



2025 Environmental, Social and Governance (ESG) Report



 AILU GROUP

UNDERSTAND YOU ALWAYS
PACK WITH HEART



Contents

2025 Environmental, Social and Governance (ESG) Report

SHANGHAI AILU 2025 ESG REPORT

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1.1 About This Report

This is the fifth annual Environmental, Social and Governance (ESG) report (hereinafter referred to as “this Report”) of Shanghai Ailu Package Co., Ltd. (hereinafter referred to as “Shanghai Ailu” or “the Company”). Targeting internal and external stakeholders of the Company, this Report fully discloses the management measures and performance of Shanghai Ailu in practicing the ESG philosophy and promoting the sustainable development of the economy, environment and society in 2025.

Reporting Scope

Unless otherwise specified, the organizational scope of information and data in this Report is consistent with that of the Company’s annual report, covering the Company and its subsidiaries including Shanghai Aichuang Packaging Technology Co., Ltd. (“Aichuang Packaging”), REVOPAC Packaging Technology (Shanghai) Co., Ltd. (“REVOPAC”), Shanghai IKKO New Material Technology Co., Ltd. (“IKKO New Materials”), Nantong Aina New Energy Technology Co., Ltd. (“Aina New Energy”), Ailu Nantong New Energy Technology Co., Ltd. (“Ailu New Energy”), and Shanghai Yingyou Industrial Co., Ltd. (“Yingyou Industrial”).

Reporting Period and Release Cycle

The time span of this Report covers January 1, 2025 to December 31, 2025 (the “Reporting Period”), reflecting the Company’s performance in fulfilling environmental, social and governance responsibilities in 2025. For the sake of continuity and comparability, certain contents are appropriately traced back to previous years. This Report is released on an annual basis, consistent with the fiscal year.

Preparation Basis of the Report

This Report is prepared in accordance with:

-Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 17 - Sustainability Report (for Trial Implementation).

In the meantime, this Report is prepared with reference to:

-GRI Standards: Sustainability Reporting Standards (2021 Edition) issued by the Global Sustainability Standards Board (GSSB).

-SDGs (UN Sustainable Development Goals) Corporate Action Guide.

Reporting Principles

Timeliness

As an annual report, this Report covers the period from January 1, 2025 to December 31, 2025. It is compiled after the end of the 2025 fiscal year and released upon deliberation and approval by the Company’s senior management.

Sustainable Development Context

The Company actively responds to the trend of sustainable development. Based on its industry and operational characteristics, it identifies stakeholders and key topics and conducts stakeholder engagement. For details, please refer to the ESG Governance section of this Report.

Accuracy

The Company endeavors to ensure the accuracy of information. Quantitative figures are generated based on the actual internal production and operation data of the Company, with no false records, misleading statements or material omissions.

Balance

This Report presents the overall operation of the Company in an objective manner, demonstrating not only its achievements and strengths but also facing risks and deficiencies directly, so as to ensure complete information and neutral perspectives without biased omissions or exaggerations.

Completeness

The information and data in this Report cover the Company and its subsidiaries, consistent with the scope of the Company’s annual report. Meanwhile, this Report fully discloses relevant information based on the Company’s actual conditions.

Verifiability

The cases, management systems and quantitative data in this Report originate from the actual operation of the Company, and the materials are traceable.

Quantification

The quantitative data disclosed in this Report are presented on a continuous basis as much as possible, with continuous improvement in data reliability to reflect the development trend of the Company’s ESG management capabilities.



Report Release and Contact Information

The electronic version of this Report is available on the Company’s official website (<http://www.ailugroup.com/>) and the Company’s designated information disclosure platform, CNINFO (<http://www.cninfo.com.cn/new/index>).

For any comments or suggestions on this Report, please contact the Company via the following information:

Shanghai Ailu Package Co., Ltd.

Address: No. 88 Yangle Road, Shanyang Town, Jinshan District, Shanghai

Postal Code: 201508

Tel: +86-21-57293030

Fax: +86-21-57293004

E-mail: info@ailugroup.com

Explanation on Report Data

The ESG data and information in this Report are derived from the original operational records of the Company and its subsidiaries. Currencies and amounts involved in this Report are denominated in RMB. In case of any inconsistency between the financial data herein and those in the financial reports, the financial reports shall prevail.

1.2 Message from the Chairman

In 2025, green transition and industrial upgrading have become the main themes of the times. The deep integration of the dual carbon strategy and innovation-driven development has injected strong momentum into the high-quality development of the packaging industry. As a pioneer in eco-friendly packaging, Shanghai Ailu has always believed that long-term commitment to responsibility is the key to creating value for our stakeholders and exerting positive impacts on people and the planet.

With two decades of dedicated development, Shanghai Ailu has evolved from a leading enterprise in industrial paper packaging into an integrated packaging solution provider covering industrial and consumer packaging, intelligent packaging systems and photovoltaic modules. The Company has established three intelligent production bases in Shanghai, serving more than 700 customers worldwide, with its business covering the whole country as well as overseas markets including Southeast Asia, the Americas and the European Union. In 2025, we have gained wide market recognition through our diversified product portfolio and technical strength, with continuously enhanced brand influence. We have also embedded the concept of sustainable development into its overall strategy, joined the United Nations Global Compact (UNGC), and written a new chapter of high-quality development through breakthrough innovation, low-carbon green growth and ecological collaboration.

Innovation Leading Industrial Transformation

We take technological innovation as our core driving force and have established a collaborative mechanism integrating “R&D, market and sales”. The Innovation R&D Center covers three major packaging product categories: paper, plastics and new energy, with dedicated product and R&D support departments providing comprehensive assistance. A total of 109 R&D personnel have advanced 34 process improvement and new product trial production projects throughout the year. In 2025, 23 new patent applications were filed and 14 patents were granted, bringing the total number of patents to 120. The Company has also deeply participated in the formulation of national standards, leading the standardized development of the industry through technological innovation. Sales of our ESPEED® Plastic-Film-Free Paper-Based Packaging exceeded RMB 10 million, while high-performance photovoltaic frame products achieved ramp-up mass production with supply volume surpassing RMB 30 million. Multiple innovative achievements have realized a win-win situation between commercial value and environmental value.

Green Practice Fulfilling Dual Carbon Commitments

We actively respond to the challenges of climate change and integrate green and low-carbon concepts into the entire operation cycle. We consistently honor our commitment to investing no less than 3% of sales revenue in R&D each year, develop eco-friendly, renewable and biodegradable packaging materials, promote product lightweighting and life-cycle carbon management, and deliver positive environmental, social and economic benefits through a full-chain carbon reduction pathway covering operations, supply chains and product use. In July 2025, our latest science-based carbon targets were formally approved by the Science Based Targets initiative (SBTi), marking that its carbon reduction commitments are aligned with internationally authoritative standards. The Company has set clear targets to achieve a 42% absolute reduction in Scope 1 and Scope 2 emissions and a 25% absolute reduction in Scope 3 emissions by 2030, compared with the 2023 base year, and has been promoting such targets in a systematic manner with a steady increase in the share of green electricity. In 2025, the Company's total carbon emissions from Scope 1, Scope 2 and Scope 3 decreased by 12.27% compared with 2024.

People-Oriented Approach Consolidating Development Synergy

We have built a fair and equitable employment environment, with a 100% labor contract signing rate and social insurance coverage, and no violations related to labor and human rights. To support employees' career growth, we have improved the dual-channel promotion mechanism of “management + professionalism” and established a hybrid online-offline training system, organizing multiple special training sessions covering sustainable development, project management and safety skills throughout the year. We attach great importance to the physical and mental health of employees. 100% of our operating premises have obtained ISO 45001 Occupational Health and Safety Management System certification. Multiple emergency drills were conducted during the year, with zero confirmed occupational disease cases and zero major safety incidents. Through various employee activities, we have enhanced team cohesion and sense of belonging.

Collaboration Building Ecological Value

We recognize that industrial chain collaboration is the core driver of sustainable development. We have fully integrated ESG requirements into supply chain management and established a full-process mechanism of “screening, access, evaluation and empowerment”, with priority given to sustainable raw materials such as FSC® certified paper. In 2025, we signed strategic cooperation agreements with partners including Sika Degao and Huaneng Clean Energy Research Institute to jointly build a green value chain. We actively participate in global industry exchanges, attending domestic and international exhibitions including the Shanghai International Carbon Neutrality Expo and the Global Paper Bag Summit, and contributing to the compilation of the Research Report on the Sustainable Development of China's Plastic Packaging. With an open attitude, we gather synergy for industrial development. In the field of public welfare, we continue to engage in rural revitalization, education assistance and community development, enabling more groups to share the fruits of corporate development.

Looking ahead, Shanghai Ailu will continue to increase investment in the R&D of eco-friendly new materials and intelligent manufacturing, promote the large-scale development of photovoltaic modules, low-carbon packaging and other businesses, deepen the construction of green supply chains, and steadily advance the implementation of the 2030 carbon emission reduction targets. Together with our stakeholders, we will move toward a greener, more inclusive and sustainable future with greater determination and actions, creating long-term value for shareholders, society and the environment.



Chairman of Shanghai Ailu Package Co., Ltd.
Chen Ankang (Lawson Chen)

Lawson Chen

PART 02

About Shanghai Ailu

2.1 Company Profile

Established in 2006, Shanghai Ailu Package Co., Ltd. was listed on the ChiNext Market of the Shenzhen Stock Exchange on September 14, 2021 (Stock Code: 301062). The Company is principally engaged in the R&D, design, production, sales and services of industrial paper packaging, consumer paper packaging, plastic packaging, intelligent packaging systems and high-performance photovoltaic materials.

After years of development, the Company has evolved from a leading domestic industrial paper packaging enterprise into an integrated packaging solution provider offering both industrial and consumer packaging products. It has mastered the core technologies for the R&D and production of industrial paper packaging materials and packaging machinery for powders and granules, forming a product portfolio dominated by valve bags, square-bottom bags, heat-seal bags, sewn-bottom bags, as well as robotic packaging and palletizing equipment. The Company serves a wide range of industries including food, chemical, building materials, pharmaceutical and dairy products, and has built a stable customer base, positioning itself as a packaging supplier for many well-known domestic and foreign industrial product manufacturers. Its FMCG (fast-moving consumer goods) packaging products cover packaging demands across daily chemicals, food, pet supplies, toys and other sectors, encompassing both plastic and paper product lines, which can meet the differentiated packaging needs of downstream customers. The Company has successfully developed composite material photovoltaic frame products to replace traditional aluminum frames, with multiple performance indicators including product significantly lower carbon footprint than conventional products; the carbon footprint per unit product is reduced by more than 50% compared with traditional products.

As of December 31, 2025, Shanghai Ailu had a total of 946 in-service employees, three intelligent production bases in Shanghai.



2.1.1 Business Layout

Around integrated packaging solutions, the Company has deployed five major product lines, namely industrial paper packaging, consumer paper packaging, plastic packaging, intelligent packaging systems and photovoltaic materials, among which consumer paper packaging is the newest product type launched in 2025. Details of each product line are set forth below:

Industrial Paper and Plastic Packaging

Industrial paper and plastic packaging products are mainly used for packaging powder and granular products of industrial enterprises, with broad application prospects in food, chemical, building materials, pharmaceutical intermediates, additives and other industries. Tailored to different product requirements, the Company's industrial paper packaging features reasonable structure, barrier and freshness preservation, high-speed filling, leak-proof and moisture-proof performance, eco-friendly materials and attractive appearance, and meets the large-scale and intelligent production requirements of downstream customers. Based on different product forms and processes, the Company's products are mainly divided into four categories: valve bags, square bottom bags, heat seal bags and sewn bottom bags.



