

ESG REPORT



# 2024 Environmental, Social and Governance (ESG) Report

Shanghai Ailu Package CO., Ltd.

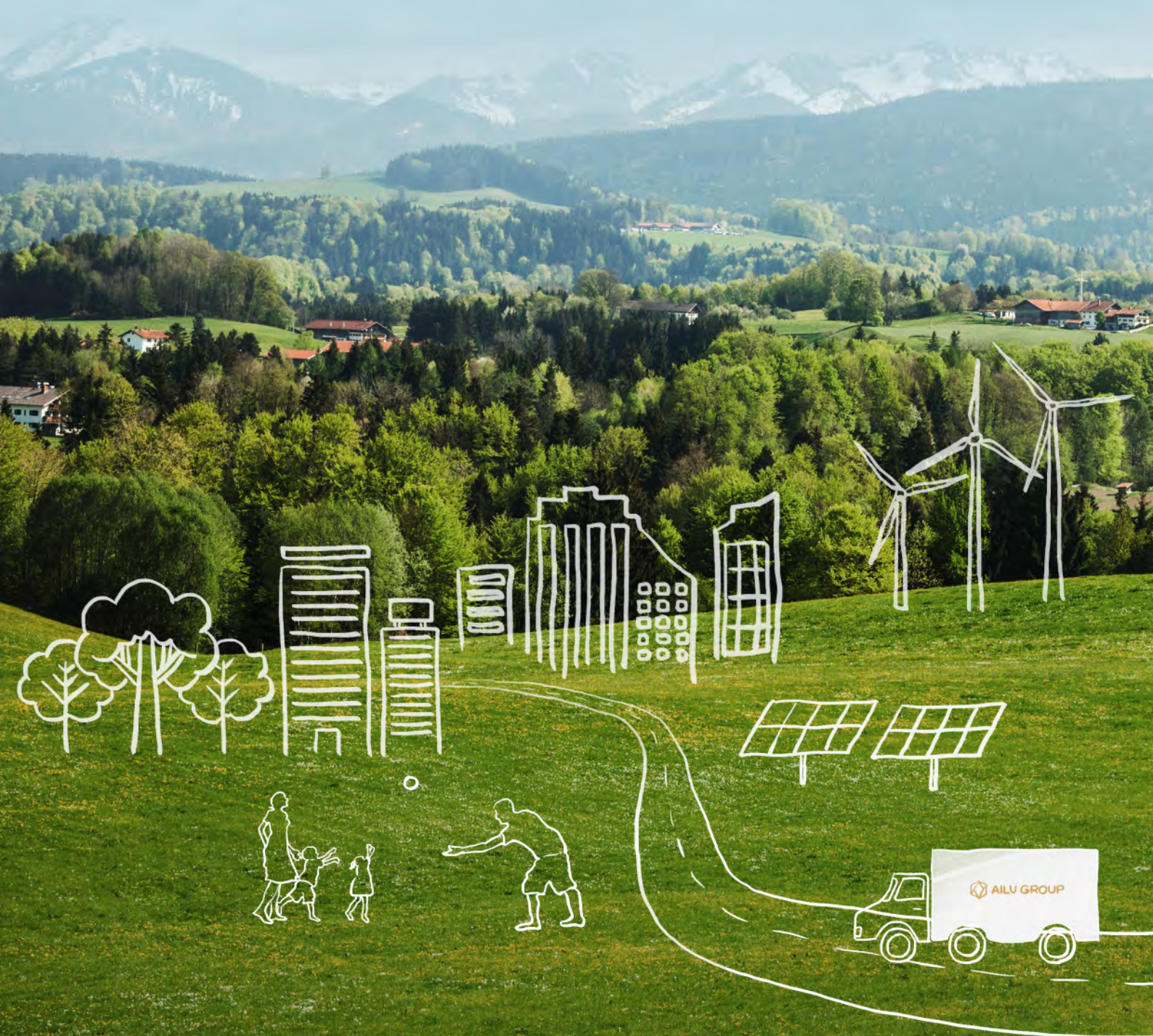
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UNDERSTAND YOU ALWAYS PACK WITH HEART





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# About the Report

This is the fourth Environmental, Social and Governance Report (hereinafter referred to as “the Report”) of Shanghai Ailu Package CO., Ltd. (hereinafter referred to as “Shanghai Ailu” or “the Company”). For internal and external stakeholders of the Company, the Report comprehensively discloses the measures and performance of the Company in implementing the ESG concept and advancing the sustainable development of the economy, environment, and society.

## Reporting Scope

The Report is an annual report. The scope of this Report covers Shanghai Ailu Package CO., Ltd. and subsidiaries, namely Shanghai Aichuang Packaging Technology Co., Ltd., REVOPAC PACKAGING TECHNOLOGY (SHANGHAI) CO., LTD., Shanghai IKKO New Material Technology Co.,Ltd., Nantong Aina New Energy Technology Co., Ltd., Nantong Ailu New Energy Technology Co., Ltd., and Shanghai Yingyou Industrial Co., Ltd. Unless otherwise specified, the scope of this report is consistent with that of the annual report. This report focuses on the ESG management and achievements about the Company from January 1, 2024, to December 31, 2024, (referred to as the "reporting period"). To enhance the comparability and completeness, certain contents and data is retrospectively reviewed and extended.

## Access to the Report

To view or download the Report online, please visit the website of Shanghai Ailu Package CO., Ltd. (<http://www.ailugroup.com/>) and the Company's designated information disclosure platform Juchao Information Website (<http://www.cninfo.com.cn/new/index>).

## Reporting Standards

The Report is prepared following the Guidelines on Social Responsibility of Listed Companies on Shenzhen Stock Exchange and the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market. It also refers extensively to the Global Reporting Initiative's GRI Sustainability Reporting Guidelines and related requirements of the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation).

## Reporting Principles

The Report was reviewed and approved for release by the Company's Board of Directors. The Company assures that the Report is free from false records, misleading information, or material omissions. The Company is accountable for ensuring the authenticity, accuracy, and completeness of the Report's content.

## Report Publication

As an independent ESG report, the Report is released in both Simplified Chinese and English versions in electronic format.

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## Message from the Chairman



Shanghai Ailu Package CO., Ltd. Chairman  
Ankang Chen

“

### In the Name of Ai (Love), Embarking on the Path of Sustainability.

Over the years, Shanghai Ailu has been actively fulfilling its steadfast commitments in environmental protection, social responsibility, and corporate governance. By continuously enhancing the construction of its ESG system, the Company has empowered its partners both upstream and downstream in the value chain to jointly create value, becoming a leading force for sustainable industrial development with influence and competitiveness. In 2024, guided by new quality initiatives, the Company reaped bountiful achievements. The resonance between ‘intelligent manufacturing’ and ‘quality manufacturing’ enabled its sustainable development strategy to take firm root and bear fruit.

### Living in Harmony with Nature.

The Company is committed to protecting biodiversity and the ecological environment of human settlements. It advocates for low-carbon and energy-saving practices, increases investment in environmental protection research and development, and takes the lead in implementing sustainable concepts within the packaging industry. Specifically, it vigorously propels the PTP (Plastic to Paper) project, delves deep into the research of new eco - friendly materials, and promotes coordinated carbon reduction throughout the entire industrial chain. In 2024, the Company submitted the commitment to SBTi, achieving the title of Shanghai Zero-Carbon Benchmark Enterprises and Zero Waste to Landfill Management System Diamond-Level Certification. Its new environmental packaging products, ESspeed® Paper-based Packaging Free of Plastic Film and AiTop Plastic - free Valve Bags, won 6 innovation awards.

### Coexisting in Amity with People.

The Company adopts a “learning through practice” talent - cultivation model. Through driving continuous innovation with talent, it lays a solid talent foundation for key technological breakthroughs and core competitiveness building. The Company also engages in charity work and industrial study tours. It brings environmental education into classrooms, connects urban and rural areas, and support the national rural revitalization strategy. In 2024, the Company introduced 47 senior professionals. Driven by philanthropy, it extended its reach 1,800 kilometers away and donated over 1,000 books.

### Staying in integrity with inner self.

As a globally leading provider of integrated intelligent packaging solutions, the Company responds to customers' expectations with quality commitments and environmental responsibilities. It integrates digital printing into the production process, precisely formulates spot colors and manages the ink - matching system scientifically, constantly promoting digital and intelligent development, and collaborating with customers and the supply chain to enhance efficiency and achieve win - win results. In 2024, the Company was honored as the Shanghai Quality Benchmark. It joined the Joint Working Group for the Collaborative Development of Packaging Capital, deepening industry cooperation and continuously creating more value for stakeholders.

Faced with the dynamic and complex market environment, for enterprises to achieve stable growth amidst a broader spectrum of consumer demands, integrated innovation and joint efforts across the entire industry are essential. Looking ahead, Shanghai Ailu will firmly anchor itself to the development objectives of new-quality productivity. It will seize the advantages of segmented markets, be driven by environmental protection and innovation, forge strong partnerships with collaborators, actively explore new growth drivers, and accelerate its transformation towards digital intelligence, green development, high-end orientation, and integration.



Annual Awards



2023-2024

SHANGHAI QUALITY BENCHMARK



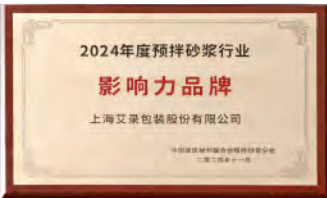
2024

SHANGHAI 2024 ZERO-CARBON  
BENCHMARK ENTERPRISES



2024

ESG AWARD IN 2024 SHANGHAI SECURITIES  
NEWS GOLDEN QUALITY AWARDS



2024

ANNUAL PRE-MIXED MORTAR  
INDUSTRY INFLUENTIAL BRAND



2024

2024 TOP 100 PRINTING AND PACKAGING  
ENTERPRISES IN CHINA (NO. 38)



2024

TOP2 IN FFIS2024 TECHNICAL  
INNOVATION BREAKTHROUGH AWARD



2024

TECHNOLOGICAL INNOVATION AWARD IN  
MSUCCESS PACKAGING INNOVATION  
AND SUSTAINABLE DEVELOPMENT AWARDS



2024

BRONZE AWARD IN GREEN MATERIALS  
APPLICATION INNOVATION AWARD OF 2024  
"BLUE PLANET" SUSTAINABLE PACKAGING AWARDS



2024

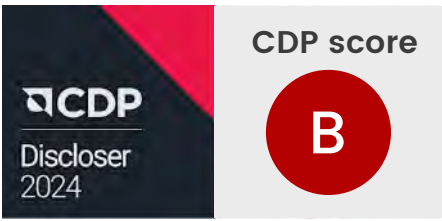
FIRST PLACE IN SIKA  
INNOVATION & SUSTAINABILITY  
PACKAGING APAC CHALLENGE (SIS PAC)



WIND ESG AA



ZERO WASTE TO LANDFILL MANAGEMENT SYSTEM  
DIAMOND-LEVEL CERTIFICATION



'B' SCORE IN 2024 CDP CLIMATE CHANGE RATING



Awards

- 1 Shanghai Quality Benchmark (2023-2024)
- 2 Shanghai 2024 Zero-carbon Benchmark Enterprises
- 3 2024 Shanghai Top 100 Private Manufacturing Enterprises (No. 90)
- 4 Esg Award In 2024 Shanghai Securities News Golden Quality Awards
- 5 2024 Annual Pre-mixed Mortar Industry Influential Brand
- 6 2024 Top 100 Printing And Packaging Enterprises In China (No. 38)
- 7 Top2 In Ffis2024 Technical Innovation Breakthrough Award
- 8 Technological Innovation Award In 2024 Msuccess Packaging Innovation And Sustainable Development Awards
- 9 Bronze Award In Green Materials Application Innovation Award Of 2024 "Blue Planet" Sustainable Packaging Awards
- 10 First Place In 2024 Sika Innovation & Sustainability Packaging Apac Challenge (Sis Pac)
- 11 Vice Chairman Unit
- 12 Vice Director Unit
- 13 Shanyang Town 2023 Science And Technology Innovation Award
- 14 Excellence Award Of 2024 Shanghai Green Packaging Innovation And Creative Design Competition
- 15 Excellent Communication With Institutional Investors Award Of Investor Relations Gold Award 2023
- 16 Second Prize At The 9th Packaging Printing And Label Awards

Awarded by

Shanghai Municipal Commission of Economy and Informatization

Shanghai Municipal Commission of Economy and Informatization

Shanghai Enterprise Federation, Shanghai Entrepreneur Association, Shanghai Federation of Economic Organizations, Jiefang Daily

Shanghai Securities News

Pre-mixed Mortar Branch of the China Building Materials Federation

Keyin Media

Food Formulation Innovation SHOW (FFIS)

New Msuccess Media Group

International Packaging Innovation Forum (IPIF2024)

SIKA

Pre-mixed Mortar Branch of the China Building Materials Federation

Paper Products Packaging Professional Committee of China Packaging Federation

Shanyang Town Government

Shanghai Packaging Technology Association

Shenzhen Panorama Network Co., Ltd.

Packaging Printing and Labeling Professional Committee of China Packaging Federation





# About Shanghai Ailu

## 1. Company Profile

Established in 2006, Shanghai Ailu Package CO., Ltd. is a leading domestic provider of integrative packaging solutions for industrial products. The Company was listed on the Shenzhen Stock Exchange GEM on September 14, 2021, under the Securities Code: 301062. Its main activities involve R&D, design, production, sales, and service of industrial paper packaging, plastic packaging, intelligent packaging systems and photovoltaic module products. After years of continuous operation and exploration, the Company has mastered the core technology of R&D and production of industrial paper packaging materials and packaging machinery for powders and granules, forming the products portfolio mainly of valve bags, square bottom bags, heat seal bags, sewn bottom bags, robot packaging and palletizing equipment. It has established a stable customer base by providing high quality packaging products in various industries such as food, chemical, building materials, medicine and dairy products, serving as the packaging supplier for numerous domestic and foreign famous industrial product manufacturers. By December 31, 2024, the parent company of Shanghai Ailu had a total of 730 employees, with three automated and intelligent production bases in Shanghai Municipality.



## 2. Organizational Structure





# 3. Business Layout

## 3.1 Main Products

The Company has laid out four major product lines for integrated packaging solutions, namely industrial paper packaging, plastic packaging, intelligent packaging systems, and photovoltaic modules. The specific details of each product line are as follows:



### (1) Industrial Bag Packaging

The industrial bag packaging products are mainly used for the packaging of powder and granule products in industrial enterprises, widely applied in various industries including food, chemical, building materials, medicine intermediates, and additives. These products are characterized by an optimized structure, reasonable barrier properties, high-speed filling capability, leakage and moisture-proof features, use of environmentally friendly materials, and visually appealing appearance, which are tailored to the specific requirements of different products and cater to the large-scale and intelligent production needs of downstream customers. Based on the format and manufacturing process, the industrial paper bag products of the Company are categorized into four main types: valve bags, square bottom bags, heat seal bags and sewn bottom bags.


## (2) Plastic Packaging

The Company is capable of developing customized plastic packaging products in line with the characteristics of products for consumer clients in the dairy, daily chemical and other sectors. At present, its plastic packaging products mainly include composite plastic packaging for dairy products and composite plastic and injection molding packaging for daily chemical products.



### ① Composite plastic packaging

The composite plastic packaging products excel in packaging gelatinous dairy items, offering high plasticity, excellent barrier properties, and effective preservation of flavors and freshness. These products demonstrate leading capabilities in certain technical aspects, ranking at the forefront both domestically and globally.





### ② Injection molding packaging and others

The Company stands out for its innovative approach in developing injection molding packaging solutions, such as the "welding hose," the "second generation ampoule" for dual-component material storage, and pump-press toothpaste tubes for daily chemical products. These product innovations serve multiple functions, including protecting the products, enhancing brand image, and supporting marketing efforts in collaboration with downstream customers.







### (3) Intelligent packaging system

The intelligent packaging system for powder and granular materials encompasses various modules, such as valve bag robot automatic bag gripping, metering and filling, conveying and automatic inspection, automatic palletizing and automatic film sleeve. The system finds widespread application in industries such as chemical, food, building materials, and medicine, particularly where powder and granular materials are involved, enabling the accomplishment of clean, high-precision filling and ensuring a highly automated operation across the entire process. It serves as a crucial component within the Company's integrated packaging solution, where it complements the existing industrial paper packaging and plastic packaging products to cater to the diverse packaging requirements of customers, thereby fostering positive synergy among the various functions.



### (4) Photovoltaic module

#### Solar Composite Frame

Photovoltaic frames, as auxiliary materials for photovoltaic modules, function as the framework structural materials to fix and seal the solar panel components. Currently, aluminum alloy materials stand as the primary option for photovoltaic frames. Nevertheless, a transition is underway in the frames and supports of photovoltaic modules, from traditional metal materials to composite materials. Composite material frames play a crucial role in safeguarding the edges of photovoltaic glass, augmenting the sealing performance of modules, and elevating the mechanical strength of modules, thus constituting one of the pivotal auxiliary materials. The main raw materials for composite material frames are polyurethane, glass fiber, etc. These composite material frames are customized to feature a variety of colors and dimensions that meet the requirements of architectural aesthetics. With core advantages such as ultra - low carbon footprint, high corrosion resistance, and remarkable anti - PID (Potential Induced Degradation) properties, they are well - equipped to accommodate specific application scenarios, including offshore photovoltaic installations and highly corrosive industrial and commercial photovoltaic projects, in comparison with aluminum alloy frames.





### 3.2 Brands



Shanghai Ailu  
(301062.SZ)

REVOPAC

REVOPAC  
(fully owned subsidiary)



IKKO  
(subsidiary)



Aichuang Packaging  
(fully owned subsidiary)



Ailu New Energy  
(subsidiary)



Aina New Energy  
(subsidiary)

### 3.3 Market Layout



The Company's downstream markets cover numerous sectors, such as the chemical industry, building materials industry, food industry, food additives industry and medicine industry. Leveraging its intelligent, flexible, and customized production capacity, the Company supplies relevant products required for packaging solutions to well-known domestic and overseas industrial and consumer customers, which contributes to the continuous enhancement of its market reputation and brand influence, and facilitates the establishment of enduring partnerships with key industry players across different sectors.



After several years of rapid development, the main business of the Company has expanded to encompass 30 provinces, autonomous regions, and municipalities directly under the Central Government. While being rooted in the domestic market, the Company has also ventured into the international arena and actively participated in global market competition. As a packaging product provider for Fortune Global 500 companies and various renowned domestic and international enterprises, it has successfully established a market presence in Southeast Asia, South America, the European Union, and other regions. At present, the Company boasts a global clientele of over 700.

## 4. Culture of Company

### Mission

Continuously provide customers with competitive advantages and offer consumers reliable packaging products.

### Vision

Be the leading company in the industry, improve quality of life with high-quality products, and ensure Shanghai Ailu's widespread protection.

### Core Values



Integrity

Fulfill promises to the best of one's ability.



Innovation

Continuously innovate to bring life and creativity to the Company.



Responsibility

Develop products that are environmentally friendly and safe for humans.



Gratitude

Show gratitude, kindness, and respect towards others.

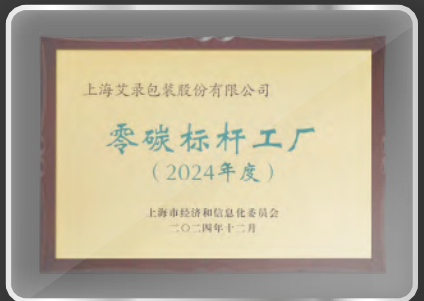


## 5. Social Influence

Shanghai Ailu has achieved numerous prestigious recognitions. It was recognized as the National-level Green Factory, the Shanghai Smart Factory, the Shanghai Quality Benchmark, the Shanghai Zero-Carbon Benchmark Enterprises, the Shanghai Science and Technology Little Giant, the Shanghai City-level Enterprise Technology Center, the Shanghai High-tech Enterprise, and the Specialized and Sophisticated Small- and Medium-sized Enterprises (SMEs).

Moreover, the brand "Ailu Packaging" was notably acknowledged as the Shanghai Famous Trade Mark. Its renowned product, the kraft paper bags for food packaging, earned the designation of Shanghai Famous Brand Product.

From 2018 to 2024, the Company was recognized as one of the "Shanghai Top 100 Private Manufacturing Enterprises". For nine consecutive years from 2016 to 2024, the Company was honored with the "Annual Pre-mixed Mortar Industry Influential Brand" by the Pre-mixed Mortar Branch of the China Building Materials Federation. From 2018 to 2024, for seven consecutive years, the Company was included in the list of "2024 Top 100 Printing and Packaging Enterprises in China" selected by the Printing Manager magazine, an authoritative industry media.



Shanghai Zero-Carbon Benchmark Enterprises



Shanghai Quality Benchmark



2024 Top 100 Printing and Packaging Enterprises in China





## 6. Key Performance

**1.23%** of operating revenue invested in environmental protection

Honored with **ESG Award** in 2024 Shanghai Securities News Golden Quality Awards

**0** major corruption litigation cases and **0** reported incidents

**0** environmental pollution accidents

Obtained **Zero Waste to Landfill** Management System Diamond-Level Certification

Commitment to Science - Based Targets initiative (**SBTi**) submitted

**‘B’** rating in 2024 CDP Climate Score

Designated as Shanghai **Zero-Carbon Benchmark Enterprises**

A total of 121 **patents** in 2024

**6 innovation** awards won by new environmental packaging products, ESpeed® Paper-based Packaging Free of Plastic Film and AiTop Plastic - free Valve Bags

**100%** employee opinion handling rate

**100%** product qualification rate

Recognized as Shanghai **Quality** Benchmark (2023 - 2024)

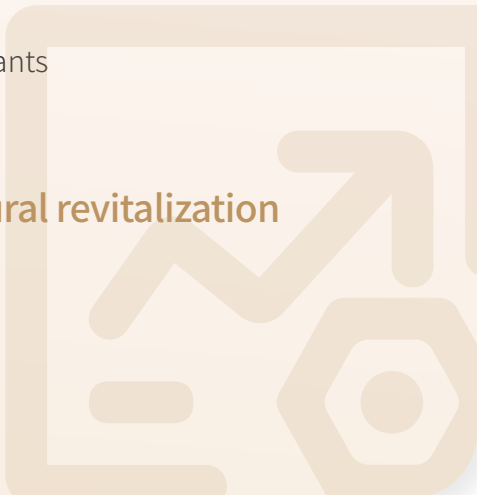
**100%** response rate to customer complaints

Passed the **ISO 27001 Information Security Management System** certification for the first time

**96** safety education and training sessions conducted, with **1,891** participants

**100%** occupational safety and health training coverage rate

253,424.9 RMB invested in **public welfare**, with 182,886 RMB invested in **rural revitalization**





# Pursue Pragmatism and Truth

## Our Topics of Interest

- Corporate Governance
- Risk Management and Compliance
- Business Ethics

## Corresponding to the SDGs



Robust corporate governance stands as the bedrock for an enterprise's stable and sustainable development. Shanghai Ailu weaves the ESG philosophy into decision making, daily operations, and oversight. By intensifying communication and forging closer partnerships with stakeholders, it constructs a scientific and efficient corporate governance framework. The Company is committed to elevating the capabilities of its governance structure and promoting greater diversification. It also places significant emphasis on fortifying the risk prevention and control mechanism, firmly upholding the boundaries of business ethics and regulatory compliance. These concerted efforts lay a solid foundation for the continuous generation of comprehensive value.



# 1. Implement ESG Management

While advancing its own development, the Company regards ESG management as a crucial part of building its core competitiveness. It is concerned with the harmonious integration of economic benefits with social and environmental benefits, and persists in putting the ESG concept into practice to promote sustainable development. In 2024, the Company formulated practical sustainable development strategies and goals, providing clear path guidance for realizing its vision.



## • Vision

Implement the concept of green development, spearhead digital transformation, and realize the shared prosperity of the industrial chain.



## • Strategy

Focus on corporate governance, product responsibility, environmental protection, and sustainable supply chain. Put people first and lead the sustainable development of the industry.



## • Targets

In 2024, the Company submitted the commitment to Science-Based Targets initiative(SBTi), and the quantitative targets are currently under assessment and formulation.

