

2024

Environmental, Social, and Governance (ESG) Report

Writing a Sustainable Business Future



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About this Report

This report is the fourth 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 2024.

To facilitate readers' better understanding of M&G's sustainability topics and performance in their respective areas of interest, this report categorizes its main chapters by information type:

- Sustainability Strategy and Management: M&G's sustainable development governance, strategies, risk management, etc.;
- Four chapters include Sustainable Products, Climate and Environment, Shared Prosperity Across the Value Chain, Employees and Communities: Key annual progress and case studies under M&G's sustainable development strategy;
- ESG Performance Report: Management approaches and target plans for M&G's sustainability initiatives.

Basis of Preparation

This Report is 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") issued by the Shanghai Stock Exchange ("SSE"). It also references the *Corporate Sustainability Disclosure Standards – Basic Standards (Trial)* jointly 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 2024 Annual Report, covering January 1, 2024, to December 31, 2024 (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 2024 Annual Report, encompassing M&G Stationery and its subsidiaries.

Statement

Data used in this Report is sourced from the Company's official documents, related reports, and statistical reports. Unless otherwise specified, all monetary amounts in this Report are in RMB.

This Report has been reviewed and approved at the 10th meeting of the 6th Board of Directors, the 1st meeting of the Strategy Committee in 2025, and the 10th meeting of the 6th Board of Supervisors of M&G held on March 24, 2025.

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 case 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:

Address: No. 5, Lane 288, Qianfan Road, Xinqiao Town, Songjiang District, Shanghai

Email: ESG@mg-pen.com

President's Message



In 2024, against a backdrop of increasing geopolitical and economic uncertainty, the global transition toward sustainable development has become an unstoppable force. In response to this shift, M&G remained committed to advancing its sustainability strategy, embedding the sustainability philosophy into strategic decision-making and business operations. Over the past year, we have made significant strides across multiple key areas—including strategy, products, climate, supply chain, employees, and charity. This year, M&G achieved an A rating in the MSCI ESG Ratings, was recognized as a National Green Factory, and earned a spot on 2024 *Fortune* China ESG Impact List, all representing major milestones on our journey toward “Writing a Sustainable Business Future.”



Strategic Leadership in Sustainable Development

Leveraging our extensive experience in sustainability, we have further refined our long-term roadmap, setting quantifiable targets and implementation pathways toward 2030 under four strategic pillars: Sustainable Products, Response to Climate Change, Sustainable Supply Chain, and Empowering Employees and Communities. Our focus is on transforming the ESG philosophy into measurable and traceable actions. To ensure full and effective implementation of the targets, we continue to enhance our ESG governance system. Our Risk Management and Compliance Committee now operates regularly. We have completed a comprehensive Group Risk Map. Additionally, we have achieved a 96% completion rate in training on the *M&G Code of Business Conduct*, comprehensively improving our employees' ability and awareness regarding risk prevention and control. Furthermore, we have set up special task forces focused on key topics such as sustainable product development, chemicals management, and occupational health and safety, fostering efficient cross-

departmental collaboration to drive goal achievement. We have also incorporated ESG metrics as a key performance factor in the evaluation of business unit and department leaders, creating a long-term incentive mechanism.

Driving Green Consumption with Sustainable Products

At M&G, we view our products as the vital bridge between the Company and consumers. We are committed to continuously delivering innovative, high-quality, and sustainable solutions that meet the expectations of the new generation of environmentally conscious consumers. This year, we expanded our portfolio of sustainable products, introducing the “Endangered Animals: Wetland” and “Deep Blue Planet” series. These new offerings incorporate recycled plastics and biodegradable materials as primary raw materials, significantly reducing their impacts on nature and the environment. Building on this momentum, we have refined our sustainable product evaluation standards, establishing a unified framework that now guides the design and development of all sustainable products. This

framework has been fully integrated into our internal product development process. Through themed online and offline initiatives such as “Refill for the Earth” and “Green Credits,” we leverage our products as a platform to promote low-carbon lifestyles and plastic reduction habits. Together with our consumers, we are turning sustainability into action—“Writing a Greener Future.”

Advancing Climate Action and Carbon Reduction Across the Value Chain

M&G is actively advancing the carbon peaking and carbon neutrality goals of China, driving green and low-carbon development while fostering a sustainable supply chain in partnership with our upstream and downstream stakeholders. In our own operations, we have set emission reduction targets aligned with the *Paris Agreement* and continue to implement our carbon reduction strategy through improved energy and resource efficiency and the expanded use of renewable energy. By 2024, we had successfully reduced Scope 1 and Scope 2 emissions by 46.4% compared to 2021. At the same time, we are embedding the sustainability philosophy throughout our value chain, prioritizing ESG management and green and low-carbon development among our key suppliers. This year, we expanded our ESG assessments to cover all key suppliers and conducted one-on-one on-site audits and improvement initiatives, raising the rectification pass rate of audited suppliers to 96.3%. Additionally, we completed carbon emissions data collection for 110 suppliers and explored multiple sustainability initiatives, including packaging reduction and recycling, display prop reuse, and enhanced energy efficiency in logistics and warehousing. By extending these efforts across our value chain, we are reinforcing our commitment to building a low-carbon and green future.

People-Oriented Approach: Embodying the Values of “Benefiting Others” Through Action

At M&G, we believe that coexistence and shared prosperity with our employees and communities are fundamental to long-term success. We are dedicated to building a platform for employee growth and development, as well as a harmonious and fair workplace environment, ensuring the health and safety of all employees. Diversity, Equity, and Inclusion (“DEI”) are embedded in our corporate culture.

We conduct systematic employee engagement surveys, using scientifically grounded survey results to continuously improve our talent management strategies. Our ultimate goal is to enhance organizational performance and support the long-term development of our employees.

This year, the Shanghai M&G Foundation deepened its support for rural art education, leveraging corporate resources to launch innovative strategic charity initiatives aligned with China's rural revitalization strategy. Since 2022, these initiatives have generated 1.1 million instances of benefit, expanding access to high-quality educational resources for students and teachers. We have also built platforms for charity participation. This year, the Shanghai M&G Foundation, along with other M&G's subsidiaries, mobilized employees in charity events, generating 4,435 instances of participation, contributing 9,221 hours of service, and building a corporate culture of “Everyone for Charity.”

The journey ahead may be long and arduous, but with sustained actions, we will eventually reach our destination and embrace a brighter future. We are confident that our unwavering commitment to sustainable development will unlock new opportunities for growth and create meaningful societal impact. M&G remains steadfast in its mission, driven by pragmatism and innovation, creating lasting value for shareholders, employees, customers, and society. Looking ahead, we invite all stakeholders to join us in building a greener, more sustainable future.

Chen Huxiong

President of Shanghai M&G Stationery Inc.

Sustainability Highlights of the Year

Strategy and management

- Defined the **2030 Strategic Goals for Sustainable Development** and established a goal management system

Sustainable products

- Revised the **M&G Sustainable Product Evaluation Standard** and fully integrated it into the product development process
- Launched sustainable products including the **“Endangered Animals: Wetland,” “Deep Blue Planet,” and “Carbon Emission Reduction Plan”** series
- Accumulated a total of **20** sustainable products
- Innovated sustainable marketing models by integrating multi-channel resources such as product recommendations, social media interaction, dedicated product displays, and study tours, achieving over **550 million** impressions throughout the year

Response to climate change

- The Group's Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions totaling **48,935 tCO₂e**, a **46.4%** reduction compared to 2021
- Promoted smart energy management, air compressor retrofiting, and waste heat recovery projects, with an estimated annual electricity saving of **1.74 million kWh**
- Consumption of renewable energy-generated electricity exceeding **21.6 million kWh**, accounting for **17%** of the total electricity consumption
- Collected GHG emission from **110** suppliers, establishing an initial supplier GHG emission data management system

Sustainable supply chain

- ESG audits covered **100%** of key suppliers, with a rectification pass rate of **96.3%**
- Incorporated ESG risk assessment factors into the assessment system for **new supplier development and onboarding**
- 100%** of M&G's product-related suppliers signed the *Supplier Code of Conduct*
- Launched a selection of outstanding ESG cases of suppliers and awarded the **“ESG Innovation Practice Award”**

Empowering employees and communities

- Conducted over **40** safety inspections, with total safety training hours reaching **25,489**
- Zero** severe injuries or fatalities; minor injury rate at the Shanghai base decreased by **27%** year on year

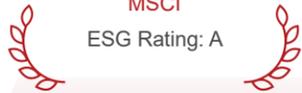
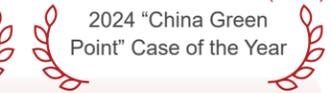
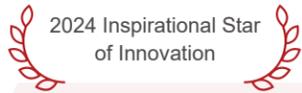
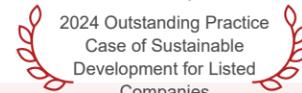
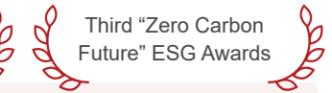
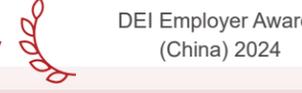
Empowering employees and communities

- Training system covered **98%** employees; average hours of training per employee reached **14.6**
- Female employees accounted for **48%** of the workforce
- 32** female mid-to-senior managers participated in the Women's Leadership Workshop
- The inaugural Sustainability Culture Month attracted over **3,000** employees' participation
- M&G Foundation's “Art Education Plan” program was extended to **624** rural schools and **36** community centers across **23** provinces and cities; The “Golden Seed Plan” education assistance program donated over **60,000** stationery kits; Generating over **440,000** instances of benefit for primary and secondary school students throughout the year
- A total of **4,435** instances of employee participation in voluntary services, contributing **9,221** hours
- Charitable donations totaling **RMB8.44 million**

Responsible governance

- Linked ESG performance with executive compensation and incorporated ESG factors into the performance evaluation of **11** business unit heads
- The Risk Management and Compliance Committee held **4** meetings and incorporated ESG risks into the Company's overall risk assessment process
- The completion rate of the online training course on the *M&G Code of Business Conduct* reached **96%**
- Conducted internal control audits on business conduct, covering **22** operating locations that represent **100%** of M&G's operational sites

Sustainability Honors and Recognitions

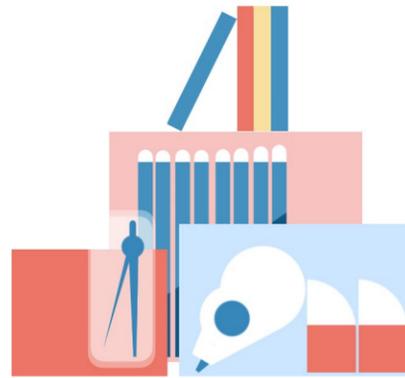
			
			
			

About the Company

Business Overview

As one of the world's largest stationery manufacturers, Shanghai M&G Stationery Inc. is a comprehensive stationery supplier and office servicer. The Company integrates the value of creativity into its products and service advantages, advocates a fashionable stationery lifestyle, and provides solutions for study and work, committed to making study and work more joyful and effective. M&G's products mainly include writing instruments, student stationery, office supplies and other related products. On January 27, 2015, M&G Stationery was officially listed on the Shanghai Stock Exchange A shares under stock code 603899.

The Company has an independent and complete operation from branding, product design and development, procurement of raw materials and accessories, product manufacturing, supply chain management and warehouse and logistics, to distribution network management. M&G is present in nearly 70,000 retail stationery shops nationwide, including 779 large retail stores—M&G Life and Jiumu Store. In addition, due to market demand, thousands of new products are launched by M&G every year, and its products are exported to worldwide partners.



M&G Business Operation



M&G focuses on the development of four major product categories—mass market stationery segment, premium stationery segment, arts and kids drawing segment, and office stationery segment. The Company also vigorously innovates on developing new channels, including large retail store business such as Jiumu Store and M&G Life, the direct office supplies business—M&G Colipu, and the independent trendy cultural and creative brand, More-Than-Fun (Qizhihaowan). With the acquisitions of Axus Stationery (which owns the well-known wooden pencil brand MARCO) and the Norwegian high-end ergonomic backpack brand Beckmann, M&G is expanding its international market and continuously strengthening its brand portfolio.

M&G STATIONERY



Corporate Culture



2024 Business Performance



Sustainable Development Strategy and 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.



Sustainable Development Goals

During the reporting period, M&G comprehensively reviewed and refined its 2030 strategic goals for sustainable development based on the four strategic pillars of its sustainable development strategy, ensuring a deeper integration of sustainability philosophy into business operations through goal-driven implementation. The goal-setting process was informed by research on Chinese and international regulations and policies, industry best practices, and an assessment of the Company's internal status, ensuring that the goals balance both foresight and feasibility. At the same time, after multiple rounds of discussion, the Company's core management team reached a consensus on the magnitude and implementation roadmap of these goals. Each goal has been further broken down into annual action indicators, with progress linked to the performance assessments of business unit and department heads. Regular progress reports are submitted to the Board Strategy Committee to ensure efficient execution and implementation.

M&G Sustainable Development Goals

Pillar	Goal	Base Year	Target Year	Progress During the Reporting Period
<p>Sustainable Products¹</p>	To adopt sustainable design for 20% of products	/	2030	· Defined the sustainable product evaluation standard and incorporated it into the product development process
	To perform sustainable product evaluation for 100% of new product development	/	2030	· Continued to launch innovative sustainable products, with 20 sustainable products developed to date
<p>Response to climate change</p>	To reduce Scope 1 and Scope 2 GHG emissions from operations by 42%	2021	2030	· Reduced Scope 1 and Scope 2 emissions by 46.4% in 2024 compared to 2021
	To achieve carbon neutrality across the value chain	2021	2050	· Established an initial supplier GHG emission data management system and collected GHG emission data from 110 suppliers
<p>Sustainable supply chain</p>	To ensure that 100% of key suppliers comply with M&G ESG guidelines	/	2025	· ESG audits covered 100% of key suppliers, with a rectification pass rate of 96.3%
	To ensure that ESG assessments and audits cover 80% of suppliers	/	2030	
	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
<p>Empowering employees and communities</p>	To ensure that 100% of full-time employees are covered by the training system	/	2028	· The training system covered 98% of full-time employees
	To maintain zero severe injuries and fatalities annually	2024	/	· Zero severe injuries and fatalities
	To achieve ten million instances of empowerment	2022	2030	· Since 2022, the Shanghai M&G Foundation's educational charity initiatives have generated over 1.1 million instances of benefit

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

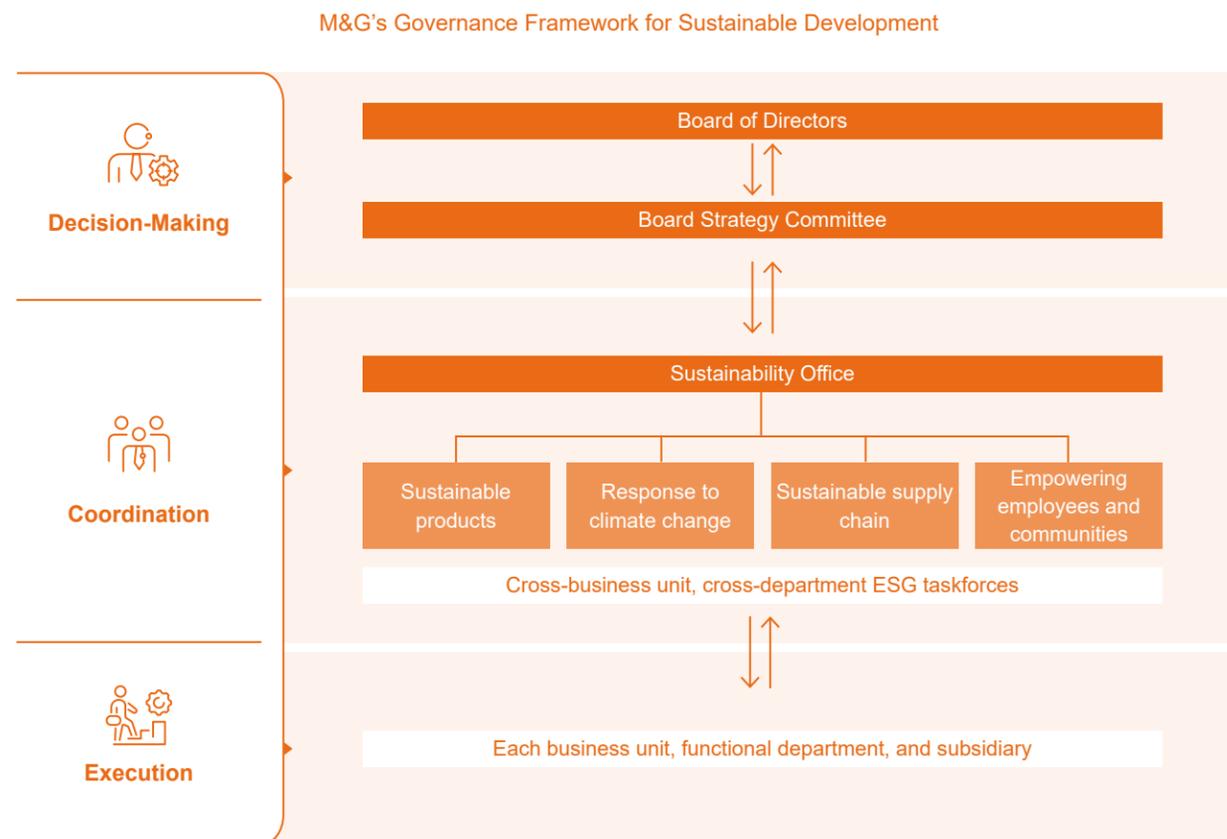
Sustainable Development Governance

M&G has established a clear and well-structured sustainable development governance framework that integrates top-down coordination. This framework consists of the Board of Directors, the Strategy Committee, the Sustainability Office, business units, departments, and subsidiaries, forming a tiered governance system to drive the implementation of the Company's sustainable development strategy.

The Board of Directors and its Strategy Committee serve as the decision-making body, responsible for the comprehensive management and oversight of the Company's sustainable development impact, risks, and opportunities. They review and approve sustainable development strategy, goals, and information disclosures, while also supervising and reviewing sustainable development-related policies, management practices, performance, and target progress.

At the coordination level, M&G has established a Sustainability Office, led by the Chief Sustainability Officer (CSO). The team members possess professional expertise and experience in the field of sustainability. The Sustainability Office is responsible for breaking down ESG goals into actionable targets, coordinating role assignments across business operations, conducting internal and external sustainability communications and dissemination, identifying and tracking ESG risks and opportunities, and reporting progress on strategic objectives to the Strategy Committee on a regular basis. During the reporting period, M&G further strengthened the cross-business unit and cross-department ESG taskforces, aligning business segments with the Company's overall sustainable development goals. The Company developed detailed action plans and implementation pathways based on actual business conditions, enhancing the effectiveness of the Company's sustainability initiatives.

At the execution level, business units, departments, and subsidiaries are responsible for implementing specific projects to achieve sustainable development goals. To incentivize the management of the Company to advance sustainability efforts, M&G has incorporated ESG factors into the annual performance evaluations of the heads of core strategic implementation departments for three consecutive years.



Management of Sustainability Topics

ESG Risk Management

M&G has established a risk management system² to ensure effective risk control measures. The Company places great emphasis on ESG risks, integrating them into its overall risk management framework. During the reporting period, under the coordination of the Risk Management and Compliance Committee, M&G established and refined its risk management processes. The Company compiled a preliminary risk list based on the types of risks identified, high-risk positions, risk descriptions, and existing control measures observed during operations. This process was followed by a qualitative and quantitative risk materiality assessment, ultimately resulting in the creation of the Company's risk map. To effectively manage ESG-related risks, M&G also integrates the assessment results for the materiality of its ESG topics, conducts a comprehensive assessment of sustainability-related impacts, risks, and opportunities, and accordingly adjusts its sustainable development strategy and key information disclosures.

M&G's Key Potential ESG Risks

ESG Risk Type	Potential Impact	Impact Timeframe ³	M&G's Response Measures
Product quality and safety	Stricter and higher-level product quality inspections and chemical safety risk management require additional financial investment. Additionally, if a quality-related adverse event occurs, it may lead to product recalls and reputational damage, ultimately affecting the Company's revenue.	Long-term	Strengthen 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.
Supply chain management	The governance, environmental, and labor management practices of suppliers impact supply chain stability and security, which in turn affects the Company's reputation and profitability.	Long-term	Improve the supplier evaluation system, incorporate ESG indicators into supplier management processes, help suppliers enhance ESG risk management capabilities, and foster a green and sustainable supply chain.
Human capital	Employee turnover, safety incidents, or occupational health issues could negatively impact the Company's long-term sustainable operations.	Long-term	Enhance the training and development system, improve employee benefits, and create a healthy and safe work environment to continuously increase employee satisfaction.
Technological innovation	Technological innovation and intellectual property protection require additional financial investment, with uncertainty regarding return on investment.	Long-term	Build an R&D and innovation system and increase R&D investment to continuously improve technological innovation capabilities.
Response to climate change and energy management ⁴	Increasing regulatory compliance requirements and heightened climate-related physical and transition risks could lead to higher operational costs and reduced market competitiveness.	Medium- to long-term	Establish and implement carbon reduction targets and plans and continuously advance energy-saving and emission reduction initiatives.
Environmental Compliance	Stricter national environmental regulations and enforcement may require additional investment in the construction and operation of pollution control facilities, increasing operational costs.	Short-term	Improve the environmental management system, clearly define environmental management responsibilities, and regularly engage qualified third-party agencies for environmental monitoring to identify and address potential issues in a timely manner, ensuring compliance with pollutant discharge regulations.
Business ethics and integrity	Non-compliance with business ethics or compliance requirements could result in reputational damage, leading to a negative corporate image and a decline in brand value.	Medium- to long-term	Strengthen business ethics, anti-corruption, and anti-unfair competition systems, and implement training programs to enhance employee awareness.

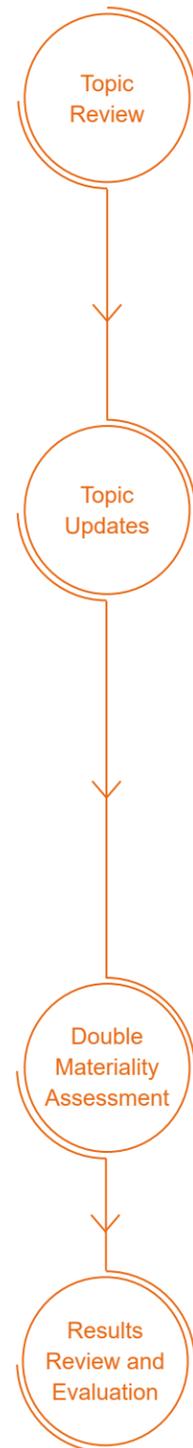
² For detailed information on the risk management system, governance framework, and control processes, please refer to the "ESG Performance Report – Governance – Risk Management" section in this Report.

³ Definition of the timeframe: Short-term: within 1 year; medium-term: 1 to 5 years; and long-term: over 5 years.