Industrial Paper Packaging Products

Consumer Paper Packaging

In March 2024, the Company launched the ESpeed® series of Plastic-Film-Free Paper-Based Packaging, providing new recyclable and eco-friendly packaging solutions for the consumer market. Such products can replace existing and potential plastic-film-based composite packaging, mainly applied in food and non-food sectors. They feature an innovative packaging process of plastic-film-free and heat-sealable performance, with favorable recyclability and renewability.

The ESpeed® series products were put into the downstream consumer market on a small-batch basis in the second half of 2024. Applications of such series have been further expanded to consumer-end scenarios including snack food, pet food, personal care and hygiene products, consumables and toys.



ESpeed® Series Plastic-Film-Free Paper-Based Packaging Products

Plastic Packaging

The Company is capable of developing customized plastic packaging products in line with product characteristics for consumer customers such as dairy and daily chemical products. At present, the Company's plastic packaging mainly includes composite plastic packaging for dairy products and composite plastic and injection molding packaging for daily chemical products.

① Composite Plastic Packaging

The Company's composite plastic packaging features strong plasticity, excellent barrier properties and superior flavor-locking and freshness-preserving functions, and is mainly used for packaging gelatinous dairy products. Such products are at a leading level at home and abroad in certain technical aspects.

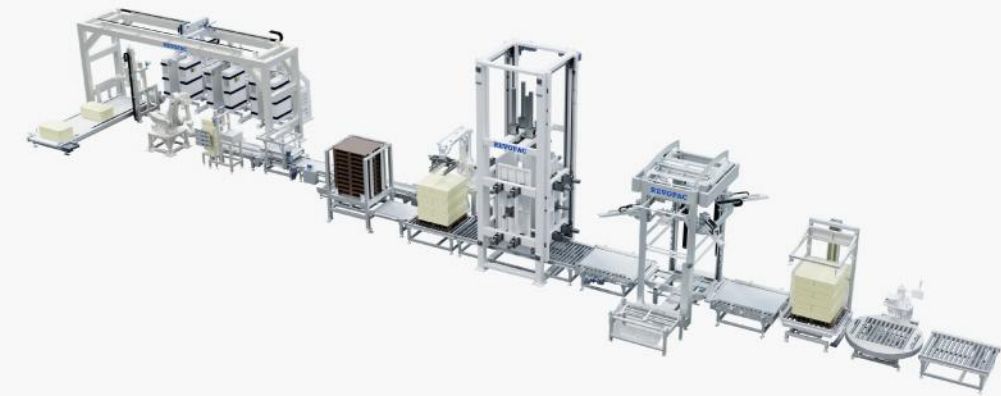


Composite Plastic Packaging Products

Intelligent Packaging Systems

The intelligent packaging system for powder and granular materials integrates modules such as robotic automatic bag gripping for valve bags, metering and filling, conveying and automatic inspection, automatic palletizing and automatic film wrapping. It can be widely used in chemical, food, building materials, pharmaceutical and other industries producing powder and granular materials, realizing clean and high-precision filling and highly automated operation throughout the whole process.

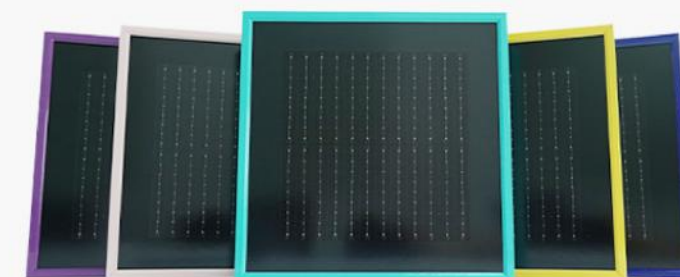
As an important part of the Company's integrated packaging solutions, the intelligent packaging system complements industrial paper packaging, plastic packaging and other products, comprehensively serving the diversified packaging needs of customers and forming sound synergy among products.



Intelligent Packaging Product Line

High-Performance Composite New Material Frames

Photovoltaic frames are auxiliary materials for photovoltaic modules, serving as structural frame materials for fixing and sealing solar panel modules. Aluminum alloy is a commonly used material for photovoltaic frames at present; however, photovoltaic frames and supports are shifting from traditional metal materials to composite materials. Composite material frames are one of the key auxiliary materials, used to protect the edges of photovoltaic glass, enhance module sealing performance and improve module mechanical strength. The main raw materials of composite material frames include polyurethane, glass fiber and others. Composite material frames are customizable in various colors and sizes meeting architectural aesthetic requirements. With core advantages such as ultra-low carbon footprint, corrosion resistance and anti-PID (Potential Induced Degradation) properties, compared with aluminum alloy frames, they are adaptable to specific scenarios such as offshore photovoltaic and highly corrosive industrial and commercial photovoltaic projects.



Photovoltaic Composite Material Frame Products

② Injection Molding Packaging and Others

The Company has developed innovative products for daily chemical products such as "welded hoses," "second-generation ampoules" for fresh-keeping storage of two-component materials, and pump-press toothpaste tubes, which can assist downstream customers in achieving multiple purposes including product containment, brand image building and market promotion.



Injection Molding Packaging And Other Products

2.1.2 Main Brands and Market Layout

Global Coverage

The Company's downstream markets cover multiple industries including chemical, building materials, food, food additives and pharmaceuticals. Leveraging its intelligent, flexible and customized production capacity, the Company provides packaging solutions for well-known domestic and foreign industrial and consumer enterprises, continuously enhancing its market reputation and brand influence, and establishing stable cooperative relationships with leading enterprises in various fields.

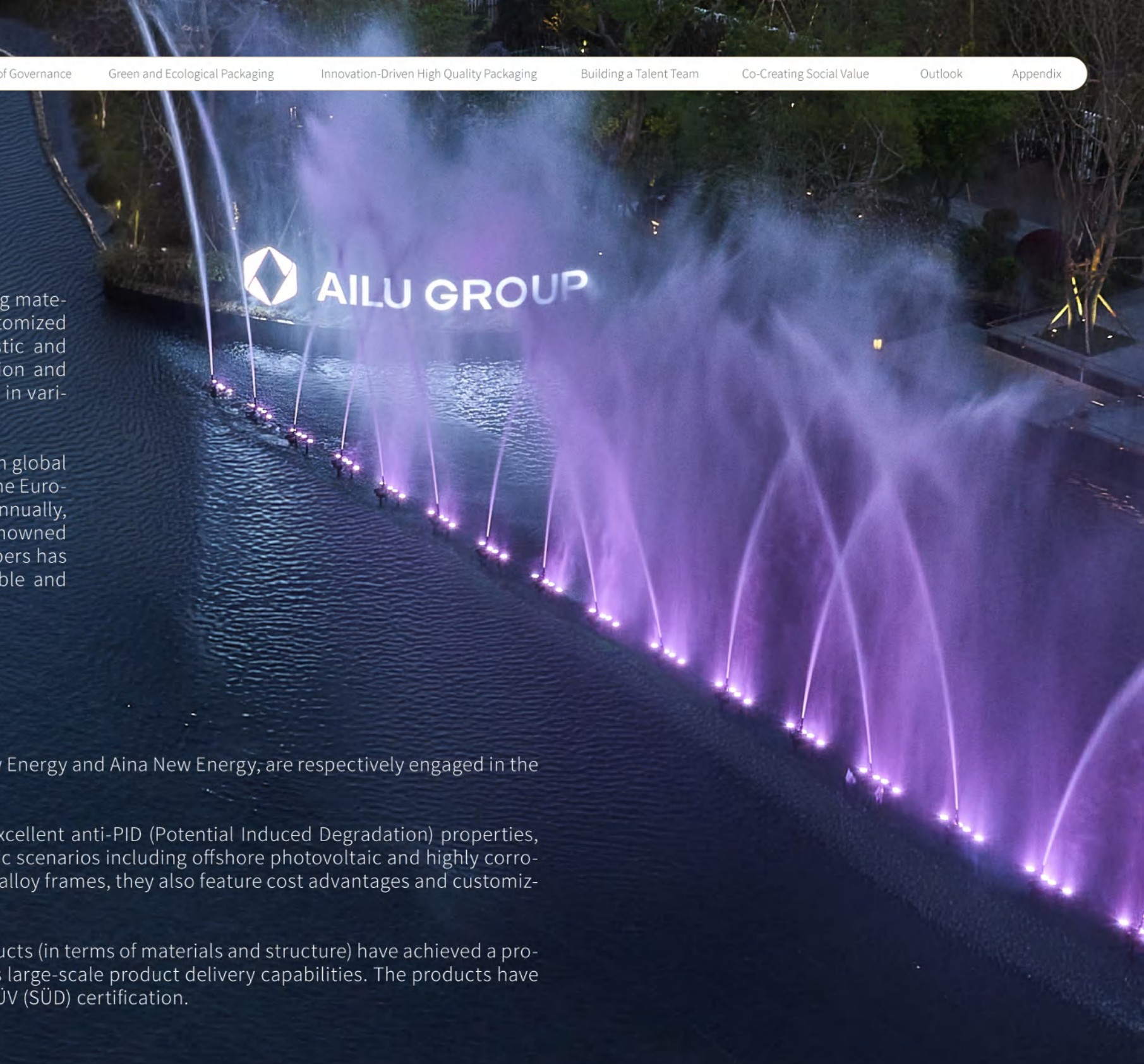
Rooted in the domestic market and expanding globally, the Company actively participates in global market competition and has established a sales footprint in Southeast Asia, the Americas, the European Union and other regions. Currently, the Company serves more than 700 customers annually, acting as a packaging product provider for Fortune Global 500 companies and numerous renowned domestic and foreign enterprises. The diversity of customer industries and customer numbers has laid a solid foundation for the Company to diversify operational risks and maintain stable and balanced development.

Empowerment of Green New Energy

The photovoltaic industry is a newly entered field for the Company. Its subsidiaries, Ailu New Energy and Aina New Energy, are respectively engaged in the R&D, production and sales of polyurethane composite new material frame products.

With core advantages such as ultra-low carbon footprint, high corrosion resistance and excellent anti-PID (Potential Induced Degradation) properties, Aina New Energy's polyurethane composite material frame products are suitable for specific scenarios including offshore photovoltaic and highly corrosive industrial and commercial photovoltaic projects. Compared with traditional aluminum alloy frames, they also feature cost advantages and customizability, available in various colors and sizes that meet architectural aesthetic requirements.

As of the Reporting Period, Aina New Energy's polyurethane composite material frame products (in terms of materials and structure) have achieved a production capacity matching 1.5GW of downstream photovoltaic industry capacity, as well as large-scale product delivery capabilities. The products have passed various test evaluations and obtained German VDE raw material certification and TÜV (SÜD) certification.



Five Major Brands



SHANGHAI AILU
(301062.SZ)
Industrial Paper Packaging
(Food, Chemical, Building Materials, Pharmaceutical Industries)
Plastic Packaging



REVOPAC
(Wholly Owned)
Intelligent Powder
Filling Equipment



IKKO New Materials
(Controlled)
Daily Chemical Packaging



Aichuang Packaging
(Wholly Owned)
Industrial Paper Packaging,
Consumer Paper Packaging,
Plastic Packaging



Aina New Energy
(Controlled)
Photovoltaic Polyurethane
Composite Frame

2.2 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 wide-spread 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.



2.3 Corporate Social Responsibility and Honors

2.3.1 Corporate Honors

- 🏆 Shanghai Recognized Enterprise Technology Center
- 🏆 Shanghai Smart Factory
- 🏆 Shanghai High-Tech Enterprise
- 🏆 Shanghai Quality Benchmark
- 🏆 Shanghai Technology Little Giant Cultivation Enterprise
- 🏆 Shanghai Zero-Carbon Benchmark Factory
- 🏆 National-level Green Factory

2.3.2 Brand and Industry Influence

- The Company's brand "Ailu Packaging" has been recognized as a "Shanghai Famous Trademark".
- The Company's product, kraft paper bags for food packaging, has obtained the "Shanghai Famous Brand Product" certification.
- Thermoformed food packaging composite sheets have passed the "Shanghai Brand" certification.
- Shanghai Ailu has been repeatedly selected into the "Top 100 Shanghai Private Manufacturing Enterprises" (2019, 2020, and 2022–2025), and has been listed on the "Top 100 Chinese Printing and Packaging Enterprises" list released by the authoritative industry magazine Printing Manager for eight consecutive years (2018–2025), with its ranking rising from No. 41 to No. 27 in 2025.