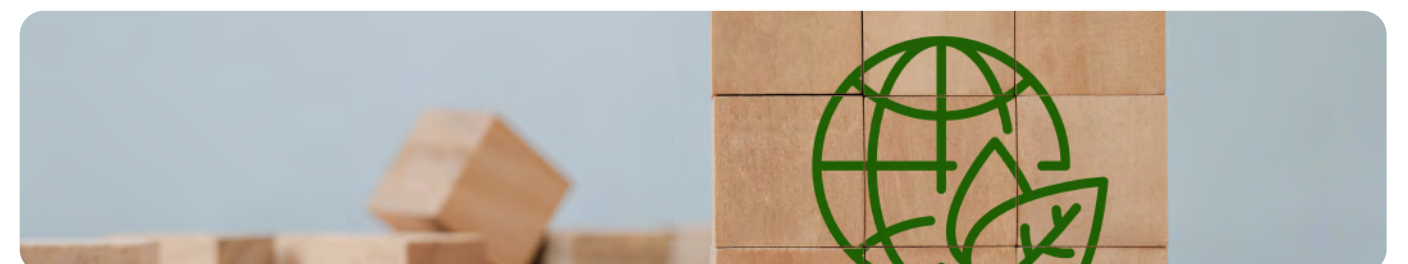
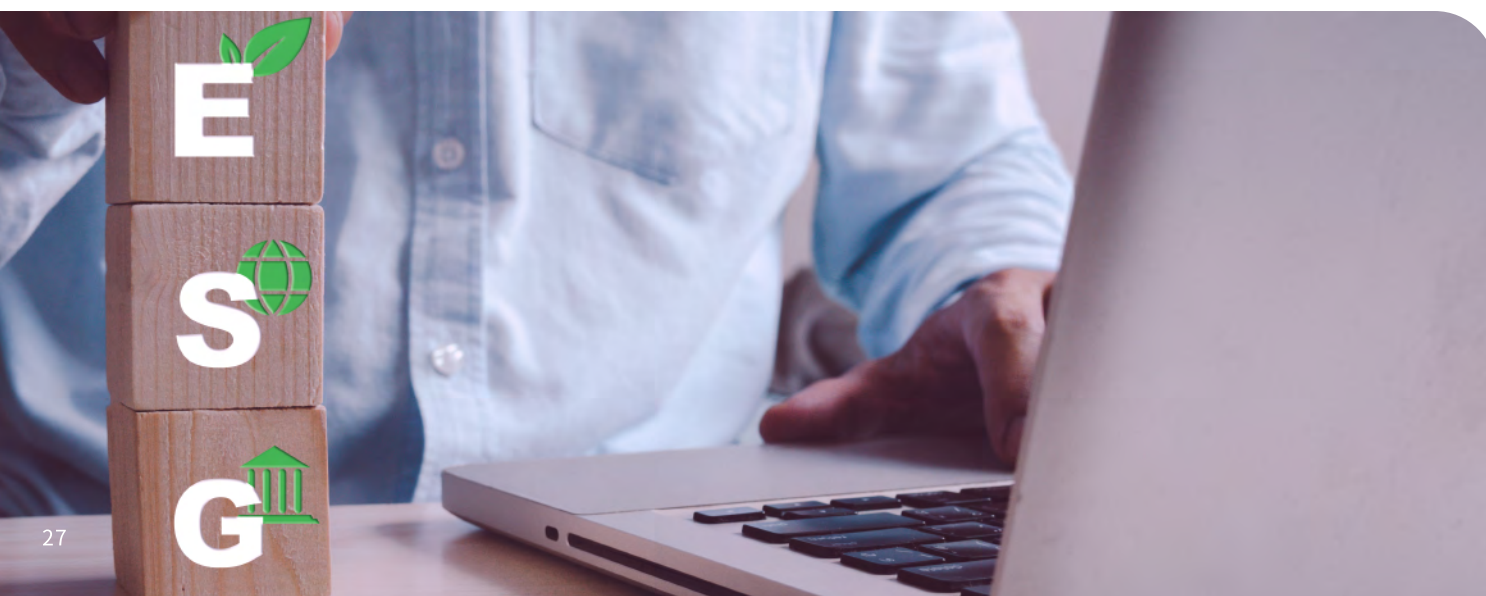
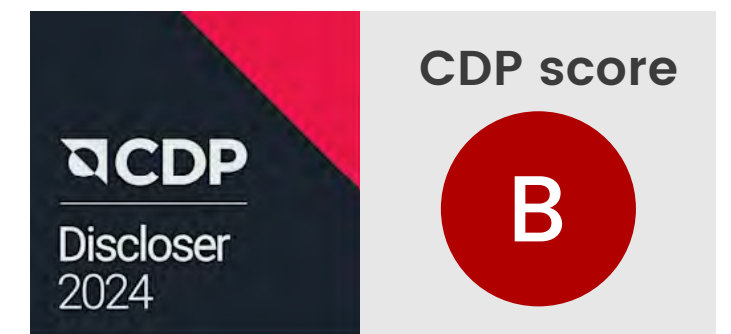
## Performance in 2024

In 2024, in the ESG rating system of Wind, a well-known financial information service provider, the Company maintained the "AA" level, currently the highest level in the industry. This award once again demonstrates the full recognition of the Company's ESG management capabilities by the capital market and is an important acknowledgment of the Company's sustainable development practices.



Shanghai Ailu, with its outstanding performance in green development, social contributions and corporate governance, proudly received the prestigious "2024 Shanghai Securities News Golden Quality ESG Award." The "Shanghai Securities News Golden Quality Award" is one of the most prestigious and influential awards for domestic listed companies. Among them, the ESG Award focuses on and commends listed companies that "care about green development, improve environmental protection, social responsibility and corporate governance while pursuing economic benefits".

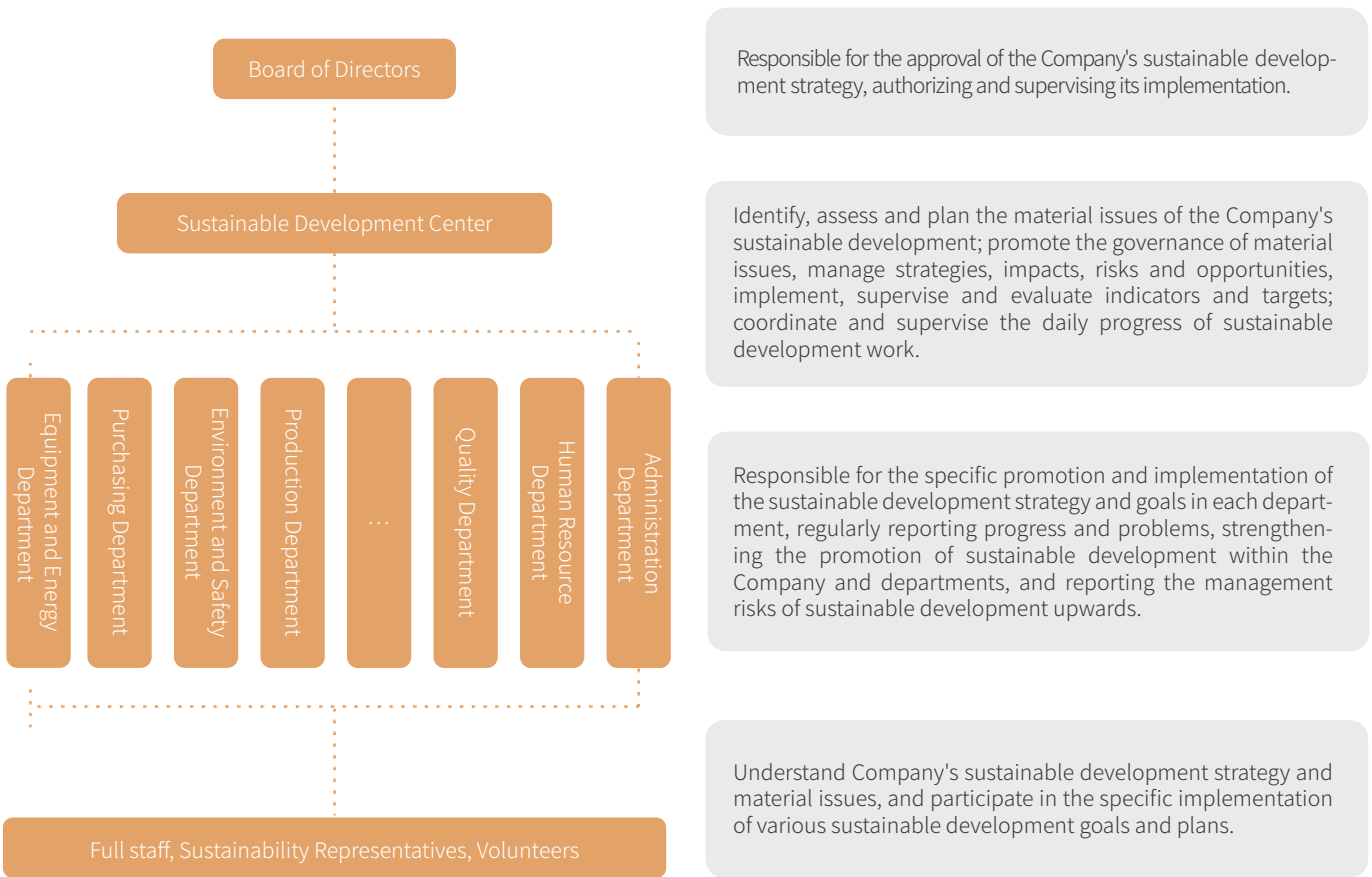
In the field of climate action, in 2024, the Company participated in the climate-related disclosure of the CDP questionnaire of the Global Environmental Information Research Center and received the honor of Grade B. It also submitted the commitment to Science-Based Targets initiative(SBTi). Quantitative targets for short-term carbon reduction, are currently under assessment and formulation. The Company commits to achieve the carbon neutrality target by 2050.





## 1.1 ESG Governance Structure

The Company establishes a top - down, clearly - structured, and comprehensive ESG organizational framework. This framework fully mobilizes its resources and enables closed - loop management from strategies formulation, implementation, to supervision and evaluation, laying a solid foundation for the implementation of the sustainable development strategy.



ESG Organizational Structure of Shanghai Ailu

In 2024, the Company formulated the Measures for Climate Change Response and Sustainable Development Management, further enhancing the standardization and rationality of ESG management. This document expounds on the division of responsibilities and management requirements, involving the Board of Directors' supervisory decision - making at the top, the coordination and promotion by the Sustainable Development Center, the specific implementation by various departments of the Company, and the participation of employees. The Company designates the Board of Directors as the highest - level decision - making body for sustainable development work, responsible for formulating the Company's sustainable development strategy, deliberating, approving, and authorizing major sustainable development matters, and overseeing the implementation of ESG. To guarantee the advancement of sustainable development goals, each department and senior management personnel set quantifiable sustainability - related targets. Their compensation is tied to the attainment of these sustainable goals.

## 1.2 Stakeholder Engagement

Effective communication with stakeholders is essential for conducting ESG management work. The Company establishes regular and diverse communication channels to fully understand the expectations and demands of key stakeholders, including the government and regulatory authorities, shareholders and investors, employees, customers, suppliers and partners, and the community. It then integrates these into the Company's operations and decision - making processes. Committed to achieving win - win results with stakeholders, the Company aims to build a sustainable industrial ecosystem centered around the enhancement of social value.

Stakeholders	Expectations and Demands	Our Responses	Communication Channels
<b>Government /Regulatory Authorities</b>	Operate in compliance Implement national policies Support industry development	Pay taxes in compliance with integrity Fulfill regulatory requirements Participate in industry cooperation	Inspections and research Information submission
<b>Shareholders /Investors</b>	Sustainable investment value Transparent information disclosure Optimize corporate governance Business growth Stock price performance	Continuously create operating value Make scientific decisions for governance Disclose information in a timely manner Strengthen investor relations management	General meetings of shareholders Regular reports Investor Open Day Earnings briefings Online and offline roadshows
<b>Employees</b>	Ensure legal rights and interests Value career development Care for employees' physical and mental well - being	Provide career development planning Improve employee benefits Ensure health and safety Conduct employee care programs	Give play to the role of trade unions Regular training and promotion Employee care activities Employee satisfaction surveys
<b>Customers</b>	High - quality products and services Protection of customer rights and privacy	Optimize quality management system Conduct product innovation and R&D Improve after - sales service network Strengthen information security management	Customer satisfaction surveys Customer communication and visits
<b>Partners /Suppliers</b>	Ensure fair competition Achieve mutual benefit and win - win results	Promote cooperation and communication Conduct fair procurement Eliminate commercial bribery	Participate in association exhibitions Contribute to industry standard setting Sign environmental, health and safety agreements Supplier audit and evaluation
<b>Community Public</b>	Serve community development Engage in public welfare and charity Protect the ecological environment Address climate change	Support rural revitalization Participate in public welfare and charity Identify environmental risks	Organize volunteer services Make charitable donations Disclose environmental information Be selected as one of Shanghai 2024 Zero-Carbon Benchmark Enterprises
<b>Media/NGOs</b>	Information disclosure Interaction with the media	Disclose information in a timely manner Improve communication mechanisms	Official website Newspaper interviews Online media



1.3 Materiality Management

Dynamic materiality issue analysis sets the direction for ESG management and information disclosure. The Company focuses on three major areas, environment, society, and business and governance. By combining research and analysis with communication with internal and external stakeholders, it determines key issues from two dimensions, financial materiality and impact materiality. Based on the results of materiality issues, the Company formulates issue management and disclosure strategies.

As the Company expands and society’s understanding and emphasis on sustainable development deepen, the materiality issues identified by the Company over the past three years no longer adequately address current development needs. In 2024, in compliance with the guidelines for sustainable development reports issued by the Shenzhen Stock Exchange, the Company updated and re - identified its sustainable development materiality issues. This process incorporated various disclosure standards and industry - specific characteristics. From the 21 - item index table in the guidelines, the Company pinpointed 17 materiality issues with significant implications for both the Company and its stakeholders. A materiality issue matrix was developed, and information on these key issues is disclosed in this report. Considering the Company’s industry characteristics and scale, issues such as ecosystem and biodiversity protection, technological ethics, and equitable treatment of small and medium - sized enterprises were determined to have relatively low relevance and significance. As a result, they were not selected as key materiality issues. Information related to these topics is integrated and disclosed under other relevant issues. The topic of due diligence is disclosed within the context of risk management and compliance operations.

2024 ESG Materiality Analysis Process

Identification

Integrating five aspects including national policies, company development, disclosure standards, the capital market, and industry benchmarks, 17 potentially important issues that have a major impact on the Company's business were screened and identified.

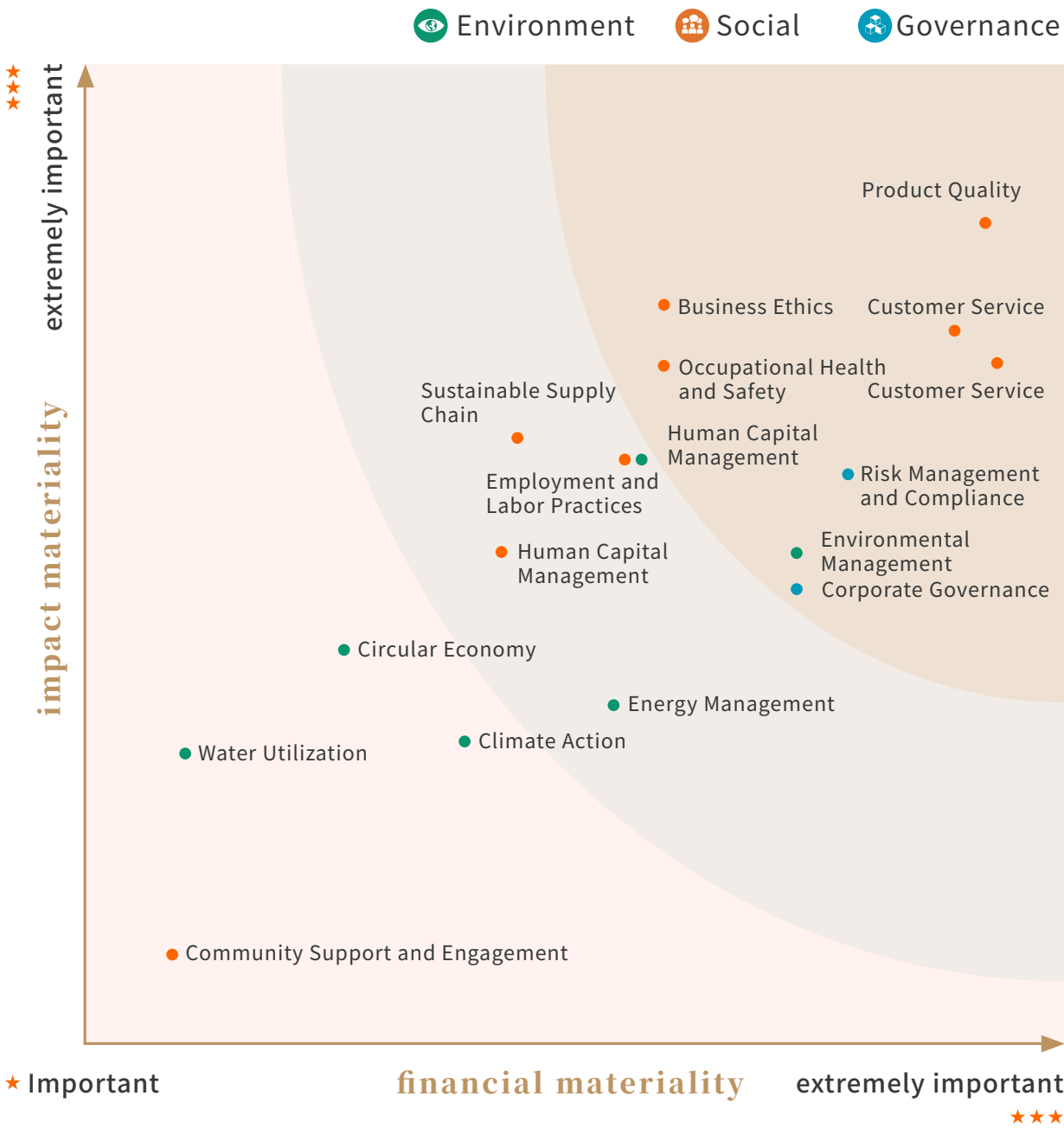
Assessment

The Company defined key stakeholder groups. Through online questionnaires and in - depth interviews, it ascertained the key issues of concern for each stakeholder group. A total of 350 valid questionnaires were retrieved. Grounded in the focal points of stakeholders' concerns and incorporating the feedback from the Company's Sustainable Development Center, management team, and external experts, the Company assessed and ranked the materiality of issues from two dimensions, financial materiality and impact materiality.

Confirmation

Based on the results of issue assessment, the materiality issue matrix was formed, then confirmed by the Company's management. Materiality issues with relatively high importance were primarily addressed in the ESG report. The Company continuously monitored changes in the internal and external environment and periodically reviewed and adjusted materiality issues.

Materiality Issue Matrix





1.4 Response to SDGs

With a focus on both the present and the future, the Company actively responds to the United Nations Sustainable Development Goals (UN SDGs). It comprehensively examines the links between its operational processes and the 17 UN SDGs, concentrating on 14 goals such as Good Health and Well - being, and Climate Action. Deeply integrating practical actions with its business areas, the Company pools the efforts of other parties to jointly promote the realization of global sustainable development goals.

UN SDGs					
Our Actions	<ul style="list-style-type: none"><li>• Contribute to the national rural revitalization strategy</li><li>• Carry out public welfare and charitable activities</li></ul>	<ul style="list-style-type: none"><li>• Ensure the safety and quality of food packaging</li><li>• Protect occupational health and production safety</li></ul>	<ul style="list-style-type: none"><li>• Provide employees with comprehensive training opportunities</li><li>• Integrate educational resources to support students with love</li></ul>	<ul style="list-style-type: none"><li>• Strictly abide by the principle of anti-discrimination</li><li>• Pay attention to the rights and interests of female employees</li><li>• Promote the diversification of the Board of Directors</li></ul>	<ul style="list-style-type: none"><li>• Recycle and reuse water resources</li><li>• Cultivate the awareness of water conservation</li></ul>
UN SDGs					
Our Actions	<ul style="list-style-type: none"><li>• Promote the construction of distributed photovoltaics</li><li>• Increase the proportion of green electricity and renewable energy usage</li></ul>	<ul style="list-style-type: none"><li>• Provide equal employment and promotion opportunities</li><li>• Improve the salary and welfare system</li></ul>	<ul style="list-style-type: none"><li>• Adhere to innovation and research and development</li><li>• Participate in standard setting</li><li>• Protect intellectual property rights</li></ul>	<ul style="list-style-type: none"><li>• Develop environmentally friendly packaging materials</li><li>• Establish a sustainable supply chain</li></ul>	<ul style="list-style-type: none"><li>• Reduce resource waste</li><li>• Strictly control product quality</li><li>• Survey customer satisfaction</li></ul>
UN SDGs					
Our Actions	<ul style="list-style-type: none"><li>• Conduct greenhouse gas inventory and verification</li><li>• Set strategic carbon reduction targets</li><li>• Provide sustainable packaging products and solutions</li></ul>	<ul style="list-style-type: none"><li>• Identify major environmental risks</li><li>• Protect biodiversity</li></ul>	<ul style="list-style-type: none"><li>• Strengthen business ethics management</li><li>• Protect whistleblowers</li><li>• Operate in compliance with laws and regulations</li></ul>	<ul style="list-style-type: none"><li>• Join industry associations</li><li>• Strategic cooperation with partners</li></ul>	



## 2. Standardize Corporate Governance

The sound institutional system and the favorable external environment are necessary for effective corporate governance. The Company strictly complies with laws, regulations, and provisions issued by securities regulatory authorities. It clearly defines the scope of rights and responsibilities and work procedures among the General Meetings of Shareholders, the Board of Directors, the Board of Supervisors, and senior management. On the basis of full communication and transparent disclosure, it respects and protects the rights and interests of investors.

### 2.1 Corporate Governance Structure

The Company establishes the governance structure of the "Three Meetings and One Level" with clear rights and responsibilities, of Shareholders meetings, Board of Directors, Board of Supervisors, and managers. It gives play to the core role of the Board of Directors in strategic decision-making and supervisory management, and continuously improve its corporate governance. In 2024, the General Meeting of Shareholders, the Board of Directors and its subordinate committees, the Board of Supervisors, and the General Manager's office of the Company prudently exercised their rights and fulfilled their responsibilities in strict accordance with the requirements.

### Performance in 2024

- Held **1** General Meeting of Shareholders
- Held **1** extraordinary General Meeting of Shareholders
- Held **7** meetings of the Board of Directors
- Held **6** meetings of the Board of Supervisors

### General Meeting of Shareholders (the highest authority)

In 2024, the Company summoned and held the General Meeting of Shareholders in strict accordance with the provisions and requirements of relevant documents such as the Rules for General Meetings of Shareholders of Listed Companies, the Company's Articles of Association, and the Rules of Procedure for General Meetings of Shareholders, and did so in accordance with the law and regulations. General

Meetings of Shareholders were held in a combination of on-site voting and online voting, ensuring that the shareholders enjoy equal rights and can fully exercise their shareholder rights. For motions involving major matters that affect the interests of small and medium-sized investors, the voting results of small and medium-sized investors were separately disclosed to protect the legitimate rights and interests of shareholders, especially small and medium-sized shareholders. For major decision-making matters requiring special voting, they were passed by a two-thirds vote of the shareholders present at the general meeting of shareholders, and the voting procedures and results were legal and valid. At the same time, the Company hired lawyers to attend the General Meeting of Shareholders as non-voting participants and witness it, and the lawyers issued legal opinions on the convening and voting procedures, fully respecting and safeguarding the legitimate rights and interests of the shareholders.

### Board of Directors (the decision-making body)

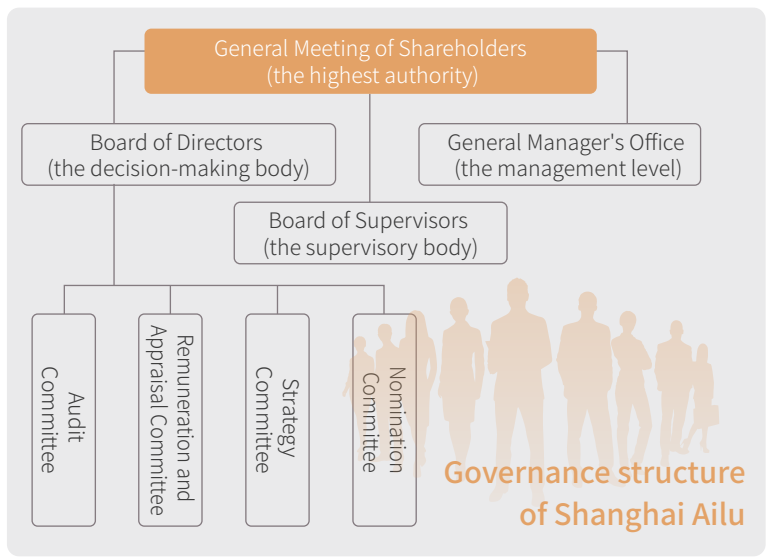
The current fourth session of the Company's Board of Directors consists of 8 directors, among which 3 are independent directors. In 2024, the Company's Board of Directors operated in a standardized manner in accordance with the regulations. The directors of the Company, in accordance with relevant provisions such as the Listing Rules for Growth Enterprise Market Stocks of the Shenzhen Stock Exchange, the Self-Regulatory Supervision Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 2—Standardized Operation of Listed Companies on the Growth Enterprise Market, and the Rules of Procedure of the Board of Directors, fulfilled their various responsibilities diligently and dutifully. They made effective decisions in aspects such as deliberating on daily matters, making major business decisions, and formulating the company's rules and regulations, safeguarding the legitimate rights and interests of the Company and the shareholders.

### Board of Supervisors (the supervisory body)

The current fourth session of the Company's Board of Supervisors consists of 3 supervisors, including 1 supervisor representing employees. In 2024, the Company's Board of Supervisors operated in a standardized manner in accordance with the regulations. The supervisors complied with relevant provisions such as the Listing Rules for Growth Enterprise Market Stocks of the Shenzhen Stock Exchange, the Self-Regulatory Supervision Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 2—Standardized Operation of Listed Companies on the Growth Enterprise Market, and the Rules of Procedure of the Board of Supervisors, fulfilled their various responsibilities diligently and dutifully. Out of a sense of responsibility for the Company and all its shareholders, they supervised, in accordance with the law and independently, the legality and compliance of the Company's daily matters, major business decisions, as well as the performance of duties by the Company's directors, senior management personnel, and managers.

