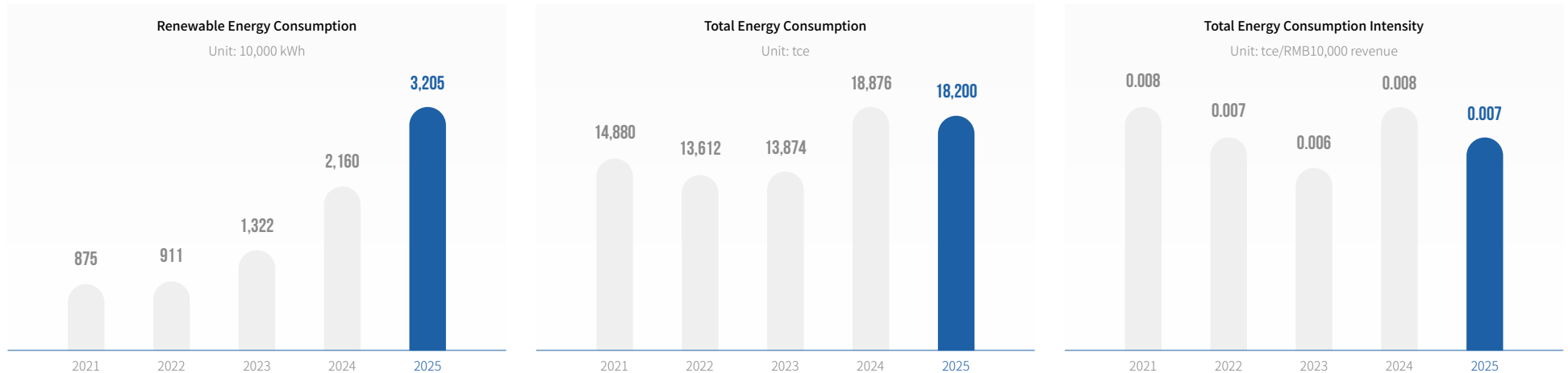
Energy Management

M&G strictly complies with laws and regulations such as the *Law of the People's Republic of China on Energy Conservation* and the *Administrative Measures for Energy Conservation of Key Energy Consumers Units*, has established an energy management system coordinated and integrated by the Climate Action Task Force and implemented by major energy-consuming departments such as the Production Center, and has obtained the ISO 50001 Energy Management System certification. The Company has developed and implemented the *M&G Energy Management Manual*, and each base has been developing annual energy conservation targets based on the Group's climate strategy and action roadmap and in light of actual conditions, and actively implementing energy conservation measures such as equipment upgrading and retrofitting, process optimization, waste heat recovery, and digital management. While ensuring a stable energy supply, we are gradually increasing our share of clean energy through expanded investment in solar power generation and green electricity procurement. Our Shanghai base has been included in the list of National Green Factories since 2024 and successfully passed its recertification during the reporting period. In 2025, our subsidiary Axus Stationery was awarded the Shanghai Three-Star Green Factory Certification.



M&G ISO 50001 Energy Management System Certification

M&G Energy Consumption Data



M&G Energy Conservation and Carbon Reduction Initiatives

Energy-Saving Technical Retrofit Measures

Air compressor energy efficiency optimization

We have been upgrading and retrofitting air compressors and air compressor stations since 2024. During the reporting period, we continued to upgrade centrifugal air compressors to centrifugal air compressors, improving equipment efficiency and achieving annual electricity savings of approximately 500,000 kWh.

Injection molding workshop upgrades

Following the energy-saving retrofit of 31 injection molding machines and the reduction of molding cycle times in 2024, we continued equipment replacement and process optimization in the injection molding workflow during the reporting period. The new water pump in the workshop consumes 30 kW less than the previous equipment.

Diesel-to-electric conversion and efficiency upgrades

In 2025, Axus Stationery's Shanghai plant launched an "Diesel-to-electric" initiative, replacing diesel forklifts with electric models to reduce fossil fuel use. At the same time, the heating system of the pencil paint-drying ovens was upgraded, significantly reducing both drying time and equipment energy consumption.

Clean Energy Consumption

Photovoltaic project development

M&G continues to advance the deployment of distributed photovoltaic systems, with all bases actively carrying out photovoltaic construction and capacity expansion. In 2025, the South China Base's 3.5 MW photovoltaic system was officially connected to the grid, the Central China Base commenced its photovoltaic project, expected to generate 4 million kWh annually, and Axus Stationery's Shanghai plant expanded its photovoltaic capacity to 2.9 MW. Benefiting from the continuous expansion of installed photovoltaic capacity, during the reporting period, the Company's photovoltaic power consumption increased by 11% year on year, and renewable energy accounted for 21% of total electricity consumption.

Purchased green electricity

The Company continues to increase its share of renewable energy through the purchase of green electricity. In 2025, purchased green electricity totaled 7.44 million kWh.



Case | Raw Material Improvements Achieve Energy Conservation and Consumption Reduction

To implement its climate strategy objectives, M&G actively explores energy conservation and consumption reduction through raw material and process improvements. During the reporting period, after extensive comparisons and experiments, we found that using high-melt-index novel materials such as PP/PBT ceramic-like polymers, PLA biodegradable materials, and plant residue-based materials can significantly optimize melt temperature control before injection and melt flow performance after injection, while ensuring that product appearance and tactile quality meet standard requirements. After implementing the material substitutions, the melt temperature of raw materials in the production process can be reduced by 15° C to 25° C, effectively shortening melting time and reducing energy consumption during production. These material innovations have improved processing efficiency and optimized production energy use, providing technological support for the Company's low-carbon manufacturing and sustainable development goals.

Case | M&G Central China Base: Low-Carbon Design and Intelligent Operations

M&G's Central China base was officially completed and put into operation in July 2025. The project has integrated green concepts and intelligent technologies since the planning stage, aiming to build an operational benchmark that emphasizes both efficiency and environmental protection.

- **Green infrastructure:** High-energy-efficiency air-conditioning systems and energy-saving designs are adopted to reduce baseline energy consumption, and variable-frequency water source heat pumps and air-cooled units are used to achieve variable-frequency coverage of core power systems.
- **Intelligent integration:** Automated hardware is deployed and fully integrated with the Warehouse Management System (WMS), Warehouse Control System (WCS), and Robot Control System (RCS) to achieve digital warehouse scheduling, while air compressor units are scientifically matched and controlled through variable-frequency intelligent systems to allow equipment loads to be closely aligned with production demand and eliminate no-load energy losses.
- **Energy efficiency optimization:** Storage density is increased through "vertical space optimization," reducing the need for warehouse floor area. Modular zoning is implemented for cooling towers so that the heat dissipation system can be operated on a "demand-driven" basis according to real-time process water temperature feedback to maximize energy efficiency. Equipment operation is dynamically planned through "intelligent scheduling optimization," thus minimizing idle and standby energy consumption.



Rooftop Photovoltaic System at M&G's Central China Base

Low-Carbon Logistics

M&G continues to strengthen energy-saving initiatives in logistics and warehousing. Leveraging digital technologies and upgrading equipment, we have achieved high efficiency and low energy consumption in materials transportation and warehouse management.

- **New energy vehicle replacement**
In-warehouse operations at our Logistics Center have achieved 100% coverage of electric forklifts. In the future, we will gradually replace trucks with renewable energy models to further reduce carbon emissions during transportation.
- **Digital vehicle scheduling**
Through M&G's Transportation Management System (TMS), we have achieved real-time monitoring of self-operated vehicles' transport status and location, so as to plan optimal routing and minimize empty return trips.
- **Intelligent warehouse management**
Rail guided vehicles (RGV) have been upgraded, an energy-saving mode has been added, and automated logistics equipment has been configured with non-operational standby states to reduce energy consumption during idle hours. During the reporting period, we saved nearly 90,000 kWh of electricity.

Green Operations

We integrate low-carbon principles into our daily operations. Through digital empowerment and action advocacy, we reduce energy and resource waste in our operations, thereby reducing carbon emissions.

- **Paperless office**
We actively promote paperless office practices. Except for hard-copy documents that must be printed, we encourage employees to use electronic documents at work. During the reporting period, we achieved paperless financial reimbursement, eliminating 87% of paper vouchers. This not only significantly reduced paper consumption but also minimized the time employees spent printing, organizing, affixing, and submitting documents, while improving accounting efficiency.
- **Energy conservation in buildings and stores**
The "Lunch Break One-Hour Lights-Out" initiative has been implemented in our Shanghai office building, LED energy-efficient lighting is promoted for use during store renovations, and some channel partners are encouraged to turn off air conditioning one hour before closing to reduce electricity consumption without affecting normal work operations.
- **Procurement of low-carbon office supplies**
We prioritize procuring office supplies with low carbon footprints. During the reporting period, all printer paper purchased was PEFC/CFCC-certified.
- **Promotion of low-carbon philosophy**
Energy-saving signs are posted on the switches in public areas, employees are encouraged to turn off office equipment during idle hours, and low-carbon advocacy activities such as stair-climbing check-ins are regularly conducted to enhance employees' energy conservation awareness.

Environmental Compliance and Pollution Prevention

M&G regards environmental compliance as a core standard and is committed to establishing comprehensive environmental compliance management, integrating the concepts of "pollution prevention" and "source control" into operational management.

Environmental Compliance Management

M&G strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Appraisal*, and other relevant laws and regulations. The Company has established environmental management systems, including the *Environmental and Safety Management Operation Control Procedures* and the *Environmental Factor Identification and Control Procedures*. Additionally, to address environmental emergencies, the Company has established the *Control Procedures for Emergency Preparedness and Response*. It regularly conducts inspections to identify environmental and safety hazards, develops emergency preparedness and response plans for identified risks, and implements risk assessments for environmental incidents and emergency management protocols for sudden environmental events. Both M&G Headquarters and Colipu Group have obtained ISO 14001 certification for their Environmental Management Systems. During the reporting period, the Company did not experience any significant environmental incidents, nor was it subject to any major administrative penalties from the Ministry of Ecology and Environment or other relevant departments, or held criminally liable, as a result of such incidents.

Pollutant Emission Management

In the planning and construction stage of the base, the Company strictly adheres to the *Environmental Impact Assessment System* and the "Three Simultaneities" principle, implements 100% environmental assessment and construction of environmental protection facilities, and minimizes environmental impact during the construction period through scientific planning. In the manufacturing and operating phase, the Company has established a pollutant emission control system covering monitoring, recording, reporting, and emergency response, and has systematically implemented pollutant emission management through regular testing of wastewater, exhaust gas, and noise and implementation of relevant management systems, so as to achieve stable and standardized emissions.

The Company has fully implemented the pollutant discharge permit system. All M&G sites have completed pollutant discharge registration in accordance with the law, and the Axus Stationery Shanghai plant and Siyang plant have obtained pollutant discharge permits in accordance with the law and submitted implementation reports on time. During the reporting period, all M&G sites and subsidiaries achieved 100% compliance with emissions standards and continued to carry out pollutant treatment and improvement projects. Among these, Axus Stationery added two-stage activated carbon adsorption units for exhaust gas, effectively reducing VOCs emissions.

M&G's Pollutant Emission Control Measures

Exhaust Gas Pollutant Treatment

Installed complete dust and odor removal systems for equipment involving exhaust gas and adopted measures such as adding desulfurization and denitrification systems, using low-nitrogen burners, and replacing biomass boilers with centralized heating to eliminate or reduce negative environmental impacts as much as possible.

Wastewater Treatment

Formulated the *M&G Stationery Water Treatment Facility Operation Manual* and strictly followed its procedures to ensure compliant discharge into municipal sewage pipelines.

Noise Control

Set up cushioning rubber pads and soundproof covers, reduce the running speed of pneumatic stations, use sound-absorbing covers, silent fans and other measures to control noise problems from multiple angles, such as physical isolation, mechanical pressure reduction and equipment upgrading.

Waste Management

M&G strictly complies with the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations. The Company has developed systems and management procedures, such as the *Solid Waste Control Plan* and the *Hazardous Waste Storage Facility Management System*, assigning clear responsibilities across departments for the classification and compliant disposal of waste.

The Company follows the principles of "reduction, reuse, and recycling" to maximize resource utilization and minimize waste at the source. Recyclable waste is promptly handed over to recycling companies for recycling and reuse; non-recyclable waste and domestic garbage are collected and processed by qualified service providers; hazardous waste is entrusted to licensed third-party companies for compliant disposal.

Waste Recycling

With waste reduction at its core, M&G has implemented resource recycling initiatives, including recycled packaging, prop recycling, and promoting bring-your-own cups. During the reporting period, M&G's Shanghai office building was awarded the title of "Waste-Free Building" in Shanghai's Songjiang District for its outstanding resource utilization and waste reduction at source. The Company has established an internal recycling management system to maximize the recycling of wooden packaging, e-commerce cartons and production wastes used between factories. During the reporting period, the Company promoted the "100 times reusable folding crates" to replace disposable cartons, which were used in the distribution of Jiumu Store; and carried out a pilot project for the integration of inventory between channels and headquarters to reduce GHG emissions and packaging consumption in the secondary transportation link; at the same time, set up carton dismantling and recycling points in the logistics link of each base to realize the direct reuse of complete cartons, significantly reducing the number of brand-new cartons and the amount of waste. At the same time, we set up carton dismantling and recycling points along the logistics chain at each base to enable direct reuse of complete cartons and significantly reduce procurement of brand-new carton packaging.

Folding crates can reuse

100 times

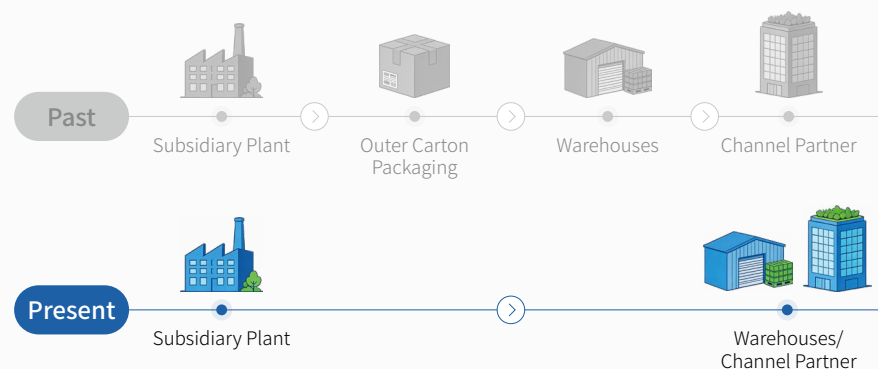
The Company reused cartons cumulatively

2.25 million

Case | Exploring "Cartonless Direct Inbound Warehousing" to Reduce Packaging Waste at the Source

M&G actively explores new pathways to reduce GHG emissions in the supply chain. By promoting the "Cartonless Direct Inbound Warehousing" model, the Company delivers products directly from production lines to warehouses, replacing packaging at the source to reduce waste and resource use. During the reporting period, the Company completed the transition to direct-to-warehouse delivery without cartons for 10 product lines and established a dynamic screening mechanism to continuously expand the range of pilot products and categories. Moving forward, the Company will focus on promoting standardized coordination and deep inventory integration between channel partners and headquarters logistics hubs. By building an integrated green logistics network, it aims to further reduce packaging and enhance resource utilization efficiency.

In 2025, the Company completed the transformation of **10** products to be directly warehoused without carton packaging.



Water Resources Management

M&G is committed to water conservation and integrates sustainable water use into its production and operations. The Company continuously monitors indicators such as municipal water intake, water recycling and reuse volumes, and wastewater discharge, maintaining comprehensive visibility over water usage. There are no reported issues with water resource availability. At the same time, the Company actively promotes water recycling and conducts water-saving upgrades on equipment and infrastructure to continuously improve water efficiency.

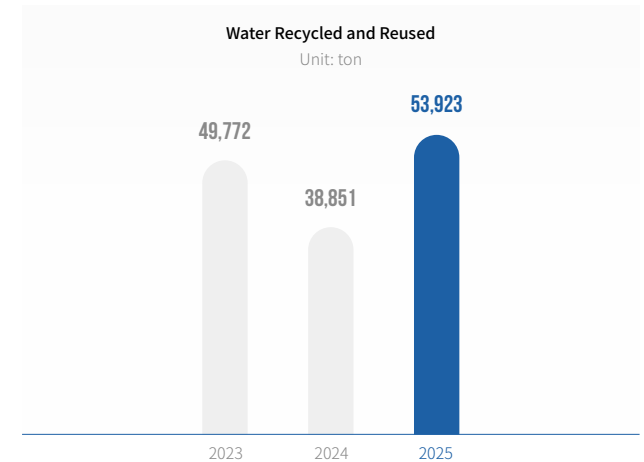
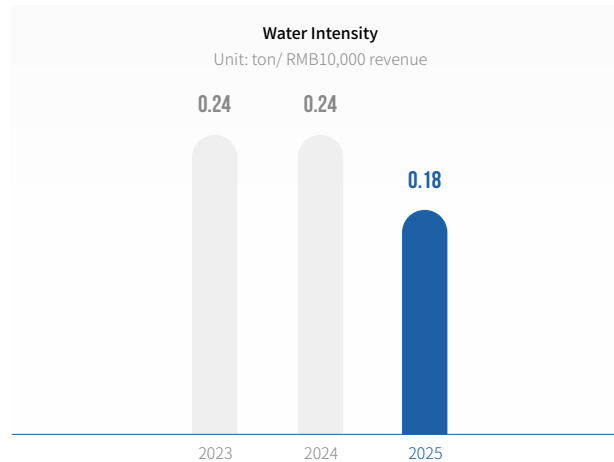
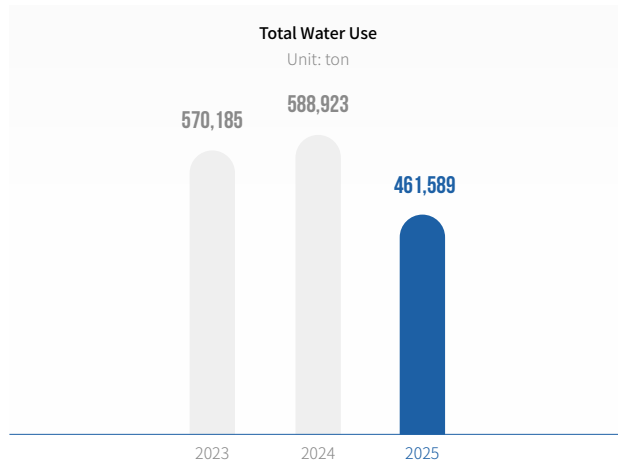
Upgrading to Water-Saving Appliances

The Company actively promotes water-saving appliances and installs sensor-type water-saving faucets in the office and production areas to eliminate "running, bubbling, dripping and leaking" and the loss of resources caused by human error.

Optimization of Water Use in Board-Making Machines

The Company has upgraded the cooling system of its PP board-making machines. For the small volume of non-recycled cooling water, a float-activated pump system was installed to enable water recycling, resulting in annual savings of approximately 1,200 tons of fresh water.

M&G Water Resource Utilization Data



Biodiversity

M&G is committed to environmental protection and fostering ecological harmony by protecting the natural environment, conserving natural habitats and promoting ecological awareness to minimize the environmental negative impact of its operations.