2.3.3 ESG Ratings and Awards

New Honors Received in 2025



EcoVadis
Silver Medal



Wind ESG Rating:
Rating: AA



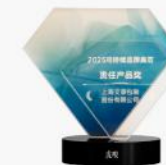
Huazheng ESG
Rating: AA



Shanghai Securities
News "SSE Eagle • Golden
Quality ESG Award"



Securities Times "19th China Listed
Companies Value Selection • China Listed
Companies ESG Top 100"



Huxiu.com "Sustainable Brand
Model • Responsible
Product Award"



Golden Bee Think Tank "Corporate Social
Responsibility • China List –
ShortlistedEnterprise"



In July 2025, the Company's
science-based carbon targets were
approved by the Science-Based
Targets initiative (SBTi)



New Honors Received in 2025

Award Name

Awarded by

2025 SSE Eagle • Golden Quality ESG Award	Shanghai Securities News • China Securities Network
The 19th China Listed Companies Value Evaluation - China Listed Companies ESG Top 100	Securities Times
2025 Golden Bee Corporate Social Responsibility • China List - Shortlisted Enterprise	Golden Bee Think Tank
2025 Sustainable Brand Model • Responsible Product Award	Huxiu.com
China Customs Trade Prosperity Statistical Survey – Export Sample Enterprise	General Administration of Customs of the People's Republic of China
2025 Top 100 Chinese Printing and Packaging Enterprises (No. 27)	Keyin Media
2025 Top 100 Shanghai Private Manufacturing Enterprises (No. 89)	Shanghai Enterprise Federation, Shanghai Entrepreneur Association, Jiefang Daily
2025 Top 10 Shanghai Printing Enterprises	Shanghai Printing Industry Association
"Shanghai Brand" Certification	Shanghai Brand International Certification Alliance
2025 Red Dot Design Award - Sustainable Design	Design Zentrum Nordrhein Westfalen, Germany
iSEE Global Food Innovation Award - Annual Innovative Technology	iSEE Global Award Organizing Committee
2025 "Green Action China" Packaging Innovation and Sustainable Development Grand Award - Packaging Technology Innovation Award	New Msuccess Media Group

2.3.4 2025 Key Performance

Joined the Science Based Targets initiative (SBTi)

Total carbon emissions of the Company decreased by **12.27%** compared with 2024

Combined Scope 1 and Scope 2 emissions increased by **23.83%** compared with 2024¹



The share of green electricity consumption in total electricity consumption rose from 10.97% to **21.43%**

Joined the United Nations Global Compact (UNGC)

Sales of ESpeed® Plastic-Film-Free Paper-Based Packaging exceeded RMB **10 million**

high-performance polyurethane composite frame products achieved mass production ramp-up and sales exceeded RMB **30 million**



¹The carbon inventory check was held by third party SGS. The significant increase in Scope 1 and 2 emissions in 2025 compared to 2024 was primarily due to putting into operation of Aichuang production base in May 2025 and also the mass-production of Aina photovoltaic materials, which led to additional direct and indirect emissions.



Selected as Export Sample Enterprise in China Customs Trade Prosperity Statistical Survey Released by General Administration of Customs of the People's Republic of China



Selected in 2025 Top 100 Chinese Printing and Packaging Enterprises (No. 27) Released by Keyin Media



Awarded 2025 Red Dot Design Award – Sustainable Design by Design Zentrum Nordrhein Westfalen, Germany



Awarded "Shanghai Brand" Certification by Shanghai Brand International Certification Alliance



Selected in 2025 Top 100 Shanghai Private Manufacturing Enterprises (No. 89) Released by Shanghai Enterprise Federation, Shanghai Entrepreneur Association, Jiefang Daily



Awarded iSEE Global Food Innovation Award – Annual Innovative Technology (Technology Category) by iSEE Global Award Organizing Committee



2025 Top 10 Shanghai Printing Enterprises Presented by Shanghai Printing Industry Association



Awarded 2025 "Green Action China" Packaging Innovation and Sustainable Development Grand Award – Packaging Technology Innovation Award by New Msuccess Media Group

PART 03

Strengthening the Foundation of Governance

Our Philosophy

Shanghai Ailu adheres to standardized governance as its foundation and integrates sustainable development requirements into its corporate governance and operation management system, forming a closed-loop mechanism covering supervision and decision-making by the Board of Directors, implementation by the management, and collaborative execution by the departments. By improving the institutional system, strengthening risk management and control as well as information disclosure, the Company continuously enhances governance transparency and execution efficiency, providing stable support for strategy implementation, compliant operation and long-term value creation.

Our Topics

- 👉 Corporate Governance
- 👉 Risk Management and Compliance
- 👉 Business Ethics



Corresponding to
the SDGs



3.1 Sustainability Management

3.1.1 Sustainability Philosophy

The Company regards sustainable development as an important part of its long-term strategy, deeply integrates ESG management into corporate governance and operational decision-making, and promotes the coordinated development of economic value, environmental responsibility and social responsibility.

Formulating Sustainable Development Goals

Centered on green packaging and responsible production, the Company takes protecting products and consumer safety, addressing climate change and promoting resource recycling as its core priorities, and has defined its sustainable development vision and strategic positioning. In 2025, the Company further formulated clear and quantifiable sustainable development goals, focusing on carbon reduction actions and material circularity, to form a systematic implementation roadmap toward 2030, continuously enhancing the Company's long-term resilience and industry leadership.

Sustainable Development Vision

Vision & Mission

Protect products, consumers and the planet through green packaging, support the 1.5°C climate trajectory and the UN Sustainable Development Goals.

Sustainable Development Strategy

Strategic Positioning

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

Sustainable Development Targets

Responsibility in Action

Align with the UN Sustainable Development Goals and implement a sustainable development model.

Deep Carbon Reduction

By 2030, achieve 42% absolute reduction in Scope 1 and 2 emissions, and 25% absolute reduction in Scope 3 emissions compared with 2023 levels.

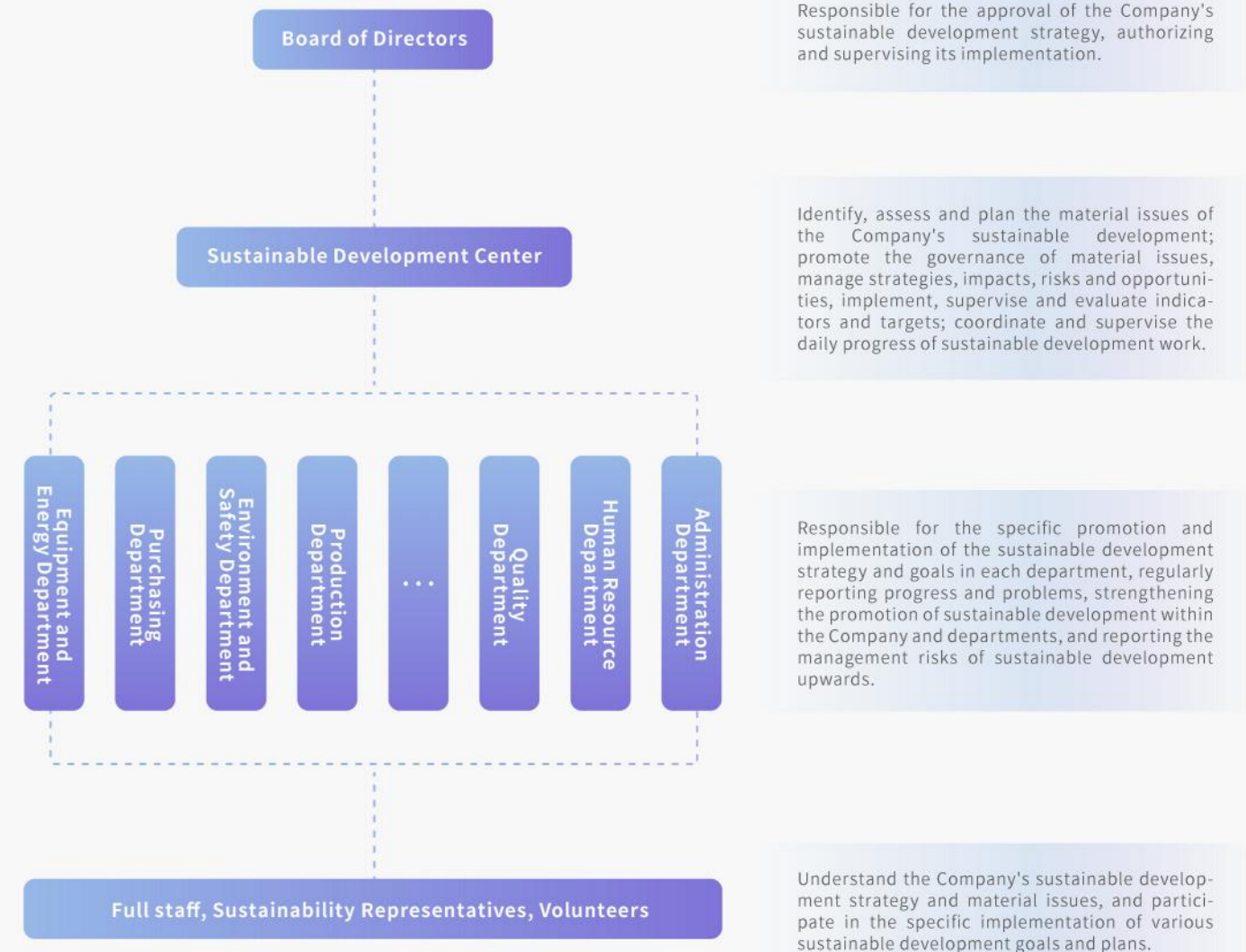
Circularity & Regeneration

By 2030, reach 50% usage rate of recycled materials in products.

Improving the Sustainable Development Governance Framework

The Company has established a well-defined and standardized sustainable development governance system, forming a governance structure with the Board of Directors as the supreme decision-making and oversight body, the Sustainable Development Center for overall coordination, functional departments for divided implementation, and the employees for collective participation. This achieves closed-loop management covering strategy formulation, implementation, supervision and evaluation.

In 2025, the Company continued to optimize the Sustainable Development Policy, further clarifying governance responsibilities and management processes. It also linked quantitative sustainability targets to the performance and compensation of management and key positions, strengthening accountability and ensuring the effective implementation of the sustainable development strategy.



Sustainable Development Governance Framework

3.1.2 Stakeholder Engagement

The Company regards stakeholder engagement as an important foundation for sustainable management and information disclosure. It regularly engages and communicates with key groups including government and regulatory authorities, shareholders and investors, employees, customers, suppliers and partners, and local communities through interviews, seminars, questionnaires, written correspondence, conference calls and roundtable discussions. The Company summarizes and analyzes feedback, incorporates stakeholders' concerns regarding the materiality of topics and goal achievement into the identification and adjustment of material topics, and translates them into internal indicator decomposition, responsibility implementation and supervision and improvement mechanisms, aligning operational decisions with sustainable development objectives.