### General Manager's Office (the management level)

The Company's management level consists of 1 General Manager and 4 Deputy General Managers, responsible for implementing the resolutions of the Company's Board of Directors, presiding over the production, operation and daily management work, and are accountable to the Board of Directors. The Company has clearly stipulated matters such as the selection, responsibilities, and scope of authorities of the general manager in accordance with the Rules for the General Manager's Work. In 2024, the Company's management team fulfilled their duties diligently, and there was no situation of making decisions beyond their authorities.





## 2.2 Committee Operations

The Board of Directors of the Company establish four committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Strategy Committee, and the Nomination Committee. These committees respectively perform the following main functions: facilitating the communication, supervision and verification of the Company's internal and external audits; researching, formulating and reviewing the remuneration policies and plans for the Company's directors and senior management; conducting research on and making suggestions regarding the Company's long-term development strategies and major investment decisions; and making suggestions on the candidates, selection criteria and procedures for the Company's directors, general managers and other senior management personnel. These functions ensure the quality and level of the Board of Directors' decision-making.

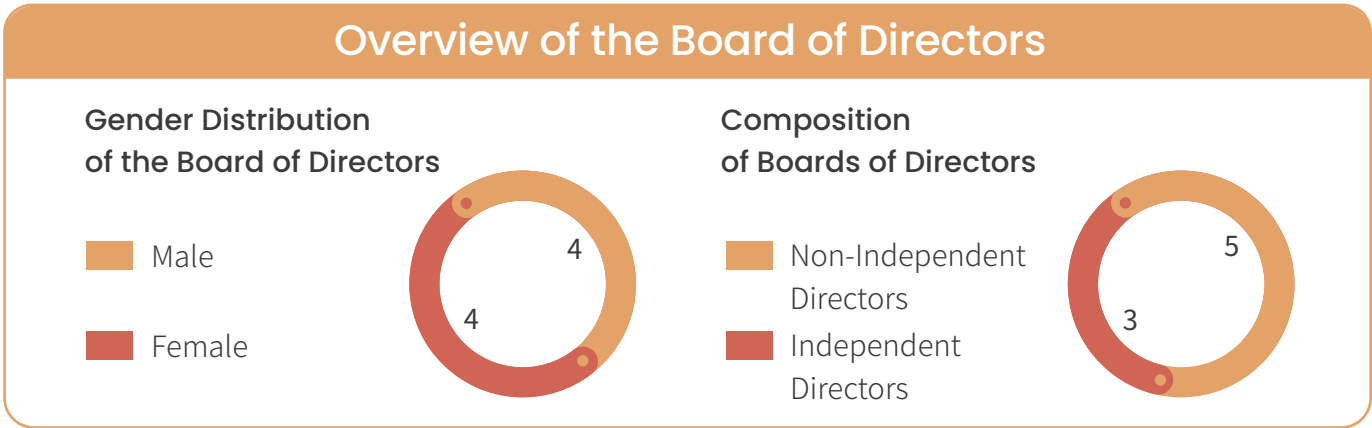
### Annual Performance of Professional Committees

<b>Audit Committee</b>	The Audit Committee of the Company is composed of three directors, including three independent directors, and the convener of the Audit Committee is a professional in the accounting field. In 2024, the Audit Committee reviewed and voted on matters such as the Company's finance, the storage and use of raised funds, internal control, and external guarantees. It was responsible to the Board of Directors and further submitted the deliberated motions to the Board of Directors for consideration, effectively fulfilling its own responsibilities.
<b>Remuneration and Appraisal Committee</b>	In 2024, based on the overall business performance of the year, the Remuneration and Appraisal Committee of the Company reasonably formulated the remuneration policies and appraisal system for internal directors and senior management. It reviewed and approved the Company's 2024 Restricted Stock (Type II) Incentive Plan and submitted it to the Board of Directors for review and approval.
<b>Strategy Committee</b>	In 2024, the Strategy Committee of the Company reviewed and approved its 2025 R&D project plan and budget, which was led by the R&D Department and the Finance Department and jointly proposed and formulated by the Domestic Marketing Department, the International Trade Department, the Quality Department, and the Production Planning Department.

## 2.3 Directors Diversity

The Company selects directors in a scientific and reasonable manner. When selecting directors, the considerations include, but are not limited to, factors such as gender, educational background, age, and professional background to ensure the diversity and independence of the Board of Directors. The fourth

Board of Directors of the Company consists of 8 members, including 5 non-independent directors and 3 independent directors. Among them, female directors account for 50.00% and independent directors account for 37.50%.



### Introduction of Key Members

<b>Chen Ankang</b>	<ul style="list-style-type: none"><li>Chairman and General Manager of Shanghai Ailu.</li><li>With more than 20 years of working experience, he has been deeply engaged in the fields of industrial paper packaging, plastic packaging, and various new materials. Under his leadership, the revenue scale of Shanghai Ailu has grown from approximately 16 million yuan at the initial stage of its establishment to about 1.2 billion yuan in 2024, with an annual compound growth rate of about 28%.</li></ul>
<b>Chen Xueqi</b>	<ul style="list-style-type: none"><li>Director, Secretary of the Board of Directors, and Deputy General Manager of Shanghai Ailu.</li><li>With more than 10 years of working experience, she is responsible for major capital operation, financing and other projects of the company. She has successively helped the Company to be listed on the New Third Board, listed on the Growth Enterprise Market, and issue convertible bonds, raising about 1 billion yuan in total.</li></ul>
<b>Zhang Qin</b>	<ul style="list-style-type: none"><li>Director and Deputy General Manager of Shanghai Ailu.</li><li>With more than 15 years of working experience, she is proficient in corporate governance and government relations management. She has senior experience in key areas of enterprise development such as corporate culture, enterprise promotion, brand building, team building, organizational innovation, talent development, and external cooperation.</li></ul>
<b>Chen Shu</b>	<ul style="list-style-type: none"><li>External Director of Shanghai Ailu, Freelancer, enthusiastic about public welfare and charity undertakings.</li></ul>
<b>Lu Chunyan</b>	<ul style="list-style-type: none"><li>Director and Chief Financial Officer of Shanghai Ailu.</li><li>With more than 15 years of working experience, Lu Chunyan has rich professional skills and practical experience in financial system.</li></ul>
<b>Chen Jie</b>	<ul style="list-style-type: none"><li>Independent Director.</li><li>Chen Jie has served as the secretary of the board of directors of listed companies successively and has made certain achievements in the fields of corporate compliance operation and strategic development.</li></ul>
<b>Dai Yufeng</b>	<ul style="list-style-type: none"><li>Independent Director, Certified Public Accountant, Accounting Professional Talent, and Chief Financial Officer of large enterprises, with rich professional skills and practical experience in financial and audit systems.</li></ul>
<b>Xia Yaoyun</b>	<ul style="list-style-type: none"><li>Independent Director, mainly responsible for providing consultation in the strategic field of the Company.</li></ul>



2.4 Investor Relations

The Company establishes regular communication with investors to enhance the transparency of information disclosure. It truthfully presents the Company's operation and management status as well as its future development strategies, thereby promoting investors' understanding and recognition of the Company. The Company conducts interactive exchanges with investors through multiple channels. By means of online telephone communication, the interactive platform of the Shenzhen Stock Exchange, offline investor reception activities, etc., it conveys the Company's business philosophy and values in accordance with laws and regulations, achieving two-way communication between the Company and investors. In 2024, the Company formulated and issued the Investor Relations Management System, clarifying the purpose, principles, content and methods of investor relations management. It designated the person in charge of investor relations management and defined their job responsibilities. The Company also attached great importance to the construction of the online communication platform to improve the level of information disclosure.

Investor Communication Performance in 2024 Channels

Institutional Investor Research	Received over 50 institutional research groups both online and offline
Release of Special Research Records	Answered investors' questions in 2 special research records
Responses to Investors' Questions on Shenzhen Stock Exchange Interactive Easy Platform	Replied to 52 questions with a reply rate of 100%
Announcements on Shenzhen Stock Exchange Business Platform	Issued 130 special announcements, including 4 periodic reports and 126 interim reports
Earnings Briefing	Held 1 earnings briefing to address investors' concerns
Telephone Inquiries	Answered over 200 calls from investors to address their questions



In September 2024, Shanghai Ailu won two awards of the 5th Panorama Investor Relations Gold Award 2023, namely the "Excellent Communication with Institutional Investors Award (2023)" and the "Outstanding IR Chairman Award (2023)", by virtue of its outstanding performance in the capital market. The Panorama Investor Relations Gold Award is one of the most authoritative and influential awards in the capital market. It continuously focuses on the field of investor - relations in the capital market, adheres to the principles of independence, objectivity and fairness, and conducts professional evaluations on the investor - relations work of listed companies, aiming to commend the excellent, encourage the advanced and set up examples.

3. Optimize Risk Control

Risk management is considered as a pivotal aspect in safeguarding a company's stable operation and enabling it to fulfill its social responsibilities. The Company establishes a complete internal risk management system. Grounded in the internal control environment, it conducts a comprehensive review of the Company's business processes and work procedures, accurately identifies and scientifically evaluates potential risks, formulates and implements differentiated response strategies, and thus enhances the level of risk prevention and control.

3.1 Internal Control and Compliance

The Company conducts evaluations of its compliance system, focusing on high - risk areas and imposing constraints and supervision on various internal departments and business processes. In 2024, the main matters included in the Company's compliance system evaluation scope were as follows: governance structure, organizational structure, development strategy, human resources, corporate culture, fund - raising and utilization, procurement and payment, sales and collection, asset management, production management, research and development, internal and external information and communication, internal audit, contract management, related - party transactions, external guarantees, external investments, information disclosure, and the use of raised funds. The key high - risk areas of concern included: related - party transactions, contract management, external investments, external guarantees, information disclosure, and the use of raised funds. The units, businesses, matters included in the evaluation scope, as well as the high - risk areas covered the main aspects of the Company's operation and management, with no major omissions. The Company establishes the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors, which respectively perform decision-making, management and supervision functions, in accordance with the provisions of the Company Law of the People's Republic of China. Additionally, the Company establishes a performance assessment system for employees and has strictly implemented it. This measure promotes the organic unity of the responsibilities, rights and interests of employees, as well as the effective implementation of the Company's internal control. Moreover, the Company conducts risk assessments according to the internal control environment, the Company's business and specific work procedures, identifies risk factors in the implementation of the internal control system, and takes targeted countermeasures to prevent the failure of internal control. In 2024, pursuant to the requirements of the Basic Norms for Enterprise Internal Control, the Guidelines for the Evaluation of Enterprise Internal Control, and other relevant laws and regulations, and in conjunction with the Company's internal control system, the Company maintained effective internal control over financial and non-financial reporting in significant aspects, on the basis of the daily supervision and special supervision of internal control. In 2024, the Company actively responded to the Notice on Strengthening the Internal Control Construction of Listed Companies and Enterprises to be Listed and Promoting Internal Control Evaluation and Audit, and conducted the Company's internal control audit together with the engaged accounting firm, disclosing the Company's internal control evaluation report approved by the Board of Directors and the internal control audit report on financial reporting issued by the accounting firm.



## 3.2 Risk Management

The Company conducts risk investigation, assessment, and control throughout the entire process of operation and management. It actively integrates risk management into business decision - making and daily operations to safeguard business continuity. In 2024, the Company followed the requirements of the Exchange and the regulatory authorities in terms of information disclosure and other aspects, with no cases triggering regulatory penalties or inquiries. The Company has maintained standardization and transparency in its operations through regular training, compliance deliberations and timely disclosure.

### Risk Management Process

**Regular Risk Assessment:** Identify potential risks, covering external risks (such as customer risks, competitor risks, political environment risks, legal environment risks, economic environment risks, etc.) and internal risks (such as product risks, marketing risks, financial risks, personnel risks, organizational and management risks, etc.). Then, evaluate their severity and probability of occurrence.

**Continuous Risk Monitoring:** Establish a sound risk information system to capture risk precursors in real - time and issue timely warnings, so as to respond promptly.

**Consideration of Internal Factors:** These include personnel quality factors such as the professional ethics of senior management, employees' professional competencies and team spirit; management factors like business operation models, business process design, financial reporting and information disclosure; fundamental strength factors including financial position, operating results and cash flows; technological factors such as R&D investment and information technology application; and environmental factors covering operational safety, employee health and environmental protection safety.

**Information and Communication Mechanism:** Define the collection, processing, and transmission procedures of internal control - related information. Ensure timely information communication to promote the effective operation of internal control. This guarantees the timely communication, and resolution of existing or potential risk points within the Company.

## 4. Uphold Business Ethics

Outstanding business achievements are inseparable from business ethics and correct value orientation. The Company strictly complies with laws and regulations such as the Criminal Law of the People's Republic of China and the Anti - Unfair Competition Law of the People's Republic of China in the regions where its operations and business activities are carried out. It is committed to establishing and maintaining trust among the enterprise, customers, investors, partners, and employees. Guided by the ESG governance framework, the Company continuously iterates and upgrades its Sustainable Development Policy and the supporting systems, establishing a compliance management system that covers the entire value chain. In 2024, full employees signed the Business Ethics Policy Commitment Letter. Driven by both institutional innovation and intelligent risk control technologies, the Company strictly adheres to the United Nations Convention against Corruption and global anti-commercial bribery regulations. It has maintained a zero-violation record for three consecutive years. With integrity as its foundation, the Company fulfills its responsibility commitments in customer cooperation, capital operation, partnership collaboration, and employee development. It is dedicated to becoming a trusted partner for value co-creation.

## 4.1 Anti - Corruption

The Company improves the Business Bribery Prevention System, pledging the professionalism, honesty, and fairness of the Company and its representatives' behaviors in work, and requiring employees to abide by this principle. At the same time, the Company designates the Human Resources Department as the management department for reporting and whistleblower protection, following the principles of confidentiality and protection of whistleblowers' legitimate rights and interests from infringement.

### Anti - corruption Management Measures

#### • Clear Responsibilities

- ✓ Clearly define the anti - bribery responsibilities of each department. Specify prohibited gift - giving and receiving behaviors and objects, such as customers, government departments, etc. Supervise and manage the Company's capital utilization to prevent bribery in product process inspection and review, as well as in product procurement, sales, equipment project acceptance, and other processes.
- ✓ Incorporate anti - corruption and anti - bribery clauses as Directors' responsibilities and obligations into the Employment Agreement signed with Directors.

#### • Training and Empowerment

- ✓ Sign the Business Bribery Prevention Commitment with employees to guide them to establish correct values and honest and upright professional ethics.
- ✓ Conduct business ethics training for employees, covering management and key positions. For sales and procurement staff, carry out training on employee behavior management, strictly prohibiting the acceptance of gifts, banquets, and various entertainment consumption activities that may or do affect the fair performance of official duties.

#### • Supplier Management

- ✓ Formulate the Supplier Code of Conduct and require 100% suppliers to sign it, pledging to follow social responsibility and ethical standards. Conduct supplier social responsibility assessments to understand suppliers' business ethics constraints on their employees and whistleblower protection mechanisms.
- ✓ Conduct anti - corruption training for suppliers once a year to enhance their awareness of integrity and self - discipline in business cooperation and jointly create an honest and fair business environment.

#### • Supervision and Reporting

- ✓ Establish and improve employee communication, complaint and reporting mechanisms, and set up real-name and anonymous complaint and suggestion channels (Feedback and Complaint Hotline: 021-57299100; E-mail: hr@ailugroup.com). Timely record, investigate, and report the reported content to management or the board of directors. According to the actual situation, hire external auditors, etc. to assist in the investigation. Follow the principles of confidentiality and protection of whistleblowers' legitimate rights and interests from infringement, and strictly prohibit the disclosure of whistleblower information and the content of complaints and reports.

## Performance in 2024

- 0 major corruption lawsuits and 0 reported incidents
- 100% of the managers who were required to sign, signed the Business Bribery Prevention Commitment
- 100% of the purchasing staff signed the anti - bribery commitment
- Carried out 598 hours anti - corruption training, covering 298 participants
- 100% coverage rate of anti - corruption training
- Among them, 100% coverage of anti-corruption training for senior management
- 100% coverage of anti-corruption training for management



## Case: Supplier Anti-bribery Training

In July 2024, the Company conducted anti-bribery training for suppliers, with 100% coverage of anti-corruption training for Tier 1 suppliers. The training provided an overview of anti-bribery laws and regulations, cultivated the awareness of integrity and self - discipline. The focus was on communicating about the gift - giving or receiving behaviors prohibited by the company. It also shared the Company's whistleblowing mechanism, whistleblowing hotline, and the protection policy for whistleblowers, and clearly defined the scope of complaints and reports as well as the management responsibilities.



### 4.2 Fair Competition

The Company actively promotes and safeguards fair competition, resolutely prevents and prohibits the pursuit of competitive advantages through unethical or illegal business practices. It strengthens the management of market order, aiming to create a healthy and transparent business environment as well as a favorable commercial competition environment.

## Fair Competition Management Measures

### • Compliance with Laws and Regulations

The Company strictly adheres to relevant laws and regulations such as the Anti - Monopoly Law of the People's Republic of China and industry - specific regulatory requirements. This includes, but is not limited to, refraining from price - fixing, market monopolization, false advertising, or misleading marketing. In 2024, the Company carried out special training on domestic and international regulations.

### • Respect for Intellectual Property Rights

Regarding respect and protection of intellectual property rights as a crucial part of maintaining fair competition, the Company respects independent R&D and innovation. Meanwhile, it avoids infringing on others' intellectual property rights such as patents, trademarks, and copyrights.

### • Avoidance of Unfair Competition Behaviors

The Company refrains from using unfair competition means like belittling competitors, spreading false information, or maliciously poaching employees. Instead, it enhances its competitiveness through legitimate ways such as improving product quality, optimizing services, and reducing costs, thus promoting the healthy development of the entire industry.

### • Establishment of an Internal Compliance Culture

The Company cultivates employees' awareness of fair competition and moral responsibility. Through internal training and the formulation of clear compliance policies and procedures, it ensures that employees understand and practice the principles of fair competition. An effective whistle - blowing mechanism is established to encourage employees to report any behavior that violates fair competition, and timely corrective measures are taken.

### • Supplier Management

The company conducts social responsibility surveys of suppliers to ensure that their business behaviors meet the standards of fair trade, advertising, and competition. Suppliers are required not to manipulate prices, engage in fraud, or participate in monopolistic operations.

### • Participation in Social Responsibility Projects

Beyond direct business competition, the Company demonstrates its positive contribution to society by participating in social welfare projects, environmental protection, and other activities.

## Performance in 2024

- 0 legal lawsuits regarding unfair competition behaviors, antitrust and anti-monopoly practices





# Embrace Zero Carbon Transition

## Our Topics of Interest

- Environmental Management
- Climate Action
- Energy Management
- Water Utilization
- Circular Economy
- Pollutant and Waste Management

## Corresponding to the SDGs



Green development stands as the cornerstone of high - quality development. In essence, new - quality productive forces are synonymous with green productive forces. Shanghai Ailu proactively responds to the potential environmental impacts stemming from its corporate operations. The Company systematically integrates energy - conservation and emission - reduction technologies, optimizing resource utilization efficiency. Committed to fostering a sustainable future, Shanghai Ailu is dedicated to constructing a low - carbon, highly efficient, and circular green production and operation ecosystem. Through continuous refinement of its environmental management mechanisms, the Company enhances its environmental management capabilities.



# 1. Strengthen Environmental Management

The Company earnestly implements national and local environmental protection guidelines. It establishes a long - term environmental management mechanism, clearly defining environmental protection functions and responsibilities. The Company fully enforces measures for environmental risk control, enhances its emergency response and monitoring capabilities in environmental protection, and thus achieves a harmonious balance between its economic performance and environmental benefits.

## 1.1 Comprehensive Environmental Management

In compliance with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Company establishes a comprehensive environmental management system. This system encompasses activities such as identification and assessment of environmental factors, management and control of environmental operations, solid waste management, and monitoring and control of environmental behavior. The Company formulates a series of internal policy documents, including the Environmental Protection Management Regulations, the Three Wastes Management Regulations, and the Hazardous Waste Environmental Pollution Prevention and Control Liability Regulations. From aspects such as basic supervision, on - site facility management, pollutant management, environmental monitoring management, and environmental protection file management, and by categorizing environmental factors and dividing responsibilities by area, it

clearly defines the functions of each department. The Company's Headquarters has obtained ISO 14001 Environmental Management System Certification, demonstrating its commitment to high - standard environmental management.



ISO 14001 Environmental Management System Certification

## Performance in 2024

- Invested **14,622,200** RMB in environmental protection
- 0** environmental pollution accidents
- Conducted **4** environmental emergency drills



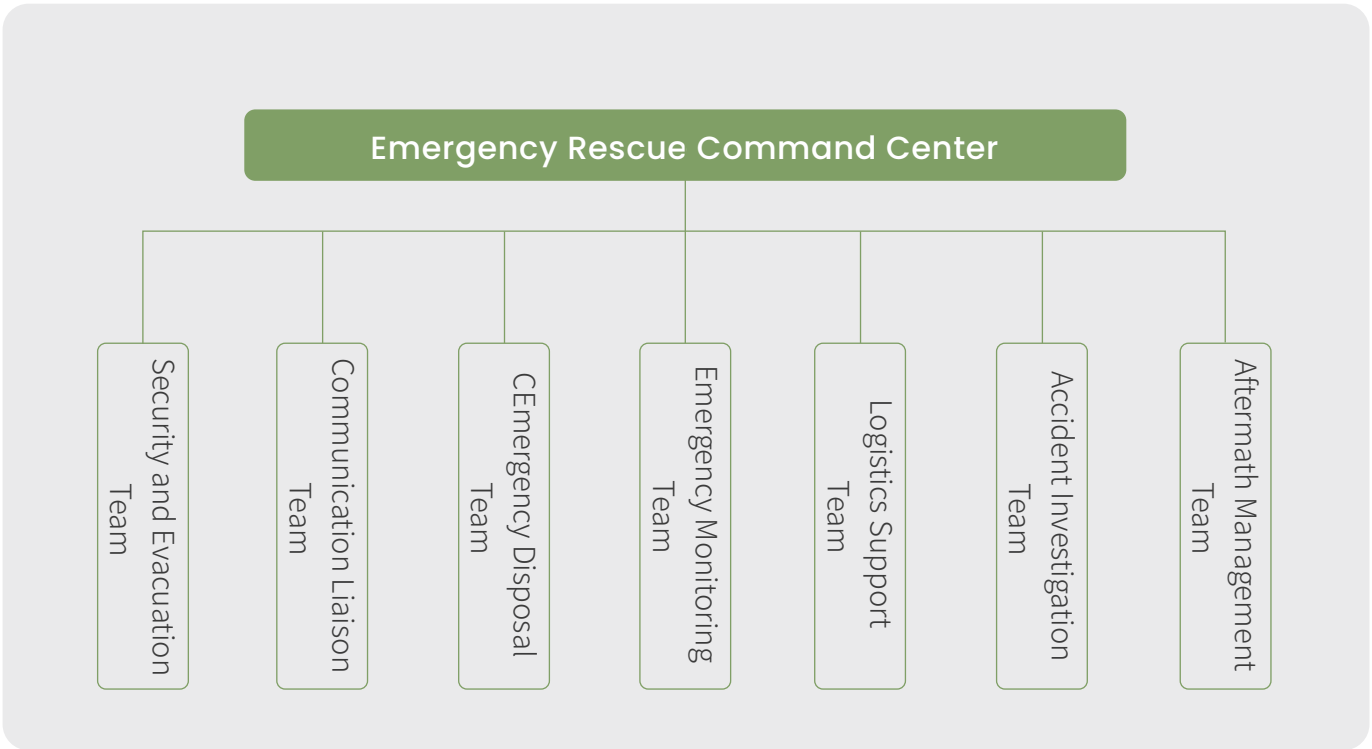
## 1.2 Emergency Management

Regarding environmental emergency incident management, the Company formulates the Emergency Management Regulations for Sudden Environmental Accidents in line with relevant national laws and regulations. The Company develops emergency response plans, standardizing emergency rescue operations for different types of sudden environmental accidents. To effectively address emergencies, the Company is equipped with essential personal protective equipment, an emergency communication system, fire - fighting equipment, and emergency monitoring devices. This proactive approach helps minimize environmental pollution and other associated hazards.

## Case: Environmental Incident Response Management

In 2024, to preemptively address potential environmental risk incidents, Shanghai Ailu formulated the Emergency Response Plan for Sudden Environmental Incidents of Shanghai Ailu Package CO., Ltd. This comprehensive plan standardized emergency rescue protocols for conceivable environmental emergencies, improved the allocation of emergency resources and established a professional emergency rescue team. It not only improved the science and timeliness of emergency decision-making, but also comprehensively enhanced the Company's ability to prevent environmental risks and respond to environmental incidents.