⁴ For climate risk-related disclosures, please refer to the "Climate and Environment – Climate Strategy" section of this Report.

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. During the reporting period, M&G updated its assessment methodology in accordance with the latest international and Chinese disclosure standards and conducted its first “double materiality” assessment. This approach integrates the “financial materiality” of topics through a financial lens into the previous assessment of their “impact materiality,” providing a comprehensive analysis by incorporating ESG risk assessment results. This enables a more thorough understanding of the financial, economic, environmental, and social impacts of sustainability topics on M&G.



Based on the Company’s business development, the strategic goals under its four sustainability pillars, and ESG risk assessment results, M&G reviewed the 24 material sustainability topics identified in 2023. Their applicability was assessed for the reporting period to serve as the foundation for the topic library during the period.

M&G updated its sustainability topic library based on sustainability disclosure standards (SSE Sustainability Reporting Guidance, GRI Standards, IFRS S1, TCFD, etc.), ESG ratings (MSCI ESG Ratings, S&P Global Corporate Sustainability Assessment), national policies and macroeconomic trends, and material topics that concerned the consumer goods sector and related industries. Subsequently, the Company consolidated the topics and adjusted their scopes.

During the reporting period, M&G identified 22 material sustainability topics, with eight adjustments compared to the previous year:

2023 Topics	2024 Updates
Sustainable materials	Merged with “Packaging materials” into “Sustainable products”
Water resources and effluents	Revised to “Water resources management” Integrated effluent-related content with other environmental topics into the new topic “Environmental compliance and pollutant management”
Consumer health and safety	Revised to “Product quality,” focusing on ensuring consumer health and safety through product quality improvements
Product and service quality	Split into “Product quality” and “Marketing and after-sales”
Responsible marketing	Incorporated into the new topic “Marketing and after-sales”
Human rights protection	Revised to “Labor rights,” expanding the topic scope
Community support	Incorporated into the “Social welfare” topic

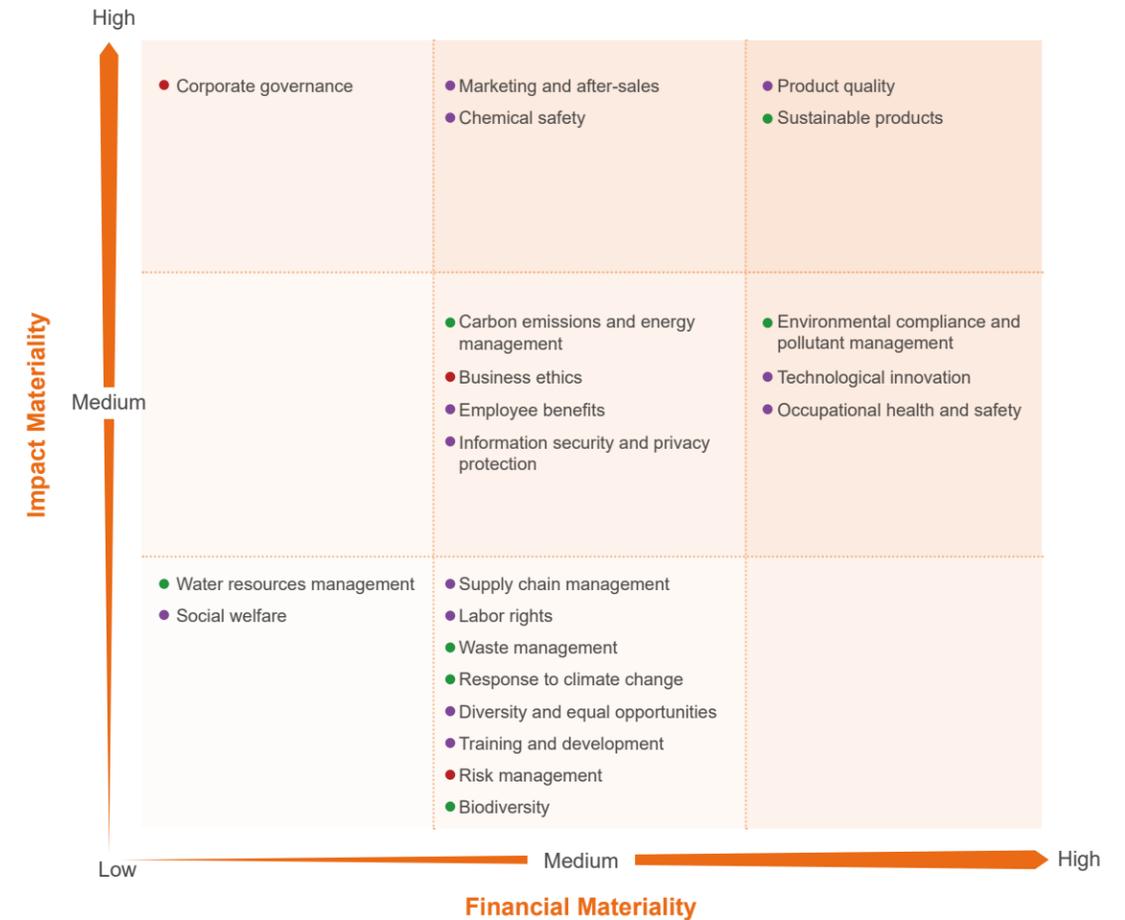
During the reporting period, M&G conducted impact materiality and financial materiality assessments for the selected sustainability topics.

- **Impact Materiality Assessment:** The Board of Directors, senior management, ESG experts, and other stakeholders were invited to evaluate the importance of each topic’s economic, social, and environmental impact and assign ratings categorized as high, medium, or low.
- **Financial Materiality Assessment:** The Company’s internal management was invited to assess the financial importance of each topic based on two dimensions: “resource continuity” and “relationship dependency,” with ratings categorized as high, medium, or low.

By integrating the results of the impact materiality and financial materiality assessments, M&G developed a Sustainability Topic Matrix based on the two dimensions of “importance to the economy, society, and environment” and “importance to the Company’s financial performance.” This matrix presents the priority levels of each topic, resulting in a classification of 22 material sustainability topics into high, medium, or low importance.

The Sustainability Office conducted a comprehensive review and validation of the materiality assessment results, which were then submitted to the management for review. 22 material sustainability topics were final approved and are highlighted in this report, along with details on their management and implementation.

M&G’s 2024 Sustainability Material Topic Matrix



Environmental topics	Social topics	Governance topics
<ul style="list-style-type: none"> Sustainable products Environmental compliance and pollutant management Carbon emissions and energy management Waste management Response to climate change Biodiversity Water resources management 	<ul style="list-style-type: none"> Product quality Technological innovation Occupational health and safety Marketing and after-sales Chemical safety Employee benefits Information security and privacy protection Supply chain management Labor rights Diversity and equal opportunities Training and development Social welfare 	<ul style="list-style-type: none"> Business ethics Risk management Corporate governance

Stakeholder Communication

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.



Stakeholders	Concerned Material Topics	Communication Mechanisms and Methods
 Government and regulatory authorities	<ul style="list-style-type: none"> Corporate governance Carbon emissions and energy management Product quality 	<ul style="list-style-type: none"> Special reports Participation in government meetings Supervision and assessment Field research Information disclosure
 Shareholders and investors	<ul style="list-style-type: none"> Response to climate change Carbon emissions and energy management Waste management 	<ul style="list-style-type: none"> General meetings Investor meetings Performance briefings Information disclosure
 Consumers and customers	<ul style="list-style-type: none"> Product quality Marketing and after-sales Chemical safety Information security and privacy protection 	<ul style="list-style-type: none"> Product sales and promotion After-sales service Consumer survey Customer satisfaction survey Exhibition events Official website and corporate WeChat account
 Suppliers	<ul style="list-style-type: none"> Product quality Chemical safety Occupational health and safety 	<ul style="list-style-type: none"> Bidding Supply chain conference Contract signing and execution Daily business communication Supplier training Supply chain ESG assessment and on-site audit

Stakeholders	Concerned Material Topics	Communication Mechanisms and Methods
 Distributors	<ul style="list-style-type: none"> Product quality Marketing and after-sales Business ethics Information security and privacy protection 	<ul style="list-style-type: none"> Channel cooperation conference Marketing conference Market visits Daily business communication
 Employees	<ul style="list-style-type: none"> Labor rights Occupational health and safety Training and development Employee benefits Product quality Information security and privacy protection 	<ul style="list-style-type: none"> WeCom Internal email Performance interview Employee satisfaction survey Training and workshop Employee clubs and activities Annual company meeting Internal corporate culture platform Employee suggestion platform
 NGOs/Philanthropic organizations	<ul style="list-style-type: none"> Social welfare Waste management Sustainable product design Products and packaging materials 	<ul style="list-style-type: none"> Cooperation and dialogue Public welfare projects and activities Official website and corporate WeChat account
 Media	<ul style="list-style-type: none"> Product quality Marketing and after-sales Sustainable product design 	<ul style="list-style-type: none"> Official website and corporate WeChat account Media interview and cooperation Forums and seminars Information disclosure
 Industry associations	<ul style="list-style-type: none"> Technological innovation Product quality Chemical safety 	<ul style="list-style-type: none"> Forums and seminars Participation in industry standard formulation Project collaboration Visit and communication

Sustainable Products

M&G actively embraces the green consumption trend, striving to provide consumers with high-quality sustainable products. We integrate sustainable design principles into the development of various product categories, expand the application of sustainable materials in both products and packaging, and advocate for a sustainable lifestyle by “writing a greener future” using our products. Adhering to the belief that “only with high quality can we achieve sustainability,” we continuously enhance our quality management system, increase R&D investment, and strictly manage chemical safety, ensuring that our green product transition is accompanied by high standards of quality and safety.



Material Topics

- **Sustainable products** – Apply durability, replaceability, and recyclability principles in product design; use recyclable, biodegradable, recycled, or environmentally certified materials, and promote lightweight design and circular use for packaging.
- **Product quality** – Strengthen refined quality management to ensure product quality.
- **Technological innovation** – Focus on new technology development and innovative applications of existing technologies, establish an innovation management system, participate in collaborative R&D projects, and improve a scientific patent management mechanism to protect technological innovation achievements.
- **Marketing and after-sales** – Ensure transparent, accurate, and easy-to-understand product marketing information, avoiding false or misleading promotions; improve after-sales services and the product recall system; establish clear customer complaint handling approaches and processes.
- **Chemical safety** – Control and eliminate hazardous chemical substances in products, strictly control chemicals used in production, and ensure safety; conduct consumer education on ingredient safety.

Goals

- To adopt sustainable design for 20% of products by 2030
- To perform sustainable product evaluation for 100% of new product development by 2030

2024 Highlights

- Revised the **M&G Sustainable Product Evaluation Standard** and fully integrated it into the product development process
- Accumulated a total of **20** sustainable products
- Launched sustainable products including the “**Endangered Animals: Wetland**”, “**Deep Blue Planet**”, and “**Carbon Emission Reduction Plan**” series
- Innovated sustainable marketing models by integrating multi-channel resources such as product recommendations, social media interaction, dedicated product displays, and study tours, achieving over **550 million** impressions throughout the year



Developing More Sustainable Products

Amid the global green consumption trend, M&G recognizes the market potential and consumer demand for sustainable products. As one of the core pillars of our sustainability strategy, we are committed to providing safe, low-carbon, and eco-friendly sustainable products and experiences.

M&G's Definition and Evaluation of Sustainable Products

To achieve our sustainable product strategy and goals and establish a clear direction for sustainable product development, M&G introduced its first *Sustainable Product Evaluation Standard* in 2023. This standard referenced domestic and international green product certification systems and incorporated M&G's product category characteristics to define clear requirements across four key dimensions: materials, functionality, safety, and packaging. The result is a differentiated, industry-leading sustainable product evaluation system. In 2024, M&G further upgraded the standard, expanding its scope from single writing instruments to multiple product categories. The standard was also enhanced with clearer and more specific evaluation indicators, improving practical applicability and enabling a more systematic and standardized approach to sustainable design.

Evaluation Criteria

The evaluation framework is built around five key dimensions: product safety, resource efficiency, green and low-carbon impact, sustainable design, and social value. Each dimension is assigned a weight based on its importance, and product sustainability is graded based on specific indicator scores.

Green Labeling

Products that meet the internal evaluation standards can feature the sustainable product green label "Write a Greener Future" on packaging, communicating sustainability values to consumers. The green label has already been applied to several new products this year.

The new sustainable product standard has been fully integrated into M&G's new product development process. To enhance its implementation effectiveness, we have conducted standard training sessions, compiled design guidelines, and optimized evaluation procedures. These efforts strengthen product designers' awareness and practice of sustainable design. Our goal is that by 2030, 100% of new product development will undergo sustainable product evaluation.



Sustainable Product Standard Explanation Session



M&G Sustainable Product Green Label



M&G Sustainable Product Grading Method

According to M&G's corporate sustainable product standard, products are graded based on the degree of integration between sustainability and products. This grading system guides product development toward higher levels of sustainability standards.

<p>Basic Level M&G Sustainable Design Products</p>	<p>Products at the basic level meet circular economy principles, incorporating durability, reusability, and recyclable packaging in their design.</p>	<p>M&G aims for 20% of its products to adopt sustainable design by 2030.</p>
<p>Green Label Level M&G Green Label Products</p>	<p>At the green label level, products go beyond sustainable design by utilizing more environmentally friendly materials, such as recycled or biodegradable materials.</p>	<p>As of the end of the reporting period, 20 sustainable products have been developed.</p>

Examples of Sustainable Design Products

Large-Capacity Design

The M&G Acrylic Series Markers feature a liquid-ink, high-capacity design, increasing ink volume by over 15% compared to conventional wick-based structures. This reduces ink residue and significantly improves resource utilization efficiency. The Da Mo Wang (High-Capacity) Series Whiteboard Markers and Permanent Markers incorporate technical optimizations, extending their writing length to more than twice the industry standard, effectively prolonging their lifespan and reducing replacement frequency.



Da Mo Wang (High-Capacity) Whiteboard Markers / Permanent Markers

Extended Product Lifespan

The M&G Power Saving No. 12 Stapler and Power Saving Pro Series have undergone technological upgrades, increasing their stapling lifespan to five times the industry standard (up to 100,000 uses). This significantly reduces resource waste while providing high-efficiency, durable office solutions.



M&G Power Saving Pro Series Staplers

Replaceable Component Design

The M&G Retractable Refill Highlighter features a valve-sealed structure with a side-press retract feature for quick retraction. Its refill design extends the product's lifecycle while reducing the use of disposable components.



M&G Retractable Refill Highlighter

Retired Mold Reuse

The M&G Writing Master Gel Pen is manufactured using refurbished and repurposed retired molds, preserving the classic product's functionality and design style while giving the product new life.



M&G Writing Master Gel Pen

Examples of Green Label Products

"Endangered Animals: Wetland" Series

This series uses 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. The series collaborates with the Mangrove Wetlands Conservation Foundation (MCF) and 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.



"Endangered Animals: Wetland" Series Recycled Plastic Gel Pen

"Deep Blue Planet" Series

This sustainable product line is made primarily from PLA biodegradable materials and recycled plastics. In collaboration with organizations such as WildAid, the design highlights marine ecosystem protection, featuring species such as the Manta Ray, Narwhal, Dugong, and Green Sea Turtle, along with ecological scenarios such as coral reefs and polar glaciers. The series encourages consumers to recognize and respect marine biodiversity.



"Deep Blue Planet" Series PLA Biodegradable Gel Pen

"Carbon Emission Reduction Plan" Gel Pen

The primary materials for this product come from recycled lamp housings, transparent plastic components of plastic products, and plastic waste sourced from dismantled old LCD TVs and monitors. Through professional disassembly and remanufacturing, these materials are repurposed for circular use. Each gel pen contributes to a reduction of approximately 49g of CO₂e emissions.



"Carbon Emission Reduction Plan" Gel Pen

Sustainable Materials

M&G continuously expands the development and application of sustainable materials in both products and packaging, enhancing sustainability of resource utilization. During the reporting period, M&G launched several new products incorporating a variety of sustainably certified materials. For example, the "Deep Blue Planet" series gel pen uses Global Recycled Standard (GRS)-certified recycled plastic. Additionally, some notebooks, toner cartridges, and shredders received China Environmental Labeling Product Certification (Ten Ring Certification), while laser printers and dot matrix printers obtained China Energy Conservation Product Certification. The Red M&G Printer Paper holds Forest Stewardship Council (FSC) Certification. Moreover, the M&G Food-Grade Soft-Tip Watercolor Pen incorporates environmentally friendly materials, reducing energy consumption during production by 10% and earning the UL green label validation (U.S.).



M&G Food-Grade Soft-Tip Watercolor Pen with UL green label validation

Raw Materials

During the reporting period, M&G conducted a range of material optimization efforts on raw materials such as plastics, paper, and wax, aimed at improving the environmental footprint and safety characteristics of these materials.

Post-Consumer Recycled (PCR) Materials and Polylactic Acid (PLA) Materials

Since 2023, M&G has successfully incorporated PCR and PLA materials into multiple sustainable product series to replace virgin plastics, thereby reducing plastic pollution and the carbon footprint of products. During the reporting period, the Company continued material property analysis, equipment modifications, and process optimization for these two materials to overcome technical bottlenecks and enhance product performance. Currently, M&G has developed five types of PCR plastics, with recycled plastic content reaching up to 100% in certain products. Initially, products made from PCR materials were limited to darker colors, but over time, the color options have broadened to include lighter and transparent hues. The range of applications has also expanded, moving beyond writing instruments to include correction tapes, mechanical pencils, and other product categories.



Gel Pens Using PCR Materials

FSC-Certified Paper

Red M&G Printer Paper and some M&G Colipu Printer Paper products have received FSC certification. Additionally, for events such as the Boao Forum for Asia 2024 and the Consumer Goods Forum (CGF), as well as customized stationery sets and notebooks for corporate clients, M&G has actively used FSC-certified paper.



Notebooks Customized for Boao Forum for Asia 2024 — Made with FSC-Certified Paper

Eco-Friendly Paint-Free Materials

M&G has developed an eco-friendly glitter paint-free material, enabling metallic gloss effects directly through injection molding without the need for spray painting or electroplating, thus avoiding the environmental impact of these processes. This material has been successfully applied to certain correction tape products.



Correction Tape Using Glitter Paint-Free Materials

Easy-to-Clean Art Supplies

M&G has developed water-soluble paints and non-toxic materials to produce easy-to-clean children's art supplies, ensuring child safety while reducing impacts towards water environment.



Easy-to-Clean Children's Art Supplies

Packaging Materials

M&G actively promotes the green transformation of product packaging, prioritizing the use of more eco-friendly packaging materials and printing inks to enhance packaging sustainability.

Packaging Material Substitution

Metal pen holder packaging has switched from single-use plastic bags to paper boxes.



"Deep Blue Planet" series display stands are made from kraft paper.



Printing Ink Optimization

Skin-Friendly High-Transparency Self-Adhesive Book Cover packaging uses more environmentally friendly and safer water-based inks.



M&G Eye Protection Desk Lamp's outer packaging boxes use single-color ink printing.



Advocating for Sustainable Consumption

M&G is committed to promoting the sustainable consumption philosophy of "writing a greener future" through its sustainable products, encouraging the public to adopt greener habits in everyday life. The Company also carries out diverse advocacy initiatives tailored to both daily consumer and office procurement scenarios.

Green Lifestyle

Leveraging its online and offline retail networks, M&G provides consumers with a green consumption environment. Through various green-themed educational and promotional activities, the Company fosters greater awareness of sustainability. Over the year, M&G's environmental and public welfare campaigns reached an audience of over 550 million views.

Case Creating Sustainable Consumption Scenarios

Jiumu Store has established sustainable product sections in over 700 stores nationwide, integrating eco-friendly themes, refill initiatives, and interactive activities to promote environmental awareness. Additionally, Jiumu Store launched the "Green Credits for Members" program, rewarding consumers who purchase sustainable products or decline single-use shopping bags with points redeemable for rewards and fostering the development of sustainable consumption habits. During the reporting period, the program issued over 2.77 million Green Credits, resulting in more than 1.29 million instances of consumption.



Sustainable Product Section in Jiumu Store



"Green Credits for Members" of Jiumu Store



2.77+ million Green Credits issued



1.29+ million instances of consumption

Case Co-Creating Environmental Art with Students

On April 22, 2024 (Earth Day), M&G launched the “Refill for the Earth: Reducing Plastic Starts with Me” initiative and a green campus public welfare initiative. The event took place at six schools in Shanghai, Suzhou, and Chengdu, where nearly 200 students, guided by a professional artist, created the environmental art installation “Infinite Planet” using discarded pen refills and cardstock. On June 5, 2024 (World Environment Day), this artwork was exhibited at the Shanghai International Carbon Neutrality Expo, inspiring public reflection on the relationship between waste recycling and a sustainable future.



Campus Environmental Art Workshop



“Infinite Planet” Environmental Art Installation

Green Office

As businesses and institutions increasingly prioritize green office practices, M&G actively promotes the green office philosophy through various channels, offering corporate clients eco-friendly office solutions that combine functionality with the environmental protection philosophy.

At the Shanghai International Carbon Neutrality Expo, M&G collaborated with Lingang Group to launch a co-branded green office kit and initiative. Additionally, M&G established green office sections at major events such as the Boao Forum for Asia, CGF, Forum on China-Africa Cooperation, and China International Import Expo, where it showcased a diverse range of environmental stationery and personalized eco-friendly solutions, receiving widespread recognition from attendees.

During the reporting period, M&G Colipu organized multiple promotional activities to highlight M&G's eco-friendly stationery and FSC-certified printer paper. Through its official website, WeChat official account, and other online platforms, M&G Colipu provided clients with diverse sustainable products and green, low-carbon procurement solutions, collectively advancing green office procurement.



Green Office Section at the Boao Forum for Asia



Recommended Eco-Friendly Products on M&G Colipu Website

Commitment to High Quality

M&G is dedicated to delivering high-quality products and services. We uphold strict quality control measures for both our products and suppliers, maintaining rigorous standards across manufacturing, production, and after-sales service. In addition, we continuously advance R&D and innovation to provide superior, efficient products and services for consumers and clients.

Product Quality Management

Quality Management System

M&G has established and continuously improved a comprehensive full-process quality control system, covering product design and development, raw material procurement, production processes, finished product inspection, and after-sales service, ensuring that the Company's products comply with relevant regulations, standards, and market demands. The Company has set up a dedicated Quality Center, building a quality management system that includes Quality Control (QC), Quality Assurance (QA), and Quality Engineering (QE). It has also formulated regulations such as the *Incoming Inspection Regulations* and *Assembly Inspection Regulations* to standardize quality control procedures. During the reporting period, M&G further enhanced the quality control system for writing instruments across raw materials, R&D, production, and after-sales service, establishing an eight-step quality control process, covering raw material and incoming inspection, new product evaluation, product assembly inspection, process inspection, finished product inspection, sample retention management, and grid-based management of business partners. Each step has clearly defined inspection procedures and guidelines, enabling a systematic and effective approach to controlling quality risks in writing instruments.