Stakeholders	Expectations and Demands	Our Responses	Communication Channels
Government / Regulatory Authorities	<ul style="list-style-type: none"> Operate in compliance Implement national policies Support industry development 	<ul style="list-style-type: none"> Pay taxes in compliance with integrity Fulfill regulatory requirements Participate in industry cooperation 	<ul style="list-style-type: none"> Inspections and research Information submission
Shareholders/Investors	<ul style="list-style-type: none"> Sustainable investment value Transparent information disclosure Optimize corporate governance Business growth Stock price performance 	<ul style="list-style-type: none"> Continuously create operating value Make scientific decisions for governance Disclose information in a timely manner Strengthen investor relations management 	<ul style="list-style-type: none"> General meetings of shareholders Regular reports Investor Open Day Earnings briefings Online and offline roadshows
Employees	<ul style="list-style-type: none"> Ensure legal rights and interests Value career development Care for employees' physical and mental well-being 	<ul style="list-style-type: none"> Provide career development planning Improve employee benefits Ensure health and safety Conduct employee care programs 	<ul style="list-style-type: none"> Give play to the role of trade unions Regular training and promotion Employee care activities Employee satisfaction surveys
Customers	<ul style="list-style-type: none"> High-quality products and services Protection of customer rights and privacy 	<ul style="list-style-type: none"> Optimize quality management system Conduct product innovation and R&D Improve after-sales service network Strengthen information security management 	<ul style="list-style-type: none"> Customer satisfaction surveys Customer communication and visits
Partners/Suppliers	<ul style="list-style-type: none"> Ensure fair competition Achieve mutual benefit and win-win results 	<ul style="list-style-type: none"> Promote cooperation and communication Conduct fair procurement Eliminate commercial bribery 	<ul style="list-style-type: none"> Participate in association exhibitions Contribute to industry standard setting Sign environmental, health and safety agreements Supplier audit and evaluation
Community Public	<ul style="list-style-type: none"> Serve community development Engage in public welfare and charity Protect the ecological environment 	<ul style="list-style-type: none"> Support rural revitalization Participate in public welfare and charity Identify environmental risks 	<ul style="list-style-type: none"> Organize volunteer services Make charitable donations Disclose environmental information Be selected as one of Shanghai Zero-Carbon Benchmark Enterprises
Media/NGOs	<ul style="list-style-type: none"> Address climate change Information disclosure Interaction with the media 	<ul style="list-style-type: none"> Disclose information in a timely manner Improve communication mechanisms 	<ul style="list-style-type: none"> Official website Newspaper interviews Online media

3.1.3 Materiality Analysis

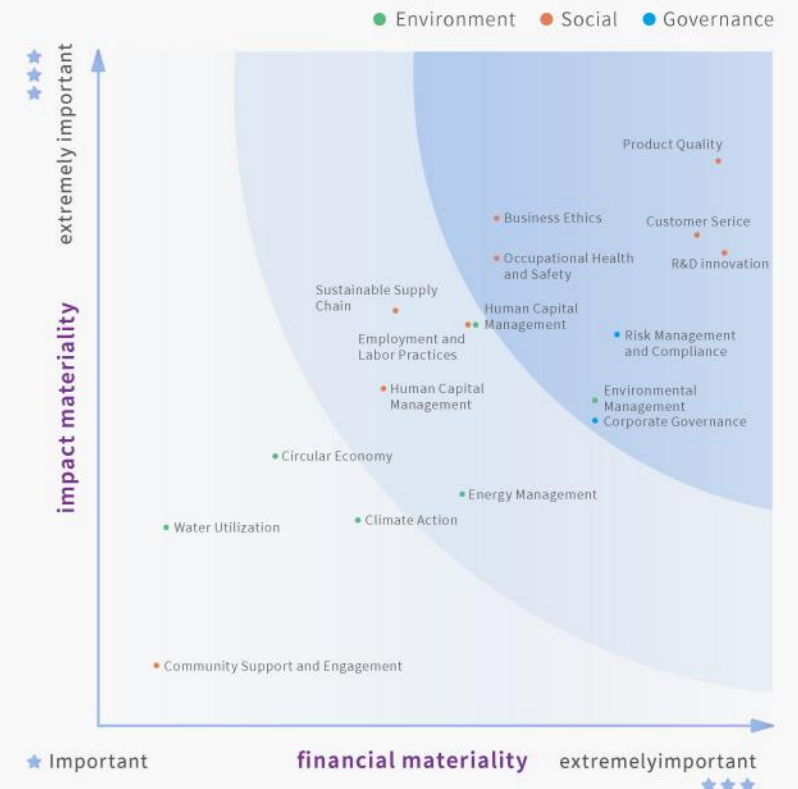
The Company takes dynamic material topic identification as the basis for ESG management and information disclosure. Focusing on the three dimensions of environment, society and governance, and combining industry characteristics, operational realities, risk and opportunity analysis, and results of internal and external stakeholder engagement, the Company conducts assessments from the two dimensions of "financial materiality" and "impact materiality" in accordance with disclosure standards, forming an annual material topic list, and accordingly defines priorities for topic management and disclosure strategies.

The Company updated its material topics by reference to the Shenzhen Stock Exchange Guidelines on Sustainable Development Reports. From the 21-topic index, 17 topics with significant influence on the Company's operations and stakeholders were identified. A material topic matrix was mapped and key disclosures are provided in this report.

Based on the double materiality assessment, the Company confirmed product quality, customer service, R&D and innovation, risk management and compliance, business ethics, occupational health and safety, integrated environmental management, and corporate governance as material topics, disclosed in accordance with the Exchange's guidelines.



Material Topic Matrix Analysis Process



Material Topic Matrix

3.1.4 Response to SDGs

The Company aligns its efforts with the UN Sustainable Development Goals (UN SDGs), systematically mapping the linkages between its operations and the 17 goals. Based on its business characteristics, it identifies key focus areas for support and integrates relevant actions into its operational management and annual target implementation mechanisms. It continues to enhance its contributions in areas including health and well-being and climate action, driving the achievement of sustainable development goals at the operational level.

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



3.2 Improving Corporate Governance

3.2.1 Optimizing the Governance Structure

The Company continuously improves its modern corporate governance system. In strict accordance with the Company Law, the Articles of Association and relevant rules of the Shenzhen Stock Exchange, it has established a “Three Meetings and One Level” governance structure with the Shareholders’ General Meeting as the highest authority, the Board of Directors as the decision-making body, the Board of Supervisors and the Audit Committee of the Board of Directors as supervisory bodies, and the senior management as the executive body, forming a governance model with clear rights and responsibilities, standardized operation and effective checks and balances.

Shareholders’ General Meeting

The Company convenes and holds Shareholders’ General Meetings in compliance with laws and regulations, adopting a combination of on-site voting and online voting to ensure that shareholders exercise their voting rights in accordance with the law. For major matters involving the interests of small and medium-sized investors, the Company separately discloses the voting results of such investors. For matters requiring special voting, it strictly complies with statutory voting ratio requirements, and engages lawyers to attend and witness the meetings and issue legal opinions, ensuring the legality and effectiveness of the Company’s decision-making procedures.

Board of Directors

The Company’s current fourth session of the Board of Directors consists of 8 directors, including 3 independent directors, with four special committees: Audit, Remuneration and Assessment, Strategy, and Nomination. The Board of Directors and its special committees perform their duties in accordance with the law on key matters including major operational decisions, institutional development, internal control, connected transactions and external guarantees, promoting the standardized operation of corporate governance and safeguarding the interests of the Company and shareholders.

Board of Supervisors

The Company’s Board of Supervisors consists of 3 supervisors, including 1 employee representative supervisor, which supervises the compliance of the Company’s operational decisions and the performance of duties by directors and senior management. By the end of 2025, in accordance with the latest laws, regulations and regulatory provisions, the Company intends to abolish the Board of Supervisors, with the Audit Committee of the Board of Directors lawfully assuming the functions and powers of the Board of Supervisors as stipulated in the Company Law, to further improve supervision efficiency and governance synergy.

Senior Management

The Company’s management comprises 1 General Manager and 4 Deputy General Managers, responsible for implementing the resolutions of the Board of Directors, organizing production, operation and daily management, and accountable to the Board of Directors. The Company clarifies the responsibilities and authority boundaries of the management through the Detailed Rules for the Work of the General Manager, ensuring orderly implementation of decisions and clear authorization limits.

Board Diversity

Members of the Board of Directors cover fields including industrial paper packaging, plastic packaging, new materials, strategy, financial audit, compliance governance, capital operation and industry operation and management, forming a decision-making structure with complementary professional expertise. In 2025, female directors accounted for 50.00% of the fourth session of the Board, and independent directors accounted for 37.50%, maintaining a reasonable composition in gender structure and independence, providing governance support for the long-term and steady development of the Company.

Operation of the Board of Directors*

In 2025, the special committees of the Board of Directors conducted preliminary research and professional review on key matters in accordance with their division of responsibilities, and put forward recommendations to the Board of Directors. Among them, the Audit Committee reviewed and voted on financial conditions, internal control, connected transactions, external guarantees and other matters, strengthening supervision over major risk areas of the Company; the Remuneration and Assessment Committee formulated and improved the remuneration policies and assessment systems for directors and senior management; the Strategy Committee studied and advised on the Company’s long-term development strategy as well as annual R&D project plans and budgets, promoting professional and scientific decision-making.

*Effective from November 20, 2025, the Company’s Board of Supervisors was dissolved, and the responsibilities previously assigned to the Board of Supervisors are now undertaken by the Audit Committee of the Board of Directors.



Corporate Governance Framework

2025 Performance Highlights



3.2.2 Investor Relations Management

The Company adheres to the principles of compliant information disclosure and equal treatment of investors, and continuously improves its investor relations management system to ensure that shareholders enjoy the right to information, participation and supervision in accordance with the law. The Company duly holds Shareholders' General Meetings in strict accordance with the Articles of Association, the Rules on General Meetings of Shareholders of Listed Companies and other requirements, adopting a combination of on-site and online voting to ensure that shareholders participate equally in major corporate decisions. For proposals involving the interests of small and medium-sized investors, the Company separately discloses their voting results to effectively protect the legitimate rights and interests of minority shareholders.

In terms of communication mechanisms, the Company has established a multi-channel and regular investor communication system. It promptly responds to investors' concerns and enhances transparency and effectiveness of communication through institutional investor surveys, performance briefings, telephone inquiries, replies on the Shenzhen Stock Exchange Interactive Yi platform, and statutory information disclosure announcements.

2025 Performance Highlights



to continuously fulfill its capital market communication responsibilities.

3.3 Strengthening Compliance and Risk Control

3.3.1 Governance Mechanism

The Company takes the Board of Directors as the ultimate responsible body for risk management and internal control. Oversight responsibilities are performed through the Audit Committee, while the senior management team organizes the implementation of internal control and risk management requirements. An internal oversight mechanism has been established, under which the Internal Audit Department conducts ongoing inspections and targeted supervision over the effectiveness of internal controls. Through self-inspections or joint audits with third-party audit institutions, the Company achieves closed-loop governance featuring “management execution, internal audit supervision, and Board deliberation”. In the event of material irregularities or incidents that may lead to significant losses, the Internal Audit Department reports to the Board of Directors in a timely manner to facilitate rapid risk response.

For subsidiary management, the Company adopts a centralized control model and implements redline management and unified approval around three core risk areas: fund management, guarantees, and connected transactions. Non-operational fund appropriation is strictly prohibited; external guarantees are subject to centralized approval; and connected transactions follow a full-process procedure covering identification, pricing, approval and disclosure. Such arrangements enhance the Company's control penetration and reduce risks of asset loss and improper interest transfer.

3.3.2 Methods and Strategies

The Company has established a graded response mechanism for major risk events, adhering to the management principles of “rapid identification, unified leadership, coordinated disposal, and closed-loop rectification”. When a risk event occurs, the corresponding functional department initiates emergency response and submits a report immediately. The leading department organizes risk assessment and decision-making on response measures, while relevant departments jointly carry out rectification and accountability. Matters that may cause significant losses or affect capital market expectations are reported to the senior management and the Board of Directors in a timely manner, ensuring transparent risk disposal, clear accountability and traceable measures.