### Organization Management

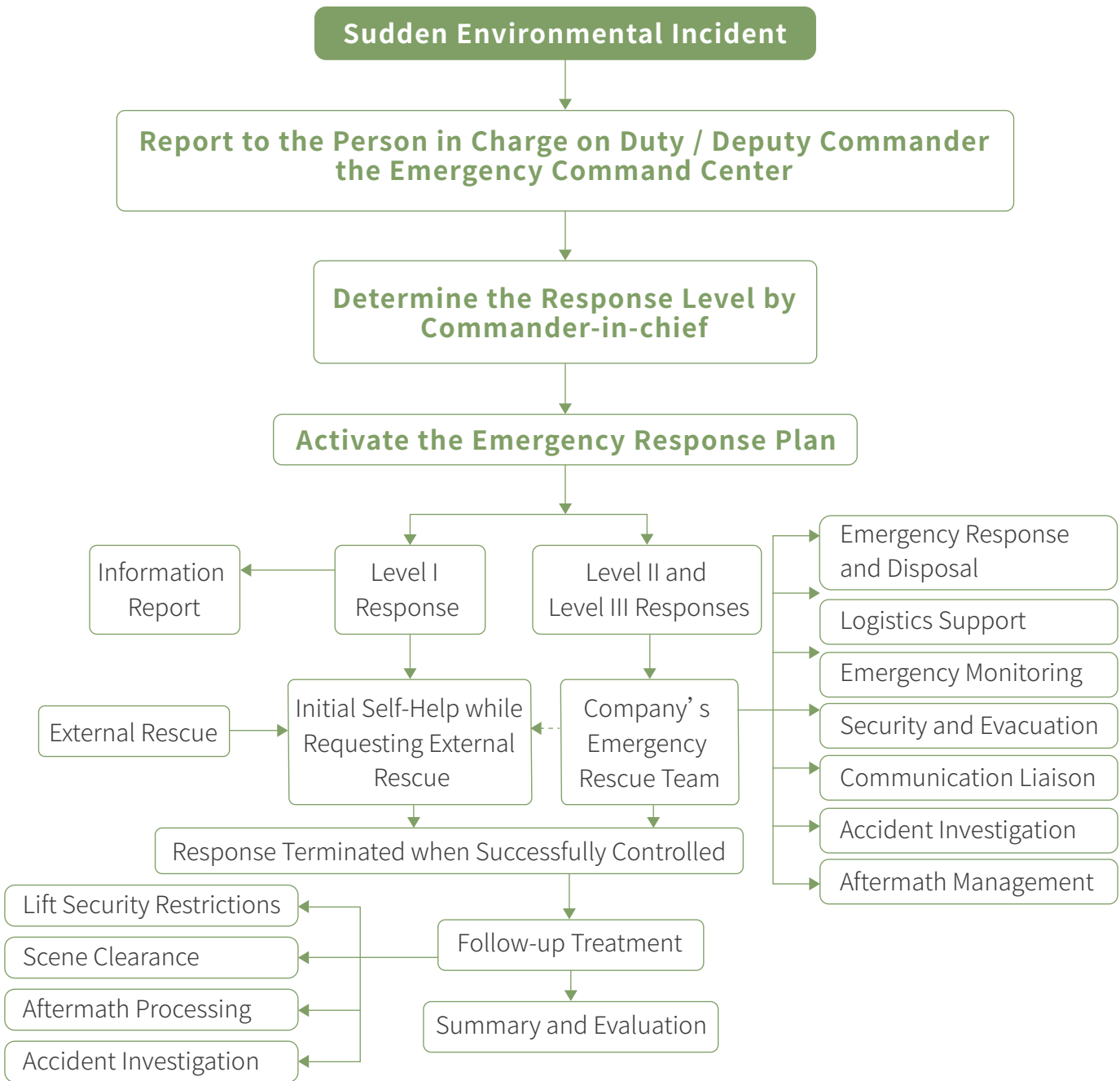


Emergency Response Organizational Structure



• Graded Response

Based on the Company's operation, and considering factors such as the severity of potential emergency events, their affected areas, impact, and resulting damage to personnel and property, including the type and quantity of stored chemicals, actual wastewater generation, and number of injured workers, the Company classified sudden environmental incidents into three levels: General Incidents (Level III/Workshop - level), Major Incidents (Level II/Company - level), and Severe Incidents (Level I/Societal - level). The Company determined alert levels, activation criteria, and corresponding response hierarchies according to the nature, severity, affected scope, and controllability of sudden environmental incidents. This approach established a unified - command, highly - responsive, fully - functional, coordinated, and efficient graded emergency response mechanism.



Emergency Response Flowchart

• Management and Provisioning

The Company installed emergency response cards in production areas, hazardous waste storage facilities, and ink warehouses. These cards clearly outlined potential accidents, associated hazards, standardized emergency response procedures, and safety measures. They also indicated the storage locations of personal protective equipment and emergency supplies, and provided contact information for emergency responders. Regarding emergency support, the Company ensured a consistent supply of essential resources, including personnel, funding, emergency supplies, medical services, and reliable communication channels, creating a solid foundation for effective emergency response to unforeseen incidents.

• Drill and Training

In 2024, the Company's Headquarters conducted two environmental emergency response drills simulating the spillage of chemical inks. During this process, the Company provided in - depth training on environmental risk emergency response plans, emergency handling procedures, and hands - on fire - fighting equipment operation for relevant employees. The participants grasped the operational procedures and techniques of emergency rescue. Through these drills, employees not only enhanced their practical emergency response capabilities but also significantly raised environmental protection awareness across the board.





### 1.3 Awareness Enhancement

To cultivate heightened environmental awareness among employees, the Company integrates environmental protection education into its comprehensive employee training programs. Besides, the Company collaborates closely with employees to carry out a wide range of environmental protection initiatives. In this way, both the company and its employees actively contribute to a low-carbon, eco-friendly lifestyle.

#### Case : Low-Carbon Travel with Ailu

Cycling, as an energy-saving and emission-reducing activity, not only provides full energy but also reduces exhaust pollution caused by private car travel. In line with the theme of “Cherish the Earth, Harmony between Humans and Nature” for this year’s World Earth Day, Shanghai Ailu initiated an outdoor cycling event, integrating the company’s concept of “green, low-carbon, and sustainable” development into daily life, advocating for the Earth and symbiotic coexistence with all things.



Throughout the event, the Company practices the cultural concept of green and low-carbon living through practical actions, allowing employees to personally experience the joy of a low-carbon lifestyle and spreading positive environmental energy.



#### Case: Initiating Environmental Commitment from the Heart

In June 2024, under the theme “Initiating Environmental Commitment from the Heart,” Shanghai Ailu hosted World Environment Day events in the company cafeteria. Through engaging activities like garbage-sorting games for promoting environmental protection, environmental - knowledge quizzes, educational environmental - protection videos, and Environment, Health, and Safety (EHS) mini - lectures, the Company treated employee awareness - raising as a crucial aspect of environmental management. These initiatives helped employees understand how their daily lifestyles impact the environment, and inspired them to take proactive steps to protect the ecological environment, transforming environmental awareness into tangible actions at both the workplace and in daily life.





## 2. Address Climate Change

In an effort to mitigate global climate change, the Company places equal emphasis on efficient operations and sustainable development. It continuously enhances its capacity to adapt to and address climate change, with a focus on reducing greenhouse gas emissions. The Company is transitioning from a "green" approach to an elevated "net-zero carbon" model.

### 2.1 Scientific Coordination

In the face of climate change challenges, the Company crafts an organizational framework featuring well-defined accountabilities and cross-departmental collaboration. At the epicenter of this framework lies the Board of Directors, which wields overarching leadership in climate change initiatives. As the Company's apex decision-making authority, the Board of Directors commands a pivotal role in formulating and implementing climate change mitigation strategies. Comprising a diverse pool of executive and independent directors, the Board of Directors adheres to the comprehensive diversity and inclusivity policy. To augment the decision-making capabilities, four specialized committees have been instituted, the Audit Committee, the Remuneration and Evaluation Committee, the Strategy Committee, and the Nomination Committee, providing professional support for the Board of Directors.

### Climate Governance Organizational Structure

#### • Board of Directors

The responsibilities of the Board of Directors encompass strategic planning and decision-making, supervision and guidance, resource allocation and management, policy formulation and implementation, as well as risk management. The Board of Directors takes full account of the potential impacts and opportunities of climate change on the Company's business, incorporating climate change response into the Company's overall strategic layout. It conducts comprehensive supervision of the Company's environmental affairs, formulates relevant policies and objectives for the Company to address climate change, and oversees the implementation of these policies and objectives. Through regularly scheduled meetings, the Board of Directors deliberates on environmental issues, monitors the work progress of the Sustainable Development Department and various functional departments, promptly identifies problems, and provides guidance.

#### • Sustainable Development Center

Led by the Sustainable Development Center, it plays a crucial role in the implementation and coordination of climate change response efforts and reports directly to the Chairman of the Board of Directors. This department is responsible for identifying and assessing the Company's material issues related to climate change, formulating corresponding plans, and promoting their implementation, supervision, and evaluation within the Company.

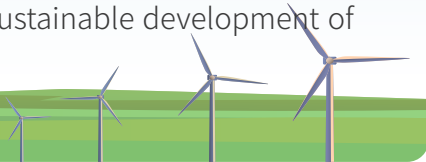
#### • Various Functional Departments

Functional departments such as the Equipment and Power Department, Procurement Department, Environmental Safety Department, and Production Department bear specific implementation responsibilities in the work of addressing climate change. They are tasked with advancing climate change-related work within their respective departments in accordance with the Company's overall plan and the requirements of the Sustainable Development Department, and regularly reporting work progress and encountered problems to the Sustainable Development Department.

#### • Employees

Employees are important participants in the Company's climate change response efforts. They are required to be familiar with the Company's sustainable development strategy and material issues related to climate change, and actively participate in and implement various sustainable development goals and plans of the Company in their daily work.

The Company formulates the Management Measures for Climate Change Response and Sustainable Development. This initiative clearly defines short - term, medium - term, and long - term time horizons, serving as a structured approach to identify, assess, and manage environmental issues. By integrating qualitative and quantitative methods, and basing on international standards and scenario analyses, the Company comprehensively evaluates a wide range of environmental risks and opportunities. In response, it formulates corresponding countermeasures. For instance, to address climate change risks, the Company strengthens infrastructure maintenance and diversifies its supplier base. Simultaneously, it seizes opportunities such as the utilization of renewable energy, driving the sustainable development of the enterprise.



### Climate Risk Management Process

#### • Risk Identification

##### Define Time Horizons

The Company categorizes short - term as spanning 0 - 3 years. During this period, it primarily focuses on adjusting and upgrading equipment, technologies, and supplier collaborations in daily operations. Activities such as constructing new production facilities, boosting production capacity, finalizing supply contracts, and developing new products are also prioritized. The medium - term, covering 4 - 9 years, centers on investment decision - making, particularly investments in the solar photovoltaic industry. The long - term is defined as 10 years or more, during which strategic decisions related to corporate governance, organizational structure, and business models are made.

##### Establish Evaluation Processes

The Company regularly identifies and evaluates issues related to sustainable development. The evaluation scope encompasses direct operations, the upstream supply chain, and downstream customers. It comprehensively considers environmental factors such as climate change and carbon emission policies, while integrating corporate development strategies, industry practices, customer demands, and relevant standards. Through multi - party communication, the Company creates the ESG materiality matrix to pinpoint environmental dependencies and risks that significantly impact its operations.

##### Combine Qualitative and Quantitative Methods

The Company uses internationally recognized standards and methods to conduct qualitative and quantitative evaluations of environmental risks. Additionally, scenario analysis is employed to account for various risk types. These include acute physical risks (such as droughts and floods), chronic physical risks (such as changes in precipitation and temperature), market risks, reputational risks, and technological risks.

#### • Risk Assessment

The Company has identified several major climate - change - related risks. These include damage to infrastructure and production caused by extreme weather events, fluctuations in energy supply and prices, and supply chain disruptions. In terms of direct operations, industrial manufacturing facilities are vulnerable to extreme weather, which may lead to production halts and increased costs. Along the upstream value chain, extreme weather may affect suppliers' production, resulting in shortages of raw materials. Based on the identified risks, the Company assesses the impact severity and likelihood of each risk. Some risks are quantitatively evaluated. For example, extreme weather events may damage factories and warehouses, disrupting production and sales, and thereby negatively impacting the Company's financial position, operating performance, and cash flow.

#### • Risk Mitigation



##### Infrastructure Maintenance and Upgrade

The Company increases investment in strengthening, upgrading, and maintaining infrastructure to enhance its resilience against extreme weather. This ensures stable production and the safety of employees.



##### Supplier Management

By implementing a supplier diversification strategy, the Company reduces the risk of supply chain disruptions caused by issues with a single supplier. It also conducts strict evaluations and management of suppliers, requiring them to adhere to environmental and social responsibility standards.



##### Technological R&D and Investment

The Company intensifies its research, development, and investment in low - carbon technologies to improve energy efficiency and reduce carbon emissions. For example, it invests in solar photovoltaic equipment to decrease reliance on traditional energy sources.



##### Policy Response

The Company closely monitors changes in carbon pricing policies and formulates corresponding compliance strategies. By investing in low - carbon technologies and optimizing energy management, it aims to reduce carbon costs



## 2.2 Carbon Reduction Action

In 2024, the Company formulated a comprehensive and targeted action plan to address climate change. This strategic plan encompasses multiple pivotal domains: products and services, supply chain management, research and development, operational processes, and the fulfillment of carbon emission targets. The Company has already submitted its commitment to the Science Based Targets initiative (SBTi). Moving forward, it will set practical carbon reduction targets across the entire value chain. Its overarching ambition is to achieve substantial reductions in carbon emissions, both within internal operations and throughout the broader value chain, thereby contributing to a more sustainable business ecosystem.



### Climate Action Strategy

#### • Innovation of Product and Service

**Sustainable Product Development:** Promote the research, development, and marketing of sustainable products, through the adoption of new technologies, materials, and designs. This is aimed at meeting the market's demand for low-carbon products and facilitating the achievement of the carbon peak target.

**Product Carbon Footprint Reduction:** Analyze the carbon reduction potential throughout the product's life cycle and explore pathways for carbon emission reduction, based on GHG verification results and product carbon footprint assessments.

#### • Optimization of Supply Chain Management

**Green Raw Material Sourcing:** Implement a rigorous supplier review and evaluation mechanism to ensure that suppliers meet the standards in terms of quality, safety, environmental protection, and social responsibility. Collaborate with suppliers that have climate disclosure programs and emission reduction commitments, and introduce environmentally friendly materials such as 100% fully degradable kraft paper made from wood pulp and biodegradable starch adhesives, reducing the product's carbon footprint from the source.

**Green Logistics and Collaboration:** Address climate risks and opportunities through green packaging solutions, promoting innovative packaging alternatives that replace plastics with paper, thereby reducing plastic usage and carbon emissions. Optimize logistics and transportation processes and encourage third-party logistics companies to use new energy vehicles to lower carbon emissions during transportation. Additionally, work with customers to jointly promote the implementation of carbon audits and low-carbon innovative products.

#### • R&D Investment and Technological Upgrades



**Low-carbon Technologies R&D:** Attach great importance to R&D innovation and establish a dedicated R&D department. Invest no less than 3% of annual sales revenue in R&D each year, focusing on the development of environmentally friendly, renewable, and degradable packaging materials.



**Energy Management Technologies Application:** Install solar photovoltaic equipment in the factories to reduce reliance on externally purchased electricity. At the same time, purchase green electricity to lower the absolute carbon emissions. In terms of wastewater treatment, upgrade sludge drying equipment to reduce carbon emissions during the sludge treatment process and achieve efficient resource utilization.

#### • Energy Conservation in Operations

**Operational Processes Optimization:** Regularly carry out verification of greenhouse gas emissions, optimize internal operational processes, identify emission reduction opportunities, and achieve cost reduction, efficiency improvement, and green transformation. For example, use low-temperature sludge drying equipment during the upgrade of the factory sewage station, to control the moisture content of sludge, reduce the volume of sludge and the frequency of transportation, and lower carbon emissions.

**Green Office Practices Promotion:** Promote green office practices within the Company, advocating for the conservation of paper, electricity, and water. This helps to enhance employees' environmental awareness and reduce energy consumption and waste generation in daily operations.



#### • Advancement of Carbon Emission Targets

**Targets and Pathways Setting for Emission Reductions:** Formulate carbon emission targets and implementation pathways, including upgrading production facilities, using energy-efficient equipment to reduce energy consumption, promoting the use of renewable energy, conducting regular energy audits, formulating corresponding emission reduction plans within departments, and regularly evaluating progress.

[1] Please visit the official website of SBTi via <https://sciencebasedtargets.org/target-dashboard> for inquiry.



## Carbon Reduction Goals and Commitments

- ✓ In 2024, the Company formally submitted a commitment to the Science Based Targets initiative (SBTi). Currently, the quantitative targets are under assessment and formulation.
- ✓ It aims to reduce carbon emissions through technological innovation and process optimization. The Company has already submitted the SBTi commitment. Moreover, it discloses carbon emission information via the Carbon Disclosure Project (CDP) questionnaire of the Global Environmental Information Research Center. Its long-term aspiration is to reach the net-zero target by 2050.
- ✓ The Company is firmly committed to increasing the procurement and utilization of green electricity year after year. To this end, it has signed a power purchase agreement with Huaneng Renewables. Going forward, it will augment green electricity procurement by no less than 10% annually. By 2028, over 60% of its electricity consumption will come from green sources. By 2035, it plans to ensure that 100% of its electricity usage is green.

## Performance in 2024

**245,247.73** tCO<sub>2</sub>e of greenhouse gas emissions

Among them: **16,754.57** tCO<sub>2</sub>e for Scope I and II

**228,493.16** tCO<sub>2</sub>e for Scope III

**0** tCO<sub>2</sub>e of greenhouse gas removed

**2.06** tCO<sub>2</sub>e of greenhouse gas emissions per 10,000 RMB of revenue

## Case: Shanghai Ailu Recognized as a “Shanghai Zero-Carbon Benchmark Enterprises”

In 2024, Shanghai Ailu has been officially listed as a “Zero-Carbon Factory” in the Shanghai 2024 Zero-Carbon Benchmark Enterprises by the Shanghai Municipal Commission of Economy and Informatization. This achievement marks a significant milestone for Ailu, advancing from its status as a national-level “Green Factory” to a leader in zero-carbon innovation.

As a firm advocate for the national “Dual Carbon” goals, Shanghai Ailu has integrated carbon footprint management into its long-term corporate strategy. Over the past three years, the company has achieved a cumulative carbon emission intensity reduction of 12.41%, bringing its energy consumption per unit of product to an advanced level in China.

The Company continues to explore sustainable strategic technologies, integrating sustainability into its entire value chain. By adopting new technologies and exploring diverse carbon reduction scenarios, the company continues to extend its efforts toward achieving net-zero emissions.



## Case: Continuing to Utilize Intelligence Strength, Synergizing with Huaneng Renewables

Shanghai Ailu signed a Strategic Cooperation Agreement with Huaneng Renewables Co., Ltd. on December 10, 2024. In the future, the two parties will combine and leverage their respective operational experience, strategic layouts, technological research and development capabilities, as



well as resource integration abilities. Both parties will conduct business exchanges on the "Fiberglass Reinforced Polyurethane Composite Frame" product independently developed by Aina New Energy, and expand their advantages in technological research and development, intelligent operation and maintenance, and the supply chain. Through multi-dimensional cooperation such as technical exchange & iteration, and photovoltaic project investment and construction, they will broaden their product competitiveness and brand influence, so as to achieve mutual benefit and win-win results.





## 2.3 Green Design

The Company adheres to addressing the issue from the source. It promotes and utilizes green and recyclable raw materials, such as 100% fully degradable kraft paper made from wood pulp, environmentally friendly and biodegradable starch adhesives, eco-friendly water-soluble inks, and solvent-free adhesives. In addition, the Company commissions third parties to conduct product carbon footprint assessments and promotes digital carbon management. The product carbon footprint calculation platform developed in cooperation with professional institutions was officially put into use at the end of 2024. The Company strives to achieve carbon footprint tracking for its entire product range, providing effective data support for the development of green products. In 2024, the Company completed the calculation of the carbon footprints for over 20 products.

In 2024, as an advocate and pioneer of sustainable packaging, Shanghai Ailu, driven by its forward-thinking environmental philosophy and technological prowess, has spent five years and completed ten generations of product iterations to successfully launch ESPEED® Paper-based Packaging Free of Plastic Film. This innovation achieves 100% recyclability of packaging materials, contributing to reducing the carbon footprint and helping the entire industrial chain realize a circular economy.



## Case: Collaboration on Eco – friendly Packaging to Lead the Green Retail Revolution

Shanghai Ailu has joined forces with STOPSHOP to promote sustainable practices. In August 2024, STOPSHOP opened a new store on Shanghai's Huaihai Road, featuring its unique "zero-scales" model—a concept that enables ordinary people to experience sustainable living in an accessible way. The store has quickly become a new landmark for green retail, attracting a new wave of conscious consumers. Here, shopping is more than just a transaction; it's an embodiment of sustainable living. Customers can enjoy plastic-free shopping, selecting their preferred bulk products and using Shanghai Ailu's ESPEED® plastic-free paper-based packaging for personalized packing. Shanghai Ailu's professional eco-friendly packaging solutions add a significant and vibrant touch to STOPSHOP's green retail journey, helping the sustainable consumption model with sustainable packaging.



## Case: Research and Development of Reduced – volume Packaging in Collaboration across the Value Chain to Cut Carbon Emissions

Shanghai Ailu stands as a leading manufacturer of composite sheets for cheese stick packaging, holding multiple technological patents. The Company consistently invests in innovation regarding composite sheets for cheese stick packaging. In 2024, through optimizing internal processes and communicating with customers to carry out reduced - volume design, Shanghai Ailu managed to slash the cradle - to - gate carbon footprint of its unit products by 8.7%. This achievement is equivalent to an annual reduction of 3,218 tons of carbon dioxide emissions.

## 2.4 Biodiversity



FSC® Certified Forest

Recognizing the significance of biodiversity, the Company establishes a biodiversity working group to assesses the impact of the Company's business activities on biodiversity. By integrating sustainable development strategies and measures, the Company effectively reduces the environmental impact of its operations and contributes to the protection of biodiversity. It gives priority to purchasing paper sourced from forests with FSC® certification. This ensures that the raw materials originate from responsibly managed forests, thereby minimizing the harm to forests.

**Green Products to Facilitate the Circular Economy**

AiTop Plastic - free Valve Bag's carbon emissions throughout the entire lifecycle, are reduced by 26.84% compared to regular bags. By establishing a low-carbon closed loop, it creates sustainable solutions for industrial packaging, helping the supply chain rapidly achieve the circular economy.

### 3. Save Energy Resources

The Company establishes strict guidelines to ensure the rational utilization of resources such as water, electricity, and natural gas. Considering energy - saving management as a crucial aspect of its overall business operations, the Company continues to implement sustainable water - resource management practices. In this way, it promotes the conservation, efficient use, and sustainable exploitation of resources during daily operations, actively integrating the concept of green development into both production and office - work processes.

#### 3.1 Energy Efficiency

To reduce energy consumption and enhance energy utilization efficiency, the Company follows the principles of “compliance with relevant national regulations and policies, practice economy, and unified effectiveness.” It formulates and implements management measures such as the Energy Management System, Energy Metering Management System, and Factory Electricity - Saving Management System. These measures define the organizational structure for the Company's energy management. They clearly specify management requirements and standards regarding the usage, metering, statistical reporting, and consumption costs of resources like water, electricity, liquefied natural gas, diesel, and gasoline. The Company's Headquarters has obtained ISO 50001 Energy Management System Certification.

#### Energy Management Network

The Company adopts a four - tier management system spanning the Company, departments, workshops, and teams for energy management. The Company has established the Energy Management Leading Group. The primary production managers of each department, workshop, and team serve as energy management officers within this hierarchical management framework, thus forming an energy management network that covers the entire company.

The Energy Management Leading Group aids and monitors the Company's management in implementing national energy laws, guidelines, policies, and technical standards. It reviews and supervises the implementation of the company's energy management systems, energy - saving plans, measures for energy - saving technological advancement, energy consumption quotas, and reward and punishment mechanisms for energy - saving. The group assesses the rationality of energy use for new energy - consuming projects within the Company, evaluates and monitors the execution of the Company's energy consumption quotas. The group undertakes energy - saving publicity campaigns, organizes training sessions, and actively promotes the adoption of new energy - saving technologies, processes, equipment, and materials. Based on the Company's production and business operations, the group makes decisions regarding energy management and approves the implementation plans.



ISO 50001 Energy Management System Certification

Through enhanced energy efficiency and the generation and self - consumption of renewable energy, the Company has achieved remarkable results. The rooftop photovoltaic system generated approximately 3.3 million kilowatt - hours of electricity throughout the year. Equipment technological upgrades saved around 600,000 kilowatt - hours of electricity annually. Waste heat recovery and thermal energy recycling led to annual electricity savings of about 1.2 million kilowatt - hours. The Company has been committed to energy conservation and carbon reduction by upgrading equipment and replacing it with low - energy - consuming alternatives. In 2024, the Company invested 10.3988 million RMB in equipment upgrades and the procurement of low - energy - consuming equipment.

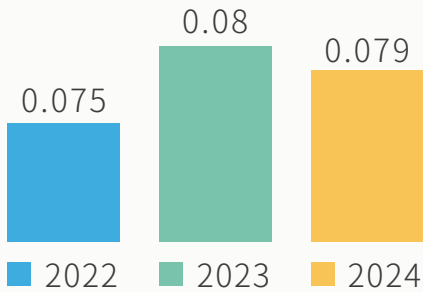
#### Energy Saving and Consumption Reduction Measures

- ✓ Rooftop Photovoltaic Power Generation System in the Factory Area: In response to national green and environmental protection policies, the Company has actively invested in the construction of photovoltaic power generation projects.
- ✓ Waste Heat Recovery Device for Air Compressors: The heat recovered is equivalent to saving nearly 500,000 kilowatt - hours of electricity annually.
- ✓ Maglev Centrifugal Chiller: It saves nearly 50% more electricity compared to similar devices.
- ✓ Ground - source Heat Pump Unit: By harnessing geothermal energy and the constant temperature of the soil, it provides cooling in summer and heating in winter, with an energy - saving efficiency of over 40%.
- ✓ New Plastic Processing Equipment (Three - layer Extruder): This equipment facilitates the co - use of post - industrial recycled (PIR) materials. Additionally, the development of vacuum drying equipment, replacing the commonly used tunnel - type paper bag drying equipment, reduces the electricity consumption for drying industrial paper bags.
- ✓ RTO Waste Heat Recovery, Energy - Saving, and Emission - Reduction Project: Hot water at approximately 90°C from the RTO insulation water tank is pumped to the heat exchanger in the curing room to warm it. This initiative achieves annual energy savings of around 720,000 kilowatt - hours.