M&G Product Quality Control Process



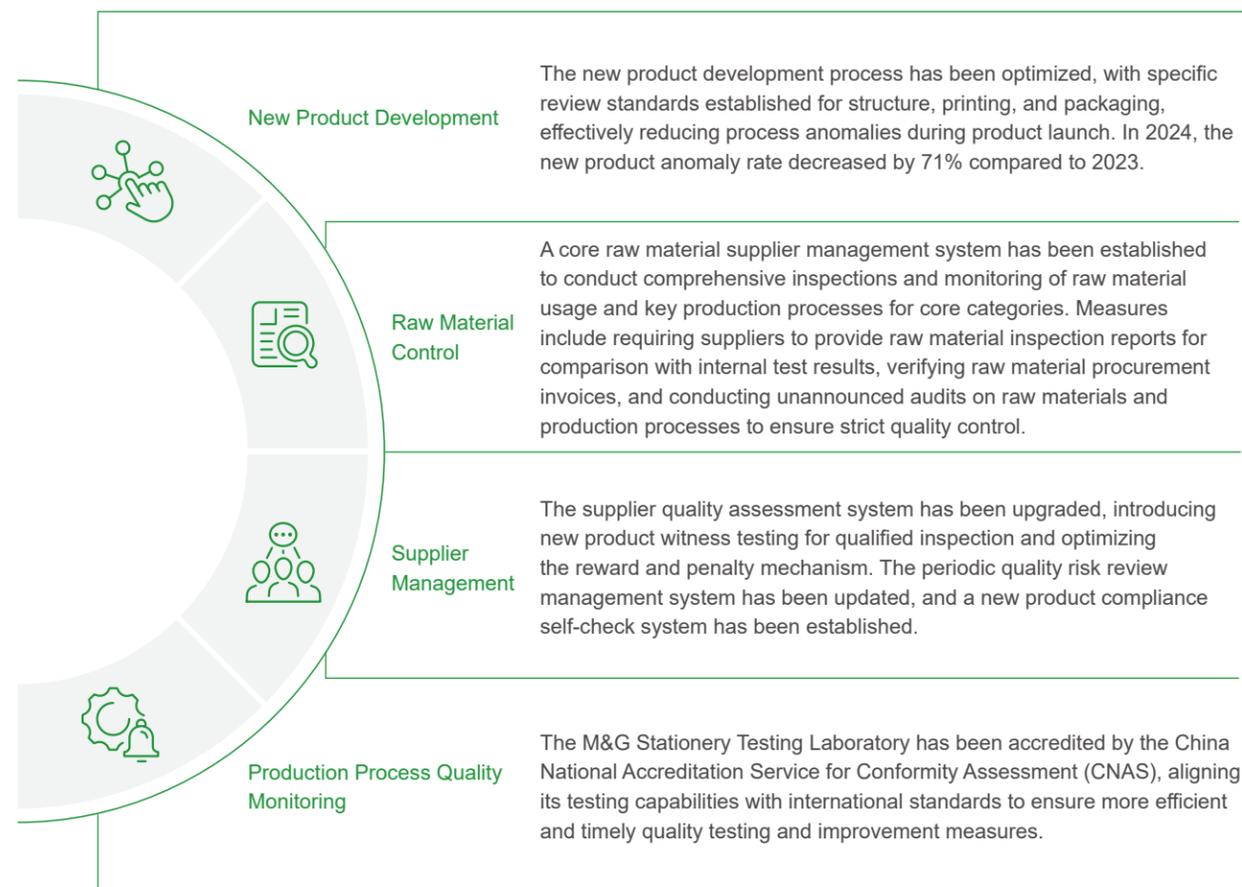
To strengthen product reliability and reduce quality risks, M&G has established and refined a product audit mechanism. This mechanism tailors inspection plans based on different product categories, including new products, high-risk products, and regular products, while also defining procedures for handling non-conforming products. By adopting higher standards and stricter requirements, M&G continuously improves product quality control.

Case Establishing and Improving Jiumu Store's Quality Control System

In 2024, Jiumu Store implemented a range of quality control enhancement measures: strengthening the quality control team by establishing quality inspection and quality control positions; developing a quality control workflow and warehouse entry inspection standards; revising and improving the *Preliminary Quality Control Process for Jiumu Store Products* and *Commodity Testing Report & Mass Production Sample Collection Guidelines*, carrying out special rectifications for products and suppliers that repeatedly failed warehouse inspections to prevent the recurrence of similar defects; and establishing a regular store inspection mechanism to strengthen quality control during the sales process.

Quality Assurance Mechanism

M&G continuously strengthens quality monitoring and management at all stages—before, during, and after product launch—to promptly identify and resolve potential quality issues, ensuring continuous improvement in product quality.



Case Enhancing Testing Capabilities and Strengthening Quality Control

M&G places great importance on quality testing and continuously improves monitoring capabilities to enhance quality management efficiency and accuracy. In 2024, M&G gradually deployed and applied 19 intelligent detection devices, enabling real-time in-process quality control for writing instruments, notebooks, and other products. The new equipment enhances functional testing, allowing for press-force anomaly detection, silicon bead inspection, and iron staple binding inspection. For appearance inspection, it enables comprehensive finished pen appearance checks, cap labeling detection, and labeling machine inspections, effectively preventing quality defects from being overlooked.

Improving Quality Management Capabilities

M&G actively strengthens quality awareness and management capabilities among employees and suppliers through training and empowerment programs. During the reporting period, the Company organized four specialized quality training sessions, covering topics such as packaging weighing operation guidelines, rework requirements for non-conforming products, skill enhancement for full-inspection personnel, and fountain pen manufacturing and process technology. These initiatives helped improve employees' technical expertise in quality management. Additionally, M&G organized various supplier quality improvement programs, providing training, exchange meetings, and on-site guidance to help suppliers understand and apply product improvement methodologies, thereby enhancing product performance.

Case Supplier MBS Empowerment and Improvement

The MBS (M&G Business System) is a unique internal management framework and business operation model developed by M&G, based on lean management principles. It includes a systematic and structured problem-solving and continuous improvement toolkit. In 2024, M&G launched a series of MBS empowerment programs for suppliers, enhancing their quality management capabilities through the MBS improvement logic. For example, to address writing function defects in marker pens, M&G provided on-site guidance, helping suppliers understand and apply the "identify root causes, implement countermeasures, and ensure sustainability" approach from the MBS logic. This successfully resolved key quality issues such as dry nibs and ink leakage, achieving a category pass rate of over 99.5%.



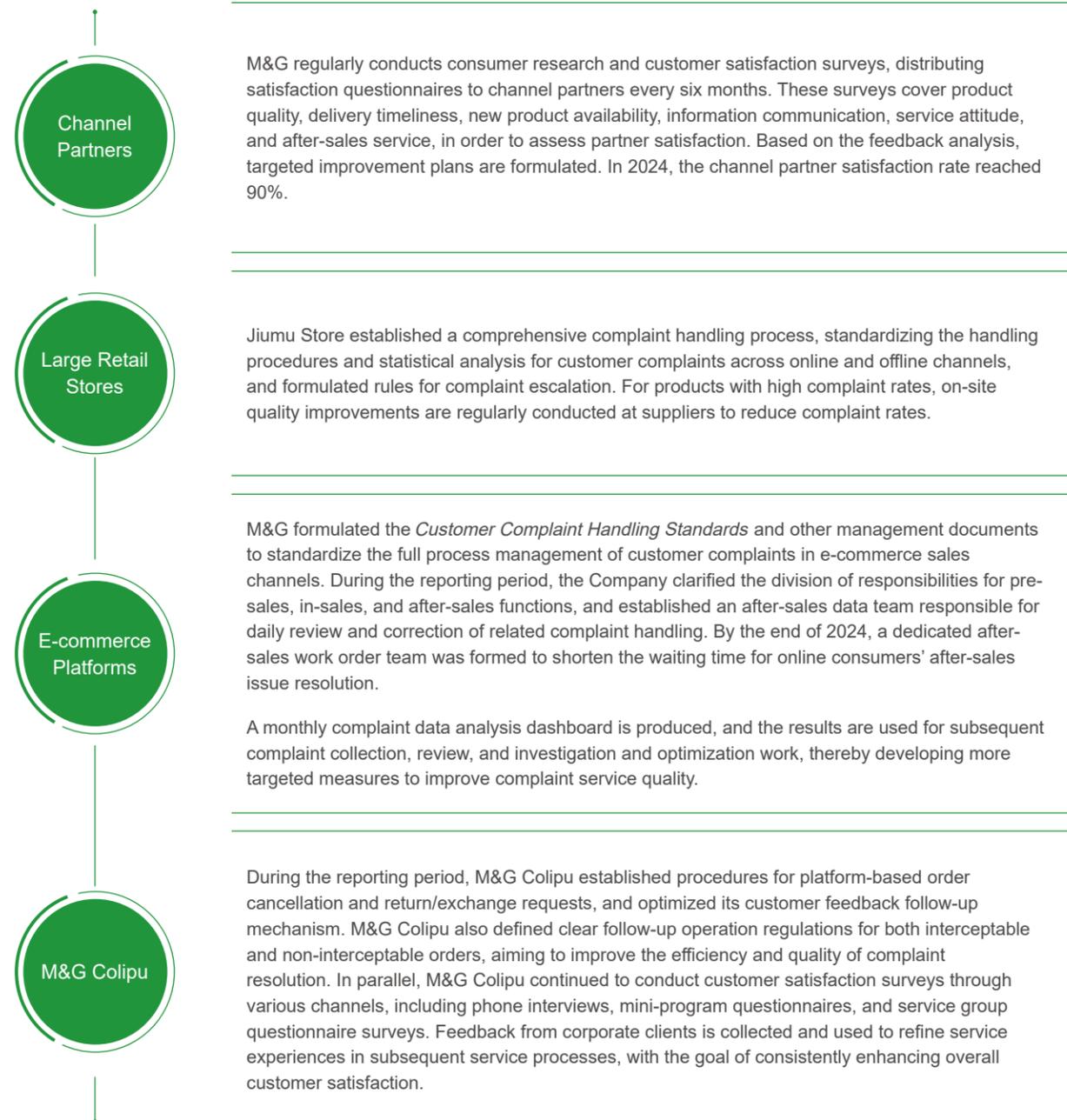
M&G Supply Chain 2024 MBS Empowerment Exchange Conference



Complaint Handling and After-Sales Service

M&G actively listens to feedback from customers and consumers, has formulated the *Customer Complaint Handling Process*, and established and improved complaint and feedback mechanisms and channels. During the reporting period, the Company established a grid-based quality partner management mechanism, proactively collected customer feedback from sales channels, and organized relevant departments to complete issue analysis and corrective action cycles. The number of market feedback issues decreased by 54% compared to 2023. In addition, M&G carried out targeted improvements to enhance the timeliness of complaint handling by optimizing the complaint handling process and adding a fast-track service channel for one-on-one quality support, resulting in an improved timely response rate for complaint handling compared to 2023.

Progress in the Development of Customer Complaint and Feedback Mechanisms Across Various Channels



R&D and Innovation

M&G is committed to enhancing R&D and innovation to drive product vitality. Since 2010, the Company has been recognized as a National High-Tech Enterprise and has continuously advanced its technical capabilities. In 2024, nearly RMB190 million was invested in technological R&D and product innovation. Its subsidiary, Axus Stationery, was honored as a "specialized and sophisticated enterprise that produces new and unique products" by the Shanghai Municipal Commission of Economy and Informatization.

M&G's product design has won all four major international industrial design awards—Germany's iF DESIGN AWARD and Red Dot Design Award, Japan's Good Design (G Mark) Award, and the International Design Excellence Awards (IDEA) of the United States. It has also received several prestigious design accolades, such as the Golden Pin Design Award and Red Star Design Award, demonstrating its world-class design strength. During the reporting period, M&G received the China National Light Industry Council Science and Technological Innovation Award and the Science and Technology Progress Award.



Selected Award-Winning Products in 2024

 <p>M&G Utility Knife Pro</p> <p>Winner of the 2024 Red Dot Design Award and the Gold Award in the Office Supplies category of the 2024 Stationery - China Stationery Industry Innovation Competition</p>	 <p>M&G Smart Large-Screen Microscope</p> <p>Winner of the 2024 Red Dot Design Award and the Gold Award in the Cultural and Educational Innovation category of the 2024 Stationery - China Stationery Industry Innovation Competition</p>	 <p>M&G Circle Drawing Tool</p> <p>Winner of the Gold Award at the CSID 2024 (China Stationery Innovative Design Competition 2024)</p>	 <p>M&G DIY Fingertip Crayon</p> <p>Winner of the Gold Award at the CSID 2024 (China Stationery Innovative Design Competition 2024)</p>
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M&G has established R&D management regulations to standardize various tasks involved in the R&D and innovation process and has continuously strengthened the accumulation and consolidation of technical experience. During the reporting period, M&G reviewed its existing R&D management regulations and compiled a comprehensive guide covering processes including project initiation, development, testing, pilot production, inspection, project conclusion, product launch, and post-launch tracking, thereby enhancing the systematization and standardization of R&D and innovation management.



During the reporting period, more than 50 technological achievements were put into practical application. The Company achieved key technological breakthroughs in foundational technological innovations in each category, unique product functionality, and core consumer needs. New innovative products launched include the Acrylic Series Markers, Odor-Free Easy-to-Clean Markers, Boron-Free Antibacterial Low-Odor Clay, Dr. Clean Eraser, Retractable Refillable Correction Tape, etc.



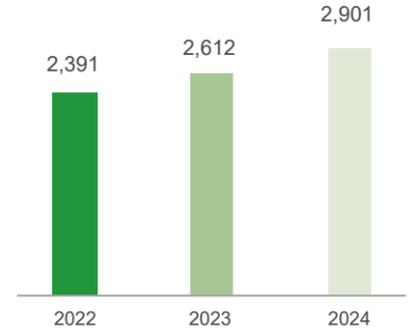
Anti-stick Ruler – Solved the problem of erasers sticking to rulers through material innovation



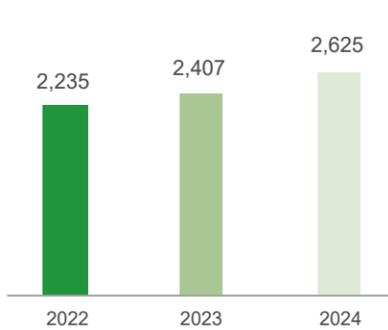
Odor-Free Easy-to-Clean Oil-Based Marker – Innovated ink formula to eliminate pungent odor from oil-based markers

M&G continuously improves its intellectual property management system and policies to protect the outcomes of R&D and innovation. In 2021, the Company obtained certification of the Intellectual Property Management System (GB/T 29490-2013) and has since undergone annual certification audits. During the reporting period, M&G initiated a new round of certification updates for the intellectual property management system and revised 16 management policies, including the *Intellectual Property Handbook* and the *Patent Management Method*, based on the revised standard (GB/T 29490-2023). As of the end of the reporting period, the Company had filed a total of 2,901 patent applications, received 2,625 granted patents, and held 1,336 valid patents.

Cumulative Number of Patent Applications (Unit: Item)



Cumulative Number of Patents Granted (Unit: Item)



Case Safeguarding Market Order and Combating Counterfeit Products

M&G places great importance on intellectual property protection and firmly opposes piracy. During the reporting period, the Company cooperated with law enforcement authorities in cracking down on 72 cases involving intellectual property infringement and worked with e-commerce platforms to combat the sale of counterfeit products, image theft, and other violations. These efforts serve to fully protect the legitimate rights and interests of consumers, the M&G brand, and channel partners.

In June 2024, M&G discovered that a store on an e-commerce platform was selling counterfeit M&G-branded gel pens and refills in large quantities. The Company promptly gathered clues and compiled relevant materials to report the case to the local economic investigation authority. M&G successfully assisted the police in solving the case, and the relevant suspects were apprehended and brought to justice.

Chemical Safety

M&G is committed to providing high-quality and safe products, and applies standards stricter than regulatory requirements to strengthen chemical safety management. The Company continues to phase out substances of high concern and actively seeks safer alternative materials. In parallel, it continuously improves product information disclosure to enhance transparency in product safety.

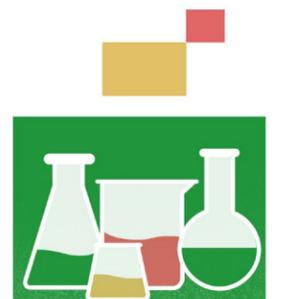
Chemical Safety Management

M&G has formulated and implemented the *Chemical Management Policy*⁵, which 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 Committee⁶, ensuring the uniformity and standardization of chemical usage, management and control processes in products. The Company closely monitors updates to relevant regulatory standards. During the reporting period, in accordance with newly updated standards such as *Exercise Books* (QB/T 1437-2023), *Fountain Pens and Nibs* (GB/T 26717-2024), *Children's Acrylic Paint and Acrylic Markers* (T/SLIA 0003-2024), and the GB 4806 series of food safety standards, M&G conducted a comprehensive review of existing products and promptly upgraded related product inspection standards and control requirements to ensure that product development, manufacturing, and quality control comply with the latest regulatory requirements.

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. This list is dynamically updated according to changes in regulations and policies, consumer and market concerns, as well as the needs of business and product expansion, thereby continuously strengthening chemical management controls. For example, all inks 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.

For certain chemicals that pose potential risks to human health or the environment, M&G develops and implements phase-out plans to gradually reduce and ultimately eliminate harmful components from its products. In 2020, M&G phased out phthalates from all student supplies in accordance with the *Request in Common Use of Security for Student's Articles* (GB 21027-2020). 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. M&G also actively explores safer and healthier chemical alternatives and promotes its research results across the industry through standard-setting participation, contributing to improved chemical safety standards at the industry level. For instance, M&G independently developed and launched a boron-free clay product to reduce the toxicity risk associated with boron additives. Building on this, during the reporting period, M&G led the revision plan of the *Modeling Clay* industry standard, promoting the inclusion of stricter limits on migratory elements (including boron), free formaldehyde, and preservatives. This standard revision project has officially been filed with the Ministry of Industry and Information Technology.



⁵ M&G's *Chemical Management Policy* has been publicly disclosed on the Company's official website under the "Investor Relations - ESG" section.

⁶ For details regarding the Company's chemical safety management framework and the list of applicable regulations and standards, please refer to the "ESG Performance Report – Social – Chemical Management" section of this Report.

M&G's European subsidiary Beckmann has developed a chemical compliance guide and restricted substances list based on the laws and regulations of the country where it operates, EU regulations, and voluntary standards. The same chemical management requirements are imposed on all suppliers. For certain chemicals, the restrictions in this guide are even more stringent than those under the EU REACH regulation. Beckmann has already eliminated phthalates, polyvinyl chloride (PVC), per- and polyfluoroalkyl substances (PFAS), bisphenol A (BPA) and other chemical from its products.

R&D of Healthy and Safe Products

Out of strong concern for chemical safety in its products, M&G actively develops more environmentally friendly and safer materials, continuously launching safe and non-toxic products.

Case Promoting PVC Material Substitution

M&G has actively implemented PVC substitution efforts for several consecutive years. The Company has prohibited the use of PVC materials in certain product components, such as blister packs, bases, trays, and packaging materials, and continues to develop safer alternatives to PVC. These include ethylene vinyl acetate (EVA) zipper bags and thermoplastic elastomer (TPE) erasers, among others. M&G will continue to expand the range of applications where PVC materials are replaced.



M&G Exam Set (EVA Zipper Bag)

Case Expanding the Portfolio of Food-Grade Children's Art Products

M&G continues to increase its efforts in developing food-grade children's art products. Food-grade materials have already been applied to a variety of product subcategories, including outline pens, markers, watercolor pens, oil paint sticks, and crayons. During the reporting period, the Company further developed and launched food-grade painting sticks, markers, and crayons, forming a comprehensive food-grade product portfolio and steadily expanding its food-grade product series.



M&G Food-Grade Crayons

Case Developing Safer Acrylic Marker Series

M&G actively promotes the development of standards for children's acrylic art supplies. The Company participated in drafting the group standard *Children's Acrylic Paint and Acrylic Markers* (T/SLIA 0003-2024), which was officially released in 2024. This standard features chemical safety requirements that are stricter than commonly adopted industry product standards. M&G has already taken the lead in applying these standard requirements in the development of its acrylic marker products.



M&G Acrylic Marker Series

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 to consumers, using live-streaming e-commerce platforms and other channels to provide public education on product chemical content, encouraging consumers to pay greater attention to chemical safety.



Explaining Chemical Safety of Watercolor Pens during Campus Art Activities



Presenting Chemical Safety Knowledge through Livestreams and Product Promotions



Climate and Environment



M&G views climate action and environmental protection through a long-term lens, integrating green transformation into its broader corporate development plan. To this end, we have proactively explored and defined our climate strategy and emission reduction targets for 2030 and 2050. Guided by the principles of the circular economy, we strive to enhance resource efficiency, embed the philosophy of biodiversity protection into forest land management and consumer education, and are committed to continuously reducing the carbon and environmental footprint across our operations and value chain.

Material Topics

- **Response to climate change** - Formulate group-level carbon neutrality strategy and targets, systematically identify climate risks and opportunities, and develop a climate action plan for the full value chain.
- **Carbon emissions and energy management** - Implement energy-saving and efficiency-enhancement measures, expand the use of renewable energy, and continuously reduce emissions across all processes of the value chain.
- **Environmental compliance and pollutant control** - Improve the environmental management system, mitigate environmental compliance risks; promote pollution prevention and emission reduction measures, and strictly control pollutant discharge.
- **Water resources management** - Use water resources rationally and promote water conservation, recycling and reuse.
- **Waste management** - Establish and improve a waste management system, and promote waste reduction at source, resource utilization, and compliant disposal.
- **Biodiversity** - Implement biodiversity and ecosystem protection through operation facility design and construction, raw material procurement, and consumer awareness initiatives.