Compliance and Mitigation

M&G is committed to implementing ecological and environmental protection measures in strict compliance with the *Law of the People's Republic of China on Water and Soil Conservation*, and local rules in its operational areas. During the reporting period, all major M&G operational and business sites were located outside the scope of ecological protection redlines, and the Company has not been subjected to major administrative penalties or been held criminally liable for environmental incidents by Ministry of Ecology and Environment and other relevant departments.

In 2025, M&G officially released its *Commitment to Environment and Sustainable Development*¹¹, aiming at reducing and gradually eliminating the negative impacts of the Company's operations on ecosystems and biodiversity. Regarding forest and biodiversity conservation, the Company commits to:

- Assess the impact of project or construction site selection and development on local biodiversity, and protect natural habitats, wetlands, forests, wildlife corridors and agricultural land;
- Assess biodiversity risks at operational sites and take measures (such as avoidance, mitigation, restoration and offsetting) to address potential or actual impacts;
- Progressively achieve "No Net Loss" of biodiversity and "No Gross Deforestation" across operations and the value chain;
- Minimize the adverse impacts of operations on forests and biodiversity as much as possible, if some impacts on ecosystems still occur, the Company will implement restoration actions in the affected areas.



M&G's Ecological and Biodiversity Conservation Measures

Project Site Selection

- Conduct on-site inspections to assess the impact of construction on local biodiversity, and avoid natural habitats, wetlands, forests, wildlife corridors, and agricultural land;
- Confirm the project scope and minimize the impact of construction on flora and fauna.

Project Construction

- Carry out environmental impact assessments for construction projects to identify key environmental impact factors, formulate and implement various environmental protection measures, and maintain the original ecological state of the plant area;
- Conduct ecological monitoring of the environment surrounding the plant as required to understand environmental changes and potential impacts.

Production and Operation

- Formulate and implement strict management measures for wastewater, exhaust gas, and noise and forest land protection, monitor the surrounding environment, and reduce environmental impact.

11. M&G's *Commitment to the Environment and Sustainable Development* has been published on the Company's official website under "[Investor Relations – ESG-Reports and Policies](#)."

As a wood-based pencil manufacturer, Axus Stationery attaches great importance to the sustainable management of forests and the conservation of woodland biodiversity. Its 1,853 mu of forest land has Forest Stewardship Council (FSC) Certification for Forest Management (FM) and Chain of Custody (CoC), granted by Bureau Veritas. In managing its own forest land, Axus Stationery strictly adheres to limited harvesting requirements to protect large stands of trees; the Company pledges to use only certified tree species, continuously monitors forest biodiversity during operations, and implements various measures to ensure the sustainable use of forest resources.

Reforestation Activities

Carry out reforestation activities in Xinjiang to enhance local ecosystem stability and improve the regional ecological environment.

Safety Education and Training for Villagers

Provide training on woodland protection and safety for villagers around woodlands to raise community awareness of biodiversity conservation.

Axus Stationery's Forest Ecosystem Conservation Initiatives

Forest Ranger Patrol System

Establish a team of professional forest rangers to implement regular woodland inspections, monitor the survival of wildlife, assess the impact of operational activities on the ecological environment, and promptly identify and deal with potential woodland safety hazards.

Joint Inspection by Villages and Enterprises

Establish a joint inspection mechanism with local communities to jointly protect and manage forest land and build a cooperative force for ecological protection.

Ecological Protection Awareness

M&G deeply integrates biodiversity protection and sustainable consumption advocacy to convey knowledge of wetland, marine and other ecological environmental protection to the public. With the "Endangered Animals" series of sustainable products as the carrier, the Company organizes diversified activities such as parent-child wetland tours, wetland ecological virtual reality (VR) experiences, marine conservation flash mobs, and ocean beach clean-up operations, and donates part of its product sales to public welfare foundations in the field of ecological conservation. On World Environment Day 2025, M&G officially announced its strategic cooperation with the Center for Environmental Education and Communications of Ministry of Ecology and Environment, launched the "Earth Guardian" sustainable action plan, and released co-branded gel pens and carbon-neutral notebooks featuring rare animal-themed designs. By integrating the concept of biodiversity into products and consumption scenarios, the Company was selected as one of the *2025 Exemplary Cases of Biodiversity Conservation in Industry and Commerce*.

Case | Jiumu Store Transforms Biodiversity from a Concept into a Tangible Brand Experience

At the beginning of 2024, M&G released the "Endangered Animals: Wetland" series, incorporating images of five endangered animals in wetlands, such as the Black-faced Spoonbill and Oriental Stork, into the product packaging design, thereby initiating the exploration of conveying ecological values from the product side. In 2025, Jiumu Store further strengthened its offline reach and public advocacy: on May 28th, during the "World Otter Day," it launched the topic "There are otters in my city" together with Ton-Ton Otter. During "World Otter Day," Jiumu Store and OTTERdun launched the topic "Otters in my city," which effectively aroused the attention of urban consumers to the protection of endangered animals through interactive card playing and badge collecting activities in five stores in Shanghai; in November of the same year, Jiumu Store launched the "Warm Winter Recycling" campaign. In November of the same year, the Company launched the "Warm Winter Cycle" program, giving endangered animals storytelling through vivid illustration narratives, and opened the "Nature Notebook Workshop" in Shenzhen and Shanghai, guiding consumers to record the beauty of nature in their handwritten notebooks, and promoting the awareness of the harmonious coexistence of man and nature.

The "Warm Winter Recycling" section at Jiumu Store ▶



Shared Prosperity Across the Value Chain

Amid the convergence of deep collaboration across the industrial chain and the wave of digital transformation, M&G has regarded "Shared Prosperity Across the Value Chain" as the core engine of sustainable development. Centering on four key dimensions, namely technology innovation-driven development, sustainable supply chain management, channel partner empowerment, and information security and privacy protection, we have established a collaborative management system covering both upstream and downstream stakeholders. By integrating R&D resources, deepening partner development, and strengthening data defenses, we have built a transparent, resilient, and mutually growing business ecosystem. While enhancing risk prevention and control capabilities across the entire value chain, we have injected lasting momentum into the industry's high-quality development.

Our goals

By 2025

To ensure that **100%** of key suppliers comply with M&G ESG guidelines

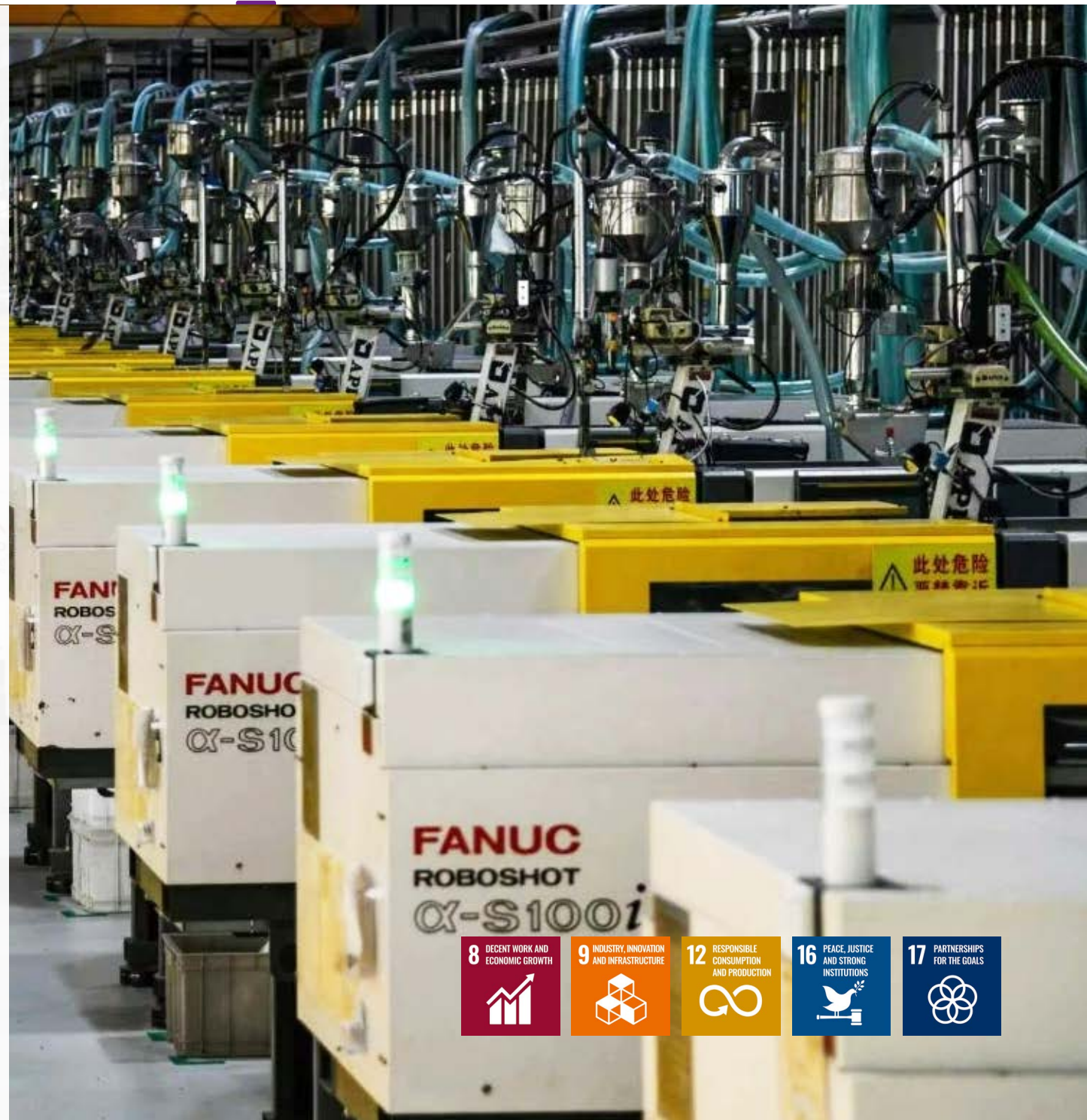
To integrate ESG requirements into all new supplier screening and onboarding standards

By 2030

To ensure that ESG assessments and audits cover **80%** of suppliers

Topics addressed in this section

Technological innovation ♦
Supply chain management ♦
Partner development
Information security and privacy protection



Technological Innovation

M&G has remained committed to making technological innovation the core driver of our high-quality development and has established a sound R&D management system. At the same time, we regard intellectual property as a key strategic asset and have built a systematic risk management and protection system. Through specific management measures, we ensured the effective implementation of technological innovation and intellectual property protection, providing solid support for the Company's long-term high-quality development. Building on our strengthened competitiveness, we continued to provide technological empowerment to upstream and downstream players across the value chain, leading the industry's high-quality development through our innovation capabilities.

Governance

M&G's technology innovation governance structure is based on the Company's overall governance system¹². To ensure the forward-looking nature and accuracy of our technology strategy, we have established a dedicated strategic function department and an external expert advisory mechanism to regularly conduct comprehensive assessments of industry technology iteration trends, scientifically demonstrate technology pathways, and effectively mitigate the risk of deviation in technology roadmaps. At the execution level, the Technology Center takes the lead in overseeing the development and technical validation of our new structures, new materials, and new processes. The Digital Center coordinates and advances the Company's digital innovation and transformation initiatives. The Legal Affairs Department takes the lead in implementing the intellectual property management system, covering patent and copyright applications, intellectual property protection, and rights safeguarding, among other tasks, thereby safeguarding the achievements of technological innovation.

Strategy

M&G adheres to a consumer-centric innovation strategy and comprehensively advances coordinated innovation across products, marketing, channels, and digitalization, building long-term competitive barriers with solid technological capabilities. The Company focuses on building reserves in material development, precision manufacturing processes, and innovative design concepts to ensure sustained technological leadership and product iteration capabilities. It aims to translate technological advantages into market competitiveness, driving revenue and profit growth. At the same time, we elevate intellectual property protection to a strategic level, effectively preventing the risk of core technology leakage and safeguarding the expected returns on our innovation investments. In addition, we support business continuity through digital and intelligent capabilities, assist in improving business efficiency, and accurately capture strategic opportunities in the digitalization process.

Opportunity and Risk Management

In response to the uncertainties associated with technological innovation, we have established a dynamic risk and opportunity assessment mechanism. By combining quantitative assessment with qualitative analysis, we accurately identify key risk points and allocate dedicated resources accordingly, ensuring the effectiveness of our innovation investments and strategic focus. In operational management and control, we adhere to the principle of "compliance as a prerequisite," integrating intellectual property protection and compliance risk management throughout the entire product life cycle to build a strong defensive moat for innovation. Meanwhile, the Company actively embraces open innovation. Through in-depth collaboration with universities and research institutes, we built an integrated industry-academia-research community, accelerating the commercialization of scientific and technological achievements while diversifying R&D risks.



12. For more information on the governance structure of M&G's technological innovation, which is based on the Company's overall governance system, please refer to the "[Sustainable Development Management - Sustainable Development Governance](#)" section.

Management Measures and Performance

R&D Capabilities and Commercialization of Results

M&G continues to consolidate its innovation foundation as a national-level high-tech enterprise. During the reporting period, we invested RMB190 million in technology R&D and product innovation, and received honors including the Science and Technology Progress Award of the CNLIC, and the National Advanced Collective in the Light Industry; Axus Stationery received the "Specialized, Refined, Distinctive and Innovative (SRDI) SMEs" honor awarded by the Shanghai Municipal Commission of Economy and Informatization.

Based on our R&D capabilities and deep insights into consumer needs, we continued to achieve technological breakthroughs in underlying category technologies, functional uniqueness, and meeting consumers' core needs. In terms of deepening underlying technologies, the Development and Industrial Application of New Environmental-Friendly Materials for Neutral Ballpoint Pens project led by M&G, with participation from Taiyuan Iron and Steel Group, as well as the Key Technologies and Industrialization of High-Performance Environmental-Friendly Ink, and R&D and Industrialization of High Specific Surface Area Fiber Materials with Sheath-Core Structures and Environmental-Friendly Products projects, in which M&G participated in joint breakthroughs, were selected as advanced scientific and technological innovation achievements in the light industry under the 14th Five-Year Plan; R&D and Application of TPE Erasers with High Erasure Rate was selected for the Second Prize of the 2025 Science and Technology Progress Award of the CNLIC. In terms of product design and aesthetics, M&G products have repeatedly won the world's four major industrial design awards: Germany's iF Design Award and Red Dot Design Award, Japan's Good Design Award, and the United States' International Design Excellence Awards (IDEA). In addition, we have also received major design awards such as the Golden Pin Design Award and the Red Star Design Award. During the reporting period, the Company successfully launched a series of innovative products, including the M&G Premium Retractable Fountain Pen, Retractable Soft-Tip Highlighter, and the Meeboki Notebook Collection. Multiple products won honors in the "ISOSF China Stationery Industry Innovation Competition," among which the M&G Premium Safety Scissors with Rotating Blade Sheath won the 2025 Germany iF Design Award.



M&G Products Have Repeatedly Won the Four Major International Industrial Design Awards

In 2025

Investment in technology R&D

RMB **190** million

Total R&D personnel

405

Case | "Chinese Paper, Better for Chinese Characters": Micro-innovation in the Technology of M&G Meeboki Notebook Collection

In response to increasingly refined user needs, M&G drove innovation based on consumers' real needs, transforming hard-core technologies into perceptible, high-quality experiences. The Company focuses on Chinese-character writing, the most basic and core scenario, aiming to address consumers' key pain points through targeted technological innovation. The Meeboki series builds its differentiated product strength across three dimensions: Paper craftsmanship, notebook structure, and detail design:

- Paper craftsmanship: 80 g/m² double-speed smooth-glide paper, specifically addressing common issues such as fountain pen's ink bleeding and gel pen's ink splattering; ink is less likely to show through when writing on both sides, ensuring clear content and usability of the reverse side of the paper
- Notebook structure: 9 mm line spacing, avoiding the problem of Chinese characters being too crowded when writing or overly large blank spaces between lines; 180-degree lay-flat design, delivering "convenient cross-page writing and more comfortable note-taking"
- Detail design: 360° weight reduction, using a flexible cover and lightweight materials; thin and rollable without leaving creases, while still offering a certain degree of water and dust resistance

In addition, M&G combined technological innovation with emotional value by contracting emerging illustrators to enhance the product's aesthetic design, inviting top student Pu Yixing as the "Good Notebook Traceability Officer" for transparent communication, and jointly publishing the *White Paper on Notebook Consumption Insights in China* with Southern Weekly, strengthening consumers' perception of and trust in M&G's technological innovation from both public and professional perspectives.



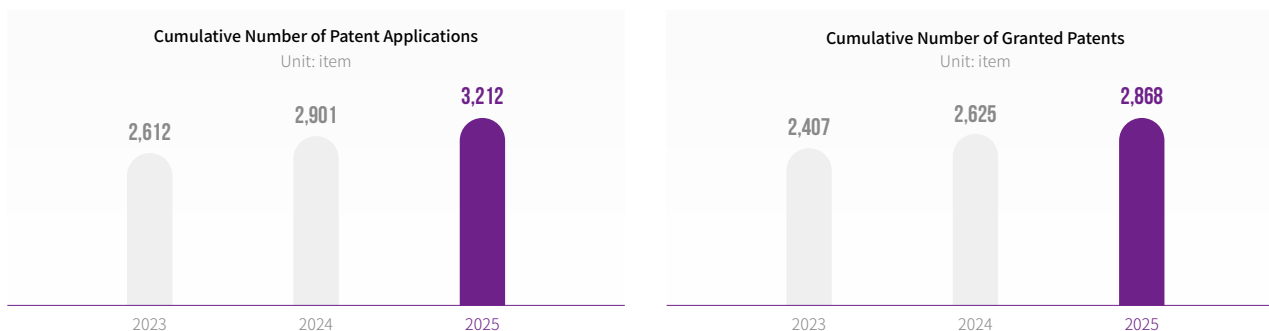
M&G Meeboki Notebook Collection

Intellectual Property Protection

To strengthen the foundation of M&G's tech innovation, the Company formally established and implemented an intellectual property management system in 2021 and has steadily refined its management policies to protect R&D and innovation outcomes. As national standards have evolved, the Company has closely tracked industry trends and updates to the intellectual property management system and has revised 16 management policies, including the *Intellectual Property Handbook* and the *Patent Management Method*, in line with the revised standard (GB/T 29490-2023). During the reporting period, the Company successfully passed the audit against the new standard and officially obtained the Intellectual Property Compliance Management System Certification. During the reporting period, M&G filed 25 invention patent applications and received 5 grants; the total number of valid patents stands at 1,488.



M&G Patent Applications and Grants



M&G Stationery Intellectual Property Compliance Management System Certification

To protect the rights and interests of distributors and consumers, the Company places great emphasis on the application and protection of patents, trademarks and copyrights. The "M&G 晨光" trademark was recognized as a "Well-Known Trademark" by the Shanghai High People's Court in 2,023, and the "九木杂物社" trademark was included in the "Shanghai Key Trademark Protection List" in 2025. In response to intellectual property infringements, the Company promptly files complaints and reports with law enforcement departments, including market supervision departments, public security departments and customs. During the reporting period, M&G cooperated with public security departments in 68 anti-piracy operations, including 57 administrative actions and 11 criminal investigations, successfully completing the anti-piracy mission and effectively protecting the Company's intellectual property and technological achievements.