#### Performance in 2024

100 tons of standard coal in total energy consumption  
32.95 tons of gasoline consumption  
64.07 tons of diesel fuel consumption  
387.50 tons of natural gas consumption  
10.5 tons of liquefied petroleum gas consumption  
30,452,400 kWh of purchased electricity consumption  
0.079 tons of standard coal for 10,000 RMB revenue consumption  
3,177,100 kWh of photovoltaic power generation  
10.97% of total electricity consumption accounted for by photovoltaic power generation

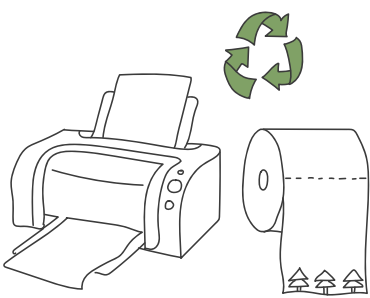
Comprehensive Energy Consumption for Revenue (tons of standard coal per 10,000 RMB)





3.2 Resource Utilization

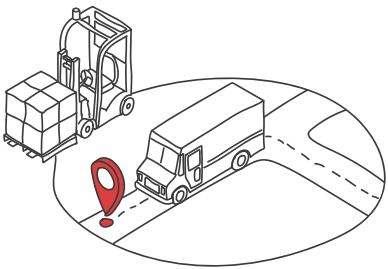
The Company institutes a comprehensive set of water - conservation management regulations, covering aspects such as metering, statistical analysis, and routine maintenance. The department accountable for water conservation and the associated management personnel is clearly defined. Through targeted initiatives, the Company effectively enhances employees’ awareness of water conservation. A thorough inspection regime is implemented for the Company’s water meters, water supply pipelines, and valves. Water - consuming equipment is placed under dynamic management to promptly address water leakage issues, including dripping, seeping, and spraying, thereby significantly improving water - conservation efficiency. In 2024, the Logistics Department adopted recycled water for daily pallet cleaning. The Company cafeteria utilized rice - washing water to soak vegetables every day. Meanwhile, the Engineering Department closely monitored daily water consumption. As soon as abnormal consumption data was detected, immediate investigations were launched. Thanks to the concerted implementation of these measures, the Company successfully achieved a reduction in total water consumption.



The Company integrates the concept of sustainable development into the management of raw materials and auxiliary materials. Through continuous product improvement efforts, it achieves remarkable results. By installing a non - stop roll - changing device, the Company saves 37,440 kilograms of paper annually. This effectively reduces the consumption of raw materials. The Company replaces polyvinyl alcohol adhesives with eco - friendly starch - based adhesives. This substitution not only cuts down the emission of harmful substances but also achieves the dual goals of reducing the use of harmful substances and replacing them with more sustainable alternatives.

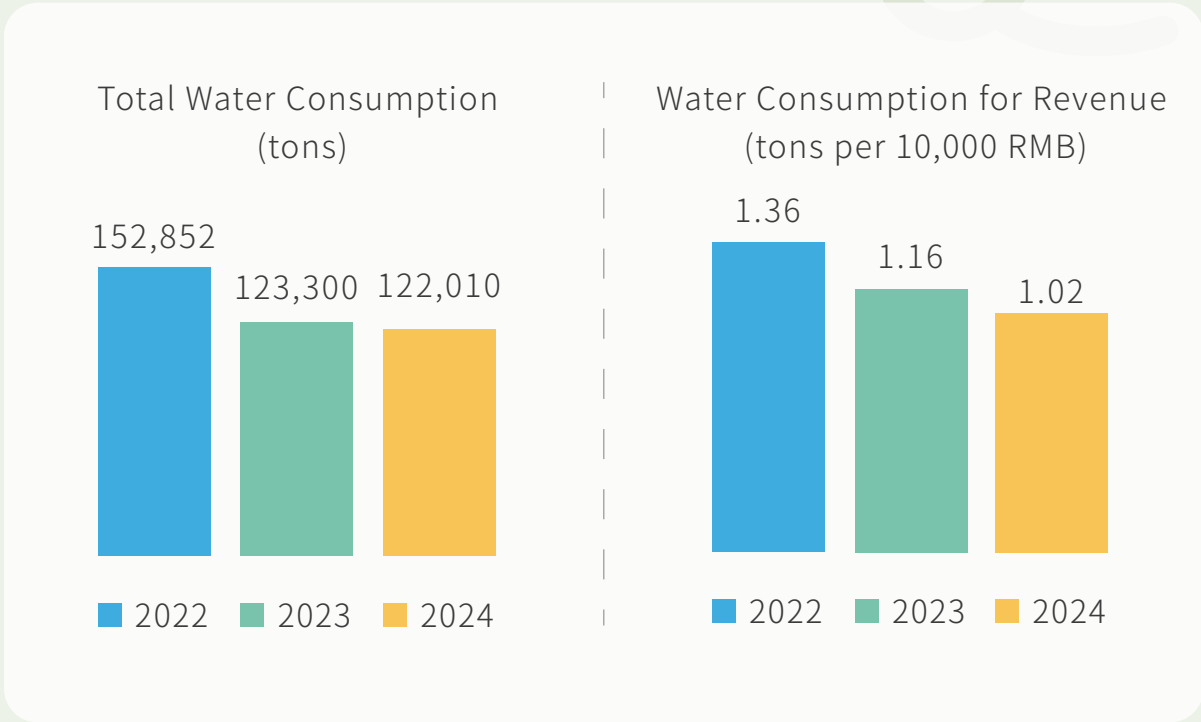
The Company also reduces material wastage during production through equipment upgrades. It transforms single - layer extrusion machines used in plastic processing into multi - layer extrusion systems. After the transformation, the edge - trimming materials on the production line can be directly ground and recycled online. This not only minimizes material wastage during production but also increases the utilization of post - industrial recycled (PIR) materials. Thanks to this upgrade, a total of 195 tons of PIR materials were saved and consumed in 2024. Going forward, the Company will continue to carry out technological upgrades and process optimizations, so as to further reduce the overall amount of production waste and enhance the efficient utilization of materials.

In addition, the Company optimizes logistics and transportation processes. It refines transportation routes, upgrades transportation equipment, and selects the most appropriate transportation modes. These measures effectively mitigate the environmental impact of transportation, including noise pollution, air pollution, and energy consumption, thereby contributing to scientific carbon emission reduction. It increases the utilization rate of logistics vehicles meeting China National Emission Standard V and VI. At the same time, it encourages logistics partners to use new energy vehicles, aiming to cut down pollutant emissions during transportation. By optimizing logistics routes, it minimizes transshipment, improves transportation efficiency, and reduces environmental pollution. Furthermore, the Company has successfully recycled 9,114 pallets. This significantly enhances the recycling and reuse rate of packaging waste, effectively conserving resources.



Performance in 2024

- 122010 tons of total water consumption
- 1.02 tons of total water consumption per 10,000 RMB of revenue
- 98583.68 tons of total raw materials purchased
- 67.05% of environmentally friendly raw materials purchased
- 72395.50 tons of total raw material consumption
- 5244.14 tons of packaging material consumption
- 4.40x10<sup>-2</sup> tons of packaging material consumption per 10,000 RMB of revenue



## 4. Reinforce Pollution Prevention

The Company adheres to national environmental regulations and the emission standards of its operational regions. It exercises stringent control and undertakes scientific treatment of waste gas, wastewater, and solid waste generated during production and operations. Regular monitoring of emissions is also a key part of its environmental protection practices. In 2024, the Company revised its Waste Management System to further standardize internal environmental management processes, so as to minimize the environmental impact of its emissions.

### GREEN SUPPLY CHAIN



### 4.1 Waste Gas Treatment

The production - related waste gas of the Company mainly stems from organic emissions generated during printing, cleaning, film - blowing, extrusion, lamination, and curing processes. In addition, it includes cooking fumes from the cafeteria and gases from the sewage treatment station. The Company continuously optimizes waste - gas treatment equipment and technological processes to enhance treatment efficiency, ensuring that waste gas meets the required emission standards. To maintain this high standard, the Company commissions third - party monitoring agencies to regular monitor pollutants in the exhaust stacks. It also undertakes routine maintenance of the pipelines within the waste - gas purification system, promptly replacing malfunctioning valves to prevent leakage and excessive emissions. Moreover, activated carbon is replaced at regular intervals to preserve the purification capacity and volume of the waste - gas treatment devices. In 2024, the Company formulated the annual monitoring plan for wastewater and waste gas. This plan encompasses organized - emission monitoring for printing - process exhausts, sewage - treatment - station vents, and cafeteria cooking fumes, as well as unorganized - emission monitoring at the plant boundary. Specific inspection cycles and frequencies have been clearly defined, guaranteeing comprehensive and effective environmental monitoring.



### Waste Gas Treatment Measures

#### • Workshop Extrusion Waste Gas

A system combining local key - point collection and overall ventilation - replacement collection is employed to capture workshop extrusion waste gas. Subsequently, the collected gas undergoes treatment through a composite device integrating low - temperature plasma cracking, UV photolysis redox reactions, and activated - carbon adsorption. After treatment, the gas is discharged through the exhaust stack once it meets the required emission standards.

#### • Low - Concentration Waste Gas

Low - concentration waste gas, including that from lamination, curing, film - blowing, extrusion, water - based ink printing, bag - making, cleaning, and ink - jet coding processes, is treated using a “zeolite rotary wheel + RTO (Regenerative Thermal Oxidizer)” system. The high - concentration portion of gravure printing waste gas is directly combusted in the RTO and then discharged through the exhaust stack.

#### • Cafeteria Waste Gas

Cooking fumes are collected and passed through the fume purification device before being discharged through the exhaust stack.

#### • Sewage Treatment Station Waste Gas

Malodorous gases from the sewage treatment station are centrally collected. They are treated via a “caustic wash spray + deodorization spray” process and then discharged through the exhaust stack.

### Performance in 2024

0.2184 tons of NOx emissions

1.50 x10<sup>-3</sup> tons of SOx emissions

2.7132 tons of VOCs emissions

0.0181 tons of TRS emissions

0.0178 tons of SPM emissions





## 4.2 Wastewater Disposal

The Company's plant area is equipped with separate rainwater and sewage systems, implementing a strict rain - sewage separation system. The wastewater<sup>[2]</sup> generated by the Company mainly consists of production wastewater and domestic sewage. Production wastewater primarily comes from ink - related effluent and paste - processing wastewater. Production wastewater is first treated at the in - plant sewage treatment station. After treatment, it is combined with domestic sewage and channeled into the municipal sewage pipeline network. The wastewater then undergoes centralized treatment at the relevant sewage treatment plant before being discharged.

### Wastewater Disposal Measures

#### • Construction of Wastewater Treatment Facilities

The Company has established an ink wastewater treatment station and a paste wastewater treatment station. These stations are specifically designed to treat ink wastewater generated from the cleaning of printing equipment and paste wastewater resulting from the cleaning of gluing equipment. In production and storage areas where chemicals are used, the Company has installed impervious and hardened surfaces. This measure effectively prevents the infiltration of materials and wastewater, safeguarding against contamination of soil and water environments.

#### • Mitigation of Wastewater - related Environmental Risks

The Company has constructed an emergency event pool and installed cut - off valves, which remain closed under normal circumstances. In the event of an emergency, the Company will immediately close the valves at the rainwater outlets and redirect the flow to the event pool. Leakage and fire - fighting water across the entire plant area are collected via the plant's rainwater pipelines through gravity flow. The collected event wastewater and fire - fighting water are temporarily stored in the event pool. After the emergency is resolved, the water quality of the stored wastewater is tested. If it meets the required standards, the wastewater is discharged into the municipal sewage pipeline network. Otherwise, the Company entrusts qualified third - parties to handle the wastewater.

#### • Monitoring of Wastewater Treatment Status

The Company designates operators at the sewage treatment station to conduct daily monitoring and inspections. Their tasks include ensuring the normal operation of equipment, verifying compliance with discharge standards, and maintaining records. Additionally, the Company commissions a qualified monitoring agency to conduct quarterly inspections of the Company's sewage outlets.

## 4.3 Waste Utilization

Following the principles of waste minimization, resource recovery, and harmless treatment, in 2024, the Company refined the General Industrial Solid Waste Prevention and Control Management System, Hazardous

[2]No organic halides (AOX) in the Company's wastewater.

Waste Pollution Prevention and Control System, and Hazardous Waste Packaging Management Specifications. In this way, the Company standardized treatment processes for different types of waste. Solid waste is collected and managed in a categorized manner. Each category undergoes separate, targeted disposal, ensuring 100% of waste achieves harmless treatment.

The Company's hazardous waste primarily encompasses oil - soaked rags, paint waste, waste ink barrels, spent activated carbon, oil - containing rags, and waste engine oil. To effectively manage this, the Company establishes a dedicated hazardous waste warehouse, assigning specialized personnel to oversee operations. Rigorous measures are in place for warehouse entry registration, routine inspections, and maintenance. The hazardous waste temporary storage area is equipped with an impervious and corrosion - resistant epoxy floor, ensuring a storage capacity of over 15 days. Different types of hazardous waste are stored separately, with strict compliance to relevant regulations at every stage, including generation, collection, storage, transportation, and disposal.

Regarding general industrial solid waste, the Company entrusts recycling entities for comprehensive utilization. For instance, raw material scraps are recycled, and waste starch glue is regularly removed by third - party companies. In addition, the Company engages qualified entities designated by the landscaping and urban sanitation department to collect, transport, and dispose of kitchen waste and waste grease.

### Performance in 2024

144.11 tons of hazardous waste disposal

1.21x10<sup>-3</sup> tons of hazardous waste disposal per 10,000 RMB of revenue

6560.50 tons of non-hazardous waste disposal



### Case: Achieving Top-Level Zero Waste to Landfill Certification

To promote the sustainable development of the environment and economy, Shanghai Ailu actively advocates for “green design, green production, and a green supply chain.” It continues to advance waste source reduction and resource utilization, aiming to minimize landfill waste and reduce the environmental impact of solid waste to the lowest level possible. In August 2024, Shanghai Ailu received the Zero Waste to Landfill Management System Diamond-Level Certification.

✓ Zero Waste to Landfill Level: Highest Level

✓ Waste Landfill Diversion Rate: 100%



[3]The hazardous waste recorded by the Company includes waste engine oil, waste ink, ink barrels, ink - stained rags, spent activated carbon, and paint waste. These items are categorized as hazardous waste in the National List of Hazardous Wastes. In 2024, the Company witnessed an uptick in the disposal volume of hazardous waste. This can be attributed to two key factors. First, the Company's actual production capacity increased. Second, in response to specific requests from customers, production processes for certain products were adjusted, leading to a greater generation of hazardous waste.



# Drive Innovation in Smart Manufacturing

## Our Topics of Interest

- R&D Innovation
- Product Quality
- Customer Service

## Corresponding to the SDGs



Scientific and technological innovation lies at the heart of fostering new quality productive forces. Amid the current fiercely competitive market landscape, Shanghai Ailu consistently ramps up its R&D investment, kindles innovation impetus, and propels the informatization drive within the production process. By stringently controlling product quality and relentlessly chasing production efficiency, the Company furnishes customers with service assurances, thereby bolstering the sustainable consumption domain to scale new heights.



上海艾录  
SHANGHAI AILU



# 1. Advance Technology R&D

The Company positions its product directions as innovative, environmentally - friendly, sustainable, and value - rich products. Simultaneously, it constructs a trinity organizational structure integrating the Innovation and R&D Center, the Market Product Center, and the Fast-moving Consumer Goods Sales Center. Each year, it invests no less than 3% of its sales revenue as research and development funds to continuously enhance the technological content of its products.

## 1.1 R&D Team Building

The Company establishes and consummates its R&D management mechanism. In 2021, the Innovation and R&D Center was set up, with a focused commitment to innovative R&D undertakings. Building upon this foundation, the Company constructs a comprehensive, multi - tiered R&D network that extends from the management echelon to the front - line workforce. Designating the Market Product Center as the inception point of the R&D chain, the Company determines the product R&D direction by capturing market demands and analyzing market trends. Subsequently, the innovation R&D team conducts in - depth analysis and deliberation. In terms of R&D orientation, the Company concentrates on two principal areas: first, green and sustainable packaging, and second, packaging that elevates product value. The Company consistently adheres to the product philosophy of "empowering partners through packaging."Leveraging the open and inclusive R&D ecosystem, a sophisticated R&D platform, and significant R&D outlays, the Company successfully recruits and forms a profession technical talent cohort. To fully unlock the innovative potential of its employees, the Company institutes a dual - track promotion mechanism for R&D professionals and an R&D project - based incentive regime. At present, the Company's R&D team is structured into four distinct branches: New Material, New Technology, New Process, and New Equipment. Through their coordinated efforts, these branches not only fortify the Company's market competitiveness but also effectively cater to the demands of a broad spectrum of consumers and brand proprietors.

## Performance in 2024

Introduced **47** senior talents  
**114** R&D personnel in total  
 Invested **43,270,590.73** RMB for R&D

## 1.2 Product Technology Breakthroughs

The Company continuously enhances its technological innovation capabilities and the core competitiveness of its products. It pays attention to the environmental impact throughout the entire product life cycle, and develops featured products such as AiTop Plastic - free Valve Bags and ESpeed® Paper-based Packaging Free of Plastic Film. Moreover, the Company persists in the technological iteration of its products, winning numerous honorary awards and widespread recognition. While delving deep into user needs and thoroughly engaging in the manufacturing of eco - friendly packaging, the Company also focuses on the research and development of new environmentally - friendly materials. By overseeing the entire process from the acquisition of product raw materials, production, transportation to recycling, the Company is committed to making contributions to carbon neutrality in the industrial chain and bringing advanced, safe and efficient eco - friendly packaging solutions to various industries.

## Performance in 2024

**6** innovation awards won by ESpeed® Paper-based Packaging Free of Plastic Film and AiTop Plastic - free Valve Bags, Shanghai Ailu's new series of environmental packaging

## Case: Interpreting the Power of Sustainable Packaging

In 2024, Shanghai Ailu's ESpeed® Paper-based Packaging Free of Plastic Film, won the Technological Innovation Award in 2024 MSuccess Packaging Innovation and Sustainable Development Awards, the FFIS2024 Technical Innovation Breakthrough Award, and the Bronze Award in Green Materials Application Innovation Award of 2024 "Blue Planet" Sustainable Packaging Awards. Thanks to its outstanding environmental performance of "eliminating plastics and reducing volume" and its application capabilities of "high compatibility and multiple scenarios", it received high recognition.

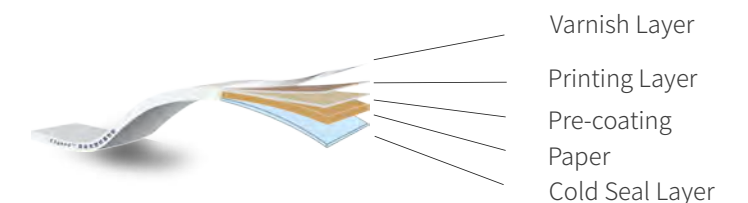


2024  
MSuccess Packaging Innovation  
and Sustainable Development Awards

2024  
"Blue Planet"  
Sustainable Packaging Awards

FFIS2024  
Technical Innovation  
Breakthrough Award

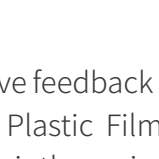
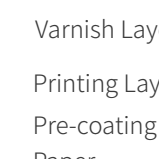
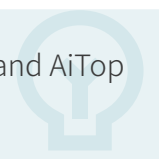
Shanghai Ailu's ESpeed® Paper-based Packaging Free of Plastic Film employs a water-based emulsion coating, completely abandoning traditional plastic film and lamination. This allows for high-speed online heat sealing, suitable for industrial production, and can directly enter the recycling system.



Structure of ESpeed® Paper-based Packaging Free of Plastic Film Series

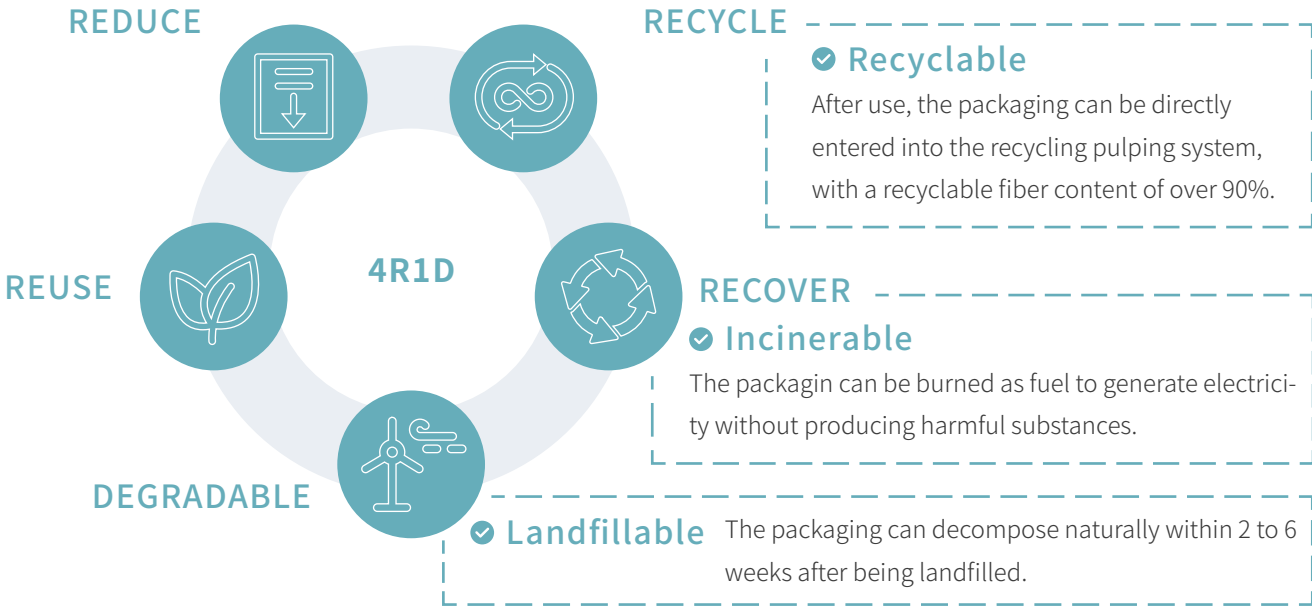
## • Collaborative Innovation, Mutual Empowerment with Brands

Since its launch, ESpeed® Paper-based Packaging Free of Plastic Film has received positive feedback from partners and the market. Since its launch, ESpeed® Paper-based Packaging Free of Plastic Film has received positive feedback from partners and the market. Mondelez and Shanghai Ailu jointly carried out customized research and development. For the first time, its biscuit products in the Asia, Middle East and Africa regions applied flexible paper packaging, and was awarded the Innovative Exploration Award in the Sustainable Ecosystem for the year.



• **Replacing Plastics with Paper, Reducing Carbon throughout its Life Cycle**

The Company directly faces the global environmental challenges and new domestic and foreign regulations, incorporating environmental protection designs in the research and development stage. The ESpeed® Paper-based Packaging Free of Plastic Film are made of natural pulp. It innovatively uses an aqueous emulsion coating to replace the plastic laminations or extrusion coatings in common flexible paper packaging. The company also follows the 4R1D principle (Reduce, Reuse, Recycle, Recover and Degradation), enabling the packaging to be recycled, landfilled and incinerated after use, and integrating the concept of environmental protection into the whole life cycle of the product.



• **Distinctive Features, Combining Eco-friendliness and Practicality**

The ESpeed® Plastic-Free Paper-Based Packaging not only realizes customer value creation, but also brings a series of high-quality experiences to consumers, helping environmental protection become a practical and quality lifestyle.

**Plastic-Free Safety, Continuous Renewal**

Made from virgin wood pulp, completely free of plastic components, safe, reliable, and renewable, reducing environmental burden throughout the product's life cycle.

**Strong Compatibility, Seamless Transition**

Compatible with existing machines, requiring no new equipment purchases, reducing costs, and aiding companies in green transitions.

**Efficient Recycling, Accelerated Circulation**

Free of plastic film and lamination, making it easy to recycle and pulp, significantly shortening the recycling cycle.

**Efficient Operation, User-Friendly**

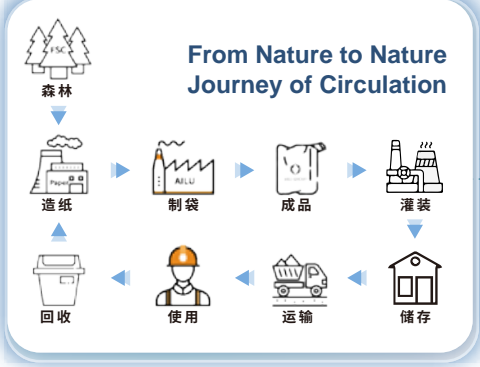
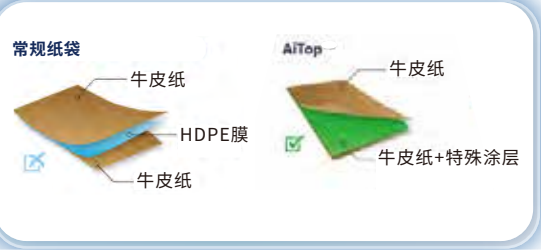
Features low-temperature, high-strength heat sealing, enabling efficient packaging while maintaining easy-tear properties to enhance consumer experience.