Goals

- To reduce Scope 1 and Scope 2 GHG emissions from operations by 42% by 2030 compared to the base year 2021
- To achieve carbon neutrality across the entire value chain by 2050

2024 Highlights

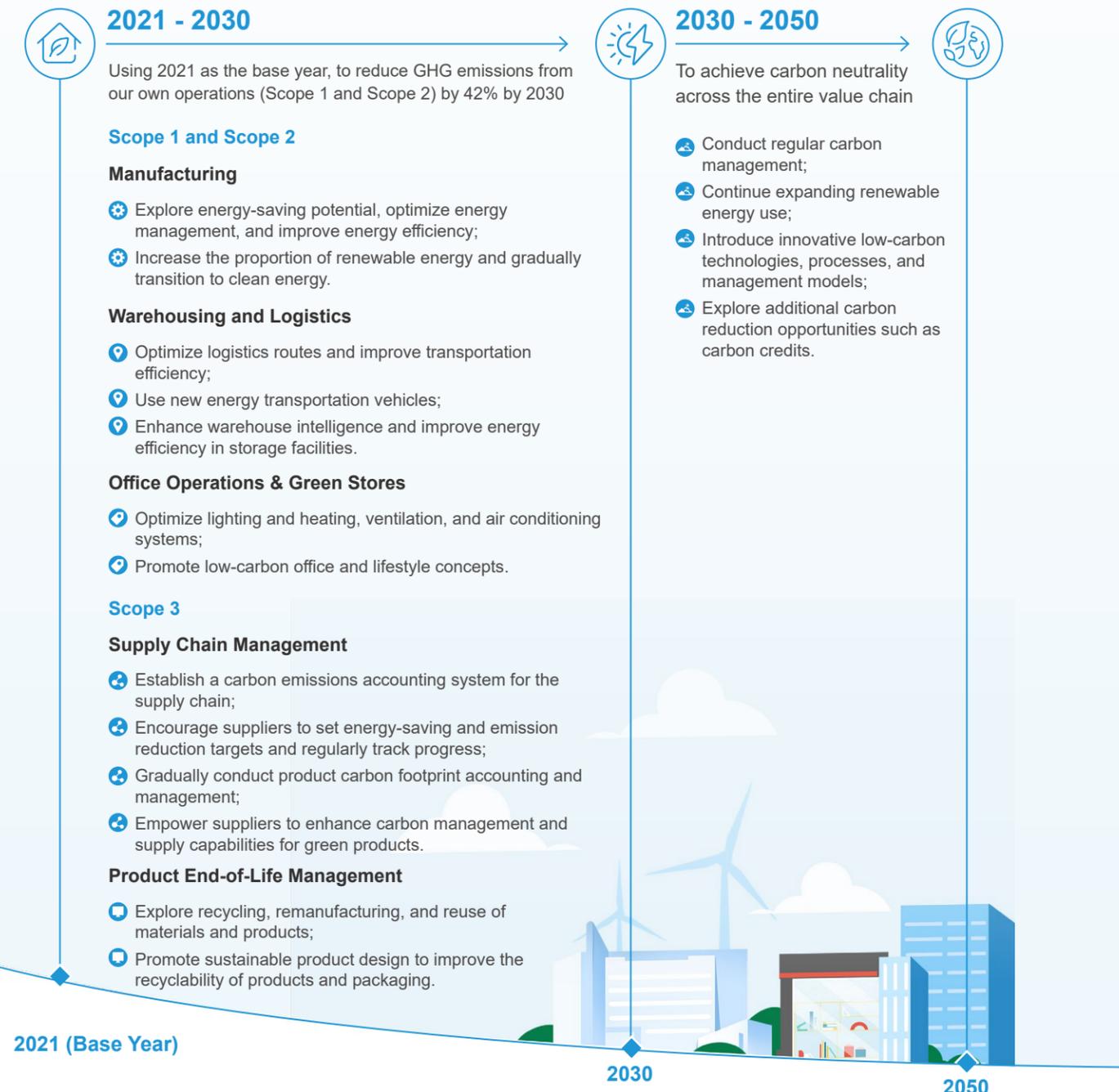
- The Group's Scope 1 and Scope 2 GHG emissions totaling **48,935 tCO₂e**, a **46.4%** reduction compared to 2021
- Promoted smart energy management, air compressor retrofitting, and waste heat recovery projects, with an estimated annual electricity saving of **1.74 million kWh**
- Consumption of renewable energy-generated electricity exceeding **21.6 million kWh**, accounting for **17%** of the total electricity consumption
- Collected GHG emission data from **110** suppliers, establishing an initial supplier GHG emission data management system



Climate Strategy

In response to the increasingly severe global warming crisis, M&G actively assumes corporate responsibility and has proactively established and gradually advanced a group-level climate action strategy to support the carbon peaking and carbon neutrality goals (Dual Carbon) of China through concrete action. Building on the commitment announced in 2022 "to be carbon neutral by 2050," M&G completed a comprehensive GHG emission inventory at the group level in 2023. Based on the inventory results, we conducted an emission reduction potential analysis this year and, drawing on domestic and international climate policies and regulations and corporate best practices, formulated a mid-term emission reduction target: by 2030, reduce GHG emissions from our own operations (Scope 1 and Scope 2) by 42% compared to the base year 2021. This target is aligned with the 1.5°C goal of the Paris Agreement. Following thorough internal discussions, the target has been broken down into feasible annual implementation plans to ensure scientific and achievable execution.

M&G Carbon Emission Reduction Strategy and Action Roadmap



Governance

M&G has integrated climate change-related issues into its overall sustainability governance structure. The Board of Directors and the Board Strategy Committee are responsible for overseeing the Company's management of climate-related risks. The Sustainability Office is tasked with coordinating the implementation of the climate strategy, establishing the corporate carbon management system, facilitating the establishment of cross-departmental working mechanisms, monitoring the progress of target implementation, and conducting climate-related disclosures. During the reporting period, M&G strengthened its climate governance efforts. Under the leadership of the Sustainability Office, responsible departments across production bases and other emission sources decomposed emission reduction targets and formulated specific action plans to effectively implement related reduction measures.

Strategy

To assess the short-, medium-, and long-term impacts of climate-related risks and opportunities on corporate strategy, M&G adopted a scenario analysis approach, comparing projected physical and socio-economic developments under two contrasting global warming scenarios: the "turquoise scenario" (temperature rise limited to 1.5°C - 2°C) and the "brown scenario" (temperature rise of 4°C - 5°C). This analysis enabled M&G to identify and evaluate potential climate-related risks and opportunities for its core business, thereby supporting the development of more targeted and effective response strategies.

Climate-Related Risks

Risk Types	Potential Impacts	Impacts Timeframe ⁷	Primary Response Measures
Physical Risks	Acute Risks	Short-, medium-, and long-term	<ul style="list-style-type: none"> Conduct regular inspections and upgrades of facilities and equipment stability to improve resilience against natural disasters; Develop disaster emergency response plans, conduct emergency drills, purchase accident insurance, and maintain daily reserves of disaster prevention and relief supplies.
	Chronic Risks	Medium- to long-term	<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.
Transitional Risks	Policy and Legal Risks	Medium-term	<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;

⁷ Definition of timeframe for climate risks and opportunities: Within 1 year is short-term; 1 to 5 years is medium-term; more than 5 years is long-term.

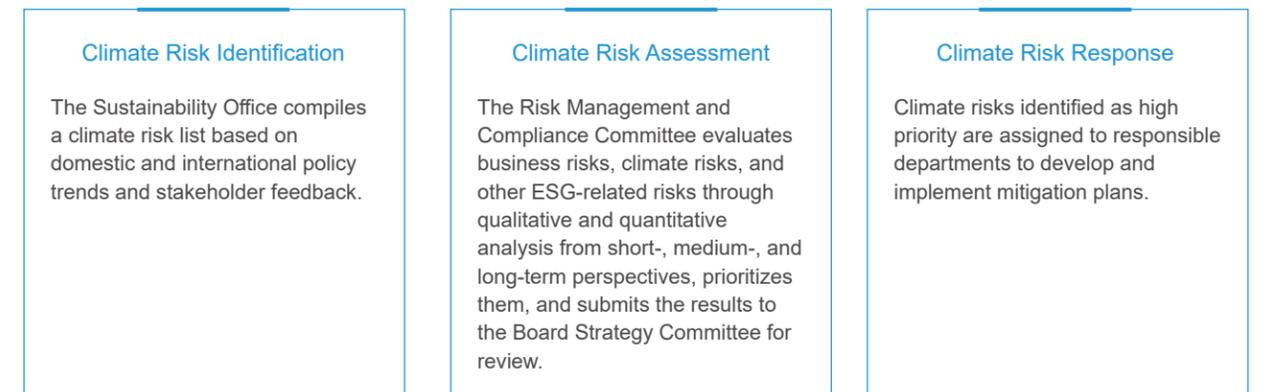
Risk Types	Potential Impacts	Impacts Timeframe	Primary Response Measures
Transitional Risks	<ul style="list-style-type: none"> Companies included in the Emissions Trading Scheme (ETS) are required to fulfill their carbon allowance settlement responsibilities. Rising carbon prices will lead to increased compliance costs; International green trade policies, such as the EU's carbon border tax policy, will increase export costs. 	Medium-term	<ul style="list-style-type: none"> Continuously enhance carbon management capabilities, promote energy structure transformation, and implement energy-saving technological upgrades; Strengthen carbon management across the supply chain and implement green procurement to drive emission reductions throughout 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. 	Short- to medium-term	<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.
	<ul style="list-style-type: none"> The phase-out of fossil-based raw materials may cause an increase in the prices of plastics and other materials, thereby raising operational costs. 	Medium-term	<ul style="list-style-type: none"> Develop green and low-carbon raw materials and apply them to the development of more sustainable products.
	<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. 	Short- to medium-term	<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

Opportunity Type	Potential Impacts	Impacts Timeframe	Primary Response Measures
Resource Efficiency	<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. 	Short-term	<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 Source	<ul style="list-style-type: none"> Early deployment of renewable energy can reduce future dependence on fossil fuels. 	Medium- to long-term	<ul style="list-style-type: none"> Expand the use of renewable energy and optimize the energy mix.
Products and Services	<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. 	Short-, medium-, and long-term	<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;
Market			<ul style="list-style-type: none"> Communicate the concept of sustainability to consumers and engage them in joint climate action.

Risk Management

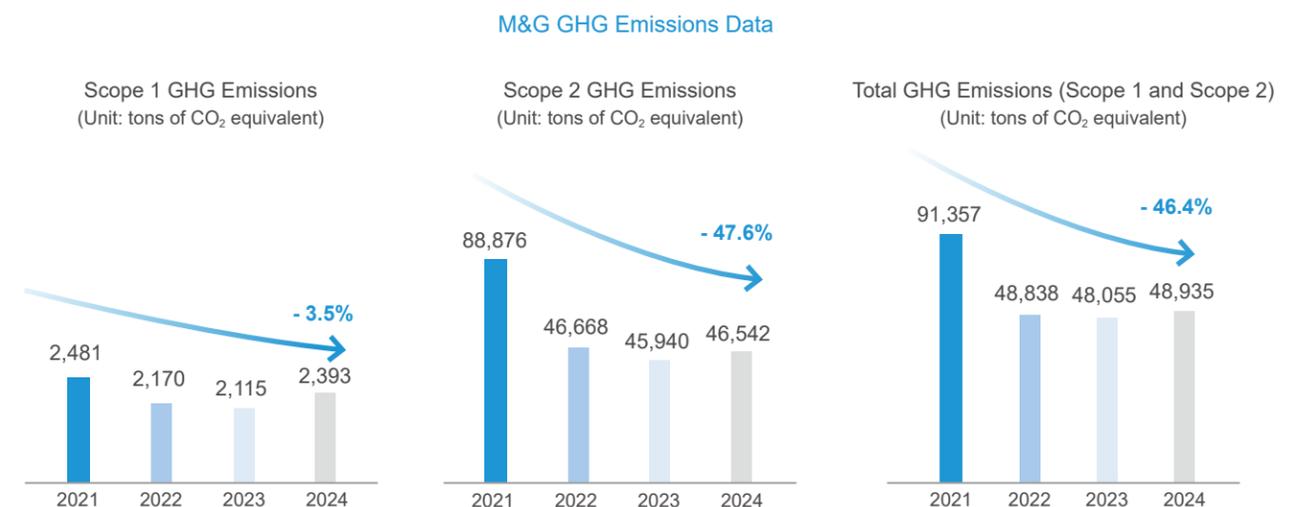
M&G integrates the identification, assessment, and management of climate-related risks and opportunities into the Company's overall risk management system to systematically control climate risks.



Metrics and Targets

During the reporting period, M&G established a carbon emission reduction target for 2030 and broke it down into annual goals. These targets have been integrated into the ESG performance evaluations of responsible leaders at each base and business unit, and the Company will regularly track and assess the progress and achievement of these targets.

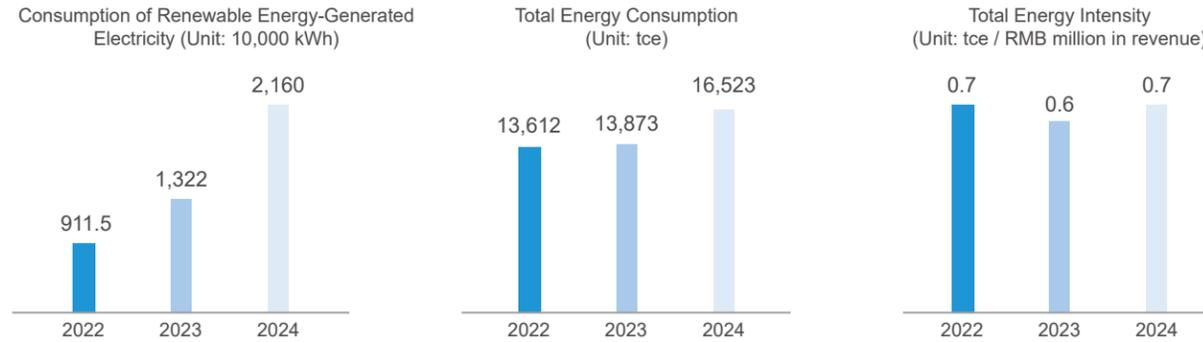
M&G continues to calculate and disclose Scope 1 and Scope 2 GHG emissions at the organizational level on an annual basis. The accounting follows standards and specifications such as ISO 14064-1:2018 *Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*, GB/T 32150-2015 *General Guidelines of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises*, and the 2019 *Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, with the organizational boundary defined based on the operational control approach. At the same time, the Company is gradually advancing Scope 3 data collection, continuously improving the GHG emission data management capabilities across the value chain. M&G has collected carbon emission data from suppliers for two consecutive years and provided training and support to enhance the accuracy of data reporting. The number of suppliers participating in GHG emission data collection increased from 52 in 2023 to 110 in the reporting period.



Energy Management

M&G actively advances the development of its energy management system, focusing on multiple areas including energy-saving technological upgrades, clean energy utilization, energy management optimization, green logistics, and low-carbon office practices. The Company continues to identify opportunities for energy conservation and carbon reduction. During the reporting period, M&G's Shanghai base was included in the list of National Green Factories for 2024.

M&G Energy Consumption Data



Energy Conservation and Efficiency Improvement

M&G continuously enhances equipment energy efficiency and reduces energy waste by introducing advanced production technologies. The Company also consistently carries out energy-saving assessments and energy management optimization initiatives. During the reporting period, energy-saving and emission-reduction projects were implemented at M&G's Shanghai production base, including air compressor energy-saving upgrades, injection molding machine efficiency improvements, and the launch of a digital energy management system.

Air Compressor Efficiency Optimization

- **Equipment Upgrade:** Replaced rotary screw air compressors with centrifugal air compressors, improving equipment efficiency and achieving annual electricity savings of approximately 500,000 kWh;
- **Compressed Air Station Retrofit:** Converted distributed compressed air stations into a centralized air supply system, enhancing compressor efficiency, reducing the energy consumption of auxiliary equipment, and completely resolving high-temperature failures caused by condenser blockage due to paper dust. This resulted in annual electricity savings of approximately 370,000 kWh.

Heat Recovery Upgrade

- At M&G's Shanghai base, retrofitting was carried out using return water heating, and thermal insulation was applied to domestic hot water from the dormitory to the canteen to reduce energy consumption during operations.

Injection Molding Equipment Upgrade

- Equipment replacement and process optimization were implemented in the injection molding process, completing energy efficiency upgrades for 31 injection molding machines;
- By shortening the injection molding cycle time, an overall efficiency improvement of approximately 20% was achieved.

Case Intelligent Upgrade of Compressed Air System

Air compressors are a core energy-consuming component in manufacturing. M&G carried out an intelligent upgrade of the air compressor system at the Qingcun production park to optimize supply-demand matching. The system incorporates functions such as narrow-band constant pressure control, air consumption trend analysis, and individual unit efficiency monitoring, resulting in improved operational efficiency and enhanced energy performance.

The upgraded system uses AI technology to predict air demand in real time, enabling precise control of supply pressure while reducing pressure fluctuations. This minimizes energy waste caused by high pressure and decreases the frequency of equipment starts and stops. After the upgrade, the air-to-electricity ratio was reduced from 0.114 kWh/m³ to 0.103 kWh/m³, achieving a 9.6% energy savings rate and approximately 700,000 kWh in annual electricity savings.



Digital Management of Air Compressor System Illustration

Clean Energy Utilization

M&G continuously optimizes its energy mix by expanding the use proportion of renewable energy. During the reporting period, the Company continued to advance photovoltaic power generation projects. The total installed capacity of photovoltaics at M&G and its subsidiary Axus Stationery reached approximately 16,100 kW, with a photovoltaic electricity consumption of 14.67 million kWh, equivalent to a reduction of 6,519 tCO₂e. In addition, M&G's Shanghai base and Axus Stationery increased their use of renewable energy by purchasing 6.93 million kWh of green electricity. The Company also continued to retrofit solar-powered streetlights and began replacing biofuel in canteen operations and diesel used for dormitory hot water supply with electricity, while gradually substituting liquefied petroleum gas (LPG) in the canteen with natural gas to further enhance the clean energy utilization rate.



Green Logistics and Warehousing

M&G continues to strengthen energy-saving measures in logistics and warehousing by leveraging digital technologies and equipment upgrades to achieve high efficiency and low energy consumption in material transportation and warehousing management.

Transportation and Logistics

With the help of digital systems such as the Transportation Management System (TMS), the Company conducts detailed analysis of delivery routes and warehouse operations to identify optimal solutions and reduce inefficient deployments caused by route mismatches. While improving logistics efficiency, M&G also significantly reduced fuel consumption. In the first three months after implementation, fuel savings amounted to approximately 93,000 liters compared to the same period last year. In addition, the Company actively promotes the use of new-energy vehicles (NEVs) to replace traditional fuel vehicles and reduce transportation-related carbon emissions. By the end of the reporting period, M&G Colipu had a fleet of 12 new-energy freight vehicles, an increase of three vehicles compared to 2023.

Warehouse Management

At the Shanghai production and distribution center, the Company upgraded its Rail Guided Vehicle (RGV) systems and adopted energy efficiency as a key criterion in equipment selection. The newly deployed 27 energy-efficient RGVs are equipped with a power-saving mode that automatically shuts down operation after more than five minutes of inactivity, reducing daily electricity consumption by approximately 100 kWh. Additionally, M&G Colipu has fully adopted LED eco-friendly energy-saving lights across its entire warehouse lighting system, further reducing energy consumption in warehousing operations.

Case Automated Warehouse Retrofit to Improve Operational and Energy Efficiency

To further enhance the operational efficiency of its logistics and warehousing systems while improving energy usage, M&G carried out hardware and software upgrades to its automated warehouse at the Shanghai base during the reporting period. Optimization of the existing software system enabled unified management of trunk line logistics systems, and big data analytics was applied to evaluate logistics and warehouse management needs holistically to generate optimized logistics dispatch solutions. On the hardware side, warehouse equipment was simultaneously upgraded, increasing daily outbound capacity from 5,000 pallets to 8,500 pallets, representing a 70% improvement in operational efficiency.



Daily outbound capacity increased from 5,000 pallets to

8,500 pallets



Improvement in operational efficiency

70%

Energy Conservation in Operations

M&G integrates the concept of energy conservation and environmental protection into daily office operations. The Company continues to promote a "Lights Out Hour" initiative at its Shanghai office building and places energy-saving reminder labels on switches in public areas to raise employee awareness. During the reporting period, the average monthly electricity consumption of the building decreased by approximately 1.5%. For retail terminal stores, the Company also encourages franchisees to use LED eco-friendly energy-saving lighting fixtures during renovations.

Resource Use

M&G applies the concept of efficient resource utilization across the entire production and operation process. Through simplified design, efficient use of raw materials, and process improvement, the Company enhances resource use efficiency and minimizes waste. It also practices the "3R" principles of the circular economy—Reduce, Reuse, and Recycle—by systematically managing packaging materials, water resources, and production waste.

Packaging Reduction and Recycling

M&G vigorously explores "packaging reduction" following the principles of "simplicity and practicality," minimizing the use of packaging materials without compromising product quality. During the reporting period, the Company evaluated existing products and logistics packaging and implemented a series of design optimizations.

Product Packaging Reduction

Packaging Optimization for Exam Prep Pen Set

Unnecessary cartons and inner boxes were removed, and turnover boxes were used to reduce secondary packaging.



Simplified Packaging for the Exam Prep Pen Set

Small-sized Packaging for Smart Large-Screen Microscope

Customized small-sized cartons were designed for the smart large-screen microscope, saving 32% of paper per box. A total of 4,677 square meters of cardboard was saved during the reporting period.



Small-sized Packaging for the Smart Large-Screen Microscope

Customized Eco-Friendly Design

The e-commerce packaging for M&G's "Endangered Animals: Wetlands" series gel pens adopt a canister design, allowing the packaging to double as a pen holder for reuse, effectively reducing resource waste.



Canister Design for the "Endangered Animals: Wetlands" Series Gel Pens



Prop Reuse and Recycling

M&G actively promotes the reuse and recycling of shop display prop materials. M&G Life recycles and reuses leftover props—such as acrylic boards and pegboards—from closed stores, thereby reducing the need for new display materials; Jiumu Store also collects, recycles and reuses props from closed stores, cutting down the carbon emissions associated with the reproduction of these items. During the reporting period, props from a total of nine stores were recovered.



Recycling and Reuse of Display Shelves

Case Innovative Launch of “Mini Shelf” to Reduce Display Material Consumption

M&G has innovatively designed a display prop called the “Mini Shelf,” featuring a compact size, modular assembly, reusability, and replaceable backboards. This design not only significantly reduces the plastic used per unit but also facilitates reuse across stores. Its smaller size also enhances logistics and transportation efficiency while enabling easier in-store product display, achieving a win-win for both business and environmental benefits.



M&G “Mini Shelf”

Recycling and Reuse of Logistics Packaging

M&G and its subsidiaries continue to promote the recycling and reuse of used cartons across logistics bases and office locations. During the reporting period, a total of 868,000 cartons were recovered and reused, helping conserve resources and enhance economic efficiency. At M&G’s Shanghai logistics base, used logistics packaging is sorted: plastics are uniformly collected by third parties, while cartons are gathered on-site by designated personnel and redistributed for use by Jiumu Store’s offline deliveries or for e-commerce shipments. The reuse rate of second-hand cartons at Jiumu Store offline stores reached 72%, with the remaining portion delivered in full-box shipments to minimize waste from secondary packaging. Additionally, carton reuse racks have been installed in office buildings to encourage employees to use second-hand cartons for internal transfers or parcel deliveries.



Number of cartons recovered and reused
868,000



Reuse rate of second-hand cartons in Jiumu Store
72%

Case M&G Colipu Carton Recycling Practice

M&G Colipu has introduced a cardboard cutting machine to convert non-reusable cartons into mesh-style cushioning materials, replacing traditional plastic bubble wrap. This initiative not only reduces plastic use but also promotes the recycling of cardboard cartons.