Case | Enforcing Rights and Disrupting Illegal Chains

During the reporting period, M&G worked with public security authorities and dismantled a group in Chaonan District, Shantou City, Guangdong Province, that made, wholesaled and sold fake "M&G" G-5 refills. The action led to the seizure of 340,000 fake G-5 refills and 270,000 packaging boxes, and to the arrest of more than 10 suspects. This operation delivered an exact strike against the entire "production-wholesale-sales" chain, dismantling the operation, severing the supply chain, and targeting the source. It encouraged legal conduct, purified the market environment, and safeguarded the Company's brand reputation and consumer rights.

Digital and Intelligent Transformation

M&G actively explores the business opportunities brought by digitalization and intelligent transformation, and continues to advance the dual-engine drive of "Core Business Digitalization" and "Organizational Collaboration Digitalization." In terms of core business, we launched a product life cycle management system, integrating fragmented data across the product development cycle into standardized transferable assets, significantly reducing communication losses from ideation to market launch and improving collaboration efficiency between R&D and the supply chain; Colipu Group used digital employees to replace inefficient repetitive tasks. Through robotic process automation (RPA) and an intelligent rules engine, we achieved automated processing from customer order placement to inquiry and quotation, enabling automatic matching of customer requirements. In terms of organizational collaboration, based on having brought our core business online, we further advanced the automation of production equipment, connecting the data chain from the production site to management decision-making. During the reporting period, the automated stereoscopic warehouse at the M&G Central China Base was put into operation. After completion, the trunk line throughput capacity is expected to increase by two times compared with the original level.

We proactively embrace the AI+ era, making the deep integration of artificial intelligence technologies with business scenarios a core engine for improving organizational quality and efficiency. During the reporting period, we actively promoted innovative internal applications of artificial intelligence technologies and developed our first digital employee, Xiaochen, with a human resources knowledge Q&A function. Throughout the year, Xiaochen answered a total of 11,424 HR-related questions from employees, including leave policies and process inquiries. This improved efficiency in handling basic employee inquiries by 98% and process handling efficiency by 50%, enabling HR services for employees to become more immediate and standardized. Meanwhile, to foster an AI atmosphere of innovation for all employees, the Company organized the "Excellence Selection of the Most Advanced AI Practice Pioneer of M&G" event, attracting employees from various center departments to participate. It collected 37 innovative topics across multiple business scenarios, such as data analysis, inventory management, and information review. Ultimately, six outstanding teams and three outstanding individual cases were selected, fully stimulating the innovation vitality of all employees in the field of AI practice.

M&G's First Digital Employee, "Xiaochen"

Excellence Selection of the Most Advanced AI Practice Pioneer of M&G

Total HR-related inquiries answered for employees

11,424

Employee Basic Inquiry Efficiency Improved by

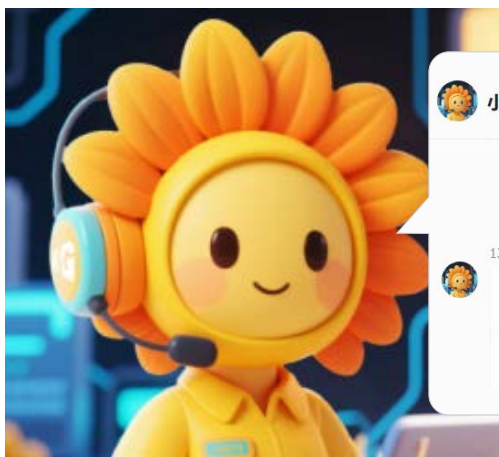
98 %

Process Handling Efficiency Improved by

50 %

Innovation Topics Collected

37



M&G's First Digital Employee, "Xiaochen"



"Xiaochen" Chat Interface



The "Excellence Selection of the Most Advanced AI Practice Pioneer of M&G" Event

Supply Chain Management

M&G is committed to building a stable, secure, and green sustainable supply chain. The Company has established and continuously improved its supplier ESG management system and empowers its suppliers, continuously enhancing supply chain sustainability and building a green, transparent, and resilient value chain ecosystem.

Governance

M&G has established a comprehensive supply chain governance structure to ensure the compliance and sustainability of supply chain management¹³. The Company has established a cross-functional collaborative supply chain ESG management structure. The Sustainability Office coordinates the formulation of supply chain ESG strategic objectives, improves ESG management policies, and coordinates ESG audits and performance evaluations of key suppliers. The procurement teams across all business lines embedded ESG risk management and control metrics into the overall management process for supplier onboarding, evaluation, and exit, and organized systematic training to enhance the ESG awareness and management capabilities of personnel in core positions, continuously improving the level of sustainable supply chain management.

Strategy

Supply chain stability and compliance are the cornerstone of business continuity. We identified that the key risk factors faced by the supply chain include the increasingly stringent ESG compliance requirements for supply chains by global and national governments, which may accordingly increase the complexity of supplier management and the associated input costs, as well as, in the context of the green transition, fluctuations in commodity market prices, which may bring pressure on our raw material cost control. The combined impact of these factors may pose potential challenges to our operational efficiency and overall profitability. At the same time, we also recognized that building a sustainable supply chain system can significantly enhance customer trust, bringing us long-term and stable procurement advantages as well as opportunities to strengthen our brand reputation. To this end, we are committed to establishing an integrated four-in-one supply chain integration strategy of "quality-cost-delivery-sustainability," implementing ESG management covering the entire process from onboarding to exit to mitigate compliance risks, and actively promoting the green and low-carbon transition and digital and intelligent empowerment of the supply chain, so as to achieve mutual benefit and win-win outcomes with upstream and downstream partners in the process of advancing a sustainable supply chain.

Opportunity and Risk Management


M&G has established supply chain risk management covering "identification-evaluation-integration-monitoring" and has incorporated it into the Company's overall risk management system. The Company continuously improves its supply chain management system and has formulated a series of policy documents, including *Supplier Management Method*, *Supplier Code of Conduct*¹⁴, *New Supplier Onboarding Management Method*, *Supplier Evaluation Management Method*, and *Supplier Management Control Procedures*, to implement standardized, end-to-end process management for supplier development, evaluation, and control. We established a risk management and control model of "onboarding screening, dynamic monitoring, closed-loop rectification, and mechanism-based exit." At the onboarding stage, we conduct due diligence on suppliers' performance in environmental compliance, labor rights and interests, and business ethics, and require all cooperating suppliers to sign *the Supplier Code of Conduct*. During the monitoring stage, we implement multidimensional tiered and categorized management, and conduct high-frequency on-site audits and key monitoring for high-risk suppliers. At the same time, through internal audit oversight and regular risk communication and training, we continue to enhance supply chain compliance awareness and risk resilience.



13. For more information on M&G supply chain governance structure, please refer to the "Sustainable Development Management - Sustainable Development Governance" section.

14. M&G's *Supplier Code of Conduct* has been publicly released on the Company's official website under "Investor Relations - ESG - Reports and Policies."

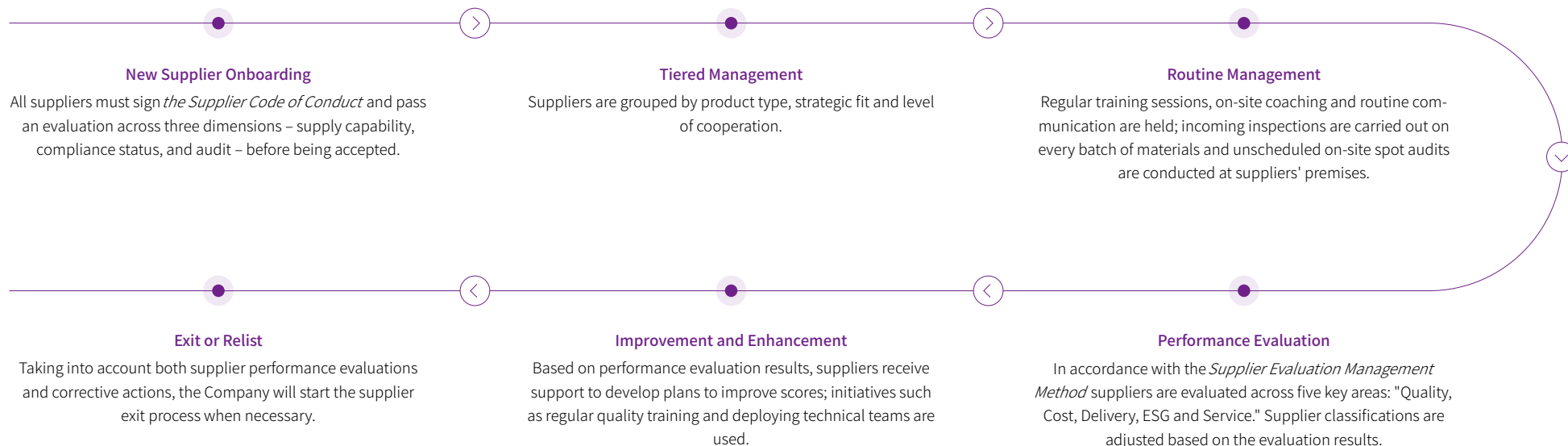
Targets, Management Initiatives and Performance

Strategic Pillars	Goals	Progress in 2025
 <p>Sustainable supply chain</p>	To ensure that 100% of key suppliers comply with M&G ESG guidelines.	100% compliance rate for key suppliers in ESG assessment and remediation.
	To ensure that ESG assessments and audits cover 80% of suppliers.	97 suppliers participated in M&G's ESG audits, achieving 100% coverage of key suppliers.
	To integrate ESG requirements into all new supplier screening and onboarding standards since 2025.	ESG risk audit elements have been added to the system used to rate and bring in new suppliers.

Supply Chain Management Process

M&G has set up a strong supply chain management system, defining a standard supplier management path that spans new supplier onboarding, quality monitoring, performance evaluation, and de-listing. This approach secures supply chain stability and ensures a safe, high-quality supply of products. During the reporting period, the Company revised the *New Supplier Onboarding Management Method* and the comprehensive evaluation form for new suppliers, further clarifying the audit standards and inspection methods used during on-site audits. Additionally, ESG-related risk factors are incorporated into the scope of assessment to improve risk management during supplier access.

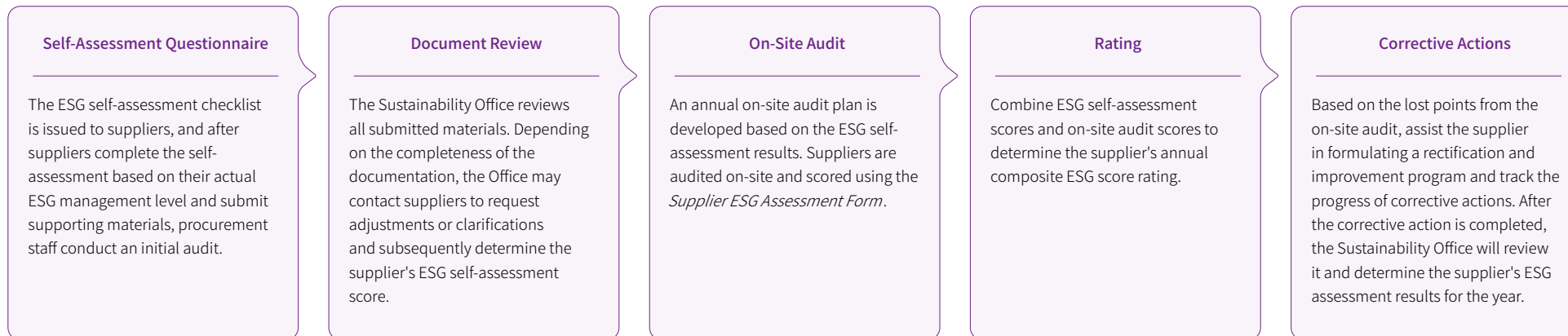
M&G Supplier Management Process



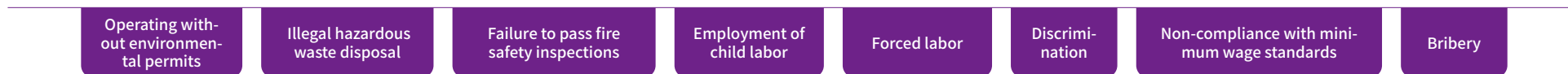
Key Supplier ESG Assessment

M&G conducts annual ESG assessments and audits of suppliers, evaluating their ESG performance across five areas: sustainable procurement, environmental protection, health and safety, labor practices, and business ethics. Eight zero-tolerance items are defined to prevent major ESG risks. The ESG evaluation process consists of five steps: self-assessment questionnaire, document review, on-site audit, rating, and corrective actions, forming a closed-loop management system for continuous improvement. During the reporting period, 97 suppliers participated in M&G's ESG audits, achieving 100% coverage of key suppliers. M&G conducted 36 on-site audits and required suppliers to rectify any non-compliance issues. The corrective action pass rate reached 100%.

M&G's ESG Audit Process for Key Suppliers



Zero-Tolerance Items in M&G ESG Assessments for Suppliers



Integrity in Procurement

M&G adheres to the principles and commitments of clean procurement and ensures the fairness and transparency of the supply system by establishing a tight set of constraints and a closed management cycle of supervision. The Company takes *the Supplier Code of Conduct*, *Transparent Procurement & Integrity Convention* and *Supply Chain System Integrity Risk Prevention and Control Management System* as key management tools, and explicitly prohibits any form of commercial bribery and undue benefit transactions. During the reporting period, the Company systematically sorted out the signing status of *the Supplier Code of Conduct* and promoted the completion of the retroactive signing work, achieve 100% signing of *the Supplier Code of Conduct* by all suppliers of finished products and raw material procurement to ensure that the relevant requirements were effectively conveyed and implemented in place.

On the basis of the system guarantee, the Company continues to extend its management tentacles. In 2025, the Audit Department further expanded integrity education from procurement personnel to suppliers and conducted online anti-fraud propaganda targeting 314 suppliers throughout the year. In order to ensure that the system falls into place, the Company's Audit Department regularly carries out special investigations and internal audits of supply chain fraud every year, and relies on the *Anti-retaliation for reporting complaints Management System* to closely protect the whistleblower's relevant information and rights and interests; for procurement personnel who violate the relevant integrity system, the Company will be investigated and verified in accordance with the *Supply Chain System Integrity Risk Prevention and Control Management System* to give sanctions, and continue to optimize the clean and healthy supply ecology.

In 2025

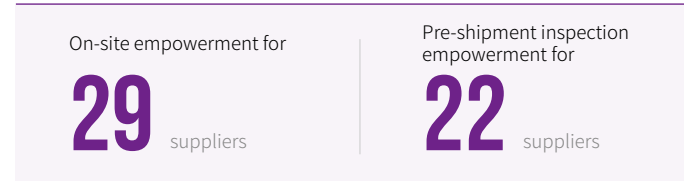
The signing rate of *the Supplier Code of Conduct* for finished goods and raw/auxiliary material suppliers has reached

100 %

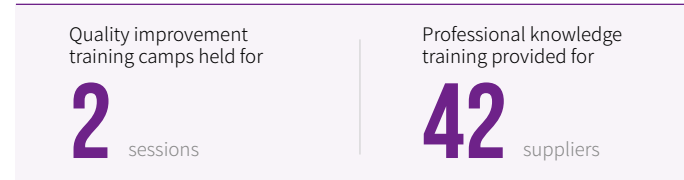
Supplier Empowerment

M&G empowers suppliers to enhance their capabilities through regular communication, experience sharing, on-site guidance, the M&G Business System (MBS), and periodic training. During the reporting period, for raw material procurement, a total of 29 on-site empowerment was carried out, while 22 suppliers participated in outbound inspection empowerment, which enhanced the suppliers' ability in production site management and shipment quality control; for the suppliers of finished products of the key categories, a total of 2 quality improvement training camps held for were held to provide professional knowledge training for 42 suppliers. Moreover, 9 key suppliers were provided with multi-stage and all-round empowerment covering 5S management, lean production transformation, and innovation capability enhancement. M&G collaborated with suppliers to trace and analyze the key issues identified in the ESG audit and provided targeted improvement suggestions. With M&G's support during the reporting period, multiple suppliers made tangible improvements in areas such as chemical storage and use management, workplace safety equipment optimization, safety signage posting, use of renewable energy, waste management optimization, etc.

Raw and Auxiliary Material Suppliers



Finished Products of the Key Categories



M&G Supplier Quality Improvement Training Camps



M&G On-site ESG Audits and Training for Suppliers

Partner Development

M&G upholds the concept of "Partnership for a Shared Future" and considers its channel network, which spans 1,200 cities and nearly 70,000 retail stores nationwide, a core strategic asset. The Company adheres to benefit sharing and continues to enhance the resilience of the value chain through digitalization and the standardization of the entire chain. Meanwhile, through cross-border integration of multiple resources, deepening industry-education integration, advancing green transformation, and collaborating with industry partners to build a high-quality, sustainable industrial development ecosystem.

Store Operations Support

Through brand extension and capability transfer, M&G continuously enhances the effectiveness of product displays and operational quality in retail stores. Throughout the year, the Company completed image upgrades at 45,000 retail stores, creating 388,000 specialized sales zones.

Store Image Refresh

By optimizing store layouts, implementing a unified visual identity system (VI), and conducting training on the proper use of materials, store image upgrades are supported and sales are boosted.

Category Zone Development

Focusing on peak stationery sales seasons such as the back-to-school period, the team implemented zoned layouts for categories including writing instruments, correction tape, rulers and compasses, erasers, and paper products. The team also redesigned and provided implementation support for in-store themed zones and product display counters to enhance the consumer shopping experience.



Store Display Optimization

In 2025

Retail store image upgrades completed

45,000 outlets

Specialized sales zones created

388,000 units

Digital tools

M&G is committed to building an end-to-end digital system covering the entire product life cycle. With the goal of achieving 100% online operation of core business systems, the Company uses digital tools to deeply integrate the supply chain with retail outlets, driving systematic improvements in channel operational efficiency and responsiveness.

The Company continues to refine its proprietary "Jubaopen" app, providing data support to channel partners across three dimensions: "task tracking (people), category discovery (products), and business analysis (stores)." During the reporting period, the Company further enhanced visual management of channel operations through dashboard redesigns and improved store-quality analysis.

To meet end-user needs, the team raised the user experience by adding tools such as automated new product displays, real-time logistics tracking, and support for multiple packaging barcode scanning. At the same time, by linking to food delivery platform interfaces, the system lets end-users join with one click and manage inventory across platforms, along with out-of-stock alerts and discount tools, which strongly supported the rapid growth of the on-demand retail (O2O) business.

Overseas versions of "JuBaoPen" and "M&G Alliance" were successfully launched. By exporting mature digital tools across regions, the Company provided systematic support for overseas sales operations, effectively enhancing product accessibility and purchasing convenience for global users.

Training and Guidance

Through systematic training and on-site support, the Company enhances channel partners' operational capabilities. During the reporting period, the Company organized a series of events, including marketing conferences, spring new product launches, elite training camp summits, partner meetings, nationwide mobile training sessions for retail elites, and the 2026 Spring Schooling Peak Season Empowerment Program. Training content spanned multiple dimensions, including strategic benchmarking, new product promotion, and refined retail management, with a total of 5,876 partner participants. In addition to central training, the headquarters team conducts daily and periodic checks to track the growth of retail outlets and partner platforms. Based on market trends and feedback, the team helps channel partners adjust their business plans, thereby enhancing overall operational stability.