**Case: Leading the Trend of Green Packaging**

In June 2024, Shanghai Ailu showcased its groundbreaking AiTop Plastic Free Valve Bag at the Sika Asia Pacific Innovation & Sustainability Packaging Challenge (SIS PAC). With exceptional performance, Ailu claimed the top prize, solidifying its pioneering position in the eco-friendly packaging industry. This achievement highlights Ailu's innovative prowess and demonstrates the leading-edge advancements of Chinese companies in green packaging. The AiTop Plastic Free Valve Bag breaks free from traditional plastic constraints, utilizing an eco-friendly water-based coating that enhances recyclability and regeneration. It seamlessly integrates the principles of a circular economy, setting a new benchmark for green packaging and leading the way in sustainable packaging innovation.

• **Technological Innovation**

AiTop adopts innovative and environmentally friendly water-based coating technology to replace conventional HDPE film, solving the problem of plastic replacement.



• **Circular Economy**

From the gifts of the forest, to the plastic-free pulping process, and then to the high-performance valve bags, the AiTop Plastic Free Valve Bag adheres to the principle of minimal environmental interference. This ensures that the products achieve efficient recycling of resources, and showcase a brand-new eco-friendly model.

• **Outstanding Features**

**New low record of carbon footprint**

CO<sub>2</sub> emission per unit of product is 0.259 kg throughout its entire life cycle. From cradle to grave, it represents a decrease more than 26%, compared to the carbon footprint of a traditional valve bag.

**New level of moisture proofing**

No caking within 13.5 months storage under extreme conditions.

**New level of durability**

No cracking the multi-angle 1.2-meter drop test.

**New standard for airtightness**

Level with the permeability of ordinary valve bags, no powder spraying or leakage under 50mbar.

**Efficient Filling and Long-term Preservation**

Fill in 10 seconds, with powder staying loose after a year.



### 1.3 Intellectual Property Protection

Safeguarding intellectual property rights is fundamental for an enterprise to secure a competitive edge through differentiation. It also constitutes a prerequisite for ensuring the safety of business operations and facilitating its sustainable and sound development. The Company adheres to laws and regulations, including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, as well as relevant administrative regulations in the regions where its operations and business activities are carried out. It refines the protection procedures, comprehensively covering areas such as intellectual property development, rights confirmation, utilization, confidentiality, transfer, and cooperation. By doing so, the Company not only protects its own intellectual property rights in strict accordance with the law but also takes proactive steps to avoid infringing on the rights of others. It bolsters the protection of its intellectual property rights through comprehensive measures.

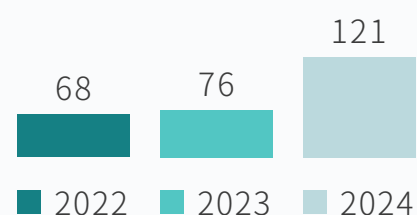


Intellectual property protection - related content is integrated into the Supplier Social Responsibility Survey Questionnaire, enabling effective management and control of intellectual property risks associated with supply chain partners. This integration underscores the importance of appropriately protecting intellectual property during the transfer process of the Company's technology and production expertise.

### Performance in 2024

**15** new patents applied with **7** patents authorized  
**121** patents in total

Total Patents (items)



## 2. Pursue Superior Quality

Upholding the quality principal of "Quality First, Continuous Improvement, and Customer Satisfaction", the Company strictly complies with laws and regulations such as the Product Quality Law of the People's Republic of China and the requirements of relevant documents. It establishes a comprehensive quality management system, firmly adhering to the quality bottom line throughout the entire process of operation and management. The Company adheres to high standards and strict requirements for the quality of products and services, continuously creating competitive advantages for customers and providing consumers with safe and reliable products.

### 2.1 Quality Management

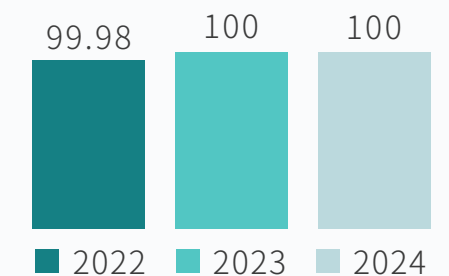
The quality is the lifeblood of a company, the crucial factor in ensuring the safety and usage experience of users and customers. The Company establishes a cross-departmental quality improvement team, conducting comprehensive risk assessments of the factors affecting product quality across various links, including raw material procurement, production and manufacturing, product turnover and storage, and shipment and transportation. Six issues, such as poor printing quality and logistics protection, are selected as special improvement projects. Through the collaborative efforts of different departments within the Company, the overall product quality and service level is significantly enhanced. The Company sets the quality objectives of "achieving a one-time pass rate for finished products exceeding 98.5% and a pass rate for products leaving the factory reaching 100%". It actively participates in the certification of quality-related management systems and cooperates with the audit and supervision of third-party audit institutions, customers, and suppliers. The Company's Headquarters has successively passed international management system certifications such as ISO 9001, FSC®, and HALAL, and has also obtained the relevant qualifications to enter the international market.



### Performance in 2024

Received **44** second-party audits  
Received **20** third-party audits

Product Qualification Rate (%)



## Product Quality Control Measures

### • Front-end of Production

In the product development process, emphasis is placed on safety and environmental protection requirements. The product development process and product standards cover the health and safety index requirements specified in national standards.

Conduct evaluation and disposal regarding raw materials, to prevent unqualified raw materials from entering the production process.

### • Production Process

Formulate the Production Safety and Hygiene Control Procedure to guarantee the safety and hygienic properties of stored materials and the environmental sanitation of the production workshop.

Establish the Hazard Analysis and Control Procedure, analyze biological, chemical and physical hazards in the processing steps, and carry out technological transformation on significant hazard factors for effective control. Develop the Product Monitoring and Measurement Procedure to monitor and measure semi-finished products and finished products.

Institute the Unqualified Product Control Procedure to take containment measures for the unqualified products found during monitoring, ensuring that unqualified products will not be put into use, transferred for further processing or shipped out of the factory.

### • Back-end of Control

Formulate institutional documents such as the Identification and Traceability Procedure, Notification and Recall Control Procedure, and Improvement Control Procedure, etc. Establish a complete product identification system and pay attention to product traceability.

Carry out processes such as cause analysis and improvement confirmation, for problem products are detected through self-inspection or customer feedback. When necessary, implement control measures of product recall and establish a file of health and safety complaints. Conduct product recall simulation drills regularly to evaluate and verify the effectiveness of the recall procedure. Conduct investigation and analysis on existing or potential non-conformities, and carry out continuous improvement, tracking and verification of quality issues.

## Case: Improving Packaging Quality Management

In 2024, the Company continuously enhanced its packaging process. In the original packaging method, the stretch film was not wound up to half of the pallet foot pads, which might cause the kraft paper to be exposed. After the improvement, the Company adopted a new approach of winding the film horizontally around the bottom for 2 - 3 circles. This ensures that the film layer completely covers the area without any gaps. All corners are fully covered, leaving no exposed surfaces.



## 2.2 Food Safety

Food safety lies not only in clean raw materials but also in the packaging that holds the food. For products applied in the fields of dairy products, food additives, and pharmaceutical intermediates, the Company formulates a series of management policies and production operation specifications in accordance with internationally recognized food safety standards such as the BRCGS Packaging Materials Standard, Hazard Analysis and Critical Control Points (HACCP) for food hazards, and the ISO 22000 Food Safety Management System. These specifications have detailed regulations on aspects including management rules, raw material procurement, risk identification and response, process control, customer complaints and product traceability, notification and recall procedures, etc., and are strictly implemented.

## Performance in 2024

The Company continuously maintains BRCGS, HACCP, ISO22000 and other management system standard certifications, and establishes and effectively implements a complete food safety and product quality management system.



ISO 22000 Food Safety Management System Certification



Hazard Analysis and Critical Control Point (HACCP) Certification



In 2024, the Company formulated the Food Safety Culture System and Program and established a Food Safety Committee, consisting of the Chairman of the Board of Directors and other senior executives as well as middle management.



## Responsibilities for Food Safety

### Senior Management

Establish the Food Safety Committee. Set food safety goals at the beginning of each year, approve key performance indicators, provide resources for the construction of food safety culture, review and strengthen the status of food safety culture building, and approve food safety audit plans and training plans.

### Middle Management

The responsible personnel of each department in the factory participate in the Food Safety Committee. They decompose food safety goals, set up key performance indicators, allocate resources for the construction of food safety culture, summarize and analyze the progress of food safety culture building and promote its development. They also formulate food safety audit plans and training plans, which need to be approved by the management.

### Grassroots Management

The supervisors of each workshop and department (including engineers) implement the key performance indicators, utilize the resources for the construction of food safety culture, inspect and ensure the implementation of the construction of food safety culture, and coordinate with food safety audits and training.

### Front - line Employees

Participate in food safety audits and training and implement the food safety culture.

The Food Safety Committee sets annual food safety goals in line with the corporate vision, formulates food safety audit plans and training plans, and regularly evaluates the corporate food safety culture level. The food safety goals are approved by the Company's top management, then broken down and distributed among relevant departments to form key performance indicators. In 2024, the Company successfully achieved its food safety goals, and passed the GMP and HACCP third-party annual audit.

## Food Safety Culture Building

### Food Safety Principle

High Food Safety Standards with Zero Tolerance

### Food Safety Goals

0% food safety accident rate  
0 major food safety complaints from customers  
100% recall rate for food safety incidents

### Internal Whistleblowing Process

Internal reporting across different levels is permitted, with designated personnel verifying and processing the content of the report in one workday. Reporting methods are established, such as written reporting, meeting communication, e-mail.

### Annual Training Plan

Conduct food safety training for full employees, including senior management personnel, and regularly review the training effectiveness of employees.

### Annual Knowledge Competition

Hold the food safety knowledge competition activity to effectively enhance employees' awareness of food safety.

### Food Safety Culture Assessment

Conduct the food safety culture assessment for full employees at least once a year. Combine the form of assessment sheets and questionnaires to evaluate the maturity and level of the Company's food safety culture. The Company conducts an annual Quality Month event. In 2024, the Company held a special quality-themed activity titled "Quality Awareness Starts from the Heart, and the Main Responsibility is Practiced in Action" to enhance the quality awareness and improve the quality level of full employees. A special incentive mechanism has been established. Throughout the year, 10 individuals with outstanding performance in quality and safety and 3 excellent teams were commended and recognized across the entire company.

### Annual Review of Food Safety Culture

Determine whether the assessment results of food safety culture maturity meet the standards according to the set goals and report to senior management. Senior management personnel shall, within 30 days after the food safety culture assessment, effectively improve the weak links in the Company's food safety culture level and the food safety culture assessment radar chart, and steadily upgrade the Company's food safety culture level.

## Performance in 2024

Carried out **6** specialized quality training for management, reaching **176** participants, with a total of **1,195** hours of training and a passing rate of **≥95%**

Implemented the system of certified quality inspectors, with a passing rate of **100%** for the annual skills assessment, realizing the full certification of employees



## Assessment Scope of Food Safety Culture

<b>Corporate Vision and Mission</b>	<ul style="list-style-type: none"><li>✓ Organizational Structure, Business Value and Purpose</li><li>✓ Business Direction and Expectations</li><li>✓ Leadership Role and Information Communication</li></ul>
<b>Personnel Competence</b>	<ul style="list-style-type: none"><li>✓ Senior Management Personnel</li><li>✓ Middle Management Personnel</li><li>✓ Grassroots Management Personnel and Front-line Employees</li></ul>
<b>Goal Consistency</b>	<ul style="list-style-type: none"><li>✓ Accountability and Incentives</li><li>✓ Performance Management</li><li>✓ Documents and Records</li></ul>
<b>Goal Appropriateness</b>	<ul style="list-style-type: none"><li>✓ Food Safety Expectations and Current Situation</li><li>✓ Flexibility</li><li>✓ Crisis Handling</li></ul>
<b>Corporate Hazards and Risks</b>	<ul style="list-style-type: none"><li>✓ Basic Hazard Analysis and Training</li><li>✓ Employee Engagement</li><li>✓ Verification</li></ul>







Good Manufacturing Practices (GMPs) Food Grade Workshop



## 2.3 Digital Transformation

Amid the wave of intelligent manufacturing, Shanghai Ailu leverages new-generation information technology to empower and deepen packaging customization. By integrating manufacturing and services in an all-encompassing, broad, and profound manner, the company drives the reconstruction of industry foundations and the transformation of traditional manufacturing models, achieving sustainable development capabilities.

### Four Characteristics of Shanghai Ailu's Digital Transformation Practice

-  Highly - automated production lines with reduced human - presence and partial unmanned - operation
-  Informatization and digitization across all - scenarios and the entire business - process
-  Integrated and interoperable software systems, combined with advanced automation equipment
-  Actively exploring various new technologies to lay a good foundation for the future realization of intelligent - manufacturing and artificial - intelligence

## Case: Recognized as a “Quality Benchmark” Enterprise

In 2024, Shanghai Ailu was officially recognized as a “Quality Benchmark” enterprise by the Shanghai Municipal Commission of Economy and Informatization. This accolade honors the Company’s innovative practices and outstanding achievements in digital quality management. The award injects new momentum into the Company’s efforts to enhance quality management capabilities and strengthen its core competitiveness. As a leading enterprise in the domestic industrial paper packaging sector, Shanghai Ailu consistently adheres to the national development concepts of innovation, sustainability, openness, and sharing. It has pioneered the implementation of the “Learn-Apply-Innovate” digital quality management model within the industry. By continuously promoting comprehensive participation in digital quality management activities, the company enhances employees’ digital operation skills and cultivates a team with digital awareness and expertise.

The comprehensive implementation of the “Learn-Apply-Innovate” digital quality management model has significantly improved the company’s key performance indicators, such as operational efficiency and customer satisfaction. Product quality continues to improve, with the annual cumulative return rate decreasing year by year. Customer satisfaction has remained consistently high over the past three years.



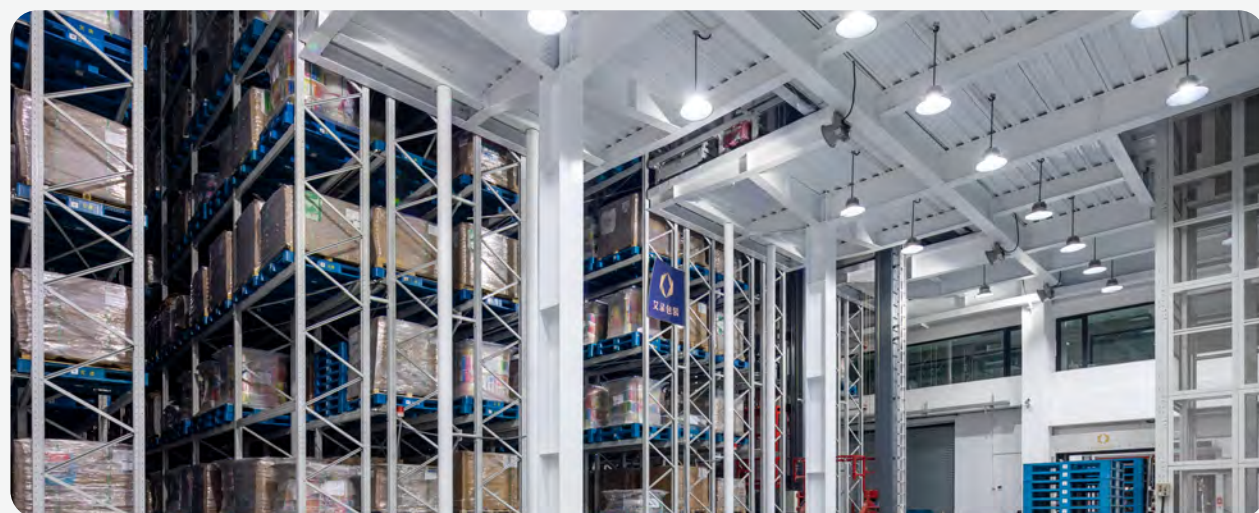
Real-time Quality Control Monitoring for Automation



The Company is equipped with leading production facilities imported globally, providing hardware guarantees for its high - quality products. Shanghai Ailu's core production equipment comes from the German WH fully automated assembly line, realizing efficient production with minimal human intervention and partial unmanned operations. In terms of warehousing and logistics, the Company has nearly ten thousand intelligent storage locations, enabling intelligent warehousing and shipment without manual intervention. The workshop utilizes full-scenario AGV transportation, creating an efficient and collaborative digital factory.

## Case: Building the Information System, as the Core of a Smart Factory

Shanghai Ailu's Phase I digitalization project was officially launched in September 2019. It went live across the board on January 1, 2022. By the end of the same year, the Company earned the title of Shanghai Smart Factory. In 2024, the Company kicked off its Phase II digitalization project. The project is slated to be fully rolled out on January 1, 2026.



At the factory level, the Company establishes a factory visualization center, including factory statistical reports, factory decision-making analysis reports, workshop dashboards, and large display screens for visitors. Information is displayed in real-time on the dashboard of the base paper stereoscopic warehouse, such as the utilization rate of the intelligent stereoscopic warehouse. Through the real-time large display screen, the Company's operation data, such as production volume, order status, equipment status, shipment status, and inventory status, are presented intuitively. Meanwhile, the Company strengthens the digital management of the printing process. During the production process, the process card can be viewed by clicking through the Manufacturing Execution System (MES), enabling real-time viewing of the printing process, process information, and special printing colors on the machine. The Company also develops the real-time online printing quality monitoring system, the automated ink dispensing system, and the printing production scheduling system, further enhancing the application of digitization in the printing scenario.

## Digital Transformation to Enhance Management Effectiveness

### • Process Reengineering

The Company sorts out the main business processes, achieving standardized, regulated and streamlined operations. It also develops the internal large-scale knowledge base system, which accumulates knowledge from past experiences. This helps in the rapid replication of capabilities and reduces the employment risks of the enterprise.

### • Fully Digitalized Front - line Operations

Standardize on - site operations to serve as an intelligent error - prevention measure. The MES issues material requisition commands in accordance with the bill of materials. This enables AGV carts to automatically transport the required materials to the side - of - machine - line warehouses. Regarding the shipment of finished products, transport drivers can scan barcodes online via an application. With a single click, they can report their physical location and upload the electronic delivery receipt, which greatly facilitates inquiries within the system.

### • Precise Production Management

Implement serial number management to achieve end - to - end quality traceability with the principle of "one item, one code, one label". Develop a one - click material - query - by - scanning - code function. By scanning the QR codes of materials within the factory, detailed information such as material names, quantities, quality statuses, standby durations, and various records including procurement, material feeding, transfer, and finished - product shipment can be immediately retrieved. By querying the work order number, all detailed information related to the work order can be accessed, covering aspects such as the machine used, material feeding, work reporting, material return, personnel involved, and operation times. This empowers the Company to trace the entire production process.





## 3. Enhance Customer Service

From the moment consumers make their purchasing choices to the subsequent recycling process, the Company, through its packaging products, imparts to consumers an awareness of environmental friendliness across the entire product experience lifecycle. By delivering top - notch products, the Company effectively elevates customers' quality of life. Rooted in a deep understanding of customer needs and experiences, the Company establishes a comprehensive customer service and communication mechanism. It provides customers with well - thought - out solutions in aspects such as product design, complementary manufacturing processes, and process optimization. In these efforts, the Company fully respects and safeguards the legitimate rights and interests of its customers.

### 3.1 Experience Upgrade

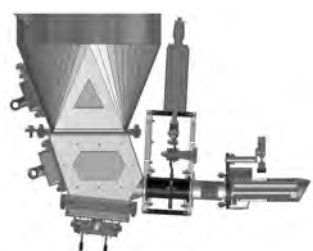
After years of continuous development, the Company has grown into an integrated soft packaging solution provider offering both industrial and consumer packaging products. Leveraging its intelligent, flexible, and customized production capabilities, the Company supplies relevant products required for packaging solutions to clients in industries such as dairy products, food and food additives, building materials, chemicals, and pharmaceutical intermediates. Adhering to the business philosophy of "operating with integrity and putting customers first", the Company wins the recognition of its customers through its outstanding R&D capabilities, stable product quality, rapid delivery capabilities, and high - quality sales services.

### Case: REVOPAC's Complete Lines for Filling

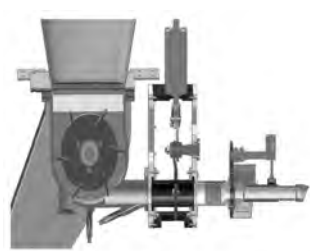
Revopac Packaging Technology Co., Ltd (briefly as REVOPAC) is a fully owned subsidiary by Shanghai Ailu, engaged in the design, development, manufacture, and sales of robotic packaging and palletizing systems. REVOPAC processes cutting-edge packaging technologies in various industries such as chemicals, food, building materials, metallurgy, and minerals. Rather than being just a bagging machine manufacturer, REVOPAC is a full-line provider capable of delivering complete bagging line solutions, including product conveying, filling, weighing, packaging, palletizing, and stretch-hooding. Based on the results of material analysis and material handling experience, REVOPAC has developed a wide range of filling devices for the packaging of different materials.

**REVOPAC**

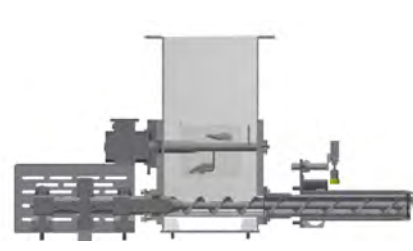
#### REVOPAC Filling Family



Air Filling System



Impeller Filling System

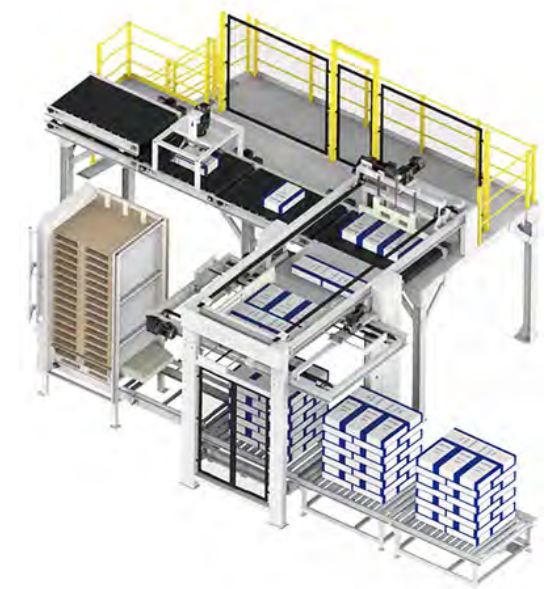


Screw Filling System

Innovative solutions of REVOPAC create value for customers. For example, REVOPAC's high-level palletizer realizes accurate palletizing of packages in bags or bundles as well as cartons. Thanks to its modular design, it's highly compatible with the layout on-site. It is easy to install and economical in operation and maintenance. In addition, its construction and framework are quite solid, which guarantees long hours of operation with smooth mechanical movement but very little sound.

- ✓ Adaptable to all conventional packing patterns to meet flexible production
- ✓ Gentle bag handling to avoid unnecessary loss of products
- ✓ Low noise level to improve working conditions
- ✓ The design, selection and execution of moving & controlling parts are aiming to deal with 7×24 operation

In addition, REVOPAC customizes dedicated systems for customers and provides high-quality pre-sales and after-sales services, including project analysis, packaging testing, equipment optimization, installation and commissioning, training services, spare parts services, inspection and repair, as well as maintenance and upkeep.





### 3.2 Complaint Resolution

To ensure smooth customer communication and timely feedback of opinions, in 2024, the Company revised the Customer Opinions and Complaint Handling Procedures and added relevant flowcharts to standardize customer complaint handling. In addition, the Company conducted annual sampling satisfaction surveys among customers. In 2024, 85 key customers were involved, and 68 questionnaires were successfully recovered, with a recovery rate of 80%. The survey covered industries such as food, pharmaceuticals, chemicals, and building materials, and the customer satisfaction rate reached 93.59%. For the complaints received, the Company generates the 8D report and implements measures such as problem recording, root cause analysis, formulation of corrective actions, and verification of improvement effects. Through the coordinated efforts of various functional departments, the Company ensures that customer demands are fully addressed and patiently resolves customer issues.

#### Performance in 2024

100% response rate to customer complaints  
100% satisfaction for complaint resolution



### 3.3 Responsible Marketing

The Company places great emphasis on the popularization of technical knowledge regarding its products and processes. It conducts regular customer training programs, aiming to educate the target users about product features, application scenarios, and service details. This effort not only showcases the Company's commitment to sustainable development and compliant business practices but also contributes to building a positive brand image and establishing connections with like-minded stakeholders. In an effort to further penetrate the market, the Company makes substantial investments in digital marketing initiatives. By reconstructing its English Website, implementing 720-degree virtual factory tours, leveraging the Google Ads platform for targeted advertising, and actively managing overseas social media accounts, the Company diversifies and enriches its overseas marketing channels, enhancing its global market reach and competitiveness.

#### Case: New Product Launched Officially with Upgraded Brand

In June 2024, the Company held the "Plastic-Free, Paper-Visioned Future" New Product Launch Event for ESPEED® Paper-based Packaging Free of Plastic Film, inviting numerous well-known industry partners, government leaders, and industry associations to witness. The success of this launch event not only marked the official entry of ESPEED® Paper-based Packaging Free of Plastic Film into the market, but also symbolized that Shanghai Ailu had taken a solid step forward in the field of green and sustainable packaging.