M&G Colipu repurposes cartons into cushioning filler materials



Green Operations

Water Resources Management

M&G is committed to water conservation and integrates the concept of 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. During the reporting period, a water-saving project was implemented in the dormitory area of the Shanghai base. The project involved identifying and repairing leakage points and optimizing toilet flushing systems to reduce water waste; at the South China base, a new water filtration system was installed to recycle cleaning water, improving the water reuse rate. These measures saved approximately 194 tons of water in total in 2024.

Waste Management

M&G strictly complies with applicable laws and regulations by classifying and properly handling solid waste generated during production and operations to ensure legal compliance and minimize environmental impact. At the Shanghai base, M&G continually improves resource use efficiency and reduces waste generation at the source. For example, plastic scraps generated during the injection molding process of gel pens are recycled and reused without compromising product quality, enhancing material circularity.

During the reporting period, M&G conducted a comprehensive inventory and collection of waste types, proportions, and disposal methods at the Shanghai base to further improve its classification and management system. Referring to zero-landfill waste management standards, the Company preliminarily evaluated the implementation of resource valorization, incineration for power generation, and harmless treatment methods. It also analyzed waste disposal pathways to identify areas for improvement, laying a foundation for the gradual achievement of zero waste landfill goals.

Green Office

M&G embeds green practices into its daily operations by improving online systems and promoting paperless work to continuously reduce resource consumption and achieve low-carbon operations.



Digital Office

M&G's Shanghai automated warehouse has undergone hardware and software upgrades to fully implement personal digital assistant (PDA)-based online inventory, replacing paper-based operations and significantly reducing paper usage in logistics and warehousing. Additionally, starting from August 2024, M&G Colipu's Warehouse and Distribution Department has switched from paper delivery receipts to electronic signatures for self-dispatched orders, with an estimated annual saving of approximately 3 million A4 sheets;



Paperless Office

Since 2023, M&G has actively promoted paperless office practices, encouraging employees to prioritize the use of electronic documents during daily work and optimizing print management. For documents that must be printed, the Company mandates double-sided printing and encourages the reuse of discarded printing paper with a blank side. The Company has also set the default configuration of all office printers to use double-sided printing;



Habit Formation

Restroom paper has been replaced with single-sheet, pull-out rolls to encourage on-demand use; for internal meetings, employees are encouraged to use personal cups, and bottled water at external meetings must be registered before issuance; the Company also hosts staff activities such as item swaps and waste material upcycling to encourage the formation of low-carbon office habits.

Eco-Friendliness

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.

Forest Land Ecosystem Protection

Axus Stationery places high importance on sustainable forest management and biodiversity protection. It has obtained FSC Forest Management (FM) Certification and Chain of Custody (CoC) Certification from Bureau Veritas. During the management of its own forest land, Axus Stationery strictly adheres to felling quotas and avoids large-scale felling. It conducts continuous ecological monitoring, has established a forest ranger patrol system, and regularly inspects forest land to monitor the status of wildlife and assess the ecological impact of operations. If any potential issues are identified, corrective measures are taken promptly. Additionally, Axus Stationery maintains a section of ecological forest in Xinjiang under the principle of maintaining its natural ecology without human interference, in order to fully protect the environment and biodiversity.



Axus Stationery's Forest Farm in Xinjiang

Ecological Protection Awareness

M&G organizes a variety of sustainability campaigns on different ecological themes to raise public awareness about environmental protection, including wetland and marine ecosystems.

Case Wetland Ecosystem and Endangered Species Protection

M&G collaborated with the Mangrove Wetlands Conservation Foundation (MCF) to launch an ecological protection awareness campaign. The campaign incorporates images of protected wetland animals into product packaging, organizes parent-child wetland educational trips for consumers, and provides virtual reality (VR) experiences on wetland ecology at stores, enabling consumers to better understand mangrove ecosystems and endangered species conservation. M&G also donates a portion of the sales revenue from its "Endangered Animals: Wetlands" series to the MCF in support of wetland conservation and environmental education.



Consumers experience birdwatching in VR at a Jiumu Store

Case Marine Ecosystem Protection

M&G joined forces with WildAid, Better Blue, and other partners to advocate for ocean conservation. In August 2024, a public pop-up event for marine protection was held on Wuzhizhou Island, Hainan, serving as the first lesson on ocean protection for students nationwide at the start of the new school year. A nationwide beach cleanup campaign was also launched. During the reporting period, M&G, together with Better Blue and Pick Up China, held multiple beach cleanups in Sanya, Beihai, Qingdao, Shanghai, Dalian, Xiamen, and Wanning. Nearly 100 volunteers participated, removing almost 300 kilograms of trash from beaches. These efforts not only reduced the environmental burden on coastal areas but also inspired broader public attention toward marine ecosystem protection.



Marine Protection-Themed Public Pop-up Event



M&G organized volunteers for nationwide beach cleanups

Shared Prosperity Across the Value Chain



M&G upholds the altruistic philosophy of "Prioritizing the well-being of others before our own" and the business principle of "Partnership for a Shared Future." The Company works hand in hand with upstream and downstream industry partners to foster a clean and mutually beneficial business environment. M&G shares its sustainable development practice experience with partners, leading and inspiring the entire industry toward a more sustainable future.

Material topics

- **Business ethics** - Comply with laws and regulations related to anti-corruption, anti-bribery, and anti-unfair competition, and continuously strengthen the business ethics and compliance management system.
- **Marketing and after-sales** - Ensure that marketing information is transparent, accurate, and easy to understand, and prevent false or misleading advertising; improve after-sales service and product recall mechanisms; and clearly define complaint handling channels and procedures.
- **Supply chain management** - Strengthen supply chain risk management to ensure supply chain security and resilience; enhance the ESG management system for suppliers and empower them to improve ESG management performance.
- **Risk management** - Reinforce internal control and compliance management and enhance the Company's risk control capabilities.
- **Corporate governance** - Improve the corporate governance structure and operational standards to promote more scientific decision-making and management.

Goals

- To ensure that 100% of key suppliers comply with M&G ESG guidelines by 2025
- To ensure that ESG assessments and audits cover 80% of suppliers by 2030
- To integrate ESG requirements into all new supplier screening and onboarding standards since 2025

2024 Highlights

- The completion rate of the online training course on the *M&G Code of Business Conduct* reached **96%**
- Conducted internal control audits on business conduct, covering **22** operating locations that represent **100%** of M&G's operational sites
- ESG audits covered **100%** of key suppliers, with a rectification pass rate of **96.3%**
- Incorporated ESG risk assessment factors into the assessment system for **new supplier development and onboarding**
- **100%** of M&G's product-related suppliers signed the *Supplier Code of Conduct*
- Launched a selection of outstanding ESG cases of suppliers and awarded the "**ESG Innovation Practice Award**"

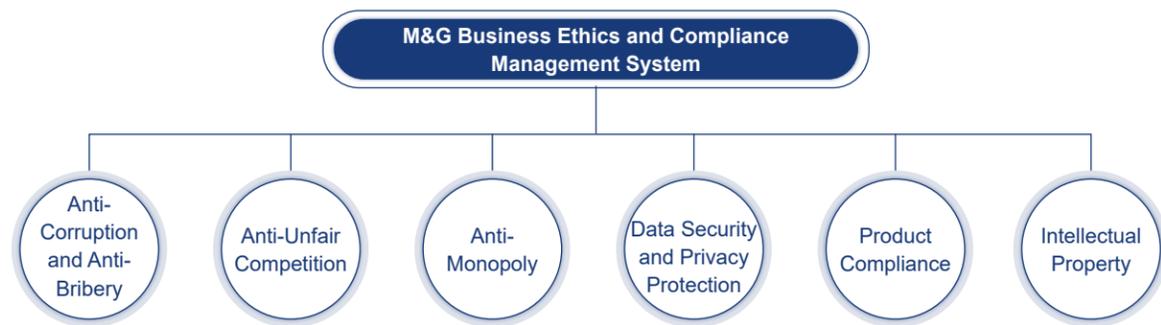


Business Ethics

M&G continuously improves its business ethics and compliance management system by establishing comprehensive policies on anti-corruption, anti-bribery, and anti-unfair competition. The Company strengthens audit and supervisory mechanisms to build a clean and impartial corporate environment.

Management System

M&G adheres to the principle of integrity and compliance in business operations and has established a comprehensive and systematic business ethics and compliance management system⁸ by formulating and publishing a series of management policies, including the *Code of Business Conduct* and the *Supplier Code of Conduct*⁹. The Company's Risk Management and Compliance Committee serves as the coordinating body for compliance efforts and is responsible for optimizing policies and procedures, assessing compliance risks, implementing audit and supervision measures, and fostering a culture of compliance. This ensures that all business activities conform to applicable laws and regulations, industry standards, and internal management requirements.



Anti-Corruption and Anti-Bribery

M&G has established management policies such as the *Management System Against Fraudulence*¹⁰, forming a mechanism to regulate the compliance behavior of employees and suppliers. During the reporting period, the Company increased efforts to promote the signing of the *Transparent Procurement & Integrity Convention* and the *Supplier Code of Conduct* by suppliers, expanded the types of contracts signed, and broadened the scope of anti-fraud management coverage. By the end of the reporting period, 100% of M&G's product-related suppliers had signed the *Supplier Code of Conduct*.



100%
of M&G's product-related suppliers had signed the *Supplier Code of Conduct*



⁸ For information on M&G's business ethics and compliance-related policies and management measures, please refer to the section "ESG Performance Report – Social – Business Conduct" in this Report.
⁹ The *Code of Business Conduct* and the *Supplier Code of Conduct* have been publicly disclosed in the "Investor Relations – Corporate Governance" and "Investor Relations – ESG" sections of the Company's official website, respectively.
¹⁰ The *Management System Against Fraudulence* has been publicly disclosed on the Company's official website under the "Investor Relations – ESG" section.

Anti-Unfair Competition

M&G has consistently promoted fair competition and formulated the *Guidelines of Anti-Monopoly and Compliance* to safeguard a healthy and rational market order. During the reporting period, the Company established regional distributor authorization management regulations and a pricing management system. By clarifying the scope of authorization and the pricing framework, we aim to prevent distributors from engaging in unauthorized cross-regional sales or price dumping and other unfair competition. In the area of marketing and promotion, the Company released the *Promotion Compliance Guidelines*, the *Product Draft Review White Paper*, and the *2024 M&G Online Business Sustainability Guidelines*, all of which explicitly require promotional activities to be truthful, lawful, accurate, and clear, and to use proper expressions—strictly prohibiting false or misleading advertising.

Review and Supervision

M&G places great importance on identifying and internally controlling the risks of commercial bribery and corruption. The Audit Department of the Company carries out audits in accordance with the Company's *Internal Audit Management Policy*, systematically reviewing the business scope, summarizing common fraud risk types, analyzing potential fraudulent methods, identifying high-risk key positions, and creating a risk map. Based on this, the Company continues to formulate and improve targeted control measures.

During the reporting period, M&G conducted an internal audit of the *Code of Business Conduct*, covering 27 items including compliance with laws, regulations, and business ethics, fair competition and antitrust, anti-fraud, and adherence to and responsibilities under the Code. Issues identified in the audit were promptly fed back to the relevant responsible departments, and improvements were actively tracked. Internal control audits include business ethics audits, covering fraud, falsified expense claims, and misappropriation of funds or assets. In 2024, audits were conducted at 22 operating sites, achieving 100% coverage of the Company's operational processes.

M&G has established complaint and whistleblowing channels, which are publicly disclosed on the official website. The Company also sends monthly communications to all employees to raise awareness about fraud whistleblowing channels. All employees and external parties may report identified fraudulent and other non-compliant behaviors via hotline, email, or the Company's WeCom. To ensure that the whistleblowing and investigation process is carried out in an orderly manner, M&G has established the *Internal Investigation and Handling System for Employee Misconduct* and the *Whistleblower Protection and Non-retaliation System*. These ensure strict confidentiality of whistleblower information and prohibit any form of discrimination or retaliation.




In 2024, audits were conducted at **22** operating sites



100% coverage of the Company's operational processes

Integrity Culture Development

M&G requires all new hires and employees in key positions to sign the *Letter of Commitment on Integrity and Self-Discipline* and actively organizes training on business ethics and anti-fraud, as well as themed cultural activities, to continuously build a clean and fair business environment. During the reporting period, the Company launched online courses on the *Code of Business Conduct* and *Management System Against Fraudulence* on its learning platform, requiring all employees to complete them. These courses have also been made compulsory for new employees before they pass probation. By the end of the reporting period, the completion rate for the *Code of Business Conduct* course reached 96%. In addition, a total of 13 training sessions were held on topics including anti-fraud, advertising compliance, and intellectual property management, generating 2,311 instances of participation. Targeted anti-fraud training was also conducted for key business departments such as product development and sales, strengthening employees' compliance awareness and risk prevention capabilities.



Case Organizing Anti-Corruption and Integrity-Themed Activities

M&G promotes integrity and ethical behavior among employees through diverse activities that help cultivate a clean and upright workplace culture. In July 2024, the Company held the "Summer of Integrity, Green Care" event at the Shanghai Songjiang office building, attracting over 200 employees with offerings such as complimentary tea, interactive games, and giveaways of integrity-themed merchandise. In December, in response to "International Anti-Corruption Day", the Company hosted the "Knowledge for Rewards: Anti-Fraud Training Challenge," motivating all employees to complete the *Management System Against Fraudulence* course through engaging activities like gift redemption and team competitions.

M&G Colipu has also carried out a variety of employee activities centered around anti-corruption and integrity. These include incorporating integrity and honesty into monthly new employee training, as well as organizing awareness sessions on integrity, effectively enhancing employees' awareness of integrity.



M&G's "Knowledge for Rewards: Anti-Fraud Training Challenge" Anti-Fraud Training Campaign



M&G Colipu's Integrity Awareness Campaign for "International Anti-Corruption Day"

Since joining the Trust and Integrity Enterprise Alliance in 2023, M&G has actively participated in alliance-organized seminars, forums, and exchange events. Topics have included internal fraud governance in private enterprises, integrity risk prevention in overseas operations, and the application of AI and big data in corporate internal controls, facilitating experience sharing with alliance members, and continuously enhancing the professionalism of M&G's integrity practices.

Supply Chain Management

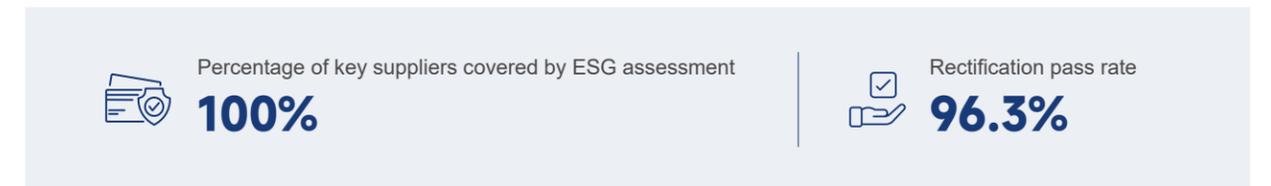
M&G is committed to building a stable, secure, and green sustainable supply chain. The Company has established and continuously improved its supplier ESG management system and empowers its suppliers through ongoing engagement to achieve mutual benefits and win-win cooperation in the pursuit of a sustainable supply chain.

Supply Chain Management System

M&G continually improves its supplier management system with clearly defined protocols for new supplier development and onboarding, product quality inspection and management, supplier assessment and evaluation, and exit mechanisms to effectively control supply chain risks and ensure stable, secure, and high-quality product supply.

During the reporting period, the Company expanded supply chain management to include non-tier-one suppliers and enhanced the *Key Tier 2 Material Control Process* by adding a dual rule of "internal quality inspection and external third-party testing." Through on-site assessments and internal/external verification of Tier 2 materials in critical categories, qualified Tier 2 material suppliers are selected and required to sign centralized procurement agreements, thereby ensuring consistent product quality and enhancing cost efficiency.

Supply Chain ESG Management



M&G continues to deepen the construction of its supplier ESG management system. Building on the supplier ESG assessments conducted in 2023, the Company further integrated ESG criteria into supplier onboarding, selection, management, and incentive mechanisms, embedding sustainable development principles throughout the entire supply chain management process. During the reporting period, M&G was nominated for the "Sedex Supply Chain Awards 2024 – Best Practice Award – Environmental Contribution."

Supplier Onboarding

During the reporting period, M&G revised its *New Supplier Onboarding Management Measures* and comprehensive assessment forms for new suppliers to include ESG risk audit elements in the onboarding evaluation system for new supplier development. Assessment criteria cover areas such as labor practices, environmental protection, health and safety, business ethics, etc.

Supplier Selection

M&G implements a tiered and categorized supplier management system, selecting key suppliers based on the scale and importance of the collaboration. All key suppliers are included in the scope of ESG assessments, with regular ESG audits conducted to encourage improvement in their ESG management capabilities year by year. For other suppliers, the Company integrates ESG evaluation criteria into their annual performance assessments based on the procurement management system.

Supplier Management

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, a total of 85 suppliers participated in M&G's ESG audits, achieving 100% coverage of key suppliers. M&G conducted 38 on-site audits and required suppliers to rectify any non-compliance issues. The rectification pass rate reached 96.3%.

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

Operating without environmental permits, illegal hazardous waste disposal, failure to pass fire safety inspections, employment of child labor, forced labor, discrimination, non-compliance with minimum wage standards, and bribery

Supplier Incentives

M&G recognizes and promotes suppliers who proactively implement ESG practices and achieve outstanding results, enhancing their sense of honor and encouraging broader participation of suppliers in building a sustainable supply chain. During the reporting period, M&G selected the "Best ESG Practice Award" recipients based on exemplary ESG performance, innovation, scalability, and operating results. Outstanding supplier progress in energy conservation and emissions reduction, solid waste minimization, air pollutant reduction, and water conservation was identified and celebrated. Awards were presented to winning suppliers at the annual M&G Supply Chain Conference.

Supplier Empowerment

M&G empowers suppliers to enhance their ESG management capabilities through regular communication, experience sharing, on-site guidance, and periodic training. During on-site ESG audits, M&G works with suppliers to analyze the root causes of key issues and offers improvement suggestions to suppliers. 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.

For internal procurement staff, M&G organized a special training session in 2024 on "Green Supply Chain and Supplier ESG Management," covering ESG audit and assessment processes and case studies to improve staff's awareness and risk identification capabilities in supply chain ESG management. This empowers staff to support suppliers more effectively in day-to-day interactions. During the reporting period, M&G organized three special training sessions on supply chain ESG management, covering a total of 91 employees.



On-site ESG Audit on Suppliers



Supplier Empowerment Training

Partner Development

M&G actively provides business guidance and technical support to partners at all levels to establish a long-term, stable, and mutually beneficial cooperation ecosystem. The Company also actively participates in industry associations, forums, and industry standard setting, working alongside industry partners to promote high-quality development across the sector.

Quality Service

M&G is committed to empowering retail partners by enhancing their service capabilities and market influence. During the reporting period, the Company focused on standardizing store visuals and creating designated product zones to help stores upgrade their image, improve product display effectiveness, and offer consumers a better shopping experience.

Case Empowering Retail Stores with Image Upgrades

To ensure that store partners can effectively understand and utilize dedicated product zone materials, M&G developed the *M&G Space Brand Visual Guidelines*, which define material standards and offer over 30 material solutions to meet diverse customer needs. The Company also compiled the *Barrier-Free Zone Implementation Standards Manual* to offer systematic and standardized operational guidance for display area implementation. Supporting these efforts, M&G conducted training sessions on display materials, offering detailed instructions on the application of the visual identity system and the specifications for various materials. During the reporting period, nearly 80 clients were empowered through the implementation of special zone standards, significantly improving in-store product presentation and the overall store image.



Demonstration Area of Special Zone Visual Identity Guidelines in M&G Life

M&G has built a comprehensive digital sales and marketing platform to improve the operational efficiency of sales staff and channel partners. During the reporting period, M&G launched a self-developed retail system that enables terminal store owners to monitor product sales in a timely manner and improve business quality. The Company also upgraded key channel tools such as "JuBaoPen" and the M&G Alliance System to enhance user satisfaction and continuously support sales efforts.

Tool	Description	Progress
JuBaoPen	Provides digital guidance for channel partners at all levels across three dimensions: People (task follow-up, decision-making support), Product (category opportunity exploration, accurate order copying), and Place (store operation analysis).	The system manages orders from channel partners at all levels, enabling strict inspection and follow-up to ensure closed-loop order fulfillment; actively corrects issues such as excessively low product prices in a timely manner to promote efficient price control.
M&G Alliance	A mobile application tailored for retail stores, focusing on connection, matching, sales assistance, and services, with in-depth support for retail stores.	M&G has worked with Meituan to lower barriers to store onboarding and product listing, helping stores quickly open stores on Meituan; It supports self-initiated onboarding applications by stores, increasing the number of purchasing stores.

M&G regularly organizes elite training camps, channel partner conferences, and other events, while providing training and strategic guidance for its channel partners to foster close collaboration and information sharing, achieving mutually beneficial development. During the reporting period, M&G held four channel partner conferences with a total of more than 4,800 instances of participation.



M&G 2024 Channel Partner Conference

Industry Collaboration

Adhering to the philosophy of mutual development and win-win cooperation, M&G actively participates in the work of industry associations such as the China Stationery and Sporting Goods Association and the China Writing Instrument Association, contributing to the healthy and orderly development of the industry. During the reporting period, the Company joined 21 industry associations and chambers of commerce, with an annual membership fee payment of RMB241,000. In the field of sustainable development, M&G successively participated in initiatives such as the "Global Sustainable Consumption Initiative," "Low-Carbon Office Initiative," and "Sustainable Development Industry Consensus" initiative. In 2024, M&G became a member of the Consumer Goods Forum (CGF), contributing the strength of China's stationery corporates to the global sustainable development of consumer goods.



M&G attended CGF China Day event and participated in the roundtable discussion

M&G actively participates in industry standard formulation, transforming its experience and practices accumulated in product R&D into enforceable industry standards. During the reporting period, M&G led or participated in the development of six national standards, 17 industry standards, and four group standards, expanding its professional influence beyond the pen industry to stationery, sports goods, and the four treasures of the study (brush, ink, paper, and inkstone). The Company also took part in the development of product safety and ESG-related standards, such as the *Children's Acrylic Paint and Acrylic Markers*, *General Requirements for Recyclability Design of Plastic Products*, *Carbon Footprint Accounting Methodological Guidelines for Cultural and Sport Products*, and *Guideline for Green and Low Carbon Supply Chain Construction and Evaluation*, supporting the standardized development of industry sustainability.