National Retail Elite Training ▶



Case | Retail Empowerment for Direct-Supply Large Stores: Building a Standardized Management Cycle

M&G aims to create a leading retail solution benchmark in the stationery industry by exporting the *M&G Space Brand Visual Guidelines 2.0* to key direct supply partners with scale and influence, and by constructing a closed management cycle of retail services that covers "product matrix, display standard, and marketing drive."

- **Precise Product Allocation:** The Company has built a core product pool covering five series and over 500 SKUs. Relying on the commodity hierarchical management model, the Company realizes "one product portfolio" precise stocking and automatic replenishment, optimizing the partners' inventory structure and turnover efficiency from the source.
- **Standard Visual Output:** Provide direct supply partners with full case design support from the visual identity system (VI), soft furnishing materials, and space layout. During the reporting period, more than 70 sets of in-depth, customized design solutions were produced to ensure a high-quality presentation of the terminal image and brand consistency.
- **Data-Driven Operational Conversion:** Relying on the marketing timeline and diversified interactive games, the Company assists its partners in establishing an all-link consumer reach mechanism. By standardizing business processes and sharing resources, the Company's successful operational experience is transformed into partners' marketing capabilities.



Guangxi Xinhua Bookstore Store Development



Case | Empowering Clients to Launch Instant Retail Business

Sichuan Paperclip Network Technology Co., Ltd. (hereinafter "Sichuan Paperclip"), a core strategic partner of M&G for over 15 years, sought to innovate and transform its business model amid market changes in the traditional office supplies sector. Through multiple in-depth surveys and thematic workshops, the M&G project team guided and supported Sichuan Paperclip in entering the new instant retail (O2O) market. During the start-up phase, M&G assisted the client in completing the opening of an online store and standardized product display, analyzing sales data to enhance the daily product selection and promotion plan during the operation period, and assisting the client in achieving a 15% increase in instant retail sales through special subsidies and dynamic adjustment of categories during the school season, successfully realizing the dual-mode operation of "offline + online." This transformation created new growth opportunities for the partner and strengthened the partnership within the value chain through practical support.

Industry Collaboration

Adhering to the philosophy of mutual development and win-win cooperation, M&G actively participates in the work of industry associations, including the China Stationery and Sporting Goods Association and the China Writing Instrument Association. The Company shares its strategic plans and practical achievements at industry conferences to contribute to the industry's healthy and orderly development. During the reporting period, the Company joined 21 industry associations and chambers of commerce, paying annual membership fees totaling RMB240,000.

M&G actively fulfills its responsibilities as a leading enterprise in the industry through cross-border resource integration and industrial collaboration, driving the transformation of the stationery industry toward specialization, greening, and higher value. The Company partnered with People's Education Press to pioneer an integrated education and stationery model, filling a gap in specialized educational stationery solutions; it collaborated with the China Student Sports Federation (CSSF) to respond to the strategy of "Sports Powering the Nation," and promotes the integration of sports and education and the development of sports products; it partnered with the Ministry of Ecology and Environment to launch the "Earth Guardians" initiative, setting benchmarks for sustainable products and guiding the value chain toward low-carbon development. Additionally, in collaboration with Southern Weekly, it released the *White Paper on Notebook Consumption Insights in China* to lead industry-wide consumer insights, and leveraged international platforms such as the Boao Forum for Asia and COP30 to showcase the professional quality and sustainable concepts of Chinese stationery.

In 2025

Industry associations and chambers of commerce joined

21



M&G and the China Student Sports Federation (CSSF) Announce Strategic Partnership



M&G's Sustainable Products Debut at the UN Climate Change Conference (COP30)

Information Security and Privacy Protection

M&G places a high priority on information security and privacy protection. By establishing and improving its information security management system, the Company safeguards the information security and privacy rights of its customers, employees, and partners, protects the security of its corporate data assets, and supports the sustained and healthy development of its business.

Information Security and Privacy Protection Management System

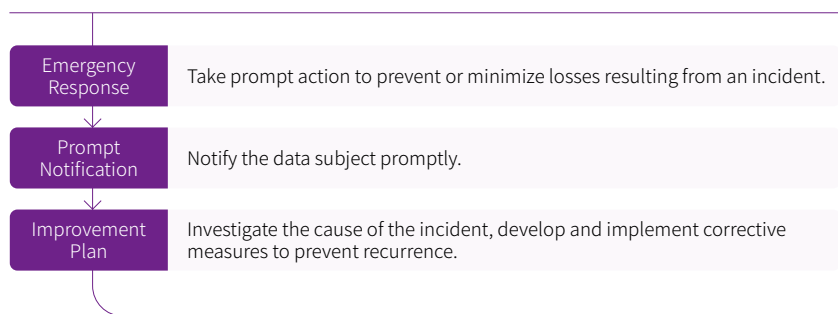
M&G places a high priority on information security and privacy protection and strictly complies with laws and regulations, including the *Cybersecurity Law of the People's Republic of China*, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China. The Company has formulated multiple management policies, including the *Information Security Management Manual*, the *Information Security Policy*, the *Information Security Management Organization*, the *System Construction Security Management Policy*, the *Information Classification and Grading Labeling Management Policy*. By continuously improving and refining our information security and privacy protection management framework, we ensure that the Company's information security management activities are conducted in a compliant and orderly manner. The Company strictly adheres to the principles of "legality, legitimacy, and necessity," clearly and transparently informing clients and consumers of the purpose, scope, and rationale for data collection, and ensuring that all business operations are conducted only after obtaining explicit consent. Currently, the M&G Alliance has obtained Level 3 certification of the Security Classified Protection for Information System Registration. The Jiumu Store social membership system has obtained Level 3 certification of the Security Classified Protection for Information System Registration, and the email system has obtained Level 2 certification of the same scheme. Colipu Group has obtained ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System certifications. During the reporting period, M&G did not experience any data security breaches or incidents involving the leakage of customer privacy.

Information Security Management

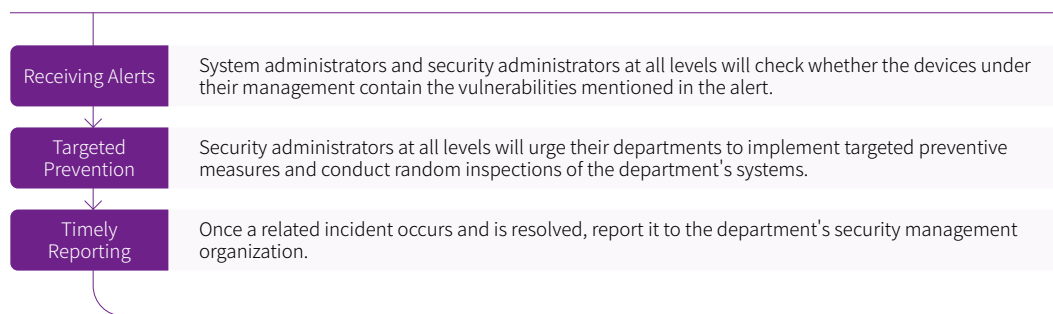
The Company relies on a comprehensive system of policies and procedures for information security and privacy protection to establish an end-to-end management mechanism covering early warning, response, and resolution. M&G has formulated a business continuity plan (BCP), which includes data backup, system redundancy, disaster recovery solutions, and specific operational procedures and responsibilities. BCP simulation tests are conducted at least semi-annually. During the reporting period, we actively responded to the cybersecurity vulnerability guidelines issued by the Cyberspace Administration of Songjiang District, Shanghai. We promptly mobilized our technical resources to conduct a comprehensive review and remediation of our website and information systems. This enabled us to eliminate potential risks promptly and further ensure the effectiveness of our current systems.

In 2025, the Company fully adopted Feishu as its unified office platform and use this as an opportunity to strengthen its information security governance. The Company has established a working group to promote the Confidentiality Classification Management System, issued the *Guidelines for Document Confidentiality Classification and Access Control*, and established a protection system covering the entire document life cycle. Through a "tiered authorization and external access approval" mechanism, we implement granular controls over document viewing, forwarding, and external access, thereby strengthening internal information security barriers and driving significant improvements in the Company's information security management standards.

M&G Data Breach Response Mechanism



M&G Information Security Early Alert Mechanism



To enhance information security awareness among all employees, the Company has continued to conduct a variety of information security training and awareness campaigns. During the reporting period, the Company released the instructional video *M&G Employee Information Security Training*. It produced specialized training materials to raise awareness of fraud prevention, which were uploaded to the learning platform. Concurrently, the Company implemented email alerts to warn against fraudulent messages, thereby strengthening employees' daily security vigilance.

Privacy Protection Management

The Company has established Group-wide *Personal Information Security Protection Management Measures* that clearly define the channels for obtaining personal information, collection methods, usage principles, retention periods, and deletion procedures. We strictly adhere to publicly disclosed privacy policies to ensure the compliant use of information. The Company has established an agile emergency response mechanism; should any personal information breach be detected, we will immediately launch an investigation, implement control measures, and promptly notify relevant parties. We will also take remedial actions based on the results of the investigation to minimize the impact of the incident on our clients and consumers. During the reporting period, all business segments further strengthened their security measures. Jiumu Store continued to enhance its procedures for responding to data breaches and conducted regular employee awareness campaigns; Colipu Group completed a comprehensive upgrade to its website security, effectively mitigating data breach risk through data anonymization, access control, and log analysis.

The Company's Audit Department conducts annual audits covering the collection, storage, and deletion of personal information, as well as account and access management, policy development, and third-party oversight. Building on the keen insights into compliance risks in the recruitment process gained in 2024, the Company will extend its information security protections to job applicants through its online recruitment system in 2025, thereby ensuring comprehensive privacy protection across all stages—from talent acquisition to day-to-day operations.

Case | Jiumu Store Member Privacy Protection Initiative

In terms of data security and risk management, Jiumu Store strictly adheres to a five-step response process, which includes risk identification, system isolation, root cause investigation (locating the source of the leak and determining the scope of impact), business notification, and reporting to regulatory authorities. To ensure data security, the Company implements measures to isolate data and administrative backends between development and testing environments and the production environment, restricting development and testing personnel from querying, exporting, logging into, viewing, or editing data in the production environment. During the reporting period, Jiumu Stores conducted annual simulation drills, effectively improving the team's emergency response efficiency; simultaneously, the Company implemented a comprehensive backup strategy to ensure a 100% success rate for disaster recovery. For technical roles, the Company focused on hands-on training in encryption, data masking, and cryptographic computing. In contrast, for testing roles, it strengthened training in system operation standards, thereby comprehensively enhancing employees' data security literacy.

Five-Step Response Process

Risk identification

System isolation

Root cause investigation

Business notification

Reporting to
regulatory authorities



Employees and Communities

M&G embraces the development philosophy of co-building and sharing and regarded employee well-being and community prosperity as important components of corporate value. By establishing an occupational health and safety assurance system, improving the support mechanisms for employee rights and development, and fostering a diverse, equitable, and inclusive workplace environment, we provide employees with a platform for self-growth and value realization. At the same time, the Company actively fulfills its corporate social responsibilities. The Shanghai M&G Charity Foundations continues to deepen its efforts in rural art education, community development, and public welfare initiatives, supporting national strategies such as rural revitalization and contributing to the joint creation of a better home for society.

Our goals

From 2024

To maintain **0** severe injuries and fatalities annually

By 2028

To ensure that **100%** of full-time employees are covered by the training system

BY 2030

To achieve **10** million instances of empowerment

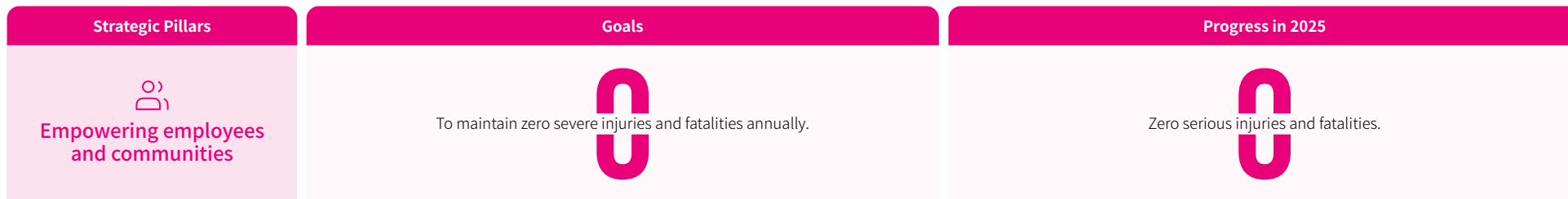
Topics addressed in this section

- Occupational health and safety
- Employee rights and development
- Diversity, equity and inclusion
- Social welfare



Occupational Health and Safety

M&G has always regarded production safety and employees' occupational health as its top priorities, and has continued to improve its safety management systems and occupational health and safety management system to create a healthy and safe working environment.

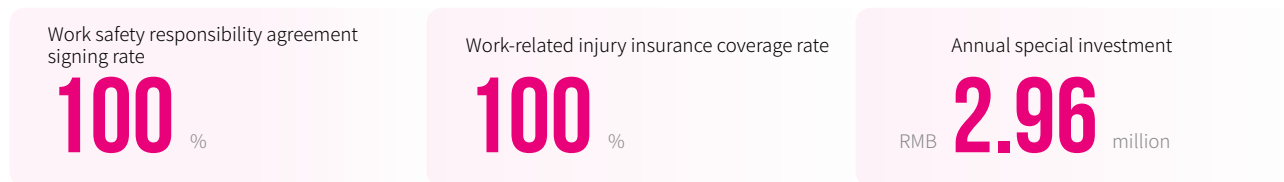


Safety Management System

M&G strictly complied with laws and regulations such as the *Law of the People's Republic of China on Work Safety*, *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and *Regulations on Work-related Injury Insurance*, established a comprehensive quality, environmental, and occupational health and safety (QEHS) management system, and formulated and implemented a series of safety management systems, including the *Occupational Health and Safety (OHS) Policy*¹⁵, *Operational Control Procedures for Environmental and Safety Management*, and *Safety Management Standards*. At present, M&G headquarters and subsidiaries including Colipu Group and Axus Stationery have obtained ISO 45001 Occupational Health and Safety Management System Certification. Meanwhile, the M&G Shanghai base has passed the review of *Guidelines of Standardization of Corporate Work Safety* (GB/T33000) and was rated as a Level 3 safety standardization certified enterprise. In terms of the management mechanism, we have established a safety management team at the Group level, continuously strengthening compliance audits and institutional penetration across subsidiaries at all levels to ensure consistency in *Safety Management Standards* and effective implementation. We also clarified the boundaries of health and safety responsibilities through the EHS management responsibility map, and carried out grid-based management with responsibilities assigned to individuals. The signing rate of work safety responsibility statements reached 100%. We continued to increase investment in production safety, achieving 100% coverage of work injury insurance for all employees. Annual dedicated investment reached RMB2.96 million. Through resource allocation and a risk-sharing mechanism, we strengthened the occupational health and safety safeguard. During the reporting period, the number of recordable work-related injury incidents decreased by 31% compared with the previous year. In addition, we actively promoted the digital and intelligent upgrade of safety management. Leveraging the upgraded M&G Appointment Management System (TMS), the Logistics Center carried out safety inspections and realized automated management of hazards from identification to closure, thereby enhancing the efficiency and management accuracy of risk inspections through technical means.



Signing of the *Safety Responsibility Agreement* for the M&G Production Center



15. M&G's *Occupational Health and Safety (OHS) Policy* has been publicly released on the Company's official website under "[Investors Relations - ESG - Reports and Policies](#)."

Safety Risk Prevention

The Company continues to improve the emergency management system, and has formulated and regularly updates *Emergency Preparedness and Response Control Procedures*. In terms of risk inspections, we have established a routine on-site safety inspection mechanism to identify potential safety hazards and risks, compiled a list of issues, and continuously tracked rectification progress to ensure the implementation of safety risk rectification requirements. We proactively carry out in-depth reviews of work-related injury accidents and ongoing inspections for safety hazards. In response to identified deviations in policy implementation and localized protection gaps, we systematically mitigate safety risks by promptly addressing omissions and improving production safety rules and regulations. During the reporting period, we promptly rectified non-compliant operations and protection gaps identified through inspections, strengthened warning notices, optimized operational procedures, and improved our safety management level. In terms of special equipment management, the Company strictly complied with the requirements of State Administration for Market Regulation Order No. 74, established a working mechanism of "daily management, weekly inspections, and monthly scheduling," implemented primary responsibility, and promptly eliminated safety hazards. In addition, we routinely organized multi-scenario emergency drills, such as fire emergency response and hazardous waste leakage. During the reporting period, the drill coverage rate across all production bases reached 100%, ensuring that employees at all levels were familiar with emergency procedures and preventing safety risks.

In 2025

Drill coverage rate across all production bases reached

100 %



Fire Emergency Drill Conducted at the Logistics Center



Case | Axus Stationery Established A Safety Risk Management and Control Mechanism with Full Participation by All Employees

The Axus Stationery Shanghai plant innovatively launched a "near-miss" incident collection campaign, systematically collecting safety hazards that had not yet caused actual harm to achieve early risk identification and control. During the campaign, more than 120 hazards of various types were reported cumulatively, with a corrective action closure rate of 100%, effectively enhancing the depth of on-site safety risk identification.

Based on this collection campaign, the plant established a normalized safety risk early-warning mechanism. Through a "three-level feedback mechanism," a weekly issue list was formed, and high-frequency hazard points were incorporated into the "Safety Red and Black List" for public disclosure as training materials for safety briefings. In addition, the Company established a dedicated incentive mechanism, effectively motivating a shift in awareness among frontline employees from "passive compliance" to "proactive risk avoidance."

Hazards of various types reported cumulatively

120⁺ cases

Corrective action closure rate reached

100 %

Three-level Feedback Mechanism for Safety Hazards at Axus Stationery Shanghai Plant

Responsible Body	Operational Requirements	Time Requirements
Employees	Report locations, operational contexts, and potential risks of hidden hazards to unit heads or team leaders.	On the same day
Unit Heads/Team Leaders	Summarize and report in written form to supervisors and the EHS working group.	On the same day or the following day
Supervisors and the EHS Working Group	Visit the site to verify actual conditions and develop improvement plans.	On the same day or the following day

Health and Safety Education

The Company legally organizes employees at our sites to participate in safety education and training, strictly implements the three-level safety education for new employees at the plant level, workshop level, and pre-job level, and requires 100% of personnel engaged in special operations and in critical safety positions to work with valid certificates. At the same time, based on the annual safety training plan, we have established a tiered empowerment system covering "management personnel, safety officers, and all employees." The training content covered fire safety emergency management, hazard identification and risk assessment, workplace safety laws and responsibilities, and operational safety. During the reporting period, each subsidiary plant of M&G held four routine training sessions per month for all employees, with a cumulative total of 23,840 hours of safety-related training. In addition, we promote cultural development mechanisms such as "Job Safety Chant Lessons," embedding a safety culture into workshop practices and fostering a safety culture atmosphere in which "everyone pays attention and everyone participates."