At the event, the Company provided a detailed analysis of the newly-released product, revealing its performance and R&D process, and elaborating on the product's unique five-layer structural design. The new product not only features advanced technology but also has an excellent visual presentation, which helps to elevate the brand image to a high-end level and effectively differentiate it in the market. Moreover, the product is made of safe and harmless materials, meeting food safety standards, thus ensuring the health of consumers. With its wide applicability, it has become an ideal choice for various fields such as snack foods, pet foods, personal care products, consumables, and toys.

Relying on this new product release, the Company empowered its brand in six dimensions: product differentiation, overseas expansion, development of new product categories, optimization of packaging for baby products and high-end products, and strengthening of the positioning of natural products. Meanwhile, by leveraging the cultural connotations of paper-based packaging, the Company enriched its brand story, enhancing consumers' emotional connection and environmental-friendliness satisfaction. Through the consumer values of aesthetics, portability, easy-opening, safety, and environmental-burden reduction, the Company brought a new sense of quality in packaging and a new self-indulgent experience to end-customers.

### 3.4 Information Security

The Company attaches great importance to the security of customer information. It consistently adheres to the core principles of "information security and data privacy protection", constructs a comprehensive information security management system, and adopts a series of robust institutional and technical measures to ensure the security and compliance of customer data throughout its entire life cycle. In 2024, the Parent Company achieved for the first time the ISO 27001 Information Security Management System Certification.

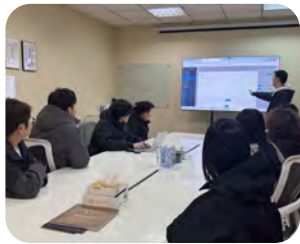
In terms of informatization construction, the Company establishes a comprehensive authority management system to strictly allocate access rights to customer information within the organization. In the office system, the access rights to customer information are precisely assigned to relevant salespersons and sales assistants, thereby minimizing the risk of information leakage. Customer information is presented in the system as codes and abbreviations, effectively preventing the direct display of sensitive data. In the digital realm, the Company combines advanced technological means and employs technologies such as data encryption, identity authentication, and access control to ensure the security of customer information during storage and transmission. Additionally, the Company regularly conducts information security training, requiring employees to strictly abide by the Company's information security management regulations and continuously enhancing their security awareness to safeguard customer information security. In 2024, the Company organized internal information security awareness training, sharing with employees the importance of information security and related precautions, and improving employees' ability to protect information security.

#### Performance in 2024

0 incidents of customer information leakage



ISO 27001  
Information Security Management  
System Certification



Internal Training on  
Information Security  
Awareness



# Join Hands and Move Forward

## Our Topics of Interest

- ✓ Compliance Employment and Labor Practices
- ✓ Human Capital Management
- ✓ Occupational Health and Safety
- ✓ Sustainable Supply Chain
- ✓ Community Support and Engagement

## Corresponding to the SDGs



Social responsibility is a pivotal driver for the sustainable development of enterprises. In an era where society increasingly focuses on corporate accountability, Shanghai Ailu adheres to the people-oriented philosophy. It respects and safeguards employees' legitimate rights and interests, continuously refines its employee management mechanisms and development systems, and endeavors to create a comfortable and pleasant working environment. Moreover, the Company undertakes public welfare, charity works and rural revitalization initiatives, sharing achievements with society.



# 1. Bring Employees Together

Talent is the bedrock of corporate success and the prime mover of development. The Company regards human capital as a core asset and upholds values of “Integrity, Innovation, Responsibility, and Gratitude”. It is dedicated to furnishing employees with a comfortable working environment, a vast development platform, and abundant growth opportunities, jointly creating a sustainable and promising future for the enterprise with its employees.

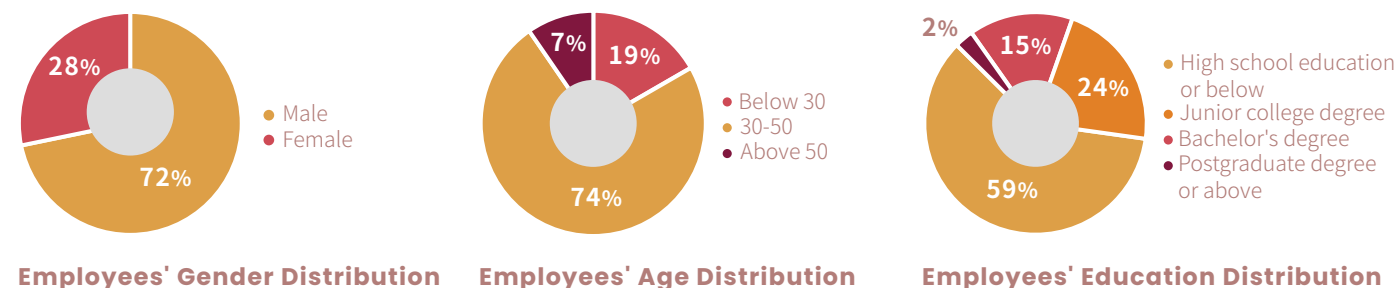
## 1.1 Employment Management

Complying with laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, the Company establishes and refines the comprehensive labor management system, and formulates internal policies, including the Labor and Human Rights Management System and the Anti - discrimination Management System. Labor contracts with employees are signed in full compliance with the law, strictly prohibiting child labor and forced labor. To ensure sufficient rest time, the Company formulates the Employee Attendance Management Measures, uses punch card machine to record employees' working hours, and pays over-time salary subsidies in strict accordance with the requirements of laws and regulations. The Company is concerned about the rights and interests of female employees, people with disabilities and other groups. Discrimination based on race, religion, gender, nationality, age, ethnicity, etc. is strictly prohibited to safeguard employees' legitimate rights, interests and benefits. During recruitment, the Company takes the educational background, work experience, job skills and other work - related capabilities of applicants as the employment criteria, rather than considering their gender, age, native place, etc. Moreover, the Company is rigorous in avoiding discriminatory content when drafting recruitment advertisements.

### Performance in 2024

**1,055** employees of Shanghai Ailu (including subsidiaries)  
**730** employees of the Parent Company of Shanghai Ailu  
**100%** labor contract signing rate

### By the End of 2024, the Company's Employment Profile Was as Follows



## Labor and Human Rights Management System

- ✓ Management Procedure for the Prohibition of Child Labor
- ✓ Regulations on the Protection of Female Workers and Underage Workers
- ✓ Management Procedure for the Prohibition of Forced Labor
- ✓ Anti - discrimination Management System
- ✓ Management Procedure for Punitive Measures
- ✓ Management Procedure for Freedom of Association
- ✓ Management System for Employee Complaints

## 1.2 Benefits and Care


The Company establishes a sound salary and benefits management system, formulating internal management policies such as the Salary Management System and the Employee Benefits Management System. It offers competitive remuneration packages to employees and ensures punctual and full payment. Adhering to the principle of integrating quantitative and qualitative evaluations, the Company devises a scientific and efficient salary performance appraisal mechanism. For high - performing teams and individuals, the Company implements incentives including performance - based bonuses, project - specific rewards, and recognition awards for outstanding contributions, aiming to encourage employees and teams to grow together with the Company. In light of its actual operational status and in line with local and industry market salary benchmarks, the Company standardizes the components and structure of salary and benefits. Based on job responsibilities, work achievements, work performance, work ability, and length of service, following the principle of "distribution according to work", it implements equal pay for equal work, reflecting the fairness and incentive role of salaries. In addition, the Company provides a range of humanized measures such as regular and specialized training, career development planning, retirement care, maternity care and health - care programs, to enhance employees' work motivation, enable them to leverage their strengths, and foster their co - development with the Company. In 2024, a total of 8 female employees took maternity leave. After their maternity leave, 7 of them returned to work and remained employed, resulting in a retention rate of 87.5%. Additionally, 8 male employees applied for paternity leave, and the Company fully ensured that these employees received the necessary support to care for their families during their spouses' childbirth. Throughout the year, a total of 35 applications for parental leave were processed, and the number of employees covered by childbirth-related leaves reached 51 person-times. In November 2024, the Company extended a hardship subsidy of 10,000 RMB to employees in financial distress, demonstrating its care and support. To continuously deepen communication and interaction among employees, listen to their opinions, and facilitate the implementation of constructive suggestions, the Company actively establishes the employee suggestion box and feedback mechanism. A series of internal management policies are established, including the Management Procedure for Freedom of Association, the Management System for Employee Complaints, and the Regulations on the Management of Employee Suggestion Boxes. Employees' rights to freely form or join trade unions, as well as to participate in or decline collective bargaining, are fully respected. The Company publicizes complaint channels and methods. Through online platforms, face-to-face with employees, symposiums and questionnaires, it promptly understands employees' demands, provides feedback, and resolves issues. Moreover, it safeguards the legitimate rights and interests of whistleblowers and improves the supervision mechanism. Furthermore, a diverse range of cultural and sports activities are extensively organized to foster team development and employees' integration.

Performance in 2024

100% social insurance coverage

100% employee opinion handling rate

92% employee satisfaction rate



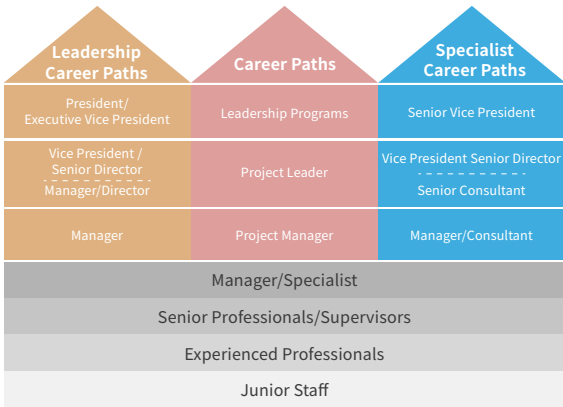
Case: “Ai” Together Annual Employee Ceremony

In February 2024, the 2023 Annual Ceremony and Outstanding Employee Commendation Conference of Shanghai Ailu was grandly held. During the ceremony, the Company commended the outstanding teams and individuals in 2023, further motivating its employees to consolidate their job responsibilities, enhance their sense of responsibility, and deepen high - quality services. In the future, Shanghai Ailu will vigorously promote the rejuvenation of its talent echelon, creating a diversified and open working environment for employees.



1.3 Career Growth

The Company establishes a sound employee career development path and training mechanism. It strictly implements various promotion and training management systems, offering employees diversified training courses and fair promotion opportunities. In accordance with the Management System for Internal Personnel Transfer, Promotion, and Demotion, through means such as internal talent mobility and performance assessment, the Company supports employees in becoming excellent management and professional talents. The Company continuously optimizes the talent cultivation environment and establishes horizontal and vertical career development channels for employees. Through internal recruitment, job promotion and talent reserve, employees have the opportunity to realize their personal career development. In 2024, within the parent company, 3 front-line employees were promoted, 9 management-level employees advanced in their positions, and 1 senior-level employee was promoted. To bolster the development of the talent team, the Company formulates and implements the Training Management System. It enriches the training courses, innovates the training methods, strengthens the evaluation and tracking mechanism for training effectiveness, discovers and cultivates outstanding internal trainers, and builds a training resource library with the Company's unique characteristics. In 2024, the Company completed the full - staff training subsidy project and formulated personalized cultivation plans for talents in key positions, achieving a 100% project delivery success rate. In align with market dynamics and corporate needs, partnerships were established with multiple external training institutions. By introducing high - quality course resources, the Company helped employees master the latest industry technologies, enhancing its competitiveness in the digital era. Simultaneously, efforts were stepped up to build the internal trainer team. New courseware was developed to enrich the training content library.



Company Career Development Pathway

Performance in 2024


Organized 105 training sessions, including 102 offline sessions and 3 online sessions

Covering 4,318 participants

With a total of 12,782.6 hours of training time

Introduced 9 sets of high-quality course resources

Developed 6 new courseware



Average Training Time (hours)

Year	Average training time for males	Average training time for females
2022	10	12
2023	9	9
2024	15	16

Case: Empowerment of Talents Growth through Training

In 2024, the training content of Shanghai Ailu became more diversified, with a total of 105 training sessions organized.

- ✓ **Professional Skills:** The Company carried out 33 professional skills training sessions, covering areas such as office automation software, human resources management, financial management, and ink mixing skills.
- ✓ **Leadership Enhancement:** The Company organized 16 management ability training sessions, mainly targeting middle and senior management personnel. The content involved strategic planning, cost reduction and efficiency improvement, human resources management, financial operation, effective communication, etc.
- ✓ **New Employee Onboarding:** A total of 47 onboarding training sessions were conducted throughout the year. Through watching videos and face-to-face instruction, these sessions helped new employees quickly understand the company culture, rules and regulations, as well as their job responsibilities.
- ✓ **Specialized Training:** Specialized training sessions, including safety production training, quality training, and training on domestic and international regulations, etc., amounted to 9 sessions in total.

In addition to the rich training content, the Company's teaching staff and training forms also gradually expanded. In 2024, internal trainers of the Company conducted 83 training sessions, accounting for 79% of the training sessions. Nine external experts were invited to carry out 8 training sessions. The training forms combined online and offline methods, inviting external experts to give lectures and internal senior staff to share their experiences.

With the continuous advancement of digital technologies and learning concepts, the Company's training approach gradually shifted from the traditional single-lecture model to a more diversified and flexible one. In 2024, the Company adopted a combination of online and offline methods. It utilized online platforms for remote training, enabling trainees to learn anytime and anywhere. Meanwhile, essential offline practical operations and face-to-face communication sessions were retained to enhance the interactivity and practicality of learning. The Company made full use of multimedia resources and adopted models such as sharing VIP accounts. By integrating various learning models, including self-directed learning, collaborative learning, and flipped classrooms, employees continuously grew through active exploration and cooperative learning. To boost employees' learning interest and engagement, the Company also helped trainees transform theoretical knowledge into practical operation skills by simulating real work scenarios and conducting in-depth analyses of classic cases. Moreover, based on the trainees' learning needs and basic proficiency levels, it provided customized learning plans and resources to support their self-directed learning and achieve personalized development.



## 2. Protect Health and Safety

Adhering to the principle of "full participation, scientific management, green development, and continuous improvement", the Company strictly complies with laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Basic Specifications for Work Safety Standardization of Enterprises. It continuously implements the key points of the Occupational Health and Safety Management System, to consolidate the foundation of safety.

### 2.1 Health and Safety Management

The Company establishes the EHS Management Committee to guide and supervise work safety efforts. The General Manager, who serves as the primary person responsible for work safety, is the director of the committee. Related management documents are formulated and implemented, including the Management System for Work Safety Responsibility, Investigation and Governance of Potential Work Safety Accidents, Safety Management System for Major Hazard Sources, Management and Control System for Graded Assessment of Safety Risks, and Safety Management System for Sewage Stations. Through top-down detailed management, the safety management responsibilities at each level are clearly defined. The the Company's Headquarters has passed the ISO 45001 Occupational Health and Safety Management System Reassessment Certification.



ISO 45001 Occupational Health and Safety Management System Certification

### Performance in 2024

Invested **1,128,400** RMB in safety production

Jinshan Branch of Shanghai Ailu Package CO., Ltd. selected as the **Benchmark Enterprise** for Work Safety Standardization in Industrial and Trade Industry in Jinshan District in 2024



The Company establishes a dual prevention mechanism that combines risk classification control and hazard investigation and treatment. It continuously conducts hazard source identification, risk assessment, and determines the necessary control measures.

### Safety Management Measures

**Hazard Source Identification:** The Company identifies the hazardous and harmful factors within the operation units, by identifying the state of objects, environmental and management factors, as well as human behaviors. Referring to the Classification of Casualty Accidents of Enterprise Staff and Workers (GB6441-1986) and the Classification and Codes of Hazardous and Harmful Factors in Process (GB/T13861-2009), it specifically adopts the Job Hazard Analysis (JHA) method. Based on the production process, regional locations, operation areas, and operation steps, combined with the actual situation, it identifies the hazardous and harmful factors in the activity sites, chemical factors such as hydrogen sulfide, isopropyl alcohol, etc., and physical factors such as noise, heat and radioactive sources.

**Risk Assessment and Classification:** For the identified hazardous and harmful factors, the Company conducts safety risk assessments using methods such as the Job Condition Danger Analysis (LEC) and the Risk Matrix Method (L·S), to determine the magnitude and level of risks. In the process of hazardous source identification, the Environmental Safety Department organizes subgroups to identify production departments and other functional departments one by one, forming a list of hazardous source identification, and arranging targeted training according to the list of hazardous sources.

**Hazard Investigation:** The Company conducts hazard investigations through comprehensive inspections, special inspections, seasonal inspections, holiday inspections, and daily inspections. For the inspection results, it carries out hazard tracking and closed-loop management.

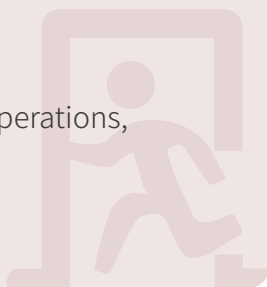
**Emergency Plan Drills:** The Company establishes the emergency management organization and formulates rules and regulations such as the Emergency Plan for Production Safety Accidents and the Emergency Plan for Confined Space Rescue. It regularly organizes emergency plan training and drills to ensure the personal safety of employees.

**Prevention and Control of Occupational Diseases:** The Company strictly implements laws and regulations such as the Law on the Prevention and Control of Occupational Diseases and the Regulations on the Supervision and Management of Occupational Health in Workplaces. It formulates the Occupational Health Management System and the Regulations on the Management of Personal Protective Equipment to strengthen its management of the prevention and control of occupational disease hazards, and effectively ensure the health and safety of employees during the work process. For workshops where hazard factors are present, the Company designs comprehensive safety protection measures, which are fully implemented. The Company conducts daily inspections to identify potential hazards. Whenever issues are detected, the Company promptly arranges for repairs to ensure safety measures in the workshops operate effectively. The Company distributes labor protection equipment on schedule, organizes training sessions on occupational disease prevention, and monitors employees' daily use of protective gear. In addition, the Company regularly provides employees with occupational health check - ups to safeguard their well - being.

In 2024, 12 recordable workplace injuries occurred at the parent company. Eleven of these incidents were related to production support positions, while one involved a sprain sustained during production work. Each time an accident occurred, the Environment, Health, and Safety (EHS) Department responded immediately. They launched an in - depth investigation, cross - referenced information from multiple sources about the accident, and convened dedicated accident - review meetings. Through these efforts, the department determined the causes of the accidents, identified responsible parties, and developed corresponding preventive measures along with reasonable suggestions. The findings were compiled into accident reports, which were then circulated throughout the factory to raise awareness and promote learning. Moreover, the Company extended its condolences to the injured employees, and made appropriate arrangements for their rest and subsequent return to work.

## Performance in 2024

Conducted **21** emergency drills in total  
Organized **16** special emergency drills for emergency response team, special equipment, limited space, etc., with **218** employees participating  
**100%** passing rate of scheduled inspection of special equipment  
Signed safety agreements with **34** outside contractors, including construction operations, equipment maintenance, pest management and logistics and transportation  
**5.51%** injury rate per million man-hours worked



## Performance in 2024

Conducted **96** safety education trainings with **1,891** participations  
Carried out Occupational Safety and Health Training for **1,122** hours of training time, covering **469** participants, with **100%** covering rate  
Conducted **20** special training sessions on special equipment, hazardous chemicals, occupational health, radiation sources, etc., with **210** participants  
**244** employees in existing occupationally hazardous positions, **100%** coverage rate of health checkups for occupationally hazardous positions  
**0** new occupational diseases  
**1** occupational contraindication, arranged for transfer



### 2.2 Occupational Health and Safety Training

The Company attaches great importance to safety education and training. It provides employees with training on occupational health laws and regulations, relevant knowledge, operation procedures, as well as the correct use and maintenance of occupational disease hazard prevention equipment and personal protective equipment against occupational disease hazards, so as to improve the level of prevention and control of occupational disease hazards. In accordance with the Work Plan for Safety Culture Construction, the



Company conducts a variety of effective safety culture construction activities. These efforts foster an environment in which the employees are attuned to safety and uphold a people - centered approach.

### Safety Culture Measures

- ✓ Regularly organize professional safety production training for safety management personnel and sign the Work Safety Liability Letter with each department.
- ✓ Set up safety culture publicity boards along the main roads of the Company to popularize safety laws, regulations, and safety protection knowledge.
- ✓ Timely organize skills training for on - the - job safe operation and conduct safety evacuation drills to enhance self - protection capabilities.
- ✓ Improve the training content for new employees' onboarding safety education and training, safety training for leading cadres, safety training for employees, and safety training for special operation personnel, and develop training materials.
- ✓ Launch activities such as "Be a Safety - Conscious Person, Secure a Safe Post" and "Create Standardized Demonstration Workshops for Safety and Quality", encourage employees to participate in various safety culture activities and formulate incentive measures.

### Case: Safety Production Month Activity

In 2024, Shanghai Ailu launched the Safety Production Month activity, aimed at effectively enhancing employees' safety production knowledge and emergency response capabilities, and reducing various potential accident hazards within the Company. The Company took multiple measures. It utilized electronic posters, set up banners and slogans within the factory, and played themed educational films for the Safety Production Month. Specialized hazard investigation and treatment were carried out, mainly including electrical - related and typhoon - and flood - prevention special hazard investigations and treatments, along with Safety Production Month training, to boost the safety production awareness of employees. Forklift - specific training and response plan drills, as well as elevator - specific training and response plan drills, were organized. Moreover, an internal emergency skills competition was held within the Company.

Through this series of activities, the Company not only strengthened employees' sense of responsibility, accident prevention, and emergency response capabilities, but also further consolidated the basic safety management work, which provided a solid guarantee for the continuous and stable operation of safety production.





## 3. Sustainable Supply Chains

Adhering to long-termism and safeguarding ecological civilization, the Company continuously enhances its supplier management. Focusing on the fairness and transparency of supplier selection, it shoulders the responsibility of taking the lead in sustainable development among upstream enterprises. The Company collaborates closely with suppliers in terms of social and environmental responsibilities, and actively explores the full-cycle collaboration of the supply chain with customers and partners, so as to create greater value for moving towards the future of a net-zero-carbon city.

### 3.1 Responsible Procurement

The Company comprehensively incorporates the concept of sustainable development along with relevant metrics into supplier management processes, covering supplier onboarding, evaluation, and daily oversight. In strict compliance with both domestic and international laws, regulations, and pertinent standards, it consistently fortifies the management and assessment of suppliers. The Company establishes a complete supplier assessment system, conducting dynamic management and evaluation of suppliers. It regularly updates the list of qualified suppliers, striving to achieve a mutually beneficial cooperation model with suppliers.

Based on the principle of responsible procurement, the Company formulates and implemented the Sustainable Procurement Management System, Supplier Assessment Control Procedure, and Supplier Quality Assessment Operation Method. These regulations clarify the management processes and requirements for new supplier assessment, qualified supplier maintenance, supplier quality assessment, and regular supplier audits, such as the Supplier Social Responsibility Questionnaire, the Supplier Worker Questionnaire,

and the Supplier Site Audit Review Form for Environmental and Social Issues, thereby ensuring the quality of suppliers from the source. Through organizing communication meetings, providing training opportunities, and incentivizing outstanding suppliers, the Company maintains close communication and stable cooperation with its supply chain partners in building a sustainable supply chain, encouraging suppliers to enhance their management levels. In July 2024, the Company carried out training on environmental and social responsibilities and anti-corruption, providing the publicity and guidance for suppliers. Additionally, reporting channels were released for suppliers to report unethical, non-compliant behavior or violations of the Supplier Code of Conduct.

During the procurement process, the Company pays close attention to environmental protection, labor rights, and human rights issues. It requires suppliers to comply with the laws, regulations, and legal obligations applicable in the locations where they operate, as well as other applicable requirements such as the signed Supplier Code of Conduct and Notice of Environmental, Safety, and Occupational Health for Related Parties.

## Supplier Social Responsibility and Environmental Requirements

In addition to strictly adhering to relevant social responsibility and ethical standards itself, Shanghai Ailu also requires its suppliers to follow the Ethical Trading Initiative (ETI) principles. These principles cover aspects such as the prohibition of child labor, opposition to forced labor, anti-discrimination, freedom of association, health and safety, compensation and benefits, and environmental protection.

### • Environmental Responsibilities

- ✓ Suppliers should ensure that the timber and wood products they supply are sourced from sustainably managed forests, avoiding illegal logging and ecological environment damage. Suppliers are also required to adopt energy-saving and emission-reduction measures to reduce energy consumption and environmental pollution during the production process.

### • Labor and Human Rights

- ✓ Suppliers are obligated to comply with international labor and human rights standards, guaranteeing that employees enjoy legitimate rights and interests. This includes fair wages, a safe working environment, and the prohibition of child labor and forced labor. We maintain an unwavering zero-tolerance attitude towards the issue of child labor. It is our belief that children are the future and hope of society, and that their right to grow up healthily and receive education cannot be infringed upon. Therefore, we firmly refuse to establish cooperative relationships with suppliers who employ child labor.
- ✓ Suppliers should establish an effective communication mechanism to encourage employees to participate in decision-making and express their opinions, safeguarding employees' right to know and right to express.