M&G showcased sustainable products at the 29th meeting of the Conference of the Parties (COP) to the UN Framework Convention on Climate Change, also known as "COP29"



M&G attended *The Fortune ESG Summit* and participated in the panel discussion "Consumer Awakening: Responsible Production and Brand Strategy"



M&G's environmental artworks exhibited at the Shanghai International Carbon Neutrality Expo



M&G participated in the 2024 World Design Cities Conference, showcasing design and product innovation capabilities



M&G attended the Fifth Dream Builders Public Welfare Conference organized by Southern Weekly and participated in the roundtable dialogue



M&G attended the 2024 Kantar BrandZ China Gala Event, sharing practices in sustainability and brand innovation

Employees and Communities

M&G has always adhered to the principle of “people-oriented” development, striving to create a healthy and safe working environment, fully safeguarding the physical and mental health of employees. The Company continuously improves talent cultivation and development mechanisms to support employee growth and progress, while actively building a fulfilling workplace to enhance employees’ sense of belonging and well-being. In addition, M&G actively fulfills its corporate social responsibilities by promoting rural art education and volunteering initiatives, gathering the strength of all sectors of society to jointly contribute to social harmony and development.



Material topics

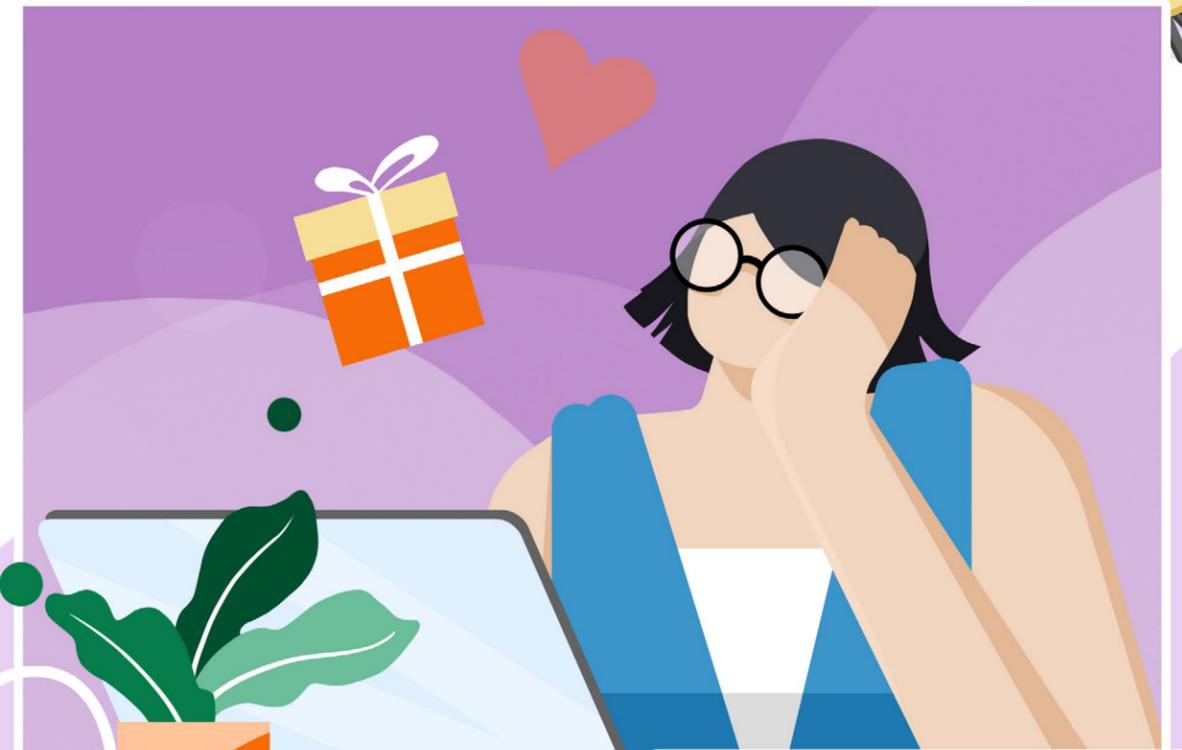
- **Occupational health and safety** - Improve the occupational health and safety management system, implement hazard inspection, safety training, facility and equipment optimization, and emergency response to continuously reduce occupational health and safety risks.
- **Training and development** - Build a comprehensive, diversified, and multi-level training system; establish fair and transparent promotion standards and evaluation systems to provide employees with a clear career development path.
- **Labor rights** - Ensure lawful payment of wages and social insurance contributions, and standardize recruitment procedures; properly handle labor disputes, emphasize the rights and benefits of flexible workers, and maintain stable labor relations.
- **Employee benefits** - Improve the employee benefits system to enhance employees’ sense of happiness and fulfillment.
- **Diversity and equal opportunities** - Create fair employment opportunities, provide an equal platform for talents of different backgrounds and abilities, and foster a diverse and inclusive work environment.
- **Social welfare** - Focus on art education and promote diversified public welfare programs, and organize employee volunteer services to support rural revitalization and social welfare.
- **Information security and privacy protection** - Establish a sound information security management system, strictly protect the personal information of customers, consumers, and employees, and prevent data breaches and cyberattack risks.

Goals

- To ensure that 100% of full-time employees are covered by the training system by 2028
- To maintain zero severe injuries and fatalities annually
- To achieve ten million instances of empowerment by 2030

2024 Highlights

- Conducted over **40** safety inspections, with total safety training hours reaching **25,489**
- **Zero** severe injuries or fatalities; minor injury rate at the Shanghai base decreased by **27%** year on year
- Training system covered **98%** employees; average hours of training per employee reached **14.6**
- Female employees accounted for **48%** of the workforce
- **32** female mid-to-senior managers participated in the Women’s Leadership Workshop
- The inaugural Sustainability Culture Month attracted over **3,000** employees’ participation
- M&G Foundation’s “Art Education Plan” program was extended to **624** rural schools and **36** community centers across **23** provinces and cities; The “Golden Seed Plan” education assistance program donated over **60,000** stationery kits; Generating over **440,000** instances of benefit for primary and secondary school students throughout the year
- A total of **4,435** instances of employee participation in voluntary services, contributing **9,221** hours
- Charitable donations totaling RMB**8.44 million**



Occupational Health and Safety

M&G always prioritizes production safety and employee occupational health, continuously improving safety management systems and the occupational health and safety systems to foster a healthy and safe work environment.

Safety Management System

Upholding the principle of “prevention as priority, response as supplement, effective control, and continuous improvement,” M&G has built a comprehensive Quality, Environment, Health, and Safety (QEHS) management system. During the reporting period, M&G further strengthened its production safety accountability system by establishing a group-level safety management team and creating an Environment, Health, and Safety (EHS) responsibility map to assign responsibilities clearly, eliminate blind spots, and define responsibility boundaries. Additionally, the Company holds quarterly safety management meetings to review and summarize safety system performance across all locations and determine improvement plans based on inspection results.

In 2024, M&G increased the frequency of safety inspections and carried out over 40 special safety inspections at offices and production logistics sites. Potential safety hazards were comprehensively identified, and a list of issues was compiled. A follow-up mechanism ensured that rectifications were tracked to form a closed-loop management process, effectively reducing the occurrence of accidents. For special equipment, M&G further improved its safety management system. In accordance with requirements of the *Regulations on the Supervision and Administration of the Implementation of Primary Safety Responsibilities by Special Equipment Users* (State Administration for Market Regulation Order No. 74), the Company has implemented safety responsibility measures for the use of special equipment. A comprehensive work mechanism of “daily management, weekly inspections, and monthly scheduling” has been established to promptly eliminate potential safety hazards.



In 2024, M&G recorded

0 cases of serious injury or fatal accidents

The Company lawfully organized safety education and training for employees at its production sites. Special operations personnel and those in key safety positions are required to be certified before commencing work. New employees must undergo three levels of safety training at the plant, workshop, and pre-post stages, and the Company continuously improves the inspection mechanism for onboarding safety training. In accordance with the annual safety training plan, M&G organized a series of training sessions for frontline safety officers and management personnel, covering topics such as fire safety emergency management, hazard identification and risk assessment, production safety laws and responsibilities, and operational safety. During the reporting period, total safety training hours reached 25,489.



M&G Safety-themed Training

Case Strengthening Equipment Safety Risk Inspections and Controls to Reduce Accident Rates

Following a statistical analysis of past accident data, M&G’s Shanghai production base identified the reduction of equipment-related safety accidents as one of its key safety improvement priorities for 2024. The Company conducted in-depth analyses of previous incidents, including video reviews and observational analysis, to comprehensively assess equipment operational risks. Based on these risk assessments, each plant formulated five targeted improvement projects related to equipment start-up and shutdown procedures, human-machine collaboration, flipping line equipment, injection molding robotic arms, and power distribution cabinets. Over 1,400 pieces of equipment were inspected for hazards, and specific improvement measures were developed, ultimately resulting in a 15.6% year-on-year decrease in equipment-related accident rates.

Occupational Health Management

M&G continuously strengthens occupational disease prevention measures to reduce the risks associated with dust, toxic gases, noise, and other hazardous occupational exposures. The Company provides employees with labor protective gear and requires them to wear it. During the reporting period, the Shanghai production base enhanced pre-employment and on-the-job medical checkups, established and maintained occupational health records, and reassigned employees identified with occupational contraindications to avoid exposure to occupational disease hazards; the subsidiary Axus Stationery upgraded the sealing of its painting line to reduce irritating odors’ impacts on employees, while the South China base organized first aid training courses with the Red Cross to help employees learn emergency response skills. For office environments, M&G appointed safety officers on each floor of its Shanghai office building and organized fire safety training to enhance safety awareness.

Case Noise Control and Improvement

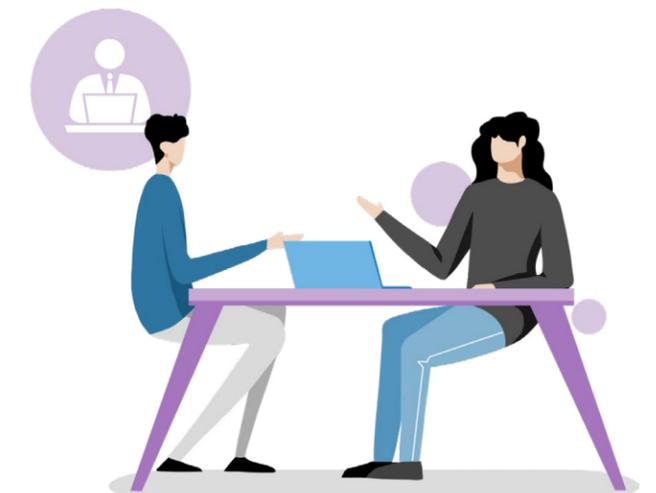
M&G’s Shanghai base continued its noise reduction efforts during the reporting period, setting a goal of reducing the number of employees affected by noise by 30% compared to the previous year. The Company implemented noise control measures such as installing soundproof covers and creating separate zones in various workshop areas. As a result, the proportion of employees impacted by noise was successfully reduced by 57%. The subsidiary, Axus Stationery, also conducted noise prevention measures tailored to its specific conditions, installing noise barriers for high-decibel equipment in the pencil workshop, significantly lowering noise levels.

Talent Cultivation and Development

M&G is committed to supporting the comprehensive development of its employees. Focusing on the full lifecycle of talent, the Company emphasizes talent standards, talent review, development, mobility, inventory and other key factors. It has sorted out and 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.

Talent Introduction

M&G continuously expands its introduction channels through campus recruitment, social hiring, internal referrals, and the “Huoshui Plan” (an internal talent mobility mechanism). During the reporting period, M&G reviewed, updated and released 25 recruitment processes and standard operating procedures (SOPs) to improve recruitment efficiency while ensuring fairness in hiring practices. In campus recruitment, M&G strengthened partnerships with multiple universities and organized open days, roadshows, information sessions, and special job fairs to attract outstanding students to join the Company’s career development platform.



To further empower fresh graduate recruitment and enhance the accuracy of job matching for fresh graduates, M&G upgraded its campus recruitment toolkit by aligning with competency models and key behaviors and providing standardized interview questions and processes. The Company also introduced online assessment tools, conducted interviewer training, and comprehensively improved the profiles and development plans for management trainees, thus enhancing the quality and efficiency of campus recruitment. Additionally, M&G Colipu actively adopted online tools to optimize the recruitment process by building an online recruitment management system that supports online resume submission, data sorting, interview evaluation, and message notifications—significantly streamlining the recruitment process and improving the candidate experience.



M&G Campus Open Day



M&G Colipu Campus Recruitment Information Session

Promotion 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.

M&G implements a variable compensation mechanism for all employees based on performance evaluation. In accordance with the Company's *Performance Management System*, a closed-loop management process is applied covering performance goal setting, guidance, assessment, and result application. Performance evaluation results are used to calculate performance-based bonuses and year-end bonuses, as well as to support position and compensation adjustments. During the reporting period, M&G also introduced tailored incentive schemes for employees in sales, overseas business, Jiumu Store's development personnel, and other business units. Furthermore, the Company launched the *M&G Talent Cash Incentive Plan* targeting middle management to fully stimulate employee motivation.

Training and Growth

M&G empowers its talent through three dimensions: general competency, professional skills, and leadership development. The Company organizes targeted training courses according to the development characteristics of employees at different levels and functions, and supplements this with diverse formats such as mentorship and executive roundtables to share practical experience and growth insights. These efforts foster employees' well-rounded development while enhancing the Company's talent competitiveness.

Average training hours per employee
14.6

Training system coverage rate
98%

General Competency for All Employees	New Employee Integration	Leadership Training	Professional Skills Training	Specialized Training
General courses such as structured thinking and expression, problem analysis and solving, and time management are offered to help employees overcome habitual thinking and enhance cross-disciplinary learning and problem-solving capabilities and overall literacy.	Programs such as the "Child of Light" management trainee development program and the "M&G First Light" new employee orientation help newcomers fully understand M&G's development journey, values, and business modules, enabling quicker adaptation to the new work environment.	Initiatives include the New Manager Bootcamp, "Five Dysfunctions of a Team" workshop, and Women's Leadership Workshop. External resources such as the Global Leadership Summit (GLS) are also introduced to equip managers with leadership skills and improve team collaboration efficiency.	The M&G Manufacturing Institute was established for production base employees, offering a series of training modules covering team leader skills, injection molding techniques, assembly techniques, planning, and safety to enhance employees' technical capabilities.	Specialized programs such as the sales system's "Commander Development Program", the technical center's "Communication and Collaboration Themed Workshop", and the overseas team's "Life Story Sharing Session" are launched to meet business development and team-building needs.

M&G continuously improves its online learning platform. As an internal corporate culture communication and learning platform, it aligns employees' personal growth with organization's strategic goals. The platform consists of two main sections: cultural promotion and training & learning. Its functions include course and learning plan creation, training data collection, surveys, examinations and assessments, mentoring, live teaching, article posting, and community operations. Currently, the platform offers 304 courses, including 112 culture promotion courses, 54 professional empowerment courses for retail stores, 22 new employee empowerment courses, 35 leadership courses, and 81 general courses. As of the end of the reporting period, 98.4% of employees had used the platform for self-improvement.

As the Group's B2B integrated digital e-commerce platform, M&G Colipu has built a comprehensive internal training system based on its business characteristics. It has set up four major training modules: emerging capability, general capability, professional capability, and management capability, covering corporate culture, business processes, sales skills, product knowledge, and management skills to fully meet the training needs of employees at different development stages. Over the year, 21 training programs were carried out with a 100% employee participation rate. For internal trainers, M&G Colipu has formulated detailed certification programs and management systems to encourage more employees to become certified instructors. Through regular training and feedback, the quality of instruction is assessed, promoting knowledge transfer and building a learning-oriented organization.



M&G Colipu Employee Training

Case “Child of Light” Management Trainee 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 training and development. A total of 91 trainees were recruited. With the implementation of a series of training mechanisms and systems, these management trainees were effectively supported in transitioning from novices to a vital “combat force” within the Company. By the end of the reporting period, the retention rate of this cohort of management trainees had reached 98%.



2024 Management Trainee Onboarding Bootcamp

Selection and Interview

The Human Resources Center closely collaborated with each business unit to update and refine the talent profile and selection criteria.

Onboarding Bootcamp

Within two weeks, trainees gained an intensive understanding of the Company’s history, culture, strategy, brand, and business logic, combined with frontline rotation experiences, enabling a 360-degree understanding of and immersion into M&G through listening, watching and feeling.

Ongoing Development

During the 18-month training period, development was structured around five pathways: training and learning, progress evaluation, rotation, engagement and attention, and mentorship empowerment. Business mentors and human resources business partners (HRBPs) provided double guidance to ensure the growth and development of trainees.

Case “Rising Sun” – Management Role Transition Program

To support new managers in quickly adapting to their roles, M&G launched the five-month “2024 Rising Sun – Management Role Transition Program” during the reporting period. The program was designed with a systematic development path and diverse training formats integrating both training and practice. It addressed common scenarios and challenges encountered by new managers, helping participants build their leadership capabilities and better drive team and personal growth.



2024 “Rising Sun” – Management Role Transition Program

Case Retail Talent Development Program of Jiumu Store

Jiumu Store launched two sets of courses: “Xingtu Program” and “Xingyao Program” targeting employees at different levels and positions in retail stores, aiming to enhance their knowledge and skills and empower their career development.

Program	Target	Content	Outcomes
“Xingtu Program”	Sales associates and store manager assistants	Performance management, merchandise management, personnel management, sales techniques, system operation techniques, etc.	38 sessions held throughout the year with nearly 1,600 participants trained and a training coverage rate of nearly 99%
“Xingyao Program”	On-duty and reserve dual-store managers	Offline courses cover personnel management, goal management, display management, and merchandise management, supplemented with practices such as store management training, mentorship, and dynamic coaching, to empower participants in improving store management capabilities	Five sessions held throughout the year with 87 participants trained and nearly 40 hours of instruction

Happy Workplace

M&G respects and safeguards employees’ legitimate rights and interests, continuously improves the benefits system, values employee diversity, and provides an equal and inclusive work environment. The Company also organizes a wide range of employee activities to foster a vibrant and positive sustainability culture.

To gain a more comprehensive understanding of employees’ voices and needs, M&G launched an employee engagement survey at the end of 2024. Through questionnaires, the Company collected feedback and opinions on corporate culture, work environment, career development, and other areas. Based on the analysis results, the Company continuously followed up and optimized its practices to enhance employee engagement. Over 90% of employees participated in the survey this year.



M&G Employer Awards in 2024

“Top Human Resources Management Awards—Outstanding Employer”

51job

“2024 Top 100 Happy Enterprises: Best CSR Top 30”

The Economic Observer

“DEI Employer Awards 2024” and “Top 100 DEI Employer 2024”

HRflag

“2024 Asia Best Workplace—Healthy Workplace Advocate”

AIA

“2024 Human Resource Award—Best Employers”

HRoot

“Model Happy Workplace”

ai Quality Workplace

Employee Benefits and Activities

In addition to fulfilling statutory obligations to pay various types of social insurance, M&G has established and continuously improved an employee benefits system covering five key categories: allowances and subsidies, health and well-being, protection against risks, paid leaves, and accommodations. During the reporting period, the Company provided additional benefits and care to ensure the well-being of every employee.

Additional Commercial Insurance

Provided all employees with additional commercial insurance, including term life insurance, critical illness insurance, accidental injury insurance, and accidental medical insurance.

Improvement of Living Conditions

Renovated old dormitories at the Shanghai production base, retrofitted supporting facilities, repainted hallways, and maintained the hot water system to improve employee satisfaction with accommodations.

Physical Health Promotion

In addition to regular check-ups, offered supplementary women's health screenings and health education; opened an infirmary at the Shanghai office building to provide emergency medicine, blood pressure monitors, thermometers, and other basic medical supplies; established a medical service station in the park to offer diagnosis, medication, dressing change, and health management services for common illnesses.

Mental Health Focus

Invited external professionals to host five charitable mental health salons to help employees develop self-awareness and enhance workplace well-being, with a total of 70 employees participating.

M&G and its subsidiaries regularly organize a wide variety of employee events such as sports festivals, arts festivals, team-building activities, club activities, holiday salons, and family days. These activities help employees relieve work stress, balance work and life, and stimulate creativity and team spirit.



M&G Programmers' Day



Jiumu Store Family Day



M&G Club Activity



M&G Colipu International Women's Day Celebration

Case Sports Game and Arts Festival: Showcasing Diverse Talents and Uniting Collective Strength

The 2024 M&G Sports Game lasted 30 days and included six individual events and five team events, generating nearly 1,000 instances of participation from 21 departments. With events such as curling, shooting hoops, tug of war, and long rope skipping, participants competed for the M&G "Champion's Cup," gaining honor, joy, and unity in the process. Additionally, the newly launched M&G Arts Festival received enthusiastic responses from 26 departments and branch plants, with 137 employee submissions in photography, painting, singing and dancing, talk shows, and more, showcasing employees' vibrant and artistic sides beyond work. These events not only enhanced physical fitness and creativity but also strengthened team cohesion and enriched corporate culture.



M&G "My YOUNG" Sports Game



M&G Arts Festival

Diversity and Equal Opportunities

M&G integrates the concept of Diversity, Equity, and Inclusion (DEI) with the corporate value of "openness and inclusiveness," and is committed to creating a workplace where employees from diverse backgrounds can fully realize their potential and achieve personal value. During the reporting period, M&G reviewed the current status of internal DEI practices and proposed management objectives such as increasing the proportions of female employees and female executives, which will guide the Company in gradually strengthening the DEI system establishment and its implementation in future years.

The Company has clearly stipulated in the *Employee Handbook* that any form of discrimination based on gender, region, ethnicity, age, marital status, or other factors is strictly prohibited. Gender equality and fair treatment are emphasized in all aspects of human resource management. Furthermore, M&G attaches great importance to the rights and interests of female employees, supporting their career development and helping them balance work and life. M&G and its subsidiaries, including M&G Colipu and Axus Stationery, provide female employees with various types of leave, such as maternity leave and parental leave. Nursing rooms are also available at office locations, offering clean and private spaces for breastfeeding employees. The Company has continued to organize "Parent Child Mother EQ Course" and held its first Women's Leadership Workshop during the reporting period to help female employees better understand their strengths and potential and to empower them to pursue their career goals more confidently.



Female employees accounted for **48%** of M&G's total workforce



Handmade Decoupage Bag Activity for International Women's Day

Case Women's Leadership Workshop

On November 22, 2024, M&G held its first Women's Leadership Workshop, attended by 32 female mid- and senior-level managers. This workshop created a dedicated space for female leaders and offered a series of educational and empowering activities. Through these sessions, participants enhanced their self-awareness, discovered the unique strengths of female leadership, and gained empowerment through mutual exchange and resonance.



M&G's First Women's Leadership Workshop

Sustainability Culture Development

M&G continuously promotes the development of an internal sustainability culture. For the second consecutive year, each center and department has appointed a Sustainability Ambassador. The Company also refined the *Charter of Sustainability Ambassadors* to clarify the ambassadors' responsibilities, goals, management mechanisms, support, and incentive mechanisms, thereby better motivating participation. During the reporting period, 25 ambassadors actively communicated the Company's sustainability updates and activity information, promoted low-carbon office practices such as energy, water, and paper conservation, and created green work environments within their departments. They also independently organized over ten sustainability-themed employee activities, helping to concretize abstract concepts such as sustainability and ESG in ways that resonated with staff, subtly integrating these ideas into daily work.