Corporate Major Risk Prevention Mechanism

Production Safety Risks	Trade Secret Risks	Information Disclosure Risks
<ul style="list-style-type: none"> ·Led by the Environment & Safety Department ·On-site response (to ensure personnel and environmental safety) ·The Environment & Safety Department formulates response plans and organizes implementation ·Reports to the Deputy General Manager in charge ·Reports to the competent government authorities when necessary ·The Environment & Safety Department regularly assesses the overall safety risk level ·Dynamically adjusts inspection frequency and priorities (differentiated supervision) 	<ul style="list-style-type: none"> ·Led by the Trade Secret Committee ·The Trade Secret Committee activates the response mechanism ·Three-line division of labor in the executive layer: <ul style="list-style-type: none"> -Internal Audit Department (inspection & verification) -Management Implementation Team (promotion & execution) -Management Implementation Department (filing & preservation) ·Forms a closed loop of rectification and accountability 	<ul style="list-style-type: none"> ·Led by the Securities & Legal Department ·Overall control by the Securities & Legal Department ·Restricts the scope of dissemination, registers drafters/attendees, enforces confidentiality and accountability ·In case of major omission/error/leakage risks: <ul style="list-style-type: none"> ·Reports to the management immediately ·Initiates risk response (correction, explanation meeting, apology, etc.) ·Public opinion control ·Reduces risk impact

3.3.3 Risks and Opportunities

The Company has integrated internal control into key operations in accordance with the Basic Standards for Enterprise Internal Control, Guidance for Enterprise Internal Control Evaluation and other applicable laws and regulations. Coverage includes governance structure, fund management, procurement and payment, sales and collection, asset management, production management, research and development, contract management, connected transactions, external guarantees, foreign investments, use of raised funds, information disclosure and other critical processes. Particular attention is paid to high-risk areas including connected transactions, contract management, foreign investments, external guarantees, information disclosure and the use of raised funds, ensuring the internal control system is aligned with core business priorities.

Risk management is carried out following the cycle of risk identification, assessment, monitoring and response. ESG factors have been incorporated into the risk management and internal control system. In line with industry regulatory trends, stakeholder concerns and the Company's strategic priorities, environmental, social and governance-related risks and their impacts on operations and compliance are considered at every stage of risk identification, assessment, monitoring and response. The Company regularly identifies internal and external risks and evaluates their likelihood and potential impact. Through a structured risk information collection and communication mechanism, risk dynamics are closely tracked and early warnings are issued in a timely manner.




3.3.4 Indicators and Targets

2025 Performance Highlights


0
material weaknesses identified in internal control over financial reporting


0
material weaknesses discovered in non-financial reporting internal control


0
factors affecting the effectiveness of internal control evaluation


0
major risk events occurred during the year

3.4 Upholding Business Ethics

3.4.1 Governance Mechanism



The Company integrates business ethics and fair competition into its sustainable development governance system. The Board of Directors is responsible for reviewing, authorizing and overseeing the implementation of relevant strategies and systems, and incorporates anti-corruption and anti-bribery clauses as directors' duties and obligations into the Appointment Agreement signed with each director.

The Human Resources Department acts as the core responsible and coordinating department, while functional departments implement specific requirements in business links such as procurement, sales, quality and finance, forming a full-coverage compliance management framework.

The Company has established a business ethics policy system, formulating and implementing policies including the Sustainable Development Policy and the Anti-Commercial Bribery Prevention System. These policies cover risk categories such as corruption, bribery, fraud, conflicts of interest and money laundering, while clarifying the compliance boundaries for anti-unfair competition practices, forming institutional constraints against unfair competition and monopoly risks.

3.4.2 Methods and Strategies

The Company has established a regular complaint and reporting mechanism, maintaining open channels for both named and anonymous reports:

-  complaint hotline: 021- 57299100
-  email: hr@ailugroup.com

Relevant leads are uniformly received, recorded and investigated by the Human Resources Department, which reports to the management or the Board of Directors in accordance with its authority. Reports involving senior management are directly submitted to the Audit Committee as required, which decides on acceptance and may engage external auditors or third-party institutions to assist in investigations when necessary.

The Company enforces the principles of confidentiality and whistleblower protection, strictly prohibiting the disclosure of whistleblower information and report content, and prohibiting retaliation. For verified violations, the Company imposes disciplinary actions, financial recovery, termination of labor relations and other measures in accordance with policies. For serious or criminally suspected cases, the matter is transferred to judicial authorities in accordance with the law, and the results are incorporated into closed-loop risk rectification and internal warnings.

3.4.3 Risks and Opportunities

Key Control

The Company prioritizes anti-corruption and fair competition as key compliance risk areas, covering high-risk business scenarios such as procurement, sales, acceptance, testing and engineering projects. It explicitly prohibits interest transfer practices including cash and cash equivalents, kickbacks, disguised sponsorship and improper entertainment, and sets boundaries and approval requirements for gifts, entertainment, donations and sponsorship.

Internal Culture Building

The Company signs the Anti-Commercial Bribery Commitment with employees, strengthening their compliance awareness through business ethics training, and ensuring that key personnel understand and implement integrity and fair competition requirements.

Fair Competition

The Company conducts market competition in compliance with laws and regulations, strictly abiding by the Anti-Monopoly Law and other relevant laws, and prohibiting concentrations of business operators that have or may have the effect of excluding or restricting competition. Meanwhile, it prohibits unfair competition practices such as false advertising, commercial defamation, trade secret infringement and bid-rigging, mitigating legal and reputational risks arising from improper business conduct.

Supply Chain Management

The Company requires business partners to comply with the same prohibitive requirements, and integrates compliance and business ethics standards into supplier management and partnership access, promoting a shared integrity baseline across the value chain. Supplier social responsibility surveys are conducted to ensure their business practices meet anti-unfair competition management requirements.

3.4.4 Indicators and Targets

2025 Performance Highlights



0

major corruption lawsuits and

0

reported incidents occurred



100%

of managers required to sign the Anti-Commercial Bribery Commitment did so



100%

of procurement personnel signed the anti-bribery commitment



228

total anti-corruption training hours



100%

coverage of anti-corruption training



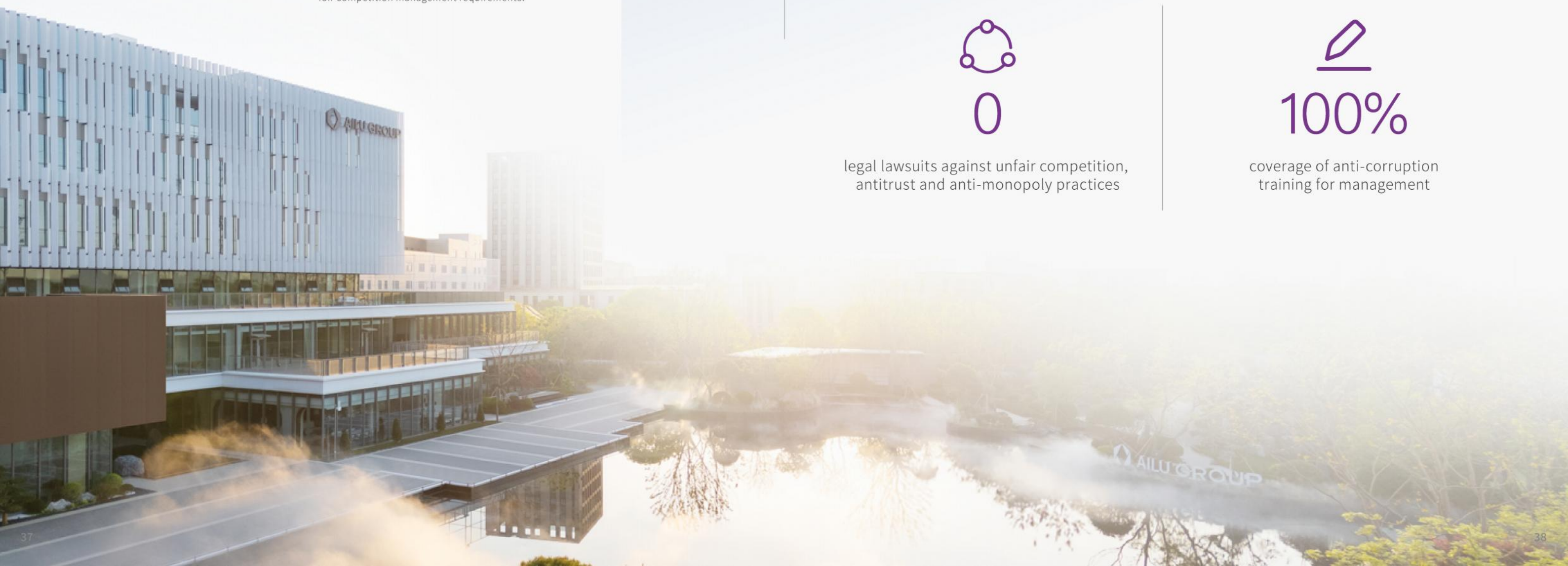
0

legal lawsuits against unfair competition, antitrust and anti-monopoly practices



100%

coverage of anti-corruption training for management



PART 04

Green and Ecological Packaging

Our Philosophy

As a leader in environmentally friendly packaging, Shanghai Ailu closely follows the national "Dual Carbon" strategy, actively advances the R&D of new eco-friendly materials, the innovation of green packaging and low-carbon production, and establishes an environmental management mechanism covering the entire cycle of production and operation. The Company systematically promotes pollutant emission control and resource recycling, making contributions to environmental protection and social sustainable development.

Our Topics

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

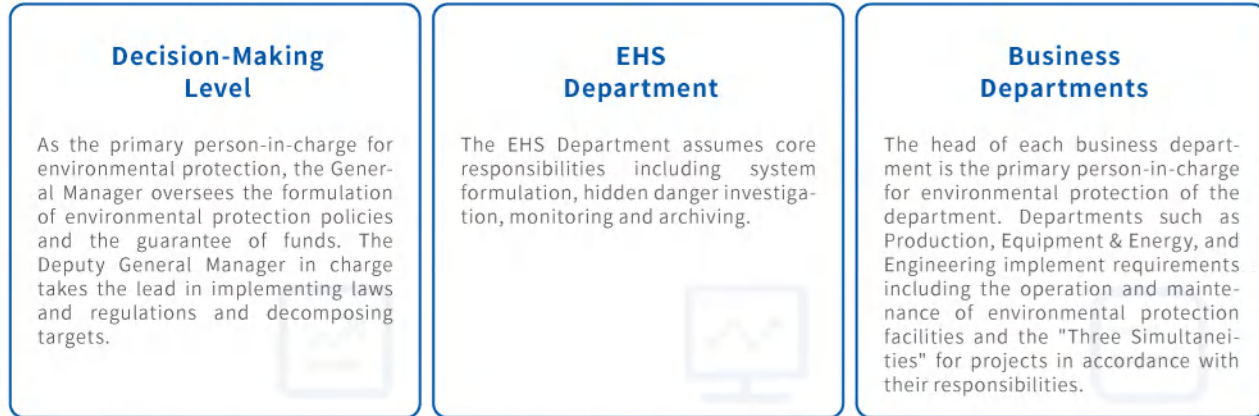
Corresponding to the SDGs



4.1 Integrated Environmental Management

4.1.1 Governance Mechanism

With "Full Employee Participation, Responsibility Assigned to Individuals" as its core, the Company has built a full-chain environmental responsibility system and established an environmental governance framework featuring "Overall Planning by the Decision-Making Level, Centralized Management by the EHS Department, Collaboration by All Departments, and Linkage by Subsidiaries". This framework ensures that environmental management requirements run through the entire production and operation process and the business links of all subsidiaries, laying a solid governance foundation for the development of green eco-friendly packaging.



For its multiple subsidiaries, the Company implements a standardized, full-coverage environmental management and supervision mechanism. It requires subsidiaries to fully adopt the Company's Environmental Protection Management System and Environmental Protection Responsibility System, set up full-time or part-time positions to align with the Company's environmental management requirements, and ensures consistent environmental management standards and effective implementation across the Company through regular special inspections, compliance audits and assessment linkage.