In 2025

Cumulative safety-related training totaled

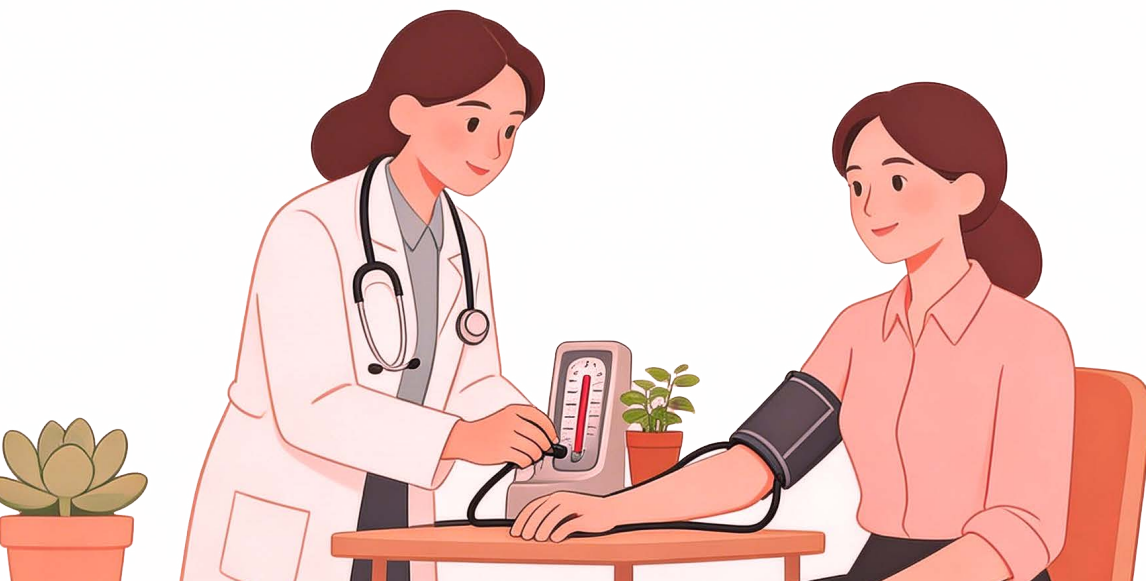
23,840 hours



Health and Safety Training at the South China Base

Occupational Health Management

M&G continues to improve the occupational disease prevention and control system, and remains committed to systematically reducing exposure risks to occupational disease hazard factors such as dust, toxic gases, and noise. The Company has implemented a pre-employment and on-the-job health examination system, established and maintained occupational health records, and promptly reassigned employees identified as having occupational contraindications to avoid exposure to occupational disease hazard factors such as dust, toxic gases, and noise. Besides, we regularly conduct on-site testing of occupational disease hazard factors to effectively ensure environmental safety, while providing employees with labor protection supplies and requiring employees to wear them. Taking the renovation of sanding line in the Axus Stationery Siyang Plant as an example, the plant reduced the generation of dust at the source through an integrated equipment dust removal system. At the same time, it adjusts the regional layout of personnel density in the workshop to reduce personnel density in operating areas, thereby effectively safeguarding the respiratory health and operational safety of employees.



Employee Rights and Development

M&G actively protects the rights and interests of all employees and places great importance on their comprehensive development. By focusing on the characteristics and needs of talent, the Company has established a multi-level, multi-format, and diversified talent development system, providing high-quality learning resources and growth platforms to stimulate talent vitality and support mutual growth between the Company and its employees.

Protection of Employee Rights

M&G strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations, as well as the seven fundamental conventions of the International Labor Organization (ILO) ratified by China, including the *Equal Remuneration Convention*. We have developed human resources management systems, such as the *Employee Handbook*, to lawfully safeguard employees' legal rights and interests. M&G firmly prohibits forced labor and the employment of child labor, does not tolerate any unlawful infringement of employees' legitimate rights and benefits, and forbids discrimination based on gender, region, ethnicity, religion, age, pregnancy or marital status, disability, or any other legally protected characteristic. We maintain zero tolerance towards harassment and violence. During the reporting period, the Company ensures all employees to sign employment contracts, maintains 100% coverage of social insurance for employees, pays salaries in full and on time, and ensures that employee wages exceed the local minimum wage standard.

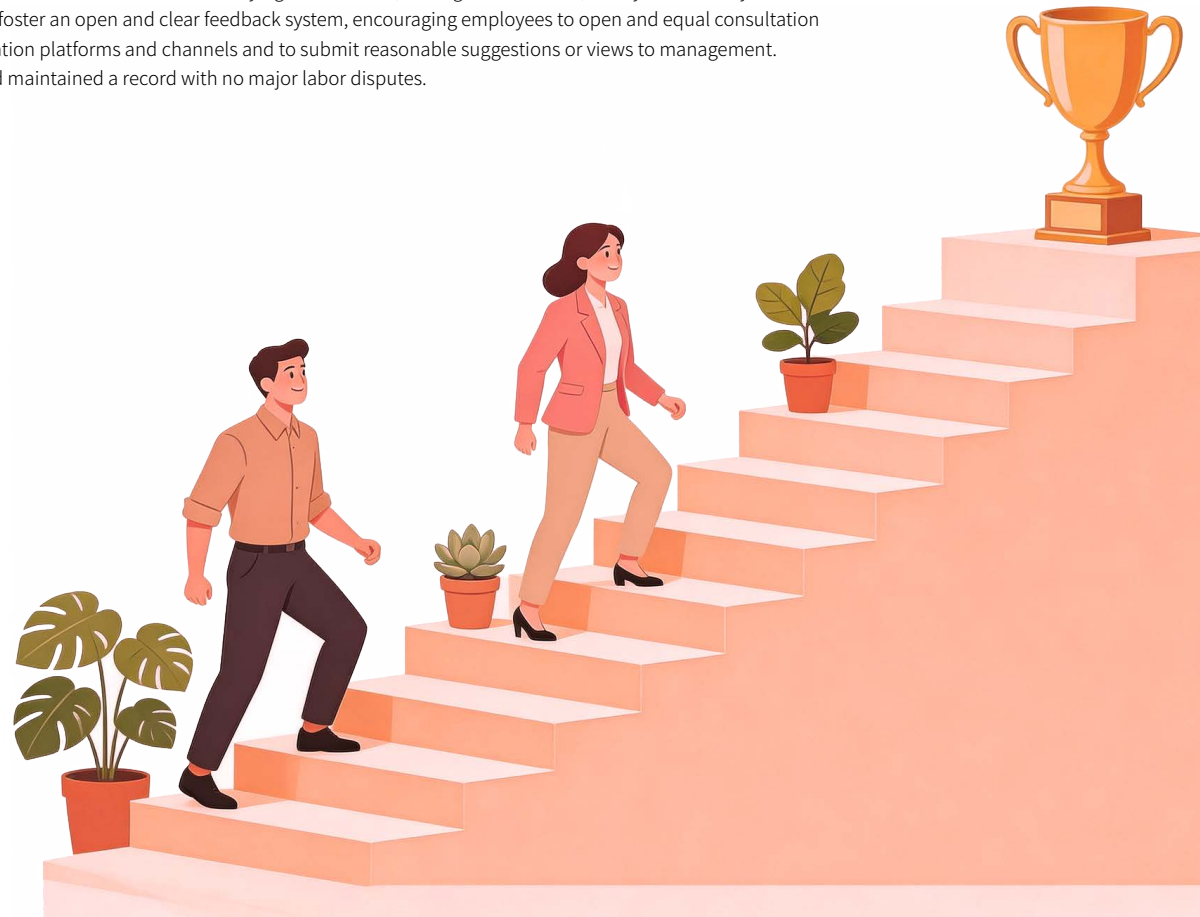
The Company established a trade union in line with laws and regulations, and all employees are members of the union. Relying on the union, management forums, anonymous surveys and other formats, we have set up regular and varied channels for employee communication. We foster an open and clear feedback system, encouraging employees to open and equal consultation channels with colleagues, superiors and subordinates through public and formal communication platforms and channels and to submit reasonable suggestions or views to management. During the reporting period, the Company actively coordinated to address labor disputes and maintained a record with no major labor disputes.

Employee Social Insurance Coverage Rate

100 %

Trade Union Coverage Rate

100 %



Talent Attraction and Recruitment

M&G strictly enforces the *Recruitment Management Policy* and establishes selection procedures with unified standards and transparent processes to ensure that evaluation criteria focus on the position's professional nature and safeguard the rights and interests of all candidates in fair competition. Under this mechanism, the Company actively recruits talent through multiple channels, including campus recruitment, social hiring, internal referrals, and the "Huoshui Plan" (an internal talent mobility mechanism) to offer flexible employment opportunities, to continuously expand our talent pool and invigorate the organization.

Campus Recruitment

M&G actively engages in university-industry partnerships and continuously expands campus recruitment channels to precisely match graduates' employment and internship needs. Particular emphasis is placed on the "Child of Light" Management Trainee Program, which offers a comprehensive 18-month development system. This program provides systematic support – from onboarding guidance to professional empowerment – to cultivate a solid reserve of talent for the Company's long-term development.

Diverse Employment

The Company responds to the policy of stabilizing employment. Leveraging its stable production and operations, it continues to provide a large number of labor positions, offering a reliable career starting point for both local and migrant workers. With the completion and commissioning of the Central China base, more than 400 new jobs were created during the reporting period, of which more than 60% were local employees, effectively boosting regional employment. To address the flexible labor demands in production and logistics, the Company provides diverse flexible employment opportunities, such as manual labor, equipment operation, sorting, loading and unloading. Specifically, we have established inclusive positions tailored for 'stay-at-home mothers' to effectively absorb and empower the social labor force.

New jobs created in 2025

400

of which

local employees accounted for over

60 %

Internal Recommendation

The Company has expanded the use of a digital recruitment platform, promoted the online construction of internal recommendations, and realized the self-service inquiry and recommendation function of internal promotion positions, which effectively improved the efficiency of the internal promotion process and enhanced the degree of professional suitability of the candidates and the organizational culture fit. During the reporting period, hires through internal referrals accounted for 9.5% of total hires, making it an integral part of the Company's talent recruitment and development system.

Proportion of hires through internal referral channels in 2025 reached

9.5 %



Case

Colipu Group Actively Explores AI-Empowered Recruitment


In order to further develop a fair, diversified and efficient interview environment, Colipu Group continued to improve its recruitment management system. During the reporting period, the system introduced AI technology on the original basis and realized a number of new functions online, including AI customer service robots, intelligent resume scoring, automatic message push, AI-assisted interviews, recruitment data Kanban, etc., which effectively promoted the intelligence and efficiency of the recruitment process, and at the same time improved the interview experience of the applicants.



M&G Awarded "Best Recruitment Team" in the 8th China HR Sirius Awards

Training and Development

M&G is committed to building a systematic and forward-looking talent development ecosystem, closely aligning the cultivation of employee potential with the Company's strategic objectives. We provide diverse learning resources and clear career paths, fostering an atmosphere of continuous learning to ensure that employees are empowered and can realize their personal value within a dynamic business environment.

Strategic Pillars	Goals	Progress in 2025
 <p>Empowering employees and communities</p>	<p>To ensure that 100% of full-time employees are covered by the training system by 2028.</p>	<p>Employee training coverage reached 85.6%.</p>

Promotions and Incentives

M&G has formulated the *Employee Promotion Management System* to provide employees with a clear career development framework and advancement pathway. The Company has established multiple promotion mechanisms, including annual promotion, on-post promotion, management trainee promotion, and management-level promotion. Promotion criteria are determined based on comprehensive performance evaluations, center achievements, and other dimensions to ensure fairness and transparency in the promotion system. During the reporting period, new management specifications for promoting senior management personnel were added, and the scope of application and qualification requirements for top-ranking promotion were optimized. By optimizing the standardization and scientificity of the promotion management process, a clearer career development path is provided for employees, and core talents are accurately selected and cultivated.

The Company has built a differentiated compensation system, deeply linked to business achievements, to drive organizational effectiveness through incentive mechanisms. We have a performance-based variable compensation mechanism for all employees that accounts for employee performance bonuses and year-end awards based on performance evaluations, as well as position and salary adjustments. During the reporting period, the Company further revised the *Performance Management System*, optimized the link between performance results and individual bonuses, and increased bonus incentives for top performers. At the same time, special incentive programs were tailored for core business lines such as overseas business, product research and development, and large retail stores to effectively stimulate the enthusiasm and creativity of key business teams.

Training and Progress

M&G is committed to improving the training system so that each employee can access the training resources that best suit their stage of career development. The Company has built a "Talent Development Panorama" that centers on the three dimensions of general knowledge, professionalism, and leadership, forming an employee training system characterized by "full-cycle, multi-level, and practice-oriented" features. Currently, the training system covers 100% of full-time employees.

During the reporting period, in terms of professional skills empowerment, the Company conducted in-depth talent assessments across core functional sequences, including product, sales, and procurement. By precisely identifying gaps in position-specific competencies, we provided employees with a multi-level and classified customized curriculum system, effectively transforming theoretical knowledge into practical capabilities. In terms of general competence empowerment, the Company launched the "M&G Lecture Class" program, which was open to all employees for active enrollment, with a total of 6 offline training sessions and 2 online thematic camps covering practical topics such as Digital Transformation and AI Practice, Project Management Course for Product People, Business Negotiation Skills, etc. A total of more than 880 participants attended the training. In terms of leadership development, we continue to deepen the classic management training program and launch a new specialized training program for middle and senior management to systematically improve managers' strategic vision and comprehensive leadership.

In 2025

Average Training Hours per Employee

11.4 hours

Investment in Training

RMB **3.04** million

M&G's subsidiaries organize specialized training and empowerment programs tailored to their respective business requirements. Jiumu Store has launched three-phase courses, namely "Star Start," "Leading Plan," and "Huangpu War Camp," for employees at different levels in retail stores to enhance their knowledge and empower their career development, covering 1,650 people during the reporting period. Through years of internal trainer training, Colipu Group has built a team of 311 internal trainers and constructed a three-dimensional training system of "business-oriented, online and offline integration" to realize the effective precipitation of organizational knowledge and ability. In addition, we encourage employees to pursue external professional qualifications highly relevant to their positions during their employment and establishes an incentive mechanism to reimburse for professional certification exam fees. We continuously empower employees in audit and finance positions to deepen their professional fields, with 3 employees certified as Certified International Internal Auditors (CIA) and 8 employees certified as finance professionals. In 2025, we further expanded the coverage of the certification incentive mechanism, introduced a special certification for safety management, and subsidized and supported 18 employees in completing the safety officer training certification, to consolidate the foundation of safety production.

Case | "Child of Light" Management Trainee Development Program

M&G regards management trainees as strategic reserve talent for the future and has prioritized their development. During the reporting period, the Company conducted a comprehensive upgrade of the management trainee program across the entire chain, from talent selection and identification to process-oriented training and career development. By the end of the reporting period, the retention rate of this cohort of management trainees had reached 98%. Through systematic training and real work, a group of reserve talents has taken on duties in key roles. The M&G Management Trainee Development Program centers on "Cultural Heritage and Job Competence" and focuses on the following key areas:

- **Cultural Integration and Value Transmission:** Through intensive training, face-to-face training for executives, and cultural classes, the Company deepens its understanding of M&G's culture, strategy, and business, and the lead instructors model M&G's values.
- **Development of Practical Job Skills:** Through task guidance, instant feedback, and monthly review, the course helps students complete transition into skilled professionals and proficient role-holders; it emphasizes the daily task management cycle, weekly summary and other workplace habits.
- **Systematic Learning and Habit Formation:** Through a four-week online course on *The 7 Habits of Highly Effective People*, supplemented by reflective and practical assignments, business professional is driven.
- **Cross-Cohort Integration and Innovation:** Through the "Integration and Innovation Camp," deep links and team creation are fostered among the 2024 and 2025 management trainee groups.



2025 M&G "Child of Light" Management Trainee Induction Training

Case | "Combination of Training and Operation"-New Leaders Training Camp

To accelerate the development of business acumen and integrated management capabilities among core leadership, the Company launched the "New Leaders Training Camp," focusing on the breakthrough in three dimensions of business solutions: business thinking, innovation and ability to change and innovate. By imparting management tools such as the MBS methodology and the M&G six-step method, we emphasize application and practice through real business cases. Through the improvement of eight critical t of replicable problem-solving methodologies, business initiatives, we have achieved several substantive operational enhancements. This process has led to the development, such as *Return Process Optimization and Store Attachment Rate Enhancement*. These efforts prioritize situational awareness and collective problem-solving, successfully internalizing the MBS methodology as a common business language and management logic for our leaders.



2025 M&G New Leaders Training Camp

Happy Workplace

M&G actively builds an all-round, multi-level welfare and culture system and is committed to creating a warm corporate culture. We use the dedication survey to listen to and respond to employees' voices and demands. At the same time, we provide comprehensive welfare policies and organize colorful cultural activities to foster a positive, harmonious, and pleasant workplace atmosphere and enhance employees' sense of belonging and happiness.

Employee Engagement Survey

The Company annually commissions a professional, independent third-party agency to conduct a company-wide employee engagement survey, which is anonymous and covers dimensions such as company strategy, organizational capabilities, career development, cultural values, etc. In the inaugural survey conducted in early 2025, employee participation reached 90%, yielding over 1,400 pieces of authentic feedback. Following the results, management initiated in-depth discussions that identified "collaboration, leadership, and care" as three strategic areas for improvement. To ensure that these changes are effectively implemented, improvement actions were cascaded down to various functional centers through co-creation workshops. For example, the Digital Center leveraged the opportunity presented by a switch in collaboration tools to release the Rules for Efficient Work, breaking down collaboration barriers. Jiumu Store quickly adjusted restroom ratios based on staff demographics, improving facility inclusivity. Through the rapid execution of these initiatives, employees have experienced more empathetic and efficient management, effectively strengthening organizational cohesion and a sense of belonging.



Executive Workshop on Employee Engagement

Employee participation in the inaugural engagement survey reached

90 %

Authentic feedback received totaled over

1,400 pieces



Employee Benefits

In addition to ensuring the implementation of statutory benefits such as social insurance and paid leave, M&G has established and continues to refine a multi-tiered employee benefits system. During the reporting period, the Company released the "Employee Benefits Panorama," which systematically integrates the five dimensions of growth and development, respect and recognition, emotional connection, health protection and customized care to protect employees in all aspects. The platform for employee benefits and the "Xiaochen" AI assistant were put online during the year, realizing the intelligent integration of policy consultation, activity guidance and process application. This has promoted the transformation of benefits services from "people looking for benefits" to "benefits looking for people," and effectively enhanced the efficiency of achieving benefits and employees' sense of happiness.



Online Employee Benefits Platform



M&G Employee Benefits Panorama

Highlights of the 2025 Employee Benefits Upgrade

- **Benefit Holidays:** Half-day benefit holidays were added for International Women's Day and Children's Day to encourage employees to spend more time with their families and achieve a better work-life balance;
- **Flexible Work Arrangements:** Implemented a pilot flexible work hours for selected functional roles, allowing employees to adopt staggered shifts based on business requirements and personal needs;
- **Health Check-ups Coverage:** Continuously broadening coverage of employee health check-ups to benefit a greater number of frontline employees;
- **Health Services:** Utilizing the on-site gymnasium and medical room in our headquarters, employees can book fitness sessions, medical exams, and club activities via a self-service welfare platform; introduced the physical therapy resources of traditional Chinese medicine to provide services such as pulse questioning, neck and shoulder adjustment, and meridian unblocking to alleviate the occupational physical fatigue of employees;
- **Mental Health:** Introducing an online "Mental Health Hub" as part of the Employee Assistance Program (EAP) to provide professional psychological support;
- **Benefits Promotion:** Launched "Benefits Month" activities, transforming traditional benefits promotion into a fun employee experience through interactive forms such as live lectures, creative bazaars, and treasure hunts.