In addition, M&G introduced ESG awards into its annual company recognition program to commend outstanding individuals and teams. This award mechanism not only celebrates achievements but also encourages internal reflection on ESG efforts and promotes cross-center communication and collaboration.



2024 M&G Sustainability Ambassadors



Awarding Ceremony for Outstanding Individuals for ESG Performance at the M&G Annual Gala

Case "Hello, Sustainability" – M&G's First Sustainability Culture Month

In September 2024, M&G launched its first "Sustainability Culture Month," organizing a series of engaging and meaningful activities under four weekly themes: "99 Giving Day," "Protecting the Deep Blue," "Sustainability Knowledge Enhancement," and "Safety Matters," along with an online check-in campaign titled "Let's Build a Sustainable Life Together." The initiative enabled employees to experience, participate in, and co-promote sustainable development. During the campaign period, over 10 events were held, generating more than 3,000 instances of participation. A total of 123 employees participated in the online check-in campaign, with the cumulative number of check-ins exceeding 500, significantly enhancing employees' awareness of sustainability.



Charity Sale



Co-created Ocean Poetry



Sustainability Strategy Sharing



Fire Safety Drill

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 Foundation ("M&G Foundation") was officially founded. Upholding the philosophy of "promoting quality education and empowering inclusive community development," M&G Foundation has carried out a variety of charity programs. During the reporting period, M&G Colipu established the Colipu Charity Fund under the M&G Foundation and made an initial contribution of RMB100,000 to support its charity undertakings in 2024. Throughout the year, various initiatives were carried out, including charity forest visits, donation of teaching supplies, and volunteer services for art classes, further expanding the Company's charity strength.

M&G Foundation 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 Foundation had carried out educational charity initiatives in 138 prefecture-level cities across 32 provinces in China. During the reporting period, the total amount of charity funds and material donations from M&G Foundation and M&G's subsidiaries reached RMB8.44 million, generating more than 440,000 instances of benefit. A total of 4,435 instances of employee volunteer service participation were recorded, contributing 9,221 hours of volunteer service.



Instances of employee volunteer service participation
4,435



Volunteer service hours
9,221

Focusing on Rural Art Education

Art education plays an irreplaceable role in enhancing aesthetic literacy, enriching the spiritual world, and cultivating innovation awareness among rural students. In recent years, the government has issued multiple documents such as the *Opinions on Comprehensively Strengthening and Improving School Art Education in the New Era* and the *Notice on the Comprehensive Implementation of the Art Education Infiltration Action in Schools*, emphasizing the importance of art education and encouraging social forces to participate in its development, thereby forming a joint force to educate through art.

M&G Foundation has long been committed to rural art education. In 2022, it launched the "Art Education Plan" program based on accumulated experience. The program enhances the aesthetic literacy of rural schools and communities through lesson plan collection, teacher training, and art supply donations. It also connects resources from other charity foundations, enterprises, and university volunteer associations to build an ecosystem for children's art education in rural areas. In 2024, with support from the Office of the National Working Committee for Youth Affairs, the program organized large-scale art education events on school campuses, increasing the number of beneficiary schools to 624. During the year, M&G Foundation also successfully brought art courses into 36 communities, enabling migrant and left-behind children to participate in art activities after school or during holidays. A special rural art competition co-hosted with M&G Foundation and One Foundation attracted over 120,000 student submissions nationwide, with more than 3,000 outstanding works exhibited in over 100 physical exhibitions across the country. These works were also developed into charitable stationery products, driving continued attention to art education in rural schools through high-quality painting competitions.



Physical Exhibition of Works from the Rural Art Competition

On World Children's Day 2024, M&G Foundation released the short film *Sunrise* and held the *A Thousand Sunrises* rural children's art exhibition at Zikawei Library in Shanghai, showcasing over 100 "sunrise impressions" created by children from rural schools. Through over 85.75 million online views and a month-long physical exhibition, the initiative not only highlighted rural children's talent in creating beauty but also raised broader public awareness of rural art education.



M&G Foundation's Short Film *Sunrise*



A Thousand Sunrises Charity Exhibition

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 monthly charitable activities in various themes, including summer art class assistantships, charity markets, environmental film screenings, and visits to M&G Foundation Forest, gradually integrating charity into the daily lives of M&G employees. During the reporting period, M&G established the M&G Volunteer Team, implemented a volunteer service points and reward system, and enabled volunteer service hours to be logged in the official Shanghai volunteer database, allowing volunteers to enjoy government incentive policies. M&G Foundation also presents commemorative certificates to volunteers at the end of each activity and during annual review events, establishing a long-term incentive mechanism to encourage employees' continuous participation in charity.



- 01 Over 300 employees participated in the "E.G.G Walkathon" charity walk
- 02 Employees created traditional Chinese painting bookmarks and wrote heartfelt messages for rural children
- 03 All M&G senior executives participated in the Executive Charity Day, engaging in close and heartfelt interactions with children with autism
- 04 With the support of M&G Foundation, employees initiated charitable painting activities in local communities

Innovative Charity

In addition to mobilizing internal resources for charity, M&G Foundation has been actively expanding external partnerships. During the reporting period, it established collaborations with multiple foundations and philanthropic enterprises, exploring innovative models such as carrying out charity livestreaming and joining "Goods for Good" program, aiming to jointly build a sustainable charity ecosystem.

Case Charity Livestream to Raise Awareness for Autism

M&G Foundation has long carried out the Autism Support Program, empowering individuals with autism and their families through artistic creation. On April 2, 2024, "World Autism Awareness Day", M&G Foundation partnered with Gaotu High School to launch a charity livestream to raise public awareness about autism. The livestream also featured the release of a creative gift set, "Happy Planet," inspired by drawings by children with autism. This charity product served as a creative medium to advocate for a more inclusive society for individuals with autism. The livestream attracted over 50,000 viewers, and 100% of the profits from product sales were donated to support income-generating projects for both individuals with autism and women in rural communities.



Introducing the Charitable Story behind the Creative Gift Set during the Livestream

Case Teaming up with Alibaba Foundation to Launch Livestreaming Charity Sales

M&G Foundation joined Alibaba's "Goods for Good" program. During the reporting period, it collaborated with top livestreamers on Taobao to host multiple livestreaming charity sales featuring M&G's charity stationery products. All sales proceeds were donated to M&G Foundation's projects, enabling consumers to support the charity by purchasing products and unlocking a new model for charity engagement. M&G and several other consumer goods brands were awarded the "2024 Innovative Charity Award" by Alibaba Foundation.



Livestreaming Charity Sales of M&G's Charity Products on Taobao

ESG Performance Report

Environment

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*. To ensure effective environmental compliance management, M&G developed the *Control Procedures for Emergency Preparedness and Response*, conducted environmental and safety risk inspections, and established emergency preparedness and response plans. The Company organized environmental and safety emergency drills and implemented risk assessments for environmental incidents and emergency response management for unexpected environmental incidents. M&G Shanghai production base has passed the ISO 14001 Environmental Management System certification. During the reporting period, M&G did not experience any major environmental incidents, nor was it subject to significant administrative penalties or criminal liabilities by the Ministry of Ecology and Environment or other relevant authorities.

Pollutant Discharge

M&G is committed to environmental protection, strictly adhering to relevant laws and standards such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Integrated Emission Standard of Air Pollutants*, and the *Emission Standard for Industrial Enterprises Noise at Boundary*. The Company has implemented environmental management systems, including the *Environmental and Safety Management Operation Control Procedures*, to ensure the compliant discharge of wastewater, exhaust gas, and noise.

In accordance with the *Regulations on the Administration of Pollutant Discharge Permits*, M&G has completed pollutant discharge registration and established comprehensive monitoring, recording, and reporting processes for pollutant discharge, as well as emergency response measures for excessive discharge. The Company regularly monitors pollutant discharge and issues testing reports for wastewater, exhaust gas, and noise to detect and address discharge anomalies in a timely manner. Pollution control equipment is continuously maintained and updated. Axus Stationery has 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. For wastewater treatment, M&G has formulated the *M&G Stationery Water Treatment Facility Operation Manual* and strictly follows its procedures to ensure compliant discharge into municipal sewage pipelines. During the reporting period, M&G's discharge of wastewater, exhaust gas, and noise met the relevant national and local pollution discharge standards and legal requirements.

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. M&G 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 recycle 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.

Energy Utilization

M&G strictly complies with laws and regulations such as the *Law of the People's Republic of China on Energy Conservation* and the ISO 50001:2018 Energy Management Systems standard. The Company has developed and implemented the *M&G Energy Management Manual*. M&G's energy management system has been certified to ISO 50001. During the reporting period, while ensuring a stable energy supply, M&G increased investment in renewable energy such as photovoltaic power generation and green electricity procurement to gradually increase the proportion of clean energy usage. Each base has set annual energy-saving targets based on the Company's climate strategy and action roadmap, as well as its actual status, and actively implemented energy-saving initiatives, including equipment upgrades, process optimization, waste heat recovery, and digital management. These efforts are expected to save approximately 1.74 million kWh of electricity annually, equivalent to reducing 770.8 tCO₂e emissions.

Ecosystem and Biodiversity Protection

M&G is committed to implementing ecological and environmental protection measures in strict compliance with the *Environmental Protection Law of the People's Republic of China*, the *Law of People's Republic of China on Environmental Impact Appraisal*, the *Law of the People's Republic of China on Water and Soil Conservation*, and other laws and regulations. During the reporting period, all major M&G operational and business sites were located outside the scope of ecological protection redlines. As a wood-based pencil manufacturer, the subsidiary Axus Stationery owns 1,853 mu of forest land, which has been FSC certified. Axus Stationery has formulated the *Sustainability Management Policy*, pledging not to use any uncertified tropical rainforest species and continuously monitors the biodiversity of the forest land during its operations to ensure sustainable utilization of forest resources.

M&G's Measures for Ecosystem and Biodiversity Protection

Project Site Selection	Project Construction	Production and Operation
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Formulate and implement strict management measures for wastewater, exhaust gas, and noise and forest land protection, monitor the surrounding environment, and reduce environmental impact.

Social

Product Quality and Safety

M&G strictly complies with the *Law of the People's Republic of China on Product Quality*, the *Request in Common Use of Security for Student's Articles* (GB 21027-2020), the *Hygienic Requirements of Study Products for Myopia Prevention and Control in Children and Adolescents*, the *Work Plan for the Safety Protection of Children and Student Supplies*, and other laws, regulations, and standards. The Company has established the M&G Quality Management System and formulated various product safety policies and procedures, including the *Management and Control Procedure for Product Safety*, the *M&G Product Audit Sampling Mechanism (Trial)*, the *Quality Risk and Opportunity Control Procedure*, the *Design and Development Control Procedure*, the *Process Control Procedure*, the *Production Control Procedure*, the *Product Monitoring and Measurement Control Procedure*, the *Nonconforming Product Control Procedure*, the *Identification and Traceability Management Control Procedure*, and the *Compliance Obligations and Compliance Evaluation Control Procedure*. These ensure that every stage from raw material to product delivery is subject to strict quality control. During the reporting period, M&G and subsidiaries, such as M&G Colipu and Axus Stationery, successfully obtained ISO 9001 Quality Management System certification. In terms of product certification, we ensure that all products subject to China Compulsory Certification (CCC), such as educational devices, pinyin learning machines, and microscopes, complete certification prior to market launch. During the reporting period, there were no major safety or quality incidents related to M&G's products or services.

Marketing and After-sales

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. The Company has 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. It 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;" it 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.

M&G has established a complaint-handling mechanism and continuously improves the *Customer Complaint Handling Procedure*, designating departments and personnel responsible for addressing customer complaints and inquiries in a timely manner. Meanwhile, the Company has developed a product recall management system that defines responsibilities, recall procedures, and oversight mechanisms to protect consumers' lawful rights and interests.

Innovation-driven Development

M&G invests more than RMB100 million annually in technological R&D and product innovation. As a national high-tech enterprise, the Company has established the China Writing Instrument Industrial Base, the China Writing Instrument Center, the National Industrial Design Center, and the Key Laboratory of Writing Instrument Engineering Technology of China National Light Industry. It has also formulated comprehensive R&D management standards and an intellectual property management system. During the reporting period, M&G invested nearly RMB190 million in R&D and innovation, accounting for 0.8% of main business revenue; R&D personnel made up 8% of its workforce; it filed 20 invention patent applications, eight of which were granted; the total number of valid patents reached 1,336.

Chemical Management

M&G has formulated the *Chemical Management Policy* in accordance with relevant national laws, regulations, and supervisory requirements. The Company has strengthened, standardized and unified management of chemical usage, ensured that no prohibited chemicals are used in product R&D, and guaranteed that all procured chemicals are sourced from qualified suppliers.

Key Chemical Safety Standards Referenced by M&G

China	<i>Inventory of Severely Restricted Toxic Chemicals of China</i>
	<i>The Regulations of the People's Republic of China on Administration of Controlled Chemicals - Various Monitored Chemicals List</i>
	<i>Request in Common Use of Security for Student's Articles</i> (GB 21027-2020)
	<i>Gel Ink Ballpoint Pens and Refills</i> (GB/T 37853-2019)
	<i>National Safety Technical Code for Toys</i> (GB 6675-2014)
	<i>Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products</i> (GB/T 26572-2011)
	<i>Hygienic Requirements of Study Products for Myopia Prevention and Control in Children and Adolescents</i> (GB 40070-2021)
	<i>Technical Requirements for Environmental Labeling Products Cultural Paper</i> (HJ 410-2017)
	<i>Student Modeling Clay</i> (T/CSSGA 1006-2018)
	<i>Book Cover and Slipcase</i> (T/CSSGA 1001-2017)
EU	<i>Children's Acrylic Paint and Acrylic Markers</i> (T/SLIA 0003-2024)
	<i>Exercise Books</i> (QB/T 1437-2023)
	<i>Fountain Pens and Nibs</i> (GB/T 26717-2024)
	<i>General Safety Requirements on Food Contact Materials and Articles</i> (GB 4806.1-2016) and other national food safety standards
EU	<i>Registration, Evaluation, Authorization and Restriction of Chemicals</i> (REACH Regulation)
	<i>Safety of Toys - Part 3: Migration of Certain Elements</i> (EN71-3)
	<i>Safety of Toys - Part 9: Organic Chemical Compounds Requirements</i> (EN71-9)

M&G has established a Chemical Management Committee composed of the Sustainability Office, Procurement Center, Production Center, Technical Center, and Quality Center. This committee is responsible for coordinating chemical safety management, formulating performance evaluation standards, promoting compliance, gradually phasing out chemicals prohibited or restricted by regulations, enhancing information transparency, and raising public awareness of the chemical safety of M&G's products.

M&G Chemical Safety Management Structure



Supply Chain Safety

M&G has established and improved its supply chain management system, formulating a series of institutional documents such as the *Supplier Management Method*, the *Supplier Code of Conduct*, the *New Supplier Development and Onboarding Management Method*, the *Supplier Evaluation Management Method*, and the *Supplier Management Control Procedure*. These documents standardize the effective implementation of supplier development, evaluation, performance assessment, and control management. The Company actively manages supply chain risks by strengthening risk assessment and early warning systems, implementing supplier diversification strategies, improving supplier introduction mechanisms, enhancing the stability of strategic suppliers, and conducting supply chain ESG assessments and management to ensure supply chain resilience and security. At the same time, the Company continuously improves independent innovation capabilities, develops raw materials and production processes with proprietary intellectual property rights; enhances information sharing and collaborative cooperation with suppliers; and promotes refined management through the implementation of MBS (M&G Business System) to improve overall supply chain efficiency. These efforts continuously strengthen M&G's supply chain's advantages and competitiveness.

Employees

Labor Rights and Benefits

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 core conventions ratified by China issued by the International Labor Organization (ILO), including the *Equal Remuneration Convention*. The Company has 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. It maintains zero tolerance towards harassment and violence. M&G strictly complies with the *Trade Union Law of the People's Republic of China* and has established open and equal consultation channels within the Company. All employees are members of the trade union, and no labor disputes occurred during the reporting period.

M&G actively recruits talent through campus recruitment, professional recruitment, and internal referrals, and offers flexible employment opportunities such as manual workers, equipment operators, flip-flop workers, full inspectors, scanners, sorters, and loading/unloading personnel. The Company has formulated the *Recruitment Management Policy* to ensure that recruitment and hiring processes are compliant, fair, and transparent, while continuously optimizing recruitment procedures and efficiency. In response to possible job adjustments due to organizational restructuring, the Company has established a humane employee placement system, providing either severance packages or job transfer solutions.

M&G strictly adheres to national laws, regulations, and local policies in its operating locations to ensure employee compensation exceeds the minimum wage standards. Salaries are determined based on job value, capability, and performance, and are regularly benchmarked against market levels to dynamically manage compensation. This ensures its compensation system remains competitive within the industry and region.

Occupational Health and Safety

M&G complies with the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Regulation on Work-Related Injury Insurance*, and other relevant laws and regulations. It has formulated and implemented systems such as the *Environmental and Safety Management Operation Control Procedures* and the *Safety Management Standards* to build the QEHS management system and production safety accountability system. The Company provides employees with safety training and work injury insurance. M&G's occupational health and safety management system has been certified under ISO 45001. During the reporting period, no general or more serious safety incidents occurred. A total of RMB2.956 million was invested in work-related injury insurance, covering 100% of employees.

Career Development and Training

M&G is committed to building a fair and comprehensive promotion mechanism and a multi-level, diversified training system. During the reporting period, the Company's training system covered 98% of employees, with an average of 14.6 training hours per employee. Annual training expenditures totaled RMB2.049 million. M&G encourages and supports employees to enhance their vocational skills through training and further education. For employees in finance and auditing positions, it offers reimbursements for professional certification exam fees. During the reporting period, the Company supported 197 employees in obtaining certifications.

Rural Revitalization and Social Contribution

The Shanghai M&G Foundation (M&G Foundation) actively responds to China's rural revitalization strategy. In light of the current fragmentation of art education resources, M&G Foundation integrates social resources to launch the "Art Education Plan" program, aiming to build an industry ecosystem for children's art education in rural areas and to promote rural revitalization and improvement in local aesthetic literacy through art education. During the reporting period, M&G Foundation invested a total of RMB2.92 million in rural revitalization. The "Art Education Plan" program was implemented in 624 rural primary schools and 36 community child service centers, offering charity art classes. The Golden Seed Plan education assistance program donated over 60,000 stationery gift packs, generating more than 440,000 instances of benefit. M&G's regional channel partners actively responded to the Company's call by organizing charitable donation events to support local educational development.

Data Security and Customer Privacy Protection

M&G continuously improves its information security management system and 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*, and the *Information Security Incident Management Policy*. The Company has established an Information Security Management Working Group that is fully responsible for information and network security. Additionally, an information security self-inspection taskforce has been established to conduct monthly inspections, address security issues, and perform emergency drills across all business systems. M&G Alliance has passed the Level 3 certification of the Security Classified Protection for Information System Registration; the membership system of Jiumu Store has also passed the Level 3 certification of the Security Classified Protection for Information System Registration, while the email system has passed Level 2 certification of the same standard.

During the reporting period, M&G implemented several measures to enhance its information security capabilities:

M&G conducted information security risk analysis and inspection across the Company, completing an assessment that covered core business systems, network architecture, and data storage. Based on the findings, a formal risk evaluation was developed and a security enhancement plan was implemented.

M&G conducted third-party vulnerability analysis through classified protection testing and third-party security scans to identify and fix vulnerabilities. Additionally, M&G responded to a cybersecurity vulnerability scan initiated by the Cyberspace Administration of Songjiang, completed all required remediation measures, and submitted the report as requested.

M&G enhanced the application of technical tools for information security by deploying threat detection and defense systems to improve the identification of potential threats.

M&G optimized access rights management to restrict access to sensitive data, ensuring secure storage and transmission of sensitive information.

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. In parallel, an information security emergency plan and incident response procedures have been developed to ensure the secure operation of information systems.

In terms of privacy protection, M&G strictly complies with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other relevant laws and regulations. The Company has issued the *Personal Information Security Protection Management Measures* to properly safeguard the data of both M&G and its customers in accordance with confidentiality arrangements and privacy protection policies, ensuring the security of information. M&G openly and transparently informs customers of the purpose, scope, method, use, and sharing of data collection and obtains customer consent. In the event of a customer data breach, M&G promptly initiates an investigation, takes control measures, notifies relevant personnel, and implements remedial actions based on the investigation results to minimize the impact on customers. During the reporting period, M&G conducted a compliance audit on personal information protection to ensure all related work was carried out in accordance with legal and regulatory requirements and internal management policies. M&G Colipu has obtained ISO/IEC 27701 privacy information management system certification.

M&G regularly conducts information security awareness campaigns, education, and training, and has launched an instructional video titled *M&G Employee Information Security Training*. Anti-fraud awareness initiatives are also carried out, including the development of anti-fraud training modules made available on the learning platform, anti-fraud orientation sessions for new hires, and anti-fraud email alerts.

During the reporting period, M&G did not receive any complaints related to information security or privacy protection and reported no incidents of data or information security breaches, including customer data leakage or loss.

Governance

Corporate Governance

M&G continuously improves its corporate governance structure. The Board of Directors has established four specialized committees: the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee. As of the end of the reporting period, the Board consisted of seven directors, including three independent directors, with women accounting for 14% of the Board. The three independent directors have professional experience in law, accounting, and corporate management consulting, and possess expertise in strategic development, corporate governance, and risk management, providing effective input into decision-making across various dimensions of the Company's development. One of the independent directors has experience in the manufacturing industry.

M&G considers multiple factors in the composition of the Board, including professional experience, educational and cultural background, age, gender and other diversity factors, to ensure the Board's scientific decision-making capabilities. The election of directors shall first be reviewed and approved by the Board of Directors, and then submitted to the General Meeting for final approval before taking effect. Each term of office for a director is three years, and directors may be re-elected upon expiration of their term. However, the consecutive term of service for an independent director shall not exceed six years.

The Board of Supervisors, under the authority of the General Meeting, functions as a permanent oversight body independent from the Board of Directors. It exercises supervisory authority over the Board of Directors, senior management, and the overall management of the Company. As of the end of the reporting period, the Board of Supervisors comprised three members: one employee representative supervisor and two external supervisors.

M&G has established a comprehensive remuneration and incentive system for all employees. For middle and senior management, equity incentives are provided as part of a long-term incentive plan. The Company has linked sustainability performance to the compensation of certain senior executives as part of their variable remuneration. Regarding clawback and recoupment provisions, the *Employee Handbook* clearly states that the Company reserves the right to reclaim employee compensation due to company property damage or loss caused by employees and rights of other recovery of payment authorized by employees. This clawback provision also applies to senior executives.