To guarantee the effective operation of the environmental management system, the Company has established an environmental responsibility system covering all positions, from the legal representative, managers at all levels, workshop team leaders to frontline employees. The system is revised and trained annually, and all employees are organized to sign responsibility documents. Through a closed-loop mechanism of "Process Supervision, Assessment and Rewards/Punishments, Hidden Danger Rectification", the Company clarifies the specific responsibilities of each position in pollutant disposal, environmental protection facility operation, hazardous waste management and other links, and formulates the EHS Employee Handbook, ensuring that environmental protection responsibilities are fully implemented at all levels and by all employees.

4.1.2 Methods and Strategies

Anchoring the goal of "Zero Pollution, Zero Harm, Zero Disaster", the Company integrates environmental management into its corporate development strategy, focuses on three core directions: climate change response, efficient resource utilization and precise pollution prevention and control, formulates short-, medium- and long-term sustainable development plans, defines quantitative indicators such as carbon emission reduction, resource recycling and pollution control, and promotes the coordination of green transformation and business growth.



ISO 14001 Environmental Management System Certificate

System Improvement

The Company has formulated a series of management documents including the Environmental Management System, Waste Water, Waste Gas and Solid Waste Management System, and Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Waste, covering the entire process of environmental management system certification and promoted the construction of green factories and zero-carbon factories, standardizing environmental and energy management procedures in line with international standards. As of the end of the reporting period, the coverage rate of ISO 14001 environmental management system certification at the Company's major operating sites reached 100%, and its Shanghai plant has been awarded the title of National Green Factory, among other honors.

Emergency Management

The Company has developed the Emergency Plan for Sudden Environmental Incidents, which classifies incidents into three levels: general (Level III), relatively serious (Level II), and major (Level I). A full-process mechanism of "early warning, response, disposal and follow-up treatment" has been established, with clear hierarchical response procedures and division of responsibilities. Based on a sound normalized environmental risk prevention and control system, the Company has set up an emergency command headquarters and professional teams such as emergency rescue and emergency monitoring, equipped with fire-fighting equipment, absorbent cotton, emergency water pumps and other emergency supplies. Emergency disposal cards are posted at key locations including production areas and hazardous waste warehouses, specifying disposal procedures and contact persons.

To effectively enhance its capacity to respond to sudden environmental accidents, the Company has established an internal and external emergency linkage mechanism, maintaining communication with government authorities and third-party monitoring institutions, and conducts emergency drills at least once a year. In 2025, the Company organized three environmental emergency drills simulating scenarios such as chemical leakage and equipment failure, further improving collaborative disposal capabilities.



Emergency Drill for Chemical Leakage Disposal in February 2025

Green Operations

Through institutional standardization and behavioral guidance, the Company promotes green office practices featuring reduction, recycling, and low-carbonization, integrating green and low-carbon concepts into internal operations.



Resource Conservation Management

- The Company has achieved efficient paper use by promoting paperless office operations. Internal documents are preferentially transmitted via office systems or email, and a double-sided printing and copying policy is strictly implemented.
- Refined electricity management is carried out, including standardized air conditioning temperature settings, optimized time-control schemes for landscape lighting in the park, and clear requirements for shutting down office equipment when not in use.
- To conserve water resources, friendly reminders advocating water conservation are posted in office areas and restrooms, encouraging employees to develop the habit of turning off taps promptly.



Office Supplies Management

- The Company optimizes consumable control by implementing a replace-on-worn-out system to reduce unnecessary procurement.
- Guided by green procurement principles, environmentally friendly and biodegradable office supplies are prioritized.



Resource Recycling

- Sorting trash cans are placed in office and public areas, with guidelines for domestic waste classification posted prominently.
- Employees are encouraged to sort recyclable office waste such as waste paper and plastic for separate disposal. Specially assigned personnel collect such waste uniformly and deliver it to qualified institutions for recycling, thereby improving resource circular utilization rates.

In terms of green office and resource conservation management, the Company has continuously implemented refined operational rules including paper conservation and consumable control. Through initiatives such as promoting double-sided printing, standardizing printing procedures, and optimizing the procurement and recycling of consumables, the Company has steadily improved resource utilization efficiency.

In 2025, the Company’s office paper consumption decreased by 7.19% year-on-year, while the consumption of printing consumables such as toner cartridges and ink cartridges dropped by 7.49%. These achievements effectively reduced office resource consumption and waste generation, and tangibly advanced the implementation of green and low-carbon operations.

Awareness Cultivation

The Company has formulated an annual training plan and conducted specialized training on environmental risk prevention, emergency response, and environmental protection regulations. Training covers scenarios including three-level safety education for new employees, morning briefings in workshops, and special operation training, ensuring that employees master necessary environmental protection operational skills. The Company has further organized targeted training on rainwater flood prevention and the use of emergency supplies, enhancing the ability to address environmental risks in special scenarios.



Special Environmental Protection Training



Typhoon and Flood Prevention Drill

The Company promotes environmental protection awareness by organizing employees to participate in the special activity of “Identifying Hidden Dangers via Error Spotting”. This encourages employees to practice green behaviors such as saving paper, electricity, and water in daily work.

4.1.3 Risks and Opportunities

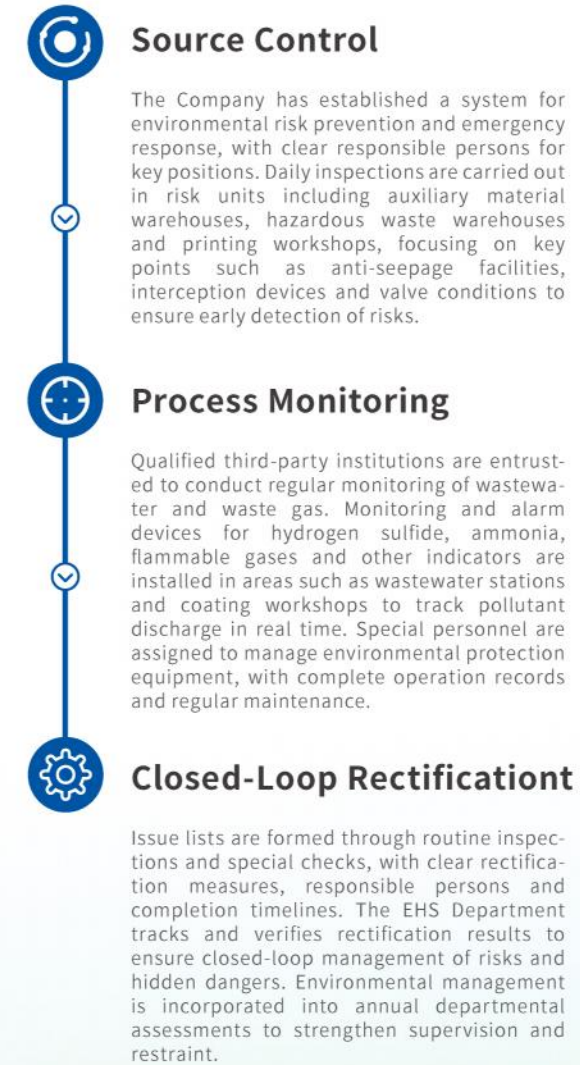
Based on the production characteristics of the packaging industry, the Company systematically identifies environmental risks in its operations. While effectively preventing risks, the Company turns green transformation into opportunities for sustainable development, achieving synergistic improvement of environmental and economic benefits.

Risk and Opportunity Identification

Risk	Description	Actions
 Chemical and Hazardous Waste Risks	·Risk of leakage of water-based inks, lubricants, hazardous wastes and other substances during storage, use and transportation, which may cause soil and groundwater contamination	<ul style="list-style-type: none"> Upgrading pollution control Applying green technologies
 Pollution Treatment Facility Risks	·Malfunctions of waste gas treatment facilities, wastewater treatment stations and other facilities may lead to excessive discharge of pollutants	<ul style="list-style-type: none"> Conducting compliant disposal of hazardous waste Implementing institutional accountability
 Extreme Weather and Emergency Risks	·Natural disasters such as typhoons and rainstorms may trigger secondary environmental incidents; sudden fires, leakages and other accidents may amplify environmental impacts	

Opportunity	Description	Actions
 Cultivation of Green Competitive Advantages	<ul style="list-style-type: none"> ·Application of low-carbon technologies helps reduce costs and improve efficiency, and renewable energy policies provide support ·Market demand shifting toward degradable and plastic-free packaging, leading the industry's green transformation ·Evident trend of greening the supply chain with urgent demand for joint carbon reduction among upstream and downstream partners 	<ul style="list-style-type: none"> ·Upgrading technologies and optimizing processes to reduce carbon footprint per unit product ·Researching, developing and promoting sustainable products to meet market demand for green consumption and expand application scenarios of eco-friendly packaging ·Enhancing the brand's green image and strengthening supply chain competitiveness through system construction


Risk Supervision Process





4.1.4 Indicators and Targets


2025 Performance Highlights


RMB

 **60000**
million total environmental protection investment

 **3**
environmental emergency drills conducted

 **6**
environmental protection training sessions held

 **0**
incidents related to accidental leakage and pollution occurred

 **100%**
of operating sites covered by the ISO 14001 Environmental Management System certification

4.2 Addressing Climate Change

4.2.1 Governance Mechanism

The Company actively responds to the global call for addressing climate change. With reference to the climate-related disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Company coordinates the advancement of climate-related management and has established a climate governance structure featuring overall decision-making by the Board of Directors, implementation led by the Sustainability Development Center, collaborative delivery by functional departments, and participation and practice by all employees. Climate risk-related work is integrated into the Company’s overall risk management system to ensure the standardized and systematic advancement of climate change governance.

Climate Governance Structure

Governance Level	<p>Board of Directors</p> <p>As the supreme decision-making body of the Company, the Board of Directors assumes the core leadership responsibility for climate management. It incorporates climate change response into the Company’s overall strategic layout, fully considering the potential impacts of climate-related risks such as typhoons and floods on production operations, supply chains and financial performance. The Board approves the sustainability strategy and carbon emission reduction targets, supervises strategy implementation and resource allocation, regularly reviews climate-related topics and progress, and provides overall supervision and guidance on environmental affairs to ensure policy implementation and target achievement. Specialized committees including the Audit Committee and the Remuneration and Assessment Committee are established under the Board to provide professional support for climate-related decisions and ensure scientific governance.</p>
Management Level	<p>Sustainability Development Center</p> <p>As the leading department for climate management, the Sustainability Development Center reports directly to the Board of Directors and undertakes core executive responsibilities. It identifies and assesses material topics, climate-related risks and opportunities in the field of climate change, and develops special plans including carbon emission reduction pathways and energy management strategies. It promotes the implementation of key initiatives such as circular economy design principles and product carbon footprint accounting systems, coordinates collaboration among various functional departments, supervises the decomposition and implementation progress of climate targets, and regularly summarizes and analyzes performance results and issues to provide data support for the Board’s decision-making.</p>
Implementation Level	<p>Functional Departments</p> <p>All functional departments of the Company undertake specific implementation responsibilities in addressing climate change. The Equipment and Energy Department advances technical energy-saving measures such as rooftop photovoltaic development and energy-saving equipment upgrading, builds an energy management platform, and optimizes the energy structure. The Procurement Department strengthens the procurement of low-carbon raw materials from upstream suppliers, prioritizes sustainable-sourced materials such as FSC® certified paper, and promotes the low-carbon transformation of the supply chain. The Environment, Health and Safety Department is responsible for refined management of pollution emissions, optimizes wastewater and waste gas treatment processes, and controls climate-related environmental risks. The Production Planning Department implements refined production management, promotes carbon reduction measures including process optimization and recycling of leftover materials, and achieves targets for reducing raw material waste and loss.</p> <p>Participation by All Employees</p> <p>Employees are important participants in climate management. Through training, employees gain a good understanding of the Company’s sustainability strategy, carbon emission reduction targets and climate-related material topics. In daily work, employees practice energy conservation and consumption reduction requirements and participate in green office and production emission reduction activities. Meanwhile, acting as climate risk observers, employees promptly report potential environmental hazards, fostering a climate governance culture of vertical linkage and joint efforts across the entire organization.</p>

ADDRESSING CLIMATE CHANGE

Governance

Execution

Management

4.2.2 Methods and Strategies

For the management of climate-related risks and opportunities, the Company has actively formulated a strategic action pathway for carbon emission reduction, with continuous efforts across key areas including products and services, supply chain, R&D, and operations.