M&G Employee Benefits Month Activities

Culture and Care

M&G is committed to transforming corporate culture into an internal driver of organizational evolution. During the reporting period, the Company integrated and upgraded its workplace cultural activities by linking the festival activities, sports competitions, art festivals, public welfare activities and other isolated programs in the past into an annual cultural map with the theme of "Growing Towards the Sun." Relying on the seasonal theme of "Sowing, Growing, Blooming," the Company creates a predictable and perceivable cultural experience for its employees. This initiative creates a predictable and perceptible cultural experience for its employees. The "Photosynthesis Alliance," composed of young representatives from each business unit, serves as the "capillaries" of cultural dissemination. Operating through a decentralized model, the alliance stimulates grassroots cultural co-creation within each department. While effectively alleviating workplace pressure, this system also drives cross-functional collaboration and team innovation. During the reporting period, subsidiaries across the Group also launched distinctive employee activities. For instance, Colipu Group hosts monthly birthday celebrations for employees while Jiumu Store holds a "Most Inspiring Workspace" contest, collectively fostering a warm workplace atmosphere.



2025 Corporate Culture Activity Map



M&G "Family Day"



M&G Sports Day Curling Event



M&G Mid-Autumn Festival "Garden Party" Event



Colipu Group Employee Birthday Party



Jiumu Store "Most Inspiring Workspace" Contest

Case | Building a Culture of Sustainability

M&G continues to expand the reach and depth of its sustainability culture. For the third consecutive year, we have appointed Sustainability Ambassadors across all functional centers and departments. Serving as "communicators" and "connectors" of our corporate strategy, these ambassadors bridge the gap between high-level objectives and the daily lives of our employees. In 2025, supported by optimized incentives, we upgraded this initiative into the "Photosynthesis Alliance." The ambassadors' scope has evolved from basic energy conservation and philanthropy to a broader focus on employee well-being and brand co-creation, ensuring that sustainability is deeply integrated into the daily experience of our workforce.

Building on this long-term cultural foundation, the Company holds an annual "Sustainability Month." In 2025, the second edition, themed "Hello Sustainability: Green Ideas Innovation Call," invited employees to submit creative solutions for sustainable practices. The campaign received over 60 innovative proposals covering circular economy, sustainable product design, and green office initiatives. Following a selection process involving company-wide voting and executive evaluation, six outstanding cases were identified for potential inclusion in the next year's sustainability work plan. This initiative was not only a synthesis of collective intelligence but also a pioneering step in expanding the pathways for employee participation in ESG governance.



2025 "Photosynthesis Alliance" Ambassadors

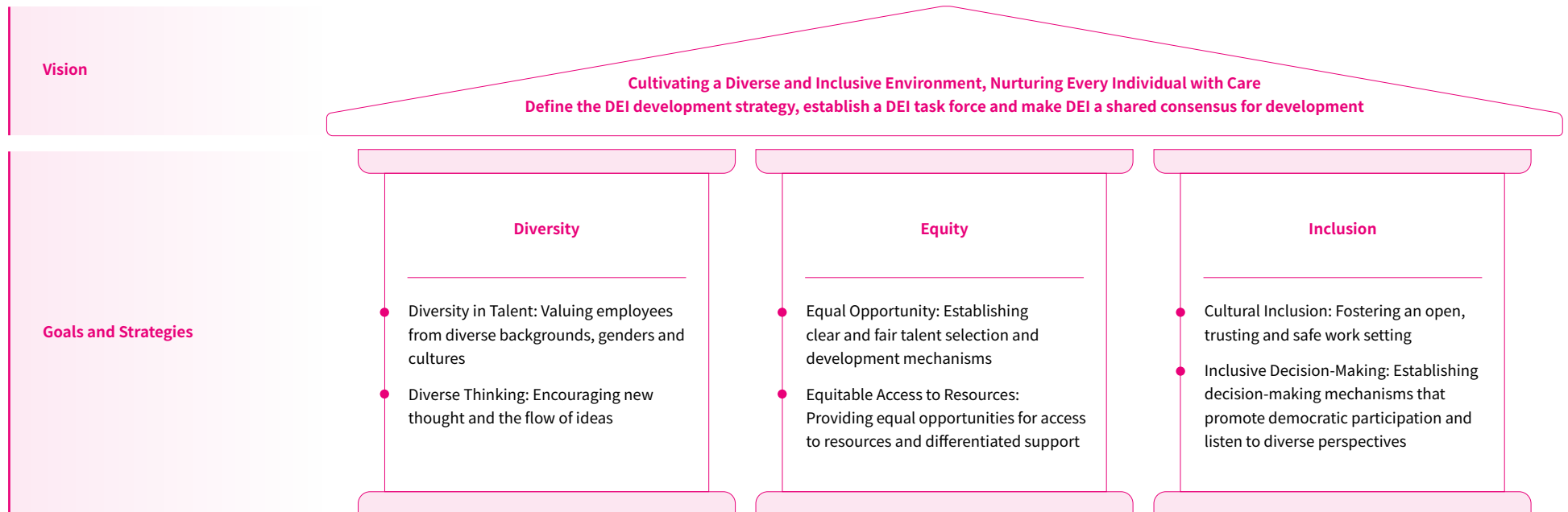
Diversity, Equity and Inclusion

M&G integrates the principles of Diversity, Equity and Inclusion (DEI) with the Company's "openness and inclusiveness" values, actively fostering a workplace environment where employees from diverse backgrounds can fully realize their potential and achieve self-worth.

Equal Opportunity and Respectful Conduct

M&G is committed to respecting employees from diverse backgrounds and cultures, each with unique characteristics and perspectives. The Company ensures that every employee receives equal opportunities and fair treatment throughout all stages of recruitment, career development, and performance appraisal, fostering a workplace environment built on mutual respect and free from discrimination or harassment. The Company has established the *Anti-Discrimination and Anti-Harassment Policy*¹⁶, which explicitly prohibits such behaviors. Furthermore, we have extended our DEI requirements to suppliers and business associates, identifying and continuously tracking potential impacts across the value chain through labor risk assessments. The Employee Handbook clearly outlines reporting channels and detailed handling procedures, with strict confidentiality maintained regarding the whistleblower's information. M&G prioritizes fairness in the recruitment process. During the reporting period, it conducted multiple rounds of internal communication with recruitment teams and initiated revisions to the *Recruitment Management System*, with the aim of formally incorporating anti-discrimination and anti-harassment guidelines into the institutional framework.

M&G DEI Strategy House



16. M&G's *Anti-Discrimination and Anti-Harassment Policy* has been published on the Company's official website under "[Investor Relations - ESG - Reports and Policies](#)."

Empowerment of Female Employees

M&G places great importance on the rights and interests of all employees, supporting their professional growth and helping them achieve a work-life balance. M&G and its subsidiaries provide employees with various leave options, including maternity and parental leave, and have established nursing rooms to offer clean, private spaces for breastfeeding employees. The Company continues to offer "Parent Child Mother EQ Course" and organized the second session of the Women's Leadership Workshop during the reporting period to help female employees better understand their strengths and potential, thereby encouraging them to pursue their career goals with greater confidence.

In 2025

Percentage of Female Employees

49.4 %



Case | Women's Leadership Workshop

To help female managers translate their empathy, meticulousness, and resilience into unique leadership strengths, the Company hosts a women's leadership workshop titled "Flexibility: The Inner Strength of Female Leaders." The program focuses on M&G's senior and mid-level executives, and has reached 79% of women at management level in headquarters teams. The workshop integrates the three modules of "Skills Advancement, Mental Empowerment, and Identity" to help female talents build up their professional confidence while assisting them in building a peer support network, which effectively promotes the growth of female leaders and the construction of a mutual support ecosystem, and enriches M&G's management connotation in the field of diversity and inclusion.



M&G Women's Leadership Workshop



Social Welfare

Since its inception, M&G has been actively fulfilling its social responsibilities. In 2015, the M&G Rainbow Charity Fund was established. In 2020, the Shanghai M&G Charity Foundation ("M&G Charity") was officially founded. Upholding the philosophy of "promoting quality education and empowering inclusive community development," M&G Charity has carried out a variety of charity programs. M&G Charity adheres to the philosophy of guiding the industry in joining the efforts for doing good, focusing on three major areas: rural education, care for special groups, and community care. It has carried out the rural art education program, the "Golden Seed Plan" education assistance program, and the Autism Support Program. It also actively engages employees, customers, and other stakeholders in charitable activities. As of the end of the reporting period, M&G Charity had carried out educational charity initiatives in 138 prefecture-level cities across 32 provinces, municipalities and autonomous regions in China. In 2025, the total amount of public welfare funds and materials donated by M&G Charity and its subsidiaries was RMB11.6 million, benefiting more than 921,000 people.

Strategic Pillars	Goals	Progress in 2025
 <p>Empower employees and communities</p>	<p>To achieve 10 million instances of empowermen by 2030.</p>	<p>Since 2022, the educational charity initiatives have generated over 2.03 million instances of benefit.</p>

Focus on Art Education in Rural Areas

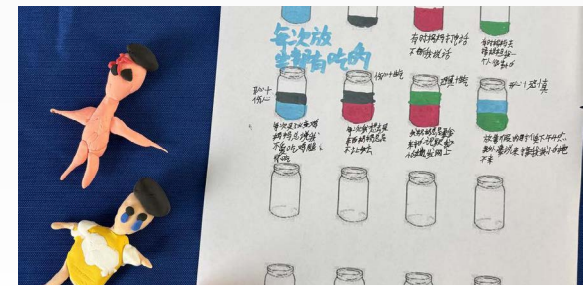
M&G Charity actively responds to national policy requirements on art education and makes rural art education a long-term strategic focus. Through its systematic program, M&G Charity continues to invest resources to support art education in rural schools and to promote the balanced development of educational resources across urban and rural areas. Base on the years of deep cultivation in the field of rural art education, the Company launched the "Art Education Plan" program in 2022, which aims to comprehensively improve the quality of art education in rural schools and communities through the collection of lesson plans, teacher training and donation of art kits, as well as linking the resources of public welfare foundations, corporations, and university teaching clubs to promote the construction of an industry ecosystem in the field of art education for rural children.

In 2025, the "Art Education Plan" program is committed to building a three-in-one empowerment system of "teaching and research, practice and innovation, and popularization of resources" to open up a window of knowledge for the diversified growth of rural children.

<p>Teaching and research empowerment</p> <p>M&G Charity has teamed up with the <i>Academy of Arts & Design, Tsinghua University</i> to develop professional lesson plans covering the dimensions of non-genetic inheritance and green environmental protection, and open them to primary and secondary schools nationwide for free; simultaneously partnering with a professional team from East China Normal University to develop mental health arts education courses, using artistic interventions to improve children's psychological well-being</p>	<p>Practical innovation</p> <p>M&G Charity, under the guidance of the National Permanent Standing Commission-Young Pioneers of China (NPSC-YPC), has organized the Village Painting Competition and a series of public welfare painting exhibitions, gathering over 170,000 entries, to create an art stage for rural children to showcase themselves.</p>	<p>Resource popularization</p> <p>M&G Charity has linked 800 college volunteers to serve more than 35,000 children through summer tutoring and pioneered the model of "community art education stationery cabinet," which brings high-quality art education resources and materials to schools, communities, and urban spaces, thus realizing the extension of the chain of art education from campus life to the social scene.</p>
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Case | Art Education Empowers Rural Children's Mental Health

Mental health needs are especially strong in rural areas, and these regions have a limited supply of professional help. In response, M&G Charity partnered with a team led by Associate Professor Zhang Ya from the School of Psychology and Cognitive Science at East China Normal University to develop a mental health and art education curriculum tailored for rural children. The curriculum covers four key dimensions – emotional awareness, emotional regulation, emotional expression and emotional understanding – and uses art forms such as painting and crafts as vehicles to integrate emotional management knowledge into art education, thereby subtly enhancing students' emotional management skills. During the reporting period, the curriculum was implemented in over 200 schools across 16 provinces, reaching a total of more than 20,000 students. To systematically evaluate the program's effectiveness, M&G Charity and the East China Normal University team measured key indicators – including overall mental health status and mental health literacy – before and after the curriculum was implemented. The results showed that more than one-third of children who previously showed signs of mental health issues successfully returned to a healthy mental state. The findings of this study were officially published in the *Implementation Report of an Art Education Based Mental Health Education Programme for Rural Children*, providing strong evidence for the empowering role of art education in children's mental health education.



Student Self-Assessment of Emotional Well-being in art Education Courses

Everyone for Charity

M&G actively promotes a corporate culture of "Everyone for Charity." Each year, it organizes senior executives and employees to participate in large-scale charity events such as the "E.G.G Walkathon" charity walk, the "99 Giving Day" events, and Executive Charity Trips. It also hosts charitable activities in various themes, including autism day integration activities, charity bazaar sales, summer study and teaching assistance for rural students, and charitable ice show attendances gradually integrating charity into the daily lives of employees. M&G established the M&G Volunteer Team, implemented a volunteer service point and reward system, and enabled volunteers to log their service hours in the official Shanghai volunteer database, thereby allowing them to benefit from government incentive policies. M&G Charity also presents commemorative certificates to volunteers to establish a long-term incentive mechanism that encourages employees' continued participation in charity.

In 2025, M&G Charity participated in the "E.G.G Walkathon" for the eighth year, with more than 400 employees raising over RMB30,000 through sports challenges. Since 2023, the Company has launched the "Light Encounter in the Countryside, Fulfilling New Year Dreams" themed public welfare campaign internally for three consecutive years. Through a targeted "micro-wish" matching model, it provides substantial support for children's daily life and education in underdeveloped regions. In 2025, the initiative fulfilled New Year's wishes for 125 children. Additionally, Colipu Group partnered with M&G Charity to donate a wide variety of supplies, including stationery gift packs and art supplies, to the Southern Weekly Hope Primary School. They also carefully prepared art education courses for the children, enriching their dreams through a dual approach of "supplies plus empowerment." During the reporting period, M&G and its subsidiaries recorded a total of 1,196 volunteer participation instances, amounting to 4,946 volunteer service hours.

In 2025

Volunteer service participation by M&G and its subsidiaries

1,196 person-times

Total volunteer service

4,946 hours



The "E.G.G Walkathon" charity walk Employee Volunteers



Employees participating in the Autism Support Program



Colipu Group's Rural Art Education Charity Tour

Innovative Charity

M&G Charity actively explores integrating business thinking with philanthropic goals, enabling projects to take root and flourish within communities, creating a virtuous cycle. The initiative transitions from a one-way donation model to a sustainable philanthropic ecosystem, achieving self-sustaining and long-term development of charitable projects through resource linkage and model innovation.

In 2025, M&G launched the "Community Charity Stationery Cabinet" to explore a new model of social welfare that focuses on skills building, empowering grassroots social organizations to enhance community vitality. The Company lowers the barrier to entry by supplying goods at charitable pricing, supporting community partners in achieving sustainable operations through independent management. At the same time, M&G Charity is deeply involved in the construction of the stationery cabinets and provides materials for charitable activities and capacity-building training. By linking sales to social aid, this plan strengthens the self-sustaining capacity of local groups and creates a mutually beneficial system that includes firms, social groups, and community residents. As of the end of the reporting period, the project has been implemented in Shanghai, Guizhou, Sichuan, Hangzhou, Zhengzhou, Chongqing and other provinces and cities, covering nearly 50 communities nationwide, with over 200 communities expressing intent to collaborate.

Case | China's First "M&G Charity Store"

In November 2025, the first "M&G Charity Store" in China was officially launched in the Duling Subdistrict of Jinshui District, Zhengzhou, marking the inaugural pilot of M&G Charity's "Business Empowering Charity" model. Jointly developed by M&G Charity and the Xinshan Volunteer Service Center of the Zhengzhou Economic and Technological Development Zone, the project converts retail profits from community stationery sales into a dedicated community public welfare fund. This fund provides standardized services for children in distress, including art education, psychological counseling, and after-school care, establishing a sustainable "Retail Self-Sustenance and Targeted Assistance" mechanism. The store features multi-functional zones for art, reading, and mental health, while initiatives such as "Points for Charity" and "Idle Items Recycling Plans" encourage residents to co-create social value through their purchasing behavior. As an innovative model of "Government-Enterprise-Society" collaborative governance, this project provides a replicable, systematic solution for corporate social responsibility and community co-construction.



Zhengzhou "M&G Charity Store"



Governance and Integrity

M&G is committed to building a corporate governance system that is "transparent, accountable, and sustainable." Through a sound governance structure and effective risk management, we safeguard the achievement of our strategic objectives, protect the interests of shareholders, employees, customers, and all sectors of society, and promote the shared sustainable development of both the enterprise and society.

Topics addressed in this section

Corporate governance
Investor communication
Risk management
Business ethics



Corporate Governance

M&G strictly complies with the requirements of laws, regulations, and normative guidance documents such as the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Code of Corporate Governance for Listed Companies*, and *Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange*, strengthens the development of our corporate governance system, and standardizes our operations. During the reporting period, we proactively benchmarked against the requirements of the new *Company Law*, revised the *Articles of Association* and supporting governance systems, ensured that corporate governance remains aligned with regulatory requirements, and enhanced governance effectiveness and modernization. Through this adjustment, we canceled the establishment of the Board of Supervisors and strengthened the functions of the Audit Committee of the Board of Directors, which exercised the supervisory authority. We established a mechanism for special meetings attended entirely by independent directors, and strengthened the powers and authority of independent directors.

Duties of the Board of Directors

The M&G Board of Directors operates strictly in accordance with the *Articles of Association* and the Rules of Procedure of the Board of Directors. All directors perform their duties with diligence, effectively fulfilling their supervisory and strategic guidance responsibilities. During the reporting period, a total of five meetings were held, with a 100% attendance rate among directors. The Board has established four Committees: the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. These Committees handle deep study and discussion on key areas such as strategic plans, audit oversight, pay and review and nomination and choice.

Responsibilities of the Committees of the Board of Directors



Strategy Committee

Responsible for studying and recommending the Company's long-term growth plan and key investment decisions.



Audit Committee

Fully exercising the supervisory powers of the former Board of Supervisors, it is responsible for supervising the Company's finance, internal control and the performance of duties by directors and senior management.



Remuneration and Appraisal Committee

Responsible for formulating the assessment criteria for directors and senior executives and conducting assessments; formulating and reviewing the remuneration policies and plans for directors and senior executives with the authorization of the Board of Directors.



Nomination Committee

Responsible for researching, reviewing, and providing recommendations on the selection criteria and procedures for candidates for the Company's directors, president, and other senior management positions that need the appointment of the Board of Directors.



Composition of the Board of Directors

Directors are elected by the shareholders' meeting. The term of office for directors is three years, and they can be re-elected for consecutive terms upon expiration of their term. Independent directors shall not serve for more than 6 years consecutively. The Company attaches importance to the independence of the Board of Directors, and there are 3 independent directors among the 7 members of the Board of Directors, which meets the *Measures for the Management of Independent Directors of Listed Companies*, which requires that the proportion of independent directors of the Company to the Board of Directors shall not be less than one-third, and that the independent directors shall not serve in more than 3 listed companies at the same time. The Company's three independent directors have professional experience in law, accounting, and management consulting respectively, as well as expertise in strategic development, corporate governance, and risk management, allowing them to provide effective advice for decision-making in various dimensions of the Company's development. An independent director also has experience in the manufacturing industry.