Risk Management and Control

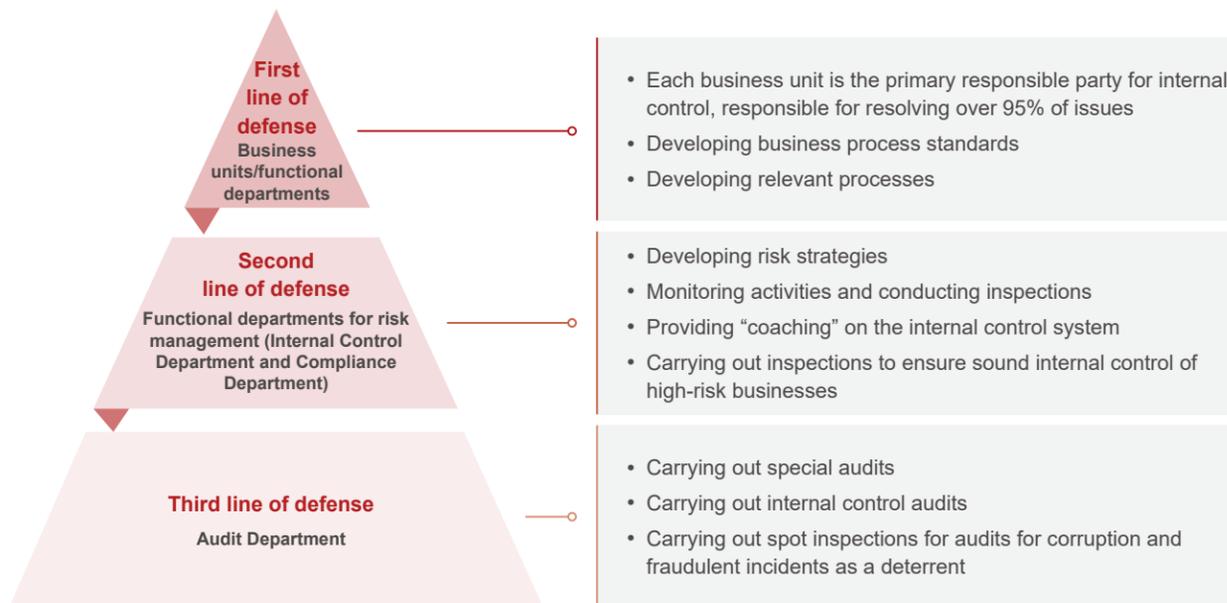
M&G conducts risk management and control with the objectives of “optimizing operations, preventing corruption, and controlling risks”. The Board of Directors is responsible for planning and establishing the risk management framework, formulating risk management policies and related guidelines, and supervising the implementation of risk management measures; the Board of Supervisors effectively supervises the establishment of internal control systems and the implementation of internal control measures by the Board of Directors; and the management is responsible for coordinating the daily operation of internal controls in the Company. In 2023, the Company established the Risk Management and Compliance Committee, which operates under the leadership of the President of the Company. 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.

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



M&G has established an internal control framework and continuously refines its three lines of defense risk management system, which is composed of “business departments, functional departments for risk management, and the audit department”. During the reporting period, M&G focused on high-risk business processes and conducted pilot improvement projects in areas such as policy development, process optimization, and system enhancement; the Company also assessed the internal control maturity of these pilot projects, maintaining ongoing attention to the effectiveness and progress of internal control improvements.

M&G “Three Lines of Defense” Risk Management System



Business Conduct

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. The Company continuously strengthens its practices in business ethics, anti-bribery, anti-corruption, and the prevention of unfair competition. M&G has established and implemented internal policies such as the *Code of Business Conduct*, the *Supplier Code of Conduct*, the *Management System Against Fraudulence*, and the *Guidelines of Anti-Monopoly and Compliance*. New employees and those in key positions are required to sign the *Letter of Commitment on Integrity and Self-Discipline*. In addition, all suppliers in procurement, service, and engineering categories are required to sign the *Transparent Procurement & Integrity Convention*. During the reporting period, M&G had no legal cases related to commercial bribery, corruption, or unfair competition.

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. The Company has 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 70 questions on the SSE E-interactive platform with a 100% response rate. The Company also proactively disclosed four institutional investor research summaries in the “Listed Company Announcements” section of the platform. M&G was honored with the 15th Tianma Award for Investor Relations Management of Chinese Listed Companies during the reporting period.

ESG Performance Data¹¹

Governance Performance

Board of Directors

Indicator	Unit	2022	2023	2024
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				
Under 30 years old	%	0	0	0
30-50 years old	%	0	14	14
Over 50 years old	%	100	86	86
Rate of directors by gender				
Male	%	86	86	86
Female	%	14	14	14

Business Ethics

Indicator	Unit	2023	2024
Number of operational sites audited for business ethics	number	22	22
Rate of operational sites covered by business ethics audits	%	100	100

Anti-corruption¹²

Indicator	Unit	2023	2024
Number of public legal cases regarding corruption brought against the Company or its employees	case	0	0
Total number of employees participating in anti-corruption training	person	2,364	2,868
Number of personnel receiving anti-corruption training by position level			
Non-management personnel	person	/	2,494
Management personnel	person	/	374

¹¹ Unless otherwise specified, the scope of ESG performance data for 2024 includes M&G and its subsidiaries.

¹² The 2024 anti-corruption data covers M&G, Jiumu Store, More-Than-Fun, and M&G Colipu. The categorization methodology was adjusted in 2024 to non-management personnel and management personnel, aligning with the categorization in the "Employment" section. Historical data by position level for 2023 is unavailable and therefore not disclosed.

Indicator	Unit	2023	2024
Percentage of personnel receiving anti-corruption training by position level			
Non-management personnel	%	/	85
Management personnel	%	/	60

Environmental Performance

Environmental Investment

Indicator	Unit	2022	2023	2024
Environmental investment	RMB10,000	222	239	594

Energy¹³

Indicator	Unit	2022	2023	2024
Gasoline	ton	45	89	59
Diesel	ton	485	414	418
Liquefied petroleum gas (LPG)	ton	/	/	40
Natural gas	m ³	/	/	189,421
Steam	ton	/	/	29,102
Purchased electricity	kWh	94,360,791	92,582,027	102,087,954
Renewable energy consumption	kWh	9,114,718	13,222,559	21,603,572
Percentage of renewable energy usage	%	8	12	17
Total energy consumption	tce	13,612	13,873	16,523
Total energy consumption intensity	tce/million RMB	0.7	0.6	0.7

GHG Emissions¹³

Indicator	Unit	2022	2023	2024
Scope 1 GHG emissions	tCO ₂ e	2,170	2,115	2,393
Scope 2 GHG emissions	tCO ₂ e	46,668	45,940	46,542
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	48,838	48,055	48,935
GHG emission intensity	tCO ₂ e/million RMB revenue	2.4	2.1	2.0

¹³ The 2024 energy and GHG emissions data cover M&G Stationery's Shanghai base, Shanghai headquarters office building, South China base, North China base, Central China base, Axus Stationery, M&G Colipu, and Jiumu Store (Company-owned stores). LPG, natural gas, and steam are newly disclosed metrics in 2024.

Materials¹⁴

Indicator	Unit	2022	2023	2024
Total material usage	ton	42,401	58,019	61,708
Plastic	ton	21,000	23,286	23,648
Paper	ton	18,000	28,877	31,425
Ink	ton	3,401	3,114	3,124
Wood	ton	/	495	1,760
Pencil lead	ton	/	2,247	1,751
Material usage intensity	ton/million RMB revenue	2.1	2.5	2.5

Packaging Materials

Indicator	Unit	2023	2024
Total packaging materials ¹⁵	ton	24,114	24,850
Paper	ton	21,010	21,560
Plastic	ton	2,577	2,989
Other ¹⁶	ton	527	301

Water Resources¹⁷

Indicator	Unit	2022	2023	2024
Total water consumption	ton	546,100	570,185	588,923
Water intensity	ton/million RMB revenue	27.3	24.4	24.3
Recycled and reused water	ton	45,000	49,772	38,851

Waste & Effluents¹⁸

Indicator	Unit	2022	2023	2024
Total solid waste	ton	728	663	8,219
Hazardous waste	ton	28	29	22
General waste (non-hazardous)	ton	700	634	8,197

¹⁴ The 2024 materials data cover M&G, Jiumu Store, and Axus Stationery. The data of 2023 for paper, total material usage, and intensity were revised due to methodology updates.

¹⁵ The 2024 total amount of packaging materials covers M&G, Jiumu Store, Axus Stationery, and M&G Colipu.

¹⁶ The main other packaging materials are metal (iron boxes).

¹⁷ The 2024 water resources data cover M&G Shanghai base, Shanghai headquarters office building, South China base, and Axus Stationery.

¹⁸ The 2023 waste and effluents data cover M&G Shanghai base. In 2024, the South China base and the North China base are newly added to the data scope. Among them, due to the change of the statistical method of general waste (non-hazardous), the statistical system has been further improved. Therefore, the data of general waste (non-hazardous), total solid waste and solid waste intensity in 2024 have increased.

Indicator	Unit	2022	2023	2024
Solid waste intensity	ton/million RMB revenue	0.04	0.03	0.3
Amount of recycled and reused waste ¹⁹	ton	/	/	7,303
Wastewater discharge	ton	2,000	1,876	2,413

Social Performance**Employment**

Indicator	Unit	2022	2023	2024
Total number of employees	person	5,574	5,839	5,549
Number of employees, by age				
Under 30 years old	person	1,527	2,080	1,833
30–50 years old	person	3,642	3,311	3,279
Over 50 years old	person	405	448	437
Number of employees, by educational background				
Bachelor's (college) degree or above	person	3,401	3,621	3,659
High school, vocational school	person	997	964	618
Other	person	1,176	1,254	1,272
Number of employees, by level				
Non-management personnel	person	/	4,506	4,277
Management personnel	person	/	1,333	1,272
Total number of employees on parental leave ²⁰	person	30	78	142
Number of employees on parental leave, by gender				
Male	person	7	28	62
Female	person	23	50	80
Ratio of basic salary and compensation for male employees ²¹				
Basic salary	%	66	66	77
Additional compensation	%	34	34	23
Ratio of basic salary and compensation for female employees				
Basic salary	%	77	77	82
Additional compensation	%	23	23	18

¹⁹ New data for 2024. Due to the inability to trace past years' data, data for 2022 and 2023 have not been disclosed in this Report.

²⁰ The data scope for the total number of employees on parental leave in 2024 includes M&G, Jiumu Store, and More-Than-Fun.

²¹ The ratio of basic salary and compensation for male/female employees in 2024 includes data from M&G, Jiumu Store, and More-Than-Fun.

Indicator	Unit	2022	2023	2024
Percentage of vacancies filled by internal candidates (internal recruitment) ²²	%	/	20	33
New employee hire rate ²³	%	/	/	14.2
Employee turnover rate	%	13.4	11.9	16.5
Percentage of employees covered by the trade union	%	100	100	100

Employee Training²⁴

Indicator	Unit	2023	2024
Percentage of employees trained, by gender			
Male	%	94	98.9
Female	%	92	99.0
Percentage of employees trained, by level			
Non-management personnel	%	/	98.9
Management personnel	%	/	99.4
Average training hours per capita	hour	11.8	14.6
Average training hours per capita, by gender			
Male	hour	13.7	16.2
Female	hour	9.8	13.5
Average training hours per capita, by level			
Non-management personnel	hour	/	13.9
Management personnel	hour	/	18.5

Performance Assessment

Indicator	Unit	2022	2023	2024
Percentage of employees receiving regular performance assessment	%	100	100	100

²² The percentage of vacancies filled by internal candidates (internal recruitment) for 2024 includes data from M&G, Jiumu Store, and More-Than-Fun.

²³ New data for 2024. Due to the inability to trace past years' data, data for 2022 and 2023 have not been disclosed in this Report.

²⁴ The data scope of employee training indicators in 2023 includes M&G, Jiumu Store, More-Than-Fun, and M&G Colipu, which has been expanded in 2024 to also include Axus Stationery. The scope of statistics for 2024 has been changed to include non-management and management personnel, aligning with the categorization in the "Employment" section. However, due to the inability to trace past years' data, the data for 2022 and 2023 have not been disclosed in this Report.

Occupational Health and Safety²⁵

Indicator	Unit	2022	2023	2024
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 ²⁶	case	18	21	69
Recordable work-related injury rate (per million working hours)	/	9.0	5.8	3.6
Total safety training hours	hour	18,000	20,220	25,489
Total number of employees who received safety training	person	200,000	202,020	230,035
Investment in labor protection	RMB10,000	222	208	274

Products and Services

Indicator	Unit	2022	2023	2024
Number of health and safety violations related to products and services	case	0	1	0
Customer satisfaction by average satisfaction score	score	88	83.5	92.2
Completion rate of after-sales problem implementation ²⁷	%	/	/	99.8

Intellectual Property and Technological Innovation

Indicator	Unit	2022	2023	2024
Technological improvement, innovation, and R&D investment	RMB10,000	18,355	17,752	18,858
Number of R&D personnel	person	429	503	467
Number of patent filings during the year	item	275	212	290
Number of invention patent filings ²⁸	item	/	/	20
Number of patents granted during the year	item	312	148	229
Number of invention patents granted	item	/	/	8
Number of valid patents	item	/	1,211	1,336
Cumulative patent filings	item	2,391	2,612	2,901
Cumulative patents granted	item	2,235	2,407	2,625

²⁵ The data scope of occupational health and safety in 2024 includes the Shanghai base, the South China Base, and Axus Stationery.

²⁶ The number of recordable work-related injuries in 2023 only includes full-time employees, and in 2024, non-regular employees were also included in the data statistics, so the data has increased.

²⁷ New data for 2024. Due to the inability to trace past years' data, data for 2022 and 2023 have not been disclosed in this Report.

²⁸ The number of invention patent filings and number of invention patents granted are new data for 2024. Due to the inability to trace past years' data, data for 2022 and 2023 have not been disclosed in this Report.

Supply Chain Management²⁹

Indicator	Unit	2022	2023	2024
Number of suppliers participating in ESG audit	number	70	71	85
Percentage of key suppliers participating in ESG audit	%	/	100	100
Number of assessed suppliers with substantial actual/potential negative impacts	number	/	6	1

Charitable and Philanthropic Activities³⁰

Indicator	Unit	2022	2023	2024
Total cash donations	RMB10,000	425	303	311
Total in-kind donations	RMB10,000	108	305	533
Number of participants in volunteer services	person-time	/	3,778	4,435
Volunteer service hours	hour	/	5,730	9,221

²⁹ The data scope for supply chain management in 2024 includes M&G.

³⁰ The data scope for charitable and philanthropic activities in 2023 includes M&G Foundation, M&G Colipu, and Jiumu Store. In 2024, Axus Stationery was added to the scope.

Independent Assurance Statement

CECEP (HK) Advisory Company Limited ("CECEPAC (HK)" or "We") has been engaged by Shanghai M&G Stationery Inc. ("M&G Stationery"), to conduct an independent limited assurance engagement ("Assurance Engagement") on the information and data related to sustainable development in *M&G Stationery 2024 Environmental, Social, and Governance Report* ("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 ("AA1000AS v3"). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specified performance information disclosed in the ESG Report that has been selected in accordance with *the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* ("Sustainability Report Guidelines") published by Shanghai Stock Exchange ("SSE").

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

I. 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 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 *GRI Sustainability Reporting Standards* issued by Global Sustainability Standards Board, AA1000AS v3, the Sustainability Report Guidelines issued by SSE, ISO 14001, ISO 9001, etc.

CECEPAC (HK)'s assurance team has rich experience in conducting assurance and has a full understanding and practical ability of 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).

II. M&G Stationery's Responsibilities

M&G Stationery is responsible for the preparation and presentation of the ESG Report in accordance with the Sustainability Report Guidelines issued by SSE. 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.

III. Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the Sustainability Report Guidelines issued by SSE to M&G Stationery. This independent assurance statement applies solely to the ESG Report in 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 assurance work meet professional qualification, training, and experience requirements, and are proficient in conducting Assurance Engagement. 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.

IV. 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 does not include M&G Stationery's suppliers, contractors and data or information provided by other third parties;
- 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 Assurance Engagement. The selected specified performance information is as follows:
 - Number of valid patents
 - Recordable work-related injury rate (per million working hours)
 - Scope 1 GHG emissions
 - Scope 2 GHG emissions
 - Number of suppliers participating in ESG audit
- The Assurance Engagement was with respect to information disclosed from January 01, 2024 to December 31, 2024 only. Any information that falls outside this period that is disclosed in the ESG Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and
- The scope of the Assurance Engagement is confined 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.

V. Methodology of the Assurance Engagement

CECEPAC (HK)'s Assurance Engagement was conducted at the headquarters and some of subsidiaries of M&G Stationery and the work included:

- Evaluating the appropriateness of M&G Stationery's stakeholder engagement process;
- Conducting on-site interviews with M&G Stationery's employees involved in sustainability management, preparation of the ESG Report and the provision of relevant information;
- Assessing whether the reporting and management approach disclosed for the ESG Report responded to the principles of Inclusivity, Materiality, Responsiveness and Impact as defined in the AA1000AS v3;
- Conducting sampling of evidence pertaining to the reliability and quality of the selected specified performance information;
- Recalculating the selected specified performance information;
- Assessing the degree of conformity of the ESG Report with the Sustainability Report Guidelines; and
- Performing other procedures we deemed necessary.

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.

VI. Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the AA1000AS v3, and 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 its 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

In its risk management system, M&G Stationery has established a process to understand, measure, assess and manage impacts. M&G Stationery carried out a regular corporate significant risk evaluation to identify and rank related risks based on their significance levels. 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 five 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.



March 17, 2025
Hong Kong SAR, China

Indicator Index

Index of Shanghai Stock Exchange Guidelines on Sustainability Report

Dimension	Articles	Topic	Report Page Numbers or Notes
Environmental	Articles 21 to 28	Response to climate change	9-12; 35-43; 74; 82; 88-89
	Article 30	Pollutant discharge	9-12; 73
	Article 31	Waste management	9-12; 44-47; 73; 83-84
	Article 32	Ecosystem and biodiversity protection	9-12; 47-48; 74
	Article 33	Environmental compliance management	9-12; 73
	Article 35	Energy utilization	9-12; 41-43; 74; 82
	Article 36	Water resources utilization	9-12; 46; 83
	Article 37	Circular economy	9-12; 17-23; 41-47; 73; 84
Social	Article 39	Rural revitalization	9-12; 70-71; 77; 87
	Article 40	Social contributions	9-12; 70-72; 77; 87
	Article 42	Innovation-driven development	9-12; 30-31; 75; 86
	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 article is not applicable
	Article 45	Supply chain security	9-12; 30-31; 54-55; 76; 87
	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 article is not applicable
	Article 47	Product and service safety and quality	9-12; 17-34; 56-57; 74-76; 86
	Article 48	Data security and customer privacy protection	9-12; 77-78
Sustainable Development-related Governance	Article 50	Employees	9-12; 59-69; 76-77; 84-86
	Article 52	Due diligence	12; 51-52; 54-55; 79; 87
	Article 53	Stakeholder communication	9-12; 15-16; 80
	Article 55	Anti-commercial bribery and anti-corruption	9-12; 51-55; 80-82
	Article 56	Anti-unfair competition	9-12; 51-55; 80

GRI Standards (2021) Content Index

Statement of use	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	1-2
	2-2 Entities included in the organization's sustainability reporting	1-2
	2-3 Reporting period, frequency and contact point	1-2
	2-4 Restatements of information	81-87
	2-5 External assurance	88-89
	2-6 Activities, value chain and other business relationships	7-8; 15-16
	2-7 Employees	84-85
	2-8 Workers who are not employees	54-57; 76
	2-9 Governance structure and composition	11; 78
	2-10 Nomination and selection of the highest governance body	78
	2-12 Role of the highest governance body in overseeing the management of impacts	3-4; 11; 78
	2-13 Delegation of responsibility for managing impacts	11; 78
	2-14 Role of the highest governance body in sustainability reporting	11
	2-15 Conflicts of interest	11; 51-52
	2-16 Communication of critical concerns	11
	2-17 Collective knowledge of the highest governance body	11
	2-18 Evaluation of the performance of the highest governance body	11
	2-19 Remuneration policies	78
	2-20 Process to determine remuneration	78
	2-22 Statement on sustainable development strategy	9-10
GRI 3: Material Topics 2021	2-23 Policy commitments	15-16; 51-52; 66-68; 76; 80
	2-24 Embedding policy commitments	11; 51-53; 80
	2-27 Compliance with laws and regulations	73-80
	2-28 Membership associations	58
	2-29 Approach to stakeholder engagement	15-16
	3-1 Process to determine material topics	13-14
	3-2 List of material topics	14
3-3 Management of material topics	13-14; 17-80	

GRI Standard	Disclosure	Pages
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	47-48; 74
	101-2 Management of biodiversity impacts	47-48; 74
	101-4 Identification of biodiversity impacts	47-48; 74
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7-8
	201-2 Financial implications and other risks and opportunities due to climate change	38-39
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	76
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	51-53; 55; 80
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	80
GRI 301: Materials 2016	301-1 Materials used by weight or volume	83
	301-2 Recycled input materials used	44-47; 83
GRI 302: Energy 2016	302-1 Energy consumption within the organization	41-42; 82
	302-3 Energy intensity	41; 82
	302-4 Reduce of energy consumption	74
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	46; 73
	303-2 Management of water discharge-related impacts	73
	303-4 Water discharge	84
	303-5 Water consumption	83
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	40; 82
	305-2 Energy indirect (Scope 2) GHG emissions	40; 82
	305-3 Other indirect (Scope 3) GHG emissions	40; 82
	305-4 GHG emissions intensity	82
	305-5 Reduction of GHG emissions	35; 37; 74
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	44-46; 73
	306-2 Management of significant waste-related impacts	44-46; 73
	306-3 Waste generated	83-84
	306-4 Waste diverted from disposal	84
	306-5 Waste directed to disposal	83-84
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	54-55; 76
	308-2 Negative environmental impacts in the supply chain and actions taken	54-55; 76
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	85

GRI Standard	Disclosure	Pages
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	66-68
	401-3 Parental leave	84
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	61-62; 77
	403-2 Hazard identification, risk assessment, and incident investigation	61-62; 77
	403-3 Occupational health services	61-62; 77
	403-5 Worker training on occupational health and safety	61-62; 77
	403-6 Promotion of worker health	61-62; 67; 77
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61-62; 77
	403-8 Workers covered by an occupational health and safety management system	86
	403-9 Work-related injuries	86
	403-10 Work-related ill health	62; 86
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programs for upgrading employee skills and transition assistance programs		63-66; 77
404-3 Percentage of employees receiving regular performance and career development reviews		85
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	68
	405-2 Ratio of basic salary and remuneration of women to men	84
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70-72; 77
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	54-55; 76
	414-2 Negative social impacts in the supply chain and actions taken	54-55; 76
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	27-28; 74
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	74; 86
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	26-27; 32-34; 74-76
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	77-78



Shanghai M&G Stationery Inc.

Website: www.mg-pen.com

Address: No. 5, Lane 288, Qianfan Road, Xinqiao Town, Songjiang District, Shanghai

Email: ESG@mg-pen.com