## 3.2 Cooperation and Communication

The Company actively participates in industry activities, showcasing its featured products and innovative technologies. By way of technical knowledge - sharing and market intelligence exchange, it propels the forward momentum of the industry. In 2024, the Company participated in formulating the national standard GB/T 28117 - 202x General Quality of Multi-layer Co-extrusion Films and Pouches for Food Packaging. In 2024, the Company participated in formulating the national standard GB/T 28117 - 202x General Quality of Multi-layer Co-extrusion Films and Pouches for Food Packaging. It also took part in exhibitions and industry events such as International Plastic and Rubber Trade Fair 2024 and the 27th Food Ingredients China Exhibition. Additionally, the Company forged a partnership with the Joint Working Group for the Collaborative Development of Packaging Capital and formally became a member unit.

### Case: Powerful Partnerships to Achieve Long-term Win-win Results

In January 2024, Shanghai Ailu officially signed the Strategic Cooperation Framework Agreement with Amcor Packaging (Shanghai) Co., Ltd. Based on the principles of "complementary advantages, resource sharing, and mutual benefit", they plan to conduct in-depth cooperation in entrusted processing, product R&D, and technology application, leveraging their respective strengths for mutual development. The agreement with Amcor aims to jointly achieve comprehensive environmental packaging solutions by 2025. They will provide professional support in packaging innovation, dual-carbon projects, and promote advances in industry key technologies and equipment levels through forward-looking technological research and multidirectional academic-industry collaborations.

In September 2024, Shanghai Ailu officially announced the signing of the Strategic Cooperation Framework Agreement with Shanghai Milkground Food Tech Co., Ltd with a cooperation term of three years. The two parties will carry out in-depth cooperation in product R&D, technology application, brand promotion, etc. They will also conduct procurement business regarding the Company's products, namely the "Paper-based Packaging Free of Plastic Film" and the "Cheese Stick Color Pack Film", jointly enhancing their market influence.

The signing of this strategic framework agreement spurred closer communication and collaboration between the two parties in packaging material R&D, cost reduction, efficiency enhancement, market expansion, and following industry trends. It facilitated technical exchanges, brand marketing, and channel development for both, creating a win-win situation with complementary advantages. Additionally, driven by their shared pursuit of environmental protection, low carbon, and safety under the ESG framework, the visibility of end products among C-end consumers will keep rising, which helps both parties build brand advantages and improve profitability.



Participation in the China Packaging Innovation and Sustainable Development Forum (CPiS 2024)



### Case: Multiple Honors Highlighting the Industry Influence

In October 2024, the much-anticipated Printing and Packaging Industry Economic Forum and National Printing Managers Annual Conference took place in Chengdu, Sichuan. Concurrently, the "2024 Top 100 Printing and Packaging Enterprises in China" award ceremony, initiated by the Printing Manager magazine, was held with great fanfare. In this selection, Shanghai Ailu made its mark once again, ranking 38th among the top 100 companies. It has been listed for seven consecutive years, a strong testament to its outstanding performance in the printing and packaging sector.



In November 2024, the "2024 Pre-mixed Mortar Industry Conference and Western Connection Exhibition" was held in Xi'an. As a vice-chairman unit of the Pre-mixed Mortar Branch of the China Building Materials Federation, Shanghai Ailu was invited to attend the event. Since 2016, Shanghai Ailu has been honored with the "Annual Pre-mixed Mortar Industry Influential Brand" award for nine consecutive years. With outstanding end-to-end productivity, Shanghai Ailu has grown into a global leader in intelligent packaging integrated solutions, meeting customer expectations through a commitment to quality and environmental responsibility.





## 4. Support Social Development

The Company is proactive in fulfilling social responsibilities, supporting the national rural revitalization strategy, and engaging in public welfare and charity. It exerts efforts in environmental protection and cultural construction, volunteer services, charitable donations, rural revitalization, etc., and leverages its technologies and capabilities to back social development.

### 4.1 Public Welfare

The Company is dedicated to social welfare. For years, it has donated via the Jinshan District Representative Office of the Shanghai Charity Foundation, showing love and giving back to society. In 2024, the Company joined the public welfare blood donation activity in Jinshan District and conducted consolation activities at Shanyang Nursing Home, Shanyang Police Station, Zhangyan Fire Rescue Team in Jinshan, etc., acting as a practitioner and promoter of social good.



Condolence to Sanyang Nursing Home on the Chongyang Festival



### Performance in 2024

Invested **253,424.9** RMB for the public welfare



Condolences for High Temperature



Certificate of Charitable Donation

### Case: Paper Fun, Smart Research and Learning

In May 2024, Shanghai Ailu partnered with Qianjing Primary School to launch an exploration activity of environmental protection with Shanghai Ailu's paper products. It invited young adventurers to step into the world of Shanghai Ailu, sowing the seeds of sustainability and witnessing the vitality of packaging paper. Walking through the Company's visiting passage, the intelligent production lines vividly illustrated the diverse possibilities of the modern applications of packaging paper. Under the guidance of the Company's Marketing Product Director, the children gained a detailed understanding of the history and culture of paper, as well as the environmental significance of packaging paper. Through fun handcraft activities such as paper folding, cutting, and collage, the children were able to unleash their creativity. They transformed a simple piece of packaging paper into an exquisite pen holder through DIY, sparking a collision between imagination and the concept of environmental protection.



Using packaging paper as a medium, the Company hopes to plant the seeds of environmental protection in the hearts of children. In an era where environmental protection has become a mission of the times, it is the responsibility and mission of enterprises to deeply understand the significance of environmental protection and practice an environmentally friendly lifestyle.



## Case: Journey with Kids to the Fire Station

Shanghai Ailu has been constantly concerned about the growth and safety education of children. It provides them with a rich variety of activities and learning opportunities, jointly escorting the healthy growth of children. Before the International Children's Day in 2024, the children had a special visit, that they went to the fire rescue station, understood the fire rescue work, watched cartoons and documentaries on fire safety, and learned fire safety knowledge.



## Case: Green Inspired Future with Children's Dreams in Paintings

In May 2024, Shanghai Ailu and Moxi Xiaobei jointly launched the "Green Inspired Future with Children's Dreams in Paintings" public - welfare painting competition. The event advocated expressing green ideals through artistic creation, guiding children to establish environmental protection concepts and jointly safeguard our beautiful green homeland.



## 4.2 Rural Revitalization

Rural revitalization encompasses not only economic rejuvenation but also the restoration of the ecological environment. It involves the advancement of technology, education, and living standards, as well as an overall improvement in the quality of the rural population. The Company actively responds to the call of the rural revitalization strategy, putting its original aspiration into practice with concrete actions and injecting continuous vitality into rural revitalization.

### Performance in 2024

Invested **182,886** RMB in rural revitalization



## Case: Loving Care Student-aiding, Guarding the Starlight of Hope

In August 2024, the "Rural Revitalization Environmental Initiative, China Packaging in Action," organized by the China Packaging Federation and co-hosted by Shanghai Ailu, was held in Qingyang, Gansu Province. Shanghai Ailu, alongside numerous packaging companies, embarked on this environmental charity journey.

At Maojing Town Central Primary School, Shanghai Ailu and Shiseido launched the "Flip Through Books, Cross the Mountains, Love Fills the Classroom" book donation campaign. Many companies participated, and Shanghai Ailu employees donated nearly a thousand extracurricular books to empower the children of Northwest China. Additionally, school supplies and nutritional materials were provided to the students. An environmental protection class themed "Intelligent Manufacturing of Paper and Paper Packaging in China" was held in the classroom. Through vivid and interesting content, the Company popularized environmental protection knowledge among the students.







# Outlook

The year 2024 marks a crucial year for achieving the objectives and tasks laid down in the 14th Five-Year Plan (2021-2025), which puts a heavy emphasis on the development of new quality productive forces. The packaging industry is a cornerstone of modern society, touching nearly every aspect of our daily lives with food packaging, daily chemical packaging, etc. As an integral part of economic activities, the packaging industry not only seizes substantial opportunities but also bears significant responsibilities.

Against this backdrop of the times, Shanghai Ailu, an important player in the packaging industry, actively aligns with the overarching trend of development. Guided by the vision of "Implement the concept of green development, spearhead digital transformation, and realize the shared prosperity of the industrial chain", Shanghai Ailu is committed to making comprehensive arrangements in the ESG domain. The Company will fully harness new quality productive forces, expedite the green transformation process, and, through technological innovation, introduce a series of packaging products and services that precisely meet customers' requirements, so as to achieve a new breakthrough in sustainable development and steer the packaging industry towards a green, intelligent, and sustainable future.



Annual Performance<sup>[4]</sup>

Governance <sup>[5]</sup>	Unit	2022	2023	2024
Total assets	100 Million RMB	18.95	27.60	29.35
Operating income	100 Million RMB	11.22	10.67	11.91
Total profit	100 Million RMB	1.18	0.80	0.44
Net income attributable to shareholders	100 Million RMB	1.06	0.75	0.53
Return on net assets	%	10.06	6.67	4.42
Gearing ratio	%	41.68	56.29	47.70
Total tax payment	ten thousand RMB	4,332.9	4,713.25	3,275.64
Female members of the board of directors	Persons	4	4	4
Total duration of anti-corruption training	Hours	196	356	598
Number of employees covered by anti-corruption training	Person-times	98	178	298
Proportion of employees covered by anti-corruption training	%	50	100	100
Among them, proportion of anti-corruption training for senior management	%	100	100	100
Proportion of anti-corruption training for management	%	50	100	100
Reported incidents	Cases	0	0	0
Major corruption lawsuits occurred during the Reporting Period	Cases	0	0	0
Legal lawsuits regarding unfair competition behaviors, antitrust and anti-monopoly practices occurred during the Reporting Period	Cases	0	0	0

Environment	Unit	2022	2023	2024
Greenhouse gas emissions <sup>[6]</sup>	tCO <sub>2</sub> e	15,193.37	107,772.22	245,247.73
Among them, emissions in Scope 1 and 2 (direct emissions)	tCO <sub>2</sub> e	15,193.37	14,073.17	16,754.57
Emissions in Scope 3 (indirect emissions)	tCO <sub>2</sub> e	—	93,699.05	228,493.16
Greenhouse gas removal amount	tCO <sub>2</sub> e	0x10 <sup>-2</sup>	0	0
Greenhouse gas emissions per 10,000 RMB of revenue	tCO <sub>2</sub> e per 10,000 RMB	0.135	1.01	2.06
Total amount of hazardous waste disposed of	Tons	182	107	144.11

Environment	Unit	2022	2023	2024
Amount of hazardous waste disposed of per 10,000 RMB of revenue	Tons per 10,000 RMB	1.62x10 <sup>-3</sup>	1.00x10 <sup>-3</sup>	1.21x10 <sup>-3</sup>
Total amount of non-hazardous waste disposed of	Tons	7,674.2	5,360.5	6,560.50
Amount of recyclable non-hazardous waste	Tons	6,925.6	4,585.8	5,656.18
Amount of non-hazardous waste disposed of per 10,000 RMB of revenue	Tons per 10,000 RMB	6.17x10 <sup>-2</sup>	5.03x10 <sup>-2</sup>	5.51x10 <sup>-2</sup>
Recovery rate of non-hazardous waste	%	90.24	85.55	86.22
Nitrogen oxides (NOx) emissions	Tons	0.95043	3.1031	0.2184
Sulfur oxides (SOx) emissions	Tons	1.32 x10 <sup>-3</sup>	1.35 x10 <sup>-3</sup>	1.50 x10 <sup>-3</sup>
Volatile organic compounds (VOCs) emissions	Tons	1.962	5.9344	2.7132
Total reduced sulfur (TRS) emissions	Tons	0.0314	0.0341	0.0181
Suspended particulate matter emissions	Tons	0.0177	0.0165	0.0178
Total energy consumption <sup>[7]</sup>	10,000 tons of standard coal	0.84	0.85	0.91
Gasoline consumption	Tons	19.21	32.68	32.95
Diesel consumption	Tons	49.14	53.46	64.07
Natural gas consumption	Tons	335.61	264.15	387.50
Liquefied petroleum gas consumption	Tons	14.5	14.4	10.5
Purchased electricity consumption	10,000 kWh	2,570.50	2,537.17	3,045.24
Comprehensive energy consumption per 10,000 RMB of revenue	Tons of standard coal per 10,000 RMB	0.075	0.080	0.079
Photovoltaic power generation	10,000 kWh	352.00	311.65	317.71
Proportion of photovoltaic power generation in total electricity consumption	%	11.20	12.26	10.97
Total water consumption	Tons	152,852	123,300	122,010
Water consumption per 10,000 RMB of revenue	Tons per 10,000 RMB	1.36	1.16	1.02
Total wastewater discharge	Tons	24,897	20,411	21,261
Total consumption of raw materials	Tons	59,430.03	59,419.85	72,395.50
Proportion of environmentally friendly raw materials purchased	%	72.52	75.57	67.05
Total consumption of packaging materials <sup>[8]</sup>	Tons	4,207.99	4,338.94	5,244.14
Consumption of packaging materials per 10,000 RMB of revenue	Tons per 10,000 RMB	3.75x10 <sup>-2</sup>	4.07x10 <sup>-2</sup>	4.40x10 <sup>-2</sup>
Total investment in environmental protection	10,000 RMB	503.2	421.7	1,462.22
Environmental emergency drills	Times	2	2	4

[4] To comprehensively showcase the ESG performance, the data for the year 2024 disclosed in the Report covers the Company and its subsidiaries, with an expanded statistical scope.

[5]The financial data in the Report refers to the annual report of Shanghai Ailu Package CO., Ltd.

[6]The total greenhouse gas emissions in 2023 and 2024 covered greenhouse gas emissions in Scope 1, Scope 2 and Scope 3. In 2024, the Company commissioned an independent third-party agency to verify the greenhouse gas emissions. The increase in the total greenhouse gas emissions in 2024 was mainly due to the growth of the Company's production and operation scale. The total greenhouse gas emissions in 2022 only covered Scope 1 and Scope 2.

[7]The equivalent value method was used for energy consumption calculation.

[8]In order to unify the calculation method, the Company revised the data for the years 2022 and 2023.



Social	Unit	2022	2023	2024
Product qualification rate	%	99.98	100	100
Annual R&D investment	10,000 RMB	3,967.83	3,958.58	4,327.06
Proportion of annual R&D investment in operating revenue	%	3.54	3.71	3.63
R&D personnel	Persons	80	109	114
Annual process improvement and new product trial production projects	Items	18	27	22
Annual newly applied patents	Items	4	5	15
Annual newly authorized patents	Items	3	0	7
Total patents	Items	68	76	121
Cumulative participation in standards development	Items	3	6	8
Annual participation in standards development	Items	2	3	2
Annual second-party audits	Times	15	44	44
Annual third-party audits	Times	15	16	20
Customer complaint response rate	%	100	100	100
Customer satisfaction rate	%	96.89	96.05	93.59
Customer information leakage incidents	Cases	0	0	0
Total suppliers	/	339	348	655
Among them, in East China region	/	293	297	550
In North China region	/	7	5	44
In Northeast China region	/	1	0	1
In Southeast China region	/	21	26	36
In Northwest China region	/	1	1	4
In Southwest China region	/	1	3	1
In Central China region	/	9	9	10
Abroad	/	6	7	9
Proportion of female employees in management	%	36.36	33.33	32.60
Proportion of employees from ethnic minorities or other ethnic groups employed	%	1.90	1.97	1.49
Proportion of disabled employees employed	%	1.36	1.4	1.07
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Newly recruited employees	Persons	200	151	322
Employee opinion handling rate	%	100	100	100
Employee satisfaction rate	%	90	90	92
Total employees	Persons	735	712	1,055
Among them, male employees	Persons	517	503	743
Female employees	Persons	218	209	312

Social	Unit	2022	2023	2024
Employees with a postgraduate degree or above	Persons	13	15	25
Employees with a bachelor's degree	Persons	68	92	157
Employees with a junior college degree	Persons	152	150	247
Employees with a high school education or below	Persons	502	455	626
Employee turnover rate	%	2.22	2.03	2.08
Among them, male employee turnover rate	%	1.78	1.53	1.80
Female employee turnover rate	%	0.44	0.5	0.28
Duration of occupational safety and health training	Hours	6,107	2,465	1,122
Participants in occupational safety and health training	Person-times	780	1,632	469
Coverage rate of occupational safety and health training	%	100	100	100
Annual newly added occupational disease patients	Persons	0	0	0
Annual work-related fatalities	Persons	0	0	0
Annual proportion of work-related fatalities	%	0	0	0
Working days lost due to work-related injuries	Days	324	262	670
Annual investment in work safety	10,000 RMB	208.91	214.91	112.84
Work safety accidents	Cases	4	4	13
Safety emergency drills	Times	18	18	21
Duration of employee training <sup>[9]</sup>	Hours	27,425.9	6,458.5	12,782.6
Among them, average training duration for male employees <sup>[10]</sup>	Hours	10	9	15
Average training duration for female employees <sup>[11]</sup>	Hours	12	9	16
Participants in employee training	Person-times	2,947	2,491	4,318
Employee training coverage rate	%	98.70	97.80	99.7
Among them, male employee training coverage rate	%	98.50	97.26	99.8
Female employee training coverage rate	%	99	99.51	100.0
Total investment in public welfare	RMB	275,505	30,830	253,425
Total investment in rural revitalization	RMB	275,000	30,000	182,886

[9]Duration of anti-corruption training and occupational safety and health training was not included in the total duration of employee training.  
[10][11]In order to unify the calculation method, the Company revised the data for the years 2022 and 2023.

# Report Index

**Statement of use**

Shanghai Ailu Package CO., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards.

**GRI 1 used**

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
General Disclosures		
2-1	Organizational details	About Shanghai Ailu
2-2	Entities included in the organization’s sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	Annual Performance
2-5	External assurance	Assurance Statement
2-6	Activities, value chain and other business relationships	About Shanghai Ailu
2-7	Employees	Bring Employees Together
2-8	Workers who are not employees	Not Applicable
2-9	Governance structure and composition	About Shanghai Ailu Standardize Corporate Governance
2-10	Nomination and selection of the highest governance body	Refer to Annual Report
2-11	Chair of the highest governance body	Standardize Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Standardize Corporate Governance
2-13	Delegation of responsibility for managing impacts	Implement ESG Management
2-14	Role of the highest governance body in sustainability reporting	Implement ESG Management
2-15	Conflicts of interest	Refer to Annual Report
2-16	Communication of critical concerns	Implement ESG Management
2-17	Collective knowledge of the highest governance body	Implement ESG Management
2-18	Evaluation of the performance of the highest governance body	Implement ESG Management
2-22	Statement on sustainable development strategy	Implement ESG Management
2-25	Processes to remediate negative impacts	Bring Employees Together
2-26	Mechanisms for seeking advice and raising concerns	Uphold Business Ethics
2-27	Compliance with laws and regulations	Not applicable. The Company strictly complies with the laws and regulations of the locations where it operates, and there have been no illegal incidents.
2-28	Membership associations	Address Climate Change Sustainable Supply Chains
2-29	Approach to stakeholder engagement	Implement ESG Management
2-30	Collective bargaining agreements	Bring Employees Together



GRI STANDARD	DISCLOSURE	LOCATION
Material Topics		
3-1	Process to determine material topics	Implement ESG Management
3-2	List of material topics	Implement ESG Management
3-3	Management of material topics	Implement ESG Management
201-1	Direct economic value generated and distributed	Refer to Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Address Climate Change
205-1	Operations assessed for risks related to corruption	Uphold Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	Uphold Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Uphold Business Ethics
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Uphold Business Ethics
301-1	Materials used by weight or volume	Save Energy Resources
301-2	Recycled input materials used	Save Energy Resources
301-3	Reclaimed products and their packaging materials	Advance Technology R&D Address Climate Change
302-1	Energy consumption within the organization	Save Energy Resources
302-2	Energy consumption outside of the organization	Save Energy Resources
302-3	Energy intensity	Save Energy Resources
302-4	Reduction of energy consumption	Save Energy Resources
302-5	Reductions in energy requirements of products and services	Address Climate Change
303-4	Water discharge	Save Energy Resources
303-5	Water consumption	Save Energy Resources
304-2	Significant impacts of activities, products, and services on biodiversity	Address Climate Change
305-1	Direct (Scope 1) GHG emissions	Address Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Address Climate Change
305-3	Other indirect (Scope 3) GHG emissions	Address Climate Change
305-4	GHG emissions intensity	Address Climate Change
305-5	Reduction of GHG emissions	Address Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Reinforce Pollution Prevention
306-1	Waste generation and significant waste-related impacts	Reinforce Pollution Prevention
306-2	Management of significant waste-related impacts	Reinforce Pollution Prevention
306-3	Waste generated	Reinforce Pollution Prevention
306-4	Waste diverted from disposal	Reinforce Pollution Prevention
306-5	Waste directed to disposal	Reinforce Pollution Prevention
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chains
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chains

GRI STANDARD	DISCLOSURE	LOCATION
Material Topics		
401-1	New employee hires and employee turnover	Bring Employees Together
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Bring Employees Together
403-1	Occupational health and safety management system	Protect Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Protect Health and Safety
403-3	Occupational health services	Protect Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Protect Health and Safety
403-5	Worker training on occupational health and safety	Protect Health and Safety
403-6	Promotion of worker health	Protect Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protect Health and Safety
403-8	Workers covered by an occupational health and safety management system	Protect Health and Safety
403-9	Work-related injuries	Protect Health and Safety
403-10	Work-related ill health	Protect Health and Safety
404-1	Average hours of training per year per employee	Bring Employees Together
404-2	Programs for upgrading employee skills and transition assistance programs	Bring Employees Together
404-3	Percentage of employees receiving regular performance and career development reviews	Bring Employees Together
405-1	Diversity of governance bodies and employees	Save Energy Resources Bring Employees Together
406-1	Incidents of discrimination and corrective actions taken	Bring Employees Together
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Bring Employees Together
408-1	Operations and suppliers at significant risk for incidents of child labor	Bring Employees Together
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Bring Employees Together
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chains
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chains
416-1	Assessment of the health and safety impacts of product and service categories	Pursue Superior Quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Pursue Superior Quality
417-1	Requirements for product and service information and labeling	Pursue Superior Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	Pursue Superior Quality
417-3	Incidents of non-compliance concerning marketing communications	Enhance Customer Service
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Enhance Customer Service

Assurance Statement



ASSURANCE STATEMENT  
CN25/00002399

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.’S REPORT ON  
SUSTAINABILITY ACTIVITIES IN SHANGHAI AILU PACKAGE CO.,LTD.’ ESG  
REPORT FOR 2024

**NATURE OF THE ASSURANCE/VERIFICATION**  
SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by SHANGHAI AILU PACKAGE CO.,LTD. (hereinafter referred to as AILU PACKAGE) to conduct an independent assurance of the Chinese version of the 2024 ESG Report (hereinafter referred to as the Report).

**INTENDED USERS OF THIS ASSURANCE STATEMENT**  
This Assurance Statement is provided with the intention of informing all AILU PACKAGE ’s Stakeholders.

**RESPONSIBILITIES**  
The information in the Report and its presentation are the responsibility of the Board of directors and the management of AILU PACKAGE. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all AILU PACKAGE ’s stakeholders.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**  
The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**  
The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report’s content refers to the requirements of GRI Standards 2021.

**ASSURANCE METHODOLOGY**  
The assurance comprised a combination of pre-assurance research, interviews with relevant employees (which located at No.88 Yangda Road Shanyang Town Jinshan District, Shanghai, P. R. China); documentation and record review and validation where relevant.

**LIMITATIONS AND MITIGATION**  
Data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The greenhouse gas emission related data in the Report has been directly adopted from the independent third party verification data and has not been double verified in this audit.

This assurance engagement was restricted to the group level of AILU PACKAGE and did not include traceability of original data from all subordinate institutions.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from AILU PACKAGE, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

**ASSURANCE/VERIFICATION OPINION**  
On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

**CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON GRI STANDARDS 2021**  
The assurance team concludes that the Report has referred to the requirements of GRI Standards 2021.

**FINDINGS AND RECOMMENDATIONS**  
All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the Internal Management Report on Sustainability Reporting Assurance. This report has been officially presented to the relevant management divisions of AILU PACKAGE to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:

For and on behalf of SGS-CSTC  
David Xin  
Sr. Director – Business Assurance  
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Apr. 15<sup>th</sup>, 2025  
WWW.SGS.COM





# Reader Feedback

Dear readers,

Thank you for reading the Environmental, Social and Governance Report of Shanghai Ailu Package CO., Ltd.

In order to continuously improve our ESG management and reporting preparation, please share your comments and suggestions by filling in the feedback form and sending them back to us by post or email. We sincerely appreciate your valuable suggestions!

Shanghai Ailu Package CO., Ltd.

April 2025

1. Which of the following stakeholders do you belong to?
- ☐ Government/Regulatory Agency ☐ Shareholders ☐ Employees ☐ Customers
- ☐ Partner/Supplier ☐ Public Community ☐ Media/NGOs ☐ Others
2. What is your opinion about the Report as a whole?
- ☐ Very good ☐ Good ☐ Normal ☐ Poor ☐ Very Poor
3. How do you think of the accuracy and completeness of the information, indicator and data disclosed in the Report?
- ☐ Very good ☐ Good ☐ Normal ☐ Poor ☐ Very Poor
4. How do you think the Report reflects the Company’ s ESG philosophy, practices and performance?
- ☐ Very good ☐ Good ☐ Normal ☐ Poor ☐ Very Poor
5. Your comments on the content structure of the Report are:
- ☐ Very good ☐ Good ☐ Normal ☐ Poor ☐ Very Poor
6. Your comments on the layout design of the Report are:
- ☐ Very good ☐ Good ☐ Normal ☐ Poor ☐ Very Poor
7. What other need-to-know information do you think has not been reflected in this report?

8. Do you have any suggestions for our future environmental, social and governance work?