Strategic Action Pathway for Carbon Emission Reduction

Scope 1 and Scope 2 Emission Reduction

The Company achieves its Scope 1 and Scope 2 emission reduction targets by optimizing production processes and promoting product innovation, such as adopting the 4R1D (Reduce, Reuse, Recycle, Recover and Degradable) design philosophy, combined with on-site rooftop photovoltaic power generation and the procurement of green energy.



Scope 3 Emission Reduction

The Company realizes its Scope 3 emission reduction targets through cooperation along the upstream and downstream value chain. Measures include procuring and using raw materials and services with relatively low carbon footprints, transitioning toward low-carbon product design, and increasing recyclable design to lower carbon emissions during product use and post-consumer treatment.



Total Power Generation of Shanghai Ailu in 2025 Reached 8,839,300 kWh.



CARBON FOOTPRINT

Starting with in-house carbon reduction, the Company embraces advanced technologies and advances management transformation. It has developed and implemented a product carbon footprint accounting system covering its various product lines, enabling the tracking and calculation of carbon footprints for individual SKUs. In 2025, carbon footprints were calculated for a total of 81 SKUs. The Company's ESpeed® Plastic-Film-Free Paper-Based Packaging for fast-moving consumer goods has entered commercial application. The related products have been successfully launched with sales revenue exceeding RMB 10 million.

Green R&D and Production

The Company integrates light-weight and modular processes into the design stage to improve resource utilization efficiency from the source.



Digital Energy Management

A digital energy management system has been established to realize full-chain real-time monitoring and accurate accounting of energy consumption including electricity, water and raw materials.

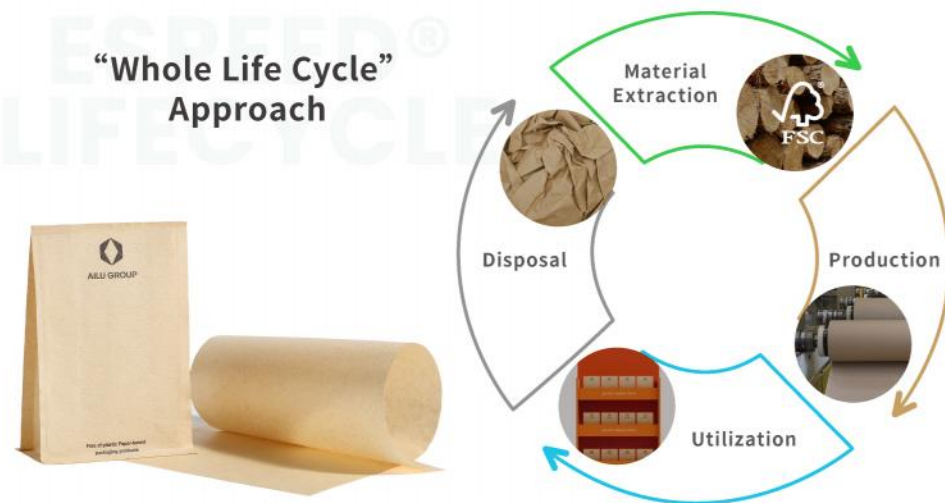


Life-Cycle Carbon Management

Relying on the PLM platform, the Company has built a life-cycle carbon management mechanism to quantitatively track and continuously optimize product carbon footprints.



"Whole Life Cycle" Approach



The Company's ESpeed® Paper-to-Plastic Products Adopt Waterborne Emulsion Coating Instead of Traditional Plastic Lamination to Deliver Plastic-Free, Heat-Sealable, Easy-to-Recycle and Easy-to-Regenerate Low-Carbon Packaging Solutions.

Case: AiTop Plastic-Free Valve Sacks Drive Green Packaging Upgrade

In response to the packaging needs of moisture-sensitive products such as mortar, the Company has developed and launched the AiTop plastic-free valve sack solution through innovation in water-based plastic-free coating materials. While maintaining excellent moisture resistance and content protection performance, the product realizes a plastic-free design, significantly improving recyclability and reducing carbon emissions. The AiTop plastic-free valve sack is directly compatible with customers' existing production lines, eliminating the need for additional equipment investment, lowering customers' switching costs during the green transition, and balancing performance, efficiency and sustainability. This solution provides brand owners in the mortar industry with a feasible, high-quality green packaging path, driving the industry toward low-carbon and sustainable development.



Aitop Plastic-Free Valve Sacks

Key Performance



The carbon dioxide emission equivalent of AiTop plastic-free valve sacks is

95g

per piece lower than that of conventional valve sacks, representing a

26.84%

reduction



In 2025, the Company shipped over

60000

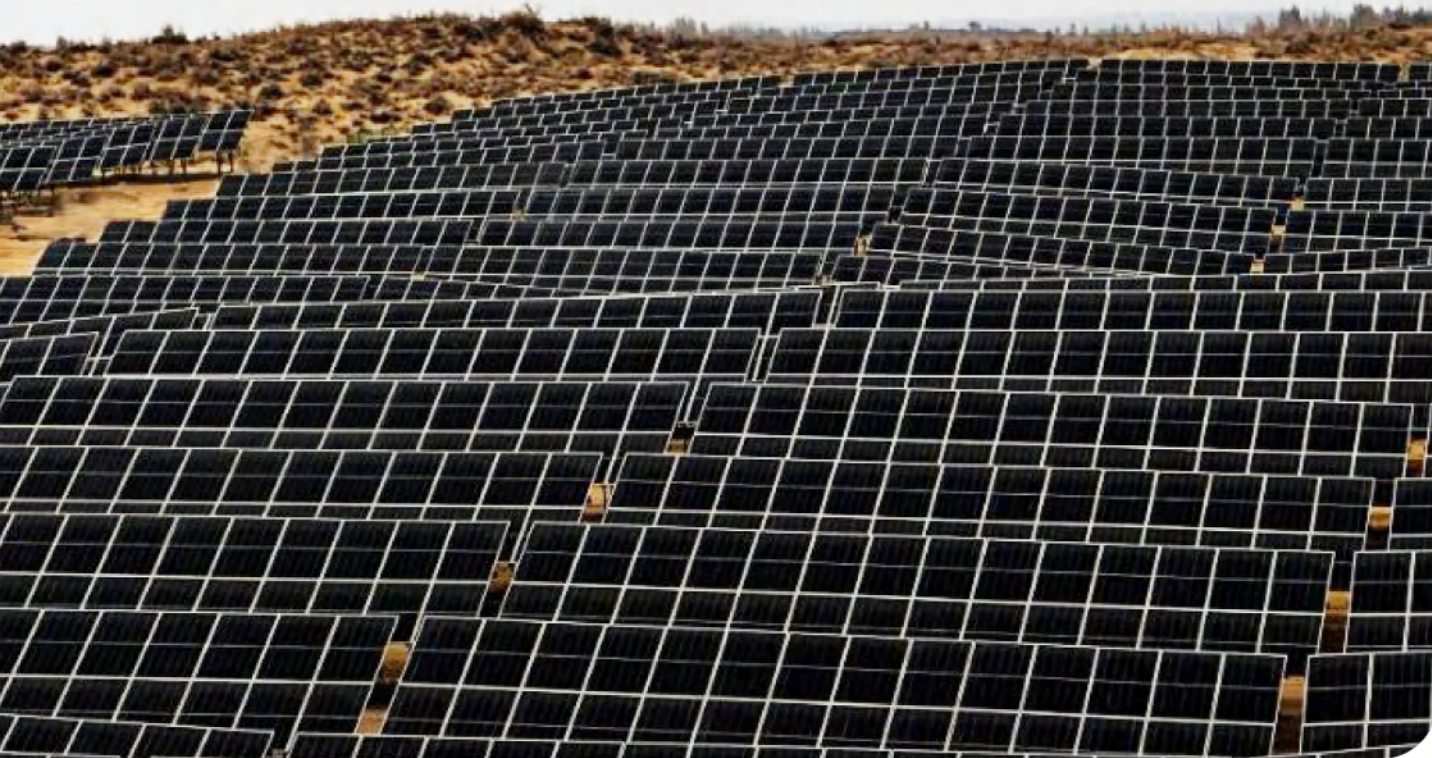
pieces, equivalent to a reduction of

5700kg

of carbon dioxide emissions

Case: Composite Material Borders Safeguard Stable Power Generation at Huaneng Xinjiang Desert Photovoltaic Power Station

With the accelerated development of green energy layout in Northwest China, the large-scale desert photovoltaic power station project of Huaneng Xinjiang in Kekedala City is advancing steadily. As a key deliverable of the strategic cooperation between the Company and Huaneng New Energy, the polyurethane composite material borders developed by Aina New Energy, a holding subsidiary of the Company, have been successfully applied to this project.



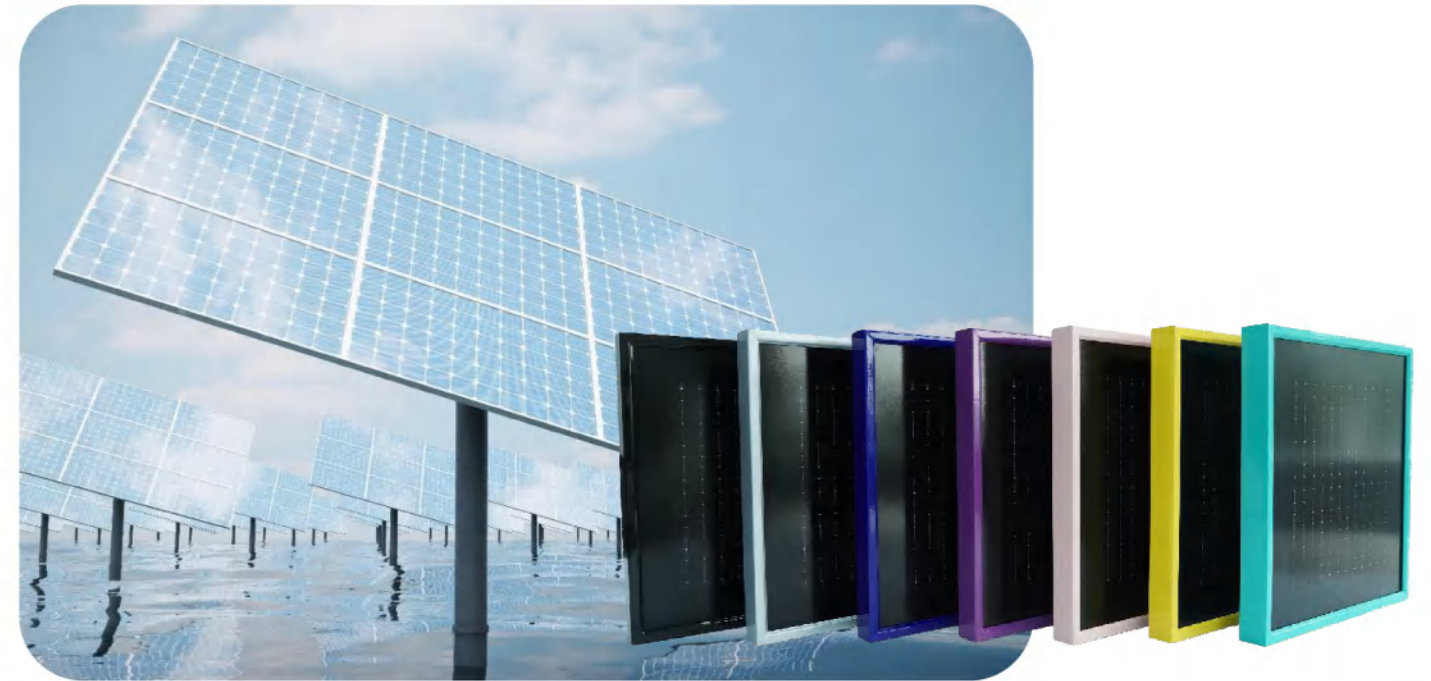
Large-Scale Application of Composite Material Borders in Northwest Photovoltaic Power Stations to Withstand Extreme Environments

Northwest China, with its abundant sunlight and vast land, is an ideal location for constructing centralized photovoltaic power stations. However, the high temperature, extreme cold and strong wind and sand environments impose stringent requirements on the weather resistance and structural stability of border components. Entering a critical period of "cost reduction and efficiency improvement", the industry long dominated by aluminum borders is accelerating the search for breakthroughs in new materials. The large-scale application of composite material borders in Huaneng Xinjiang Power Station project for the first time not only verifies its reliability in extreme environments, but also marks that photovoltaic border products have officially entered a new stage of "diversified scenario application". To build a high-quality benchmark power station, the project selected components from global leading suppliers. With excellent performance and dimensional accuracy, Aina's composite material borders achieve precise component matching and efficient installation, earning high recognition from customers.