The Company has clarified its policy on diversity of the Board of Directors by specifying in the Rules of Work of the Nomination Committee of the Board of Directors that the selection of directors shall be based on a diversity perspective, including such as professional experience, cultural and educational background, age, and gender, to ensure the competency of the Board of Directors to make scientific decisions. As of the end of the reporting period, there was one female member on the Board of Directors, accounting for 14% of the total.

In 2025

Number of female
board members

1

Proportion of female
board members

14 %

Director and Executive Compensation and Evaluation

The pay plan for the Company's directors and senior management comprises fixed and variable components. Variable pay is closely tied to the achievement of the Company's strategic goals, profit growth, and key ESG performance metrics, and is subject to ongoing review. Under the new governance structure, the Audit Committee reviews the accuracy of financial data to provide the Remuneration and Appraisal Committee with an objective basis for evaluation, ensuring the fairness and compliance of compensation distribution. In terms of clawback and retrospective requirements, the Company has clarified the behavioral prohibitions and legal liabilities of controlling shareholders and executives, and restrained directors or executives who have suffered losses to the Company as a result of non-compliance with their duties through an institutionalized recovery mechanism to ensure that the incentives are equal to the risks and responsibilities.

Investor Communication

M&G consistently upholds the principle of maximizing shareholder value and operates with an open and transparent philosophy, continually strengthening communication and interaction with investors while listening to diverse opinions and suggestions. We have established the *Investor Relations Management System* to standardize related operations and built a communication system to enhance the engagement with investors and potential investors through announcement disclosures, performance briefings, the SSE E-interactive, on-site research, telephone, email, and other channels to provide timely and effective responses to investor inquiries.

To effectively safeguard the legal rights and interests of minority shareholders, M&G assigns dedicated personnel to maintain and monitor communication platforms, ensuring the smooth operation of the SSE E-interactive platform, public investor email, and hotline. During the reporting period, M&G responded to over 40 questions on the SSE E-interactive platform with a 100% response rate. The Company also proactively disclosed 7 institutional investor research summaries in the "Listed Company Announcements" section of the platform. M&G was honored with the 16th Tianma Award for Investor Relations Management of Chinese Listed Companies during the reporting period.



2024 Annual Report Earnings Briefing

In 2025

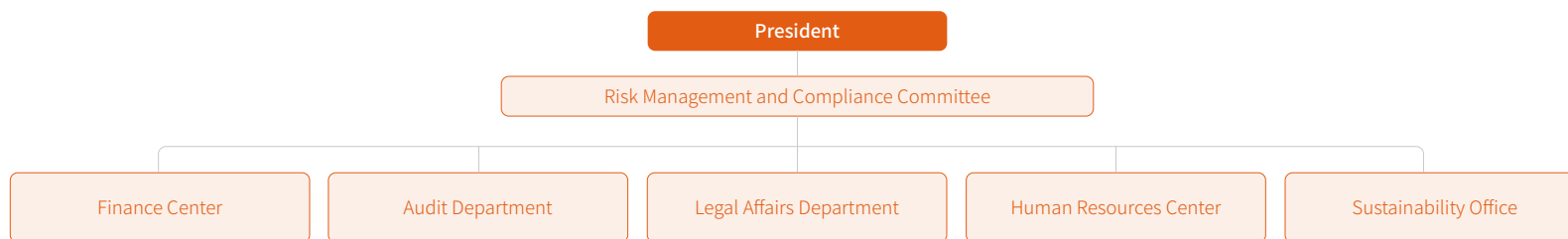
M&G was honored with the

**16th Tianma Award for
Investor Relations Manage-
ment of Chinese Listed Com-
panies during the reporting
period**

Risk management

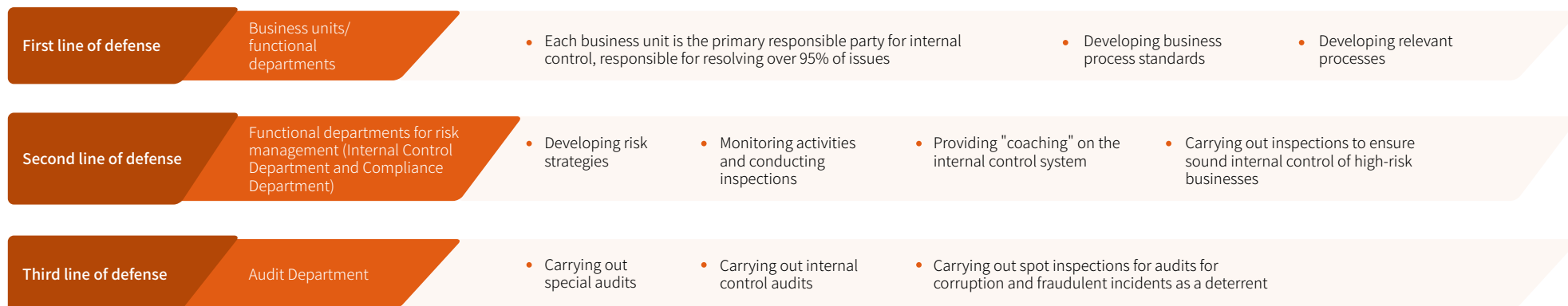
M&G conducts risk management and control with the objectives of "optimizing operations, preventing corruption, and controlling risks." In 2023, the Company established the Risk Management and Compliance Committee, which is led by the President. Members of this committee include heads of the Sustainability Office, Human Resources Center, Audit Department, Legal Affairs Department, and Finance Center. The committee functions independently from business management departments to ensure the objectivity and independence of the Company's risk management function. During the reporting period, the Risk Management and Compliance Committee continued to deepen its operation, drew the annual risk map of the Company, identified and locked the 3 major core risk areas and implemented special optimization, and constructed a complete early warning, monitoring and response mechanism; and in view of the Company's globalization layout, set up the Overseas Risk Management and Compliance Committee to carry out risk tracking and closed-loop management cycle for the whole life cycle of the overseas business. The Risk Management and Compliance Committee convened twice during the year. Additionally, the committee provided ad hoc reports to the President on key risk control priorities, such as risk early warnings and the optimization of risk response strategies.

Organizational Structure of the M&G Risk Management and Compliance Committee



M&G continuously refines its three-line-of-defense risk management system, comprising "business departments, functional departments for risk management, and the audit department" During the reporting period, M&G focused on high-risk business processes, conducting specialized improvement initiatives in policy development, process optimization and system enhancements. Policies and documents were revised to reflect actual conditions and clarify implementation standards; the Company also identified key risk control points and continuously monitored business improvements through internal control maturity assessments, thereby reducing potential risk exposure.

M&G's "Three Lines of Defense" Risk Management System

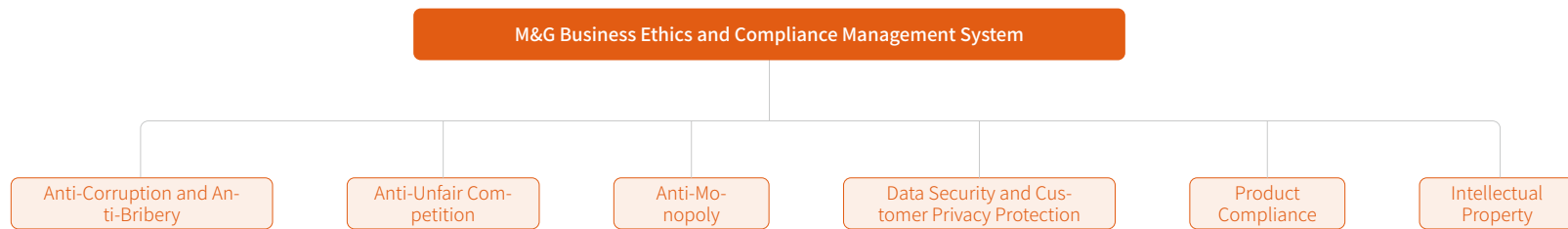


Business Ethics

M&G is committed to building a "zero tolerance" business ethics management system. Through comprehensive institutional development, strict risk control and regular integrity education, the Company fosters a business culture characterized by "openness, transparency and integrity" to ensure the Company's sustainable development. During the reporting period, the Company maintained full compliance and avoided any litigation or significant administrative penalties related to embezzlement, bribery or unfair competition.

Business Ethics and Compliance Management System

M&G strictly complies with the *Anti-Monopoly Law of the People's Republic of China*, the *Interim Provisions on Prohibiting Commercial Bribery*, the *Law of the People's Republic of China Against Unfair Competition*, and other relevant laws and regulations. Relying on a series of management systems, including the *Code of Business Conduct*¹⁷, the Company continuously strengthens its management of business ethics, fair trade practices, and ethical competition. This has resulted in a comprehensive and systematic business ethics and compliance management system. The M&G Risk Management and Compliance Committee serves as the coordinating organization for compliance work and is responsible for system and process optimization, compliance risk assessment, implementation review and supervision, and the building of a compliance culture to ensure that the Company's business activities comply with laws and regulations, industry guidelines and internal management requirements.



Anti-Unfair Competition

M&G abides by the business principle of fair competition and has built a competition compliance management system covering the entire business chain. Based on the Law of Anti-Unfair Competition and the laws and regulations of the business locations, the Company has completed a systematic sorting and benchmarking of its compliance system to improve it. The Company has formulated the Trademark Management System, the *Management System Against Fraudulence*, the *Management System for Trade Secrets*, and the *Online Omni-Channel Store Operation Rules* to prevent and address confusing behavior, commercial bribery, trade secret infringement, and unfair competition on the Internet. In terms of product publicity and promotion, the Company has integrated and sorted out the existing systems and released the *Product Development Compliance Knowledge Base* to eliminate false publicity, commercial defamation and illegal marketing behavior, and to ensure that the Company always maintains norms, transparency and integrity in its omni-channel operations.

17. M&G's *Code of Business Conduct* has been published on the Company's official website under "[Investor Relations – Corporate Governance](#)."

Anti-Commercial Bribery and Anti-Corruption

The Company has formulated the *Management System Against Fraudulence*¹⁸, the *Letter of Commitment on Integrity and Self-Discipline, the Transparent Procurement & Integrity Convention*¹⁹, and other anti-bribery and anti-corruption documents and systems to establish mechanisms to constrain the compliance behaviors of its employees and suppliers, and continues to make improvements. The Company places high importance on identifying risks related to commercial bribery and corruption, as well as on internal control efforts. The Audit Department conducts internal audits in accordance with the Company's *Internal audit management system*. By reviewing the Company's business scope, identifying high-risk key positions and mapping out a "Risk Map," the Company has achieved dynamic optimization of internal control measures.

To strengthen employees' integrity and self-discipline in external communications and internal operations, the Company issued the *Integrity Gift Management System* during the reporting period. The system embedded integrity requirements into daily operations by clarifying behavioral boundaries and standardizing the approval process, continuously regulating the professional conduct of employees and maintaining a fair environment for cooperation with business partners. During the reporting period, Colipu Group further revised the *Anti-Bribery, Anti-Corruption, and Anti-Fraud Management System*, clarified the red lines and the standards for disciplinary actions in the *Internal Audit Management System*, and passed certification for the ISO 37001 Anti-Bribery Management System Against Fraudulence.

M&G has established multi-channel complaint and whistleblowing channels, which are publicly disclosed on the official website. Additionally, the Company has established the *Internal Investigation and Handling System for Employee Misconduct* and the *Whistleblower Protection and Non-retaliation System*. These ensure the strict confidentiality of whistleblower information and prohibit any form of discrimination or retaliation. During the reporting period, the Company added a "M&G Anti-Fraud" portal to its office software and sent monthly emails to all employees to promote awareness of the anti-fraud reporting channels. Colipu Group launched a dedicated WeChat official account titled "Integrity Colipu" and included a "One-Click Reporting" portal within the account.



M&G Anti-Fraud Reporting
Channels



Hotline: 021-31820110



Email: mg110@mg-pen.com

Business Ethics Audit

M&G annually conducts internal audits of its *Code of Business Conduct*, covering 27 items, including compliance with laws and regulations, business ethics, fair competition, and 18 key business processes such as sales, procurement, financial management, and information systems management. By combining on-site checks with systematic sampling, the Company has broadened its focus beyond basic fraud control and asset safety to cover intellectual property, product quality, and information security, thereby achieving full auditing of all business operations. For any risks identified during audits, the Audit Department promptly reports them to the relevant departments and actively tracks progress on improvements to ensure that each department turns Business ethics rules into sound management practices.

In 2025

The scope of internal business ethics audits covered

22 operational sites

The coverage rate of the Company's operation process achieved

100 %

18. M&G's *Management System Against Fraudulence* has been publicly posted on the Company's website in the "Investor Relations - ESG - Reports and Policies" section.

19. For supplier-related anti-bribery and anti-corruption management, please refer to the section "[Supply Chain Management - Targets, Management Measures and Performance - Integrity in Procurement](#)."

Building a Culture of Integrity and Compliance

M&G requires all new employees and key personnel at its headquarters and subsidiaries – including Colipu Group, Jiumu Store, and Axus Stationery – to sign the *Letter of Commitment on Integrity and Self-Discipline*. The "Code of Business Conduct" course is mandated as a prerequisite for onboarding, and all new employees who joined the Company during the reporting period have completed the training. The Company continues to conduct routine business ethics training for all employees. In 2024, 90% of full-time employees completed the *Code of Business Conduct* and *Management System Against Fraudulence* courses via the online learning platform. In 2025, the coverage of these courses was further expanded to include employees in the production operations and retail systems, with the training coverage rate for the *Code of Business Conduct* increasing to 98%. Throughout the year, Colipu Group conducted 35 in-person integrity sessions covering all regional subsidiaries, with a total of over 1,000 participants.



Colipu Group Integrity and Red Line Training

Case | Anti-Corruption and Integrity-Themed Activities

Since 2024, M&G has held an annual summer integrity care campaign titled "Integrity Accompanied, Care Along the Way," advocating for employees to maintain high personal standards and build a work culture based on integrity and fairness. This year's event featured diverse interactive activities such as the "Instagrammable the Integrity Tree," "Compliance Blind Boxes," and a call for "Outstanding Integrity Works," and introduced the integrity mascot "Sunflower Police" along with a series of goods. By blending learning with active tasks, the event guided employees to deepen their integrity awareness through hands-on work and public pledges. After the event, the outstanding integrity works remained on display, further consolidating the learning outcomes. The initiative was recognized by the Sunshine Integrity Alliance and awarded the "Best Practice Award for Integrity Culture."



M&G received the "Best Practice Award for Integrity Culture" from the Sunshine Integrity Alliance.



M&G's "Integrity Accompanied, Care Along the Way" Activity

Case | Colipu Group's Fun Integrity Awareness Campaign

On "International Anti-Corruption Day," Colipu Group hosted an "Integrity Personality Quiz" for employees, where participants could earn personalized integrity personality tags and custom integrity-themed phone lanyards by answering questions. By using a fun self-assessment as a starting point, the activity made integrity education vivid and relatable. In addition to offline interactions, Colipu Group also conducts daily integrity promotion and education through its official WeChat account "Integrity Colipu." By publishing engaging content such as comics and scenario-based Q&As, the account helps more employees integrate integrity and compliance into their daily work and lives.



Colipu Group's "Integrity Personality Quiz" Event

ESG Performance Data²⁰

Governance Performance

Board of Directors

Metric	Unit	2023	2024	2025
Number of directors	person	7	7	7
Number of independent directors	person	3	3	3
Attendance rate of directors at annual board meetings	%	100	100	100
Rate of directors by age				
≤ 30 years	%	0	0	0
30-50 years	%	14	14	0
≥ 50 years	%	86	86	100
Rate of directors by gender				
Male	%	86	86	86
Female	%	14	14	14

Business Ethics

Metric	Unit	2023	2024	2025
Number of operational sites audited for business ethics	unit	22	22	22
Rate of operational sites covered by business ethics audits	%	100	100	100

Anti-Bribery and Anti-Corruption²¹

Metric	Unit	2023	2024	2025
Number of public legal cases regarding bribery and corruption brought against the company or its employees	case	0	0	0
Total number of employees participating in anti-bribery and anti-corruption training	person	2,364	2,868	4,513
Percentage of directors receiving anti-bribery and anti-corruption training	%	100	100	100
Percentage of personnel receiving anti-bribery and anti-corruption training by position level				
Non-management staff	%	/	85	78
Management	%	/	60	95

20. Unless otherwise stated, the 2025 ESG performance data scope encompasses M&G and its subsidiaries. The newly constructed plant at M&G's Central China Base officially commenced production in 2025 and has been included in this year's data statistics.

21. The 2024 reporting scope for Anti-Commercial Bribery and Anti-Corruption included includes M&G, Jiumu Store, More-Than-Fun (Qizhihaowan) and Colipu Group. In 2025, the scope was expanded to encompass M&G and its subsidiaries; as a result, the reported figures show corresponding variations.

Environmental Performance²²

22. To enhance data comparability, this Report has adjusted the units for intensity-related indicators in the environmental performance section have been adjusted from "/>

23. The 2025 Energy data reporting scope includes the M&G Shanghai base, the Shanghai Headquarters Office Building, the South China Base, the North China Base, the Central China Base, Axus Stationery, Colipu Group and Jiumu Store (directly operated stores). This year, the Company re-calibrated the thermal energy content (enthalpy value) of steam. Given that steam was a newly added energy category since 2024, the corresponding energy consumption and GHG emission data for 2024 have been restated in this Report to ensure the accuracy of historical data.

24. In 2025, due to process improvements at Axus Stationery and the addition of new heat press machines, natural gas consumption increased compared to the previous year.

25. In 2025, the accounting methodology for purchased electricity at Jiumu Store's directly operated stores was upgraded from historical sampling estimates to survey statistics based on actual utility bills, ensuring a more accurate reflection of real consumption. As this change cannot be applied retroactively to previous years, the 2025 purchased electricity data and the corresponding Scope 2 GHG emissions disclosed in this Report are not fully comparable with historical data.

26. The 2025 GHG emissions data reporting scope includes M&G Shanghai base, Shanghai headquarter office building, the South China base, the North China base, the Central China base, Axus Stationery, Colipu Group and Jiumu Store (directly operated stores). In both 2024 and 2025, the Company procured green electricity. To enhance data rigor, this Report calculates and discloses Scope 2 GHG emissions for these two years using both the "location-based" and "market-based" methods, with a restatement of the 2024 data. The grid emission factors used for 2024 and 2025 are derived from the Announcement on the Release of 2022 Electricity CO2 Emission Factors (issued Dec 26, 2024) and the Announcement on the Release of 2023 Electricity CO2 Emission Factors (issued Dec 31, 2025) by the Ministry of Ecology and Environment, respectively. Additionally, in compliance with the Notice on Further Optimizing the Electricity and Heat Emission Factors Applicable to the Shanghai Carbon Emission Trading Market issued by the Shanghai Municipal Bureau of Ecology and Environment on Jan 16, 2026, the electricity emission factors for the Shanghai region for 2024 and 2025 have been adjusted accordingly. The "Total GHG Emissions (Scope 1 and 2)" in this Report are calculated using the market-based method, remaining consistent with the methodology used for setting the Company's Scope 2 emission reduction targets.

27. GHG emission reductions and investment for GHG emission reductions are newly added metrics for 2025. As historical data for these indicators is not retroactively traceable, figures for 2023 and 2024 are not disclosed in this Report.

Environmental Investment

Metric	Unit	2023	2024	2025
Environmental investment	RMB10,000	239	594	439

Energy²³

Metric	Unit	2023	2024	2025
Gasoline	ton	89	59	58
Diesel	ton	414	418	257
Liquefied petroleum gas	ton	/	40	43
Natural gas ²⁴	cubic meter	/	189,421	568,510
Steam	ton	/	29,102	21,554
Purchased electricity ²⁵	kWh	92,582,027	102,087,954	95,898,455
Renewable energy consumption	kWh	13,222,559	21,603,572	26,079,349
Percentage of renewable energy electricity consumption of total electricity consumption	%	12	17	21
Direct energy consumption	tce	870	993	1,223
Indirect energy consumption	tce	13,003	17,883	16,977
Total energy consumption	tce	13,873	18,876	18,200
of which: clean energy consumption	tce	1,625	2,655	3,205
Total energy consumption intensity	tce/RMB10,000 revenue	0.006	0.008	0.007

GHG Emissions²⁶

Metric	Unit	2023	2024	2025
Scope 1 GHG emissions	tCO ₂ e	2,115	2,393	2,612
Location-based scope 2 GHG emissions	tCO ₂ e	45,940	61,346	56,486
Market-based scope 2 GHG emissions	tCO ₂ e	/	60,327	55,934
Total GHG emissions (scope 1 and 2)	tCO ₂ e	48,055	62,720	58,546
GHG emission intensity	tCO ₂ e/RMB10,000 revenue	0.021	0.026	0.023
GHG emissions reductions ²⁷	tCO ₂ e	/	/	11,021
Investment for GHG emission reductions	RMB10,000	/	/	424

Materials²⁸

Metric	Unit	2023	2024	2025
Total material usage	ton	58,019	61,708	57,083
of which, plastic	ton	23,286	23,648	18,400
paper	ton	28,887	31,425	33,466
ink	ton	3,114	3,124	2,974
wood	ton	495	1,760	970
pencil lead	ton	2,247	1,751	1,273
Material usage intensity	ton /RMB10,000 revenue	0.025	0.025	0.022

Packaging Materials²⁹

Metric	Unit	2023	2024	2025
Carton usage	unit	/	/	37,811,979
Total count of reused cardboard boxes	unit	/	/	2,246,492

Water Resources³⁰

Metric	Unit	2023	2024	2025
Total water consumption	ton	570,185	588,923	461,589
Water intensity	ton/RMB10,000 revenue	0.24	0.24	0.18
Recycled and reused water	ton	49,772	38,851	53,923

Waste and Wastewater³¹

Metric	Unit	2023	2024	2025
Total solid waste	ton	663	5,951	5,949
of which, hazardous waste	ton	29	22	20
general solid waste (non-hazardous)	ton	634	5,929	5,929
Solid waste intensity	ton/RMB10,000 revenue	0.0003	0.003	0.002
Amount of recycled and reused waste	ton	/	5,212	5,222
Wastewater discharge	ton	1,876	2,413	2,252

28. The 2025 Materials data reporting scope includes M&G, Jiumu Store and Axus Stationery.

29. To ensure data accuracy, the reporting basis for cardboard box consumption and the total volume of reused boxes was adjusted from weight to units in 2025. As the historical data for these indicators is incomparable with the new metric, figures for 2023 and 2024 are not disclosed in this Report.

30. The 2025 Water Resources data reporting scope includes the M&G Shanghai base, the Shanghai headquarters office building, the South China base, Axus Stationery and the Central China base.

31. The reporting scope of Waste and Wastewater data for 2023 includes the M&G Shanghai base; the scope for 2024 adds the South China base and North China base; and the scope for 2025 adds the Central China base. This year, the Company optimized its waste statistical methodology. To ensure data comparability, the figures for total solid waste, general solid waste (non-hazardous waste), and recycled waste for 2024 have been restated in this Report..

Social Performance

Employee Hiring

Metric	Unit	2023	2024	2025
Total number of employees	person	5,839	5,549	5,503
Number of employees, by age				
Under 30 years old	person	2,080	1,833	1,738
30–50 years old	person	3,311	3,279	3,370
Over 50 years old	person	448	437	395
Number of employees, by educational background				
Bachelor's (college) degree or above	person	3,621	3,659	3,766
High school, vocational school	person	964	618	724
Other	person	1,254	1,272	1,013
Number of employees, by position level				
Non-management	person	4,506	4,277	4,222
Management	person	1,333	1,272	1,281
Total number of employees on parental leave	person	78	142	206
Number of employees on parental leave, by gender				
Male	person	28	62	110
Female	person	50	80	96
Ratio of basic salary and compensation for male employees ³²				
Basic salary	%	66	77	81
Additional compensation	%	34	23	19
Ratio of basic salary and compensation for female employees				
Basic salary	%	77	82	83
Additional compensation	%	23	18	17
Percentage of vacancies filled by internal candidates (internal recruitment) ³³	%	20	33	35
New employee ratio	%	/	14.2	13.1
Employee turnover rate	%	11.9	16.5	16.7
Percentage of employees covered by the trade union	%	100	100	100

32. The 2025 Ratio of basic salary and compensation for employees data reporting scope includes M&G, Jiumu Store and More-Than-Fun (Qizhihaowan).

33. The 2025 Percentage of vacancies filled by internal candidates (internal recruitment) data reporting scope includes M&G, Jiumu Store and More-Than-Fun (Qizhihaowan).

Employee Training³⁴

Metric	Unit	2023	2024	2025
Employee training coverage rate ³⁵	%	/	/	85.6
Percentage of employees trained, by gender				
Male	%	/	/	83.8
Female	%	/	/	87.4
Percentage of employees trained, by position level				
Non-management	%	/	/	81.4
Management	%	/	/	99.4
Average training hours per capita	hour	11.8	14.6	11.4
Investment annual training	RMB10,000	/	205	304

Performance Assessment

Metric	Unit	2023	2024	2025
Percentage of employees receiving regular performance assessment	%	100	100	100

Occupational Health and Safety³⁶

Metric	Unit	2023	2024	2025
Percentage of workers covered by occupational health and safety management system	%	100	100	100
Fatalities caused by work-related injuries	case	0	0	0
Rate of fatalities caused by work-related injuries	%	0	0	0
Severe work-related injuries (excluding fatalities)	case	0	0	0
Severe work-related injury rate (excluding fatalities)	%	0	0	0
Recordable work-related injuries	case	21	69	46
Recordable work-related injury rate (per million working hours)	/	5.8	3.6	2.5
Total safety training hours	hour	20,220	25,489	23,840
Total number of employees who received safety training	person	202,020	230,035	221,300
Investment in labor protection	RMB10,000	208	274	245

34. The 2024 reporting scope for Employee Training included M&G, Jiumu Store, More-Than-Fun (Qizhihaowan), Colipu Group and Axus Stationery. In 2025, the scope was expanded to encompass M&G and its subsidiaries; as a result, the reported figures show corresponding variations.

35. Due to adjustments in the scope of Employee Training data for 2025, and since this change cannot be applied retroactively to previous years' data, the "Employee training coverage rate," "Percentage of employees trained by gender" and "Percentage of employees trained by position level" are disclosed 2025 only in this Report.

36. The 2024 Occupational Health and Safety data reporting scope included the M&G Shanghai base, the South China base and Axus Stationery; the Central China base was added in 2025. Starting in 2024, the reporting scope includes both regular and non-regular employees.

Products and Services

Metric	Unit	2023	2024	2025
Number of health and safety violations related to products and services	case	1	0	0
Customer satisfaction by average satisfaction score	score	83.5	92.2	90.9
Completion rate of after-sales problem implementation	%	/	99.8	99.4

Intellectual Property and Technological Innovation

Metric	Unit	2023	2024	2025
Technological improvement, innovation, and R&D investment	RMB10,000	17,752	18,915	18,964
Number of R&D personnel	%	0.8	0.8	0.8
Number of patent filings during the year	person	503	467	450
Number of invention patent filings	item	212	290	309
Number of patents granted during the year	item	/	20	25
Number of invention patents granted	item	148	229	231
Number of valid patents	item	/	8	5
Cumulative patent filings	item	1,211	1,336	1,488
Cumulative patents granted	item	2,612	2,901	3,212
Number of R&D personnel	item	2,407	2,625	2,868

Supply Chain Management³⁷

Metric	Unit	2023	2024	2025
Number of suppliers participating in ESG audit during the year	number	71	85	97
Percentage of key suppliers participating in ESG audit during the year	%	100	100	100
Number of assessed suppliers with substantial actual/potential negative impacts	number	6	1	0

Charity and Public Welfare³⁸

Metric	Unit	2023	2024	2025
Total investment in rural revitalization ³⁹	RMB10,000	/	/	630
Number of people benefiting from rural revival	person	/	/	811,000
Total cash donations	RMB10,000	303	311	386
Total in-kind donations	RMB10,000	305	533	774
Number of participants in volunteer services ⁴⁰	person	3,778	4,435	1,196
Volunteer service hours	hour	5,730	9,221	4,946

37. The 2025 Supply Chain Management data reporting scope includes M&G.

38. The 2025 Charity and Public Welfare data reporting scope includes M&G Charity, Colipu Group, Jiumu Store and Axis Stationery.

39. "Total investment in rural revitalization" and "Number of people benefiting from rural revitalization" are new metrics disclosed in 2025. As historical data for these indicators cannot be retrieved retroactively, the data for 2023 and 2024 has been omitted from this Report.

40. In 2025, public welfare activities focused on deeper employee involvement, which led to fewer participants than in 2024.

Independent Assurance Statement

Independent Assurance Statement

CECEPAC (HK) Advisory Company Limited ("CECEPAC (HK)" or "We") has been engaged by Shanghai M&G Stationery Inc. ("M&G Stationery"), to conduct an independent moderate assurance engagement (the "Assurance Engagement") on the information and data related to sustainable development in M&G Stationery 2025 Environmental, Social, and Governance Report (the "ESG Report"), and disclosed the results and conclusions of the Assurance Engagement to the intended users of the ESG Report in the form of an independent assurance statement.

CECEPAC (HK) has been engaged to assure M&G Stationery's adherence to the four AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact set out in the *AA1000 Assurance Standard v3* (the "*AA1000AS v3*"). CECEPAC (HK) has also been engaged to provide moderate assurance on the reliability and quality of specified performance information disclosed in the ESG Report, which has been selected in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (the "*SSE Sustainability Report Guidelines*") published by Shanghai Stock Exchange ("SSE").

Should there be any discrepancies or differences between the Chinese and English versions of this assurance statement, the Chinese version shall prevail.

Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data involved in the ESG Report, or in the development of the ESG Report. CECEPAC (HK)'s activities of the Assurance Engagement are independent from M&G Stationery. There is no relationship between CECEPAC (HK) and M&G Stationery beyond the contractual agreement for providing proper service of assurance.

CECEPAC (HK)'s assurance team consists of professional personnel who are experienced in the industry and have received professional training in sustainability-related standards such as the *GRI Sustainability Reporting Standards* issued by Global Reporting Initiative, the

AA1000AS v3, the *SSE Sustainability Report Guidelines*, ISO 14001, ISO 9001, etc.

CECEPAC (HK)'s assurance team possesses extensive experience in conducting assurance, as well as and has a full understanding and practical ability of the *AA1000AS v3*. Meanwhile, the assurance team of CECEPAC (HK) carries out assurance work on sustainable development issues in accordance with the internal assurance protocol of CECEPAC (HK).

M&G Stationery's Responsibilities

M&G Stationery is responsible for the preparation and presentation of the ESG Report in accordance with the *SSE Sustainability Report Guidelines*. M&G Stationery is also responsible for implementing internal control procedures to ensure that contents of the ESG Report are free from material misstatement, whether due to fraud or error.

Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to the *AA1000AS v3* and the *SSE Sustainability Report Guidelines* to M&G Stationery. This independent assurance statement applies solely to the ESG Report within the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in the Assurance Engagement meet professional qualification, training, and experience requirements, and possess the necessary competencies. All results of assurance and certification audit are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the data and information in the ESG Report that related to M&G Stationery and its subsidiaries, and excludes data or information related to M&G Stationery's suppliers, contractors, and other third parties.

- The AA1000AS Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of M&G Stationery's adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the *AA1000AS v3*.

- M&G Stationery and CECEPAC (HK) reached an agreement to select the specified performance information in the ESG Report as part of the content for the Assurance Engagement. The selected specified performance information is as follows:
 - Number of sustainable design products
 - Scope 1 GHG emissions
 - Scope 2 GHG emissions
 - Total energy consumption
 - Number of key suppliers participating in ESG audit
 - Recordable work-related injury rate (per million working hours)

- The Assurance Engagement was with respect to information disclosed from January 01, 2025 to December 31, 2025 only. Any information falling outside this period or any other data included in the ESG Report is excluded from the scope. Therefore, we do not express any conclusions on this information, and

- The scope of the Assurance Engagement is based on and limited to the information and data provided by M&G Stationery. Any queries regarding the content or related matters within this independent assurance statement should be addressed to M&G Stationery only.

Methodology of the Assurance Engagement

The Assurance Engagement was conducted at the headquarters and some of subsidiaries of M&G Stationery and the work included:

- Assessing the appropriateness of M&G Stationery's stakeholder engagement process,
- Conducting on-site interviews with staff from the Sustainability Office and employees involved in the preparation of the ESG Report and the provision of relevant information,
- Evaluating the extent to which M&G Stationery adheres to the principles of

Inclusivity, Materiality, Responsiveness, and Impact as set out in the *AA1000AS v3*, including relevant management processes and the ESG Report preparation process,

- Performing sampling tests on evidence supporting the reliability and quality of selected specific performance information,
- Recalculating the selected specified performance information,
- Assessing the compliance of the ESG Report with the *SSE Sustainability Report Guidelines*, and
- Performing such other procedures as we considered necessary.

The Assurance Engagement was performed and the conclusions within were based upon information and data provided to CECEPAC (HK) by M&G Stationery and on assumptions that the information provided was complete and accurate.

Limitations

As there are currently no internationally unified and mandatory measurement and evaluation criteria for sustainability information, the adoption of different yet reasonable measurement methods by M&G Stationery may result in limited comparability with other industry peers.

The Assurance Engagement was conducted on a sampling basis without complete traceability verification of all underlying data. Consequently, the level of assurance provided is lower than that of a high assurance engagement, with the inherent risk that potential data deficiencies may remain undetected.

Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the *AA1000AS v3*, and with respect to the specified performance information, our findings and conclusions are as follows:

Inclusivity

M&G Stationery has identified key stakeholders and continuously communicated with key stakeholders in various way to understand their expectations and concerns. On this basis, M&G Stationery has formulated policies in consideration of key stakeholders' expectations and concerns. Our professional opinion is that

M&G Stationery adheres to the principle of Inclusivity.

Materiality

M&G Stationery has conducted a materiality assessment for the ESG Report, collected the opinions of key stakeholders, identified material issues through appropriate methods, and presented the results of material assessment in the ESG Report. Our professional opinion is that M&G Stationery adheres to the principle of Materiality.

Responsiveness

M&G Stationery has established relevant communication channels with its key stakeholders to collect their concerns and responded to the key stakeholders on material issues related to sustainability. Our professional opinion is that M&G Stationery adheres to the principle of Responsiveness.

Impact

M&G Stationery has established processes within its risk management mechanism to understand, measure, evaluate, and manage impacts. M&G Stationery conducts regular corporate risk assessments to identify relevant risks and opportunities, disclosing a comprehensive understanding of its impacts on both stakeholders and itself. Our professional opinion is that M&G Stationery adheres to the principle of Impact.

Specified Performance Information

Based on the procedures CECEPAC (HK) performed and the evidence we obtained, nothing has come to our attention that causes us to believe that the disclosures of the six selected specified performance information in the ESG Report is unreliable and unqualified or not prepared in all material respects in accordance with the basis of reporting.



May 11, 2026
Hong Kong, China

Index of Indicators

The SSE Sustainability Report Guidelines Content Index

Dimension	Corresponding Clause	Topic	Report Page Number or Explanation
Environment	Articles 21 to 28	Response to climate change	06-11; 29-39; 83; 88
	Article 30	Pollutant discharge	06-11; 40
	Article 31	Waste management	06-11; 41; 84
	Article 32	Ecosystem and biodiversity protection	06-11; 43-44
	Article 33	Environmental compliance management	06-11; 40; 84
	Article 35	Energy utilization	06-11; 36-38; 83; 88
	Article 36	Water resources utilization	06-11; 42; 84
	Article 37	Circular economy	06-11; 20-21; 41; 84; 88
	Article 39	Rural revitalization	06-11; 72-74; 87
	Article 40	Social contributions	06-11; 72-74; 87
Society	Article 42	Innovation-driven development	06-11; 46-49; 87
	Article 43	Ethics of science and technology	Since M&G did not engage in sensitive fields such as life sciences or AI during the reporting period, therefore this topic is not applicable
	Article 45	Supply chain security	06-11; 50-53; 87-88
	Article 46	Fair treatment of small and medium-sized enterprises	Since M&G did not have any instances during the reporting period where accounts payable (including notes payable) accounted for more than 50% of total assets, nor any outstanding unpaid information regarding payments to small and medium-sized enterprises (SMEs), therefore this topic is not applicable
	Article 47	Product and service safety and quality	06-11; 22-28; 86
	Article 48	Data security and customer privacy protection	06-11; 57-58
Sustainability-related governance	Article 50	Employees	06-11; 59-71; 85-86; 88
	Article 52	Due diligence	09-11; 52; 79-80;
	Article 53	Stakeholder communication	06-12; 77; 88
	Article 55	Anti-commercial bribery and anti-corruption	06-11; 80-82;
	Article 56	Anti-unfair competition	06-11; 79; 82

GRI Standards (2021) Content Index

Usage Notes:	M&G Stationery has reported the information cited in this GRI content index for the period January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 Used:	GRI 1: Foundation 2021

GRI Standard	Disclosure	Pages
GRI 2: General Disclosures 2021	2-1 Organizational details	01
	2-2 Entities included in the organization's sustainability reporting	01
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	2-4 Restatements of information	82-87
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	2-7 Employees	85-86
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	2-12 Role of the highest governance body in overseeing the management of impacts	02;08;76-77
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	2-14 Role of the highest governance body in sustainability reporting	08
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	2-18 Evaluation of the performance of the highest governance body	08
	2-19 Remuneration policies	76-77
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	2-23 Policy commitments	12;52;67-71;79-80;
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	2-25 Steps to Ease Possible Effects	70;80
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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	03
	201-2 Financial implications and other risks and opportunities due to climate change	31-32
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	63
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	81-82
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	52;79-82
GRI 301: Materials 2016	301-1 Materials used by weight or volume	84
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GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	42
	303-2 Management of water discharge-related impacts	42
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	303-5 Water consumption	84
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	35;83
	305-2 Energy indirect (Scope 2) GHG emissions	35;83
	305-3 Other indirect (Scope 3) GHG emissions	35;83
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GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	21;41;84
	306-2 Management of significant waste-related impacts	41
	306-3 Waste generated	84
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	308-2 Negative environmental impacts in the supply chain and actions taken	51-53
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	86
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	72-74;87
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