Outstanding Performance Driving Differentiated Value in Multi-Scenario Applications

Aina's composite material borders, with outstanding performance and cost advantages, meet the market demand for high-quality, cost-effective products. The product boasts broad application prospects and can create differentiated value in complex environments such as centralized power stations in Northwest China, coastal tidal flats, and high-altitude, high-salt-fog areas.

- **High structural strength and impact resistance:** Ensure the safe and stable operation of components in extreme environments.
- **Strong corrosion resistance:** Resist erosion from corrosive media such as wind, sand and salt fog for a long time, extending the service life of components.
- **Compatibility with large-size components:** Future 210N and RE models achieve lightweight while meeting structural strength requirements, reducing transportation and installation loads.
- **Superior full-life-cycle economy:** Help power stations effectively control initial investment and long-term operation and maintenance expenses.



The Company further translates its Science-Based Targets into green supply chain actions, partnering with stakeholders to co-create a new industrial chain order.

Upstream

The Company empowers suppliers to evolve from compliance to value-added, facilitating information disclosure and low-carbon transformation.

Downstream

Through carbon reduction design, data sharing and customized solutions, the Company assists customers in optimizing packaging and transportation carbon emissions, achieving full-life-cycle decarbonization and improved circular efficiency of products.

Case: Signing of Framework Cooperation Agreement with Huaneng Clean Energy Research Institute

On January 13, 2025, Huaneng Clean Energy Research Institute Co., Ltd. and Aina New Energy, a holding subsidiary of the Company, signed a Framework Cooperation Agreement.



The specific cooperation between the two parties will be carried out in depth across seven key areas:

R&D and Application of New Photovoltaic Products

Leveraging their respective advantageous resources, the two parties plan to identify suitable project opportunities, develop specialized photovoltaic technology application solutions for scenarios such as coastal, offshore, desert, Gobi, wasteland, and mountainous areas, and jointly promote the construction of demonstration power station projects.

Verification of New Photovoltaic Materials and Modules

Based on the construction of large-scale outdoor verification bases for Gobi, offshore, and desert photovoltaic power stations by the Clean Energy Research Institute, the two parties plan to conduct outdoor verification and testing of new photovoltaic materials and modules. This will verify the power generation characteristics of photovoltaic modules in various typical application scenarios and analyze the structural, mechanical, and aging characteristics of photovoltaic materials.

Testing and Differentiated Certification of New Photovoltaic Products

The two parties plan to conduct product testing and differentiated certification of new photovoltaic module composite material borders, composite material supports, and photovoltaic components in multi-scenario environments (including extreme cold, extreme heat, high humidity, low irradiance, and high salt fog). They also aim to jointly establish a comprehensive certification system for new photovoltaic materials.

Industrial Cooperation for New Photovoltaic Materials and Products

The two parties plan to explore solutions and approaches for industrial cooperation through joint innovation, scientific and technological research, and other modes, promoting the industrial implementation of new photovoltaic materials and products, supply chain integration, and application scenario development.

Formulation and Implementation of Standards for New Photovoltaic Materials and Products

The two parties plan to jointly promote the formulation and implementation of international, national, and industry standards for advanced photovoltaic technologies such as new photovoltaic materials and products, leading the high-quality development of the new energy industry.

Promotion of National Major Project Applications

Through project cooperation and application, the two parties can integrate resources, improve the success rate of project application, and jointly undertake the R&D and implementation of major projects to drive the innovative development of clean energy.

Technical Exchange and Talent Training

The two parties plan to jointly formulate talent training plans, adopt various training and communication methods, provide practical opportunities to each other, and jointly cultivate applied and compound high-end talents.



Case: Participation in the 2025 Shanghai International Carbon Expo and Carbon Governance Forum



In June 2025, Shanghai Ailu was invited to attend the 3rd Carbon Governance Forum. The Company's head of sustainable development participated in the roundtable discussion at the forum, sharing and exchanging views with other guests on topics including carbon management, regulatory requirements for ESG rating systems, and green development of the new materials industry.

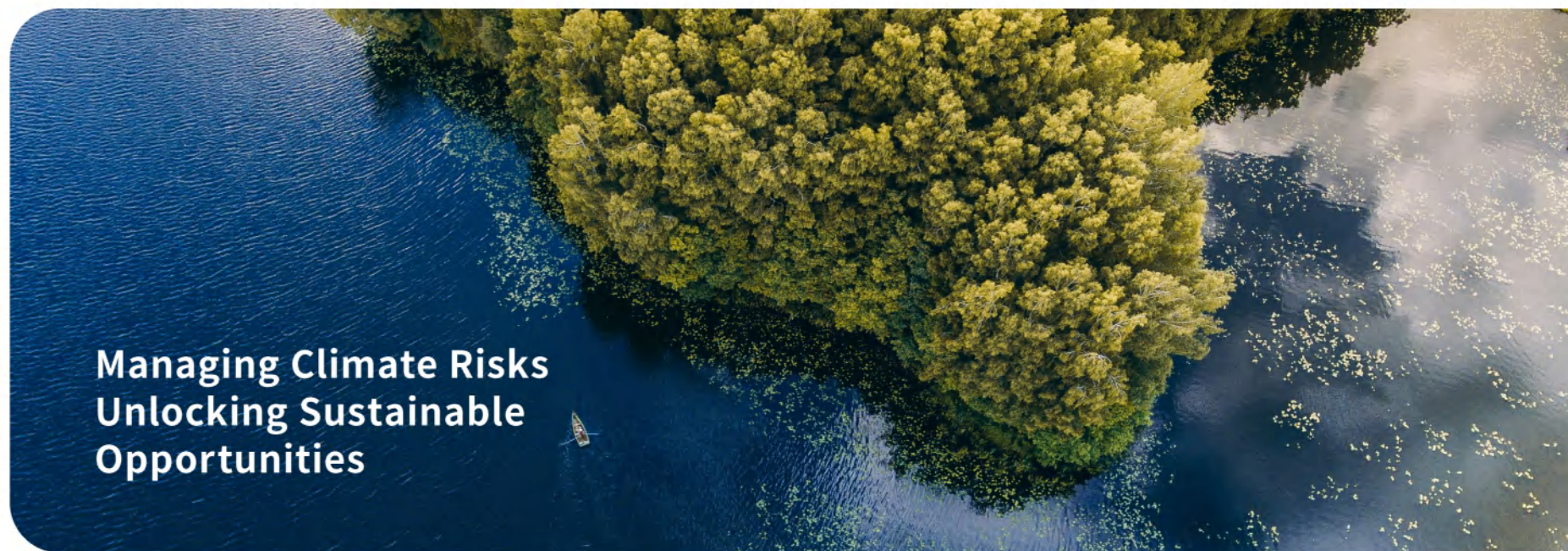


In the same period, Shanghai Ailu made its debut at the 2025 Shanghai International Expo of Carbon Neutrality Technologies, Products and Achievements. As a specialized, sophisticated, unique and new enterprise and a high-tech enterprise focused on carbon neutrality industrial applications, the Company shared its green and low-carbon packaging solutions and smart factory construction achievements with all sectors of society, presenting demonstration experience of green transformation driven by new quality productive forces.

4.2.3 Risks and Opportunities

The Company has established a climate risk management process featuring identification, assessment and response. Using a combination of qualitative and quantitative methods, it systematically identifies climate-related physical risks and transition opportunities, and develops targeted response strategies to achieve coordinated progress in risk control and opportunity realization. Guided by the Measures for the Administration of Climate Change Response and Sustainable Development, the Company defines three time horizons: short-term (0-3 years), medium-term (4-9 years), and long-term (10 years and above), and builds a risk identification system covering direct operations as well as the upstream and downstream value chain. Through regular research, multi-stakeholder communication and scenario analysis, combined with industry characteristics and business layout, the Company comprehensively assesses the potential impacts of climate change on production operations, supply chains and financial performance, and identifies and compiles a list of risks and opportunities.

Risks	Short-term	Long-term	Opportunities	Key Measures
 Typhoons and Floods	<ul style="list-style-type: none"> Production disruptions leading to delayed deliveries, affecting orders and revenue Facility damage reducing production capacity and increasing restoration costs Supply chain interruptions causing higher costs and lower revenue 	<ul style="list-style-type: none"> Adverse effects on financial performance, share price and valuation Damage to corporate image and declining industry position Rising sea levels rendering production bases unsuitable, with increased costs for capacity relocation 	<ul style="list-style-type: none"> Formulate and implement sustainable development strategies Follow a low-carbon development path Enhance the Company's industry leadership status 	<ul style="list-style-type: none"> Adopt new technologies and equipment, continuously improve production processes to reduce corporate carbon emissions Strengthen procurement of low-carbon products upstream and supply of low-carbon products downstream
 Extreme High and Low Temperatures	<ul style="list-style-type: none"> Increased costs for heatstroke prevention and cooling, posing challenges to employee health Rising electricity consumption increasing operational costs Power rationing affecting production continuity 	<ul style="list-style-type: none"> Increased pressure on overall cost expenditure Challenges in talent recruitment and retention 	<ul style="list-style-type: none"> Improve the level of intelligent production Optimize the energy structure 	<ul style="list-style-type: none"> Build self-owned photovoltaic power generation facilities Adopt clean energy sources



**Managing Climate Risks
Unlocking Sustainable
Opportunities**

4.2.4 Indicators and Targets

Toward global net zero by 2050 and to help achieve the 1.5°C temperature control goal of the Paris Agreement, the Company continues to deepen its low-carbon development strategy. In 2025, its emission reduction commitments were officially approved by the Science Based Targets initiative (SBTi).

Case: Science-Based Targets Approved by SBTi

In July 2025, the Company's near-term science-based carbon targets were formally approved, marking recognition from a world-renowned authority of the Company's commitments to addressing climate change.

New Climate Targets Released in 2025

Green Electricity

By 2028, over **60%**; By 2035, **100%**

Emission Reduction

With SBTi science-based carbon targets set, taking 2023 as the base year, achieve absolute emission reduction by 2030:
Scope 1 & 2: **42%** Scope 3: **25%**

A Net-Zero Future

Science-based carbon targets. Commit to achieving **carbon neutrality** by 2050

Carbon Footprint

Carbon footprint calculation completed for **81** sku products

2025 Performance



Total Greenhouse Gas (GHG) Emissions

215150.45 tCO₂e



GHG Emissions (Scope 1 & 2)

21538.24 tCO₂e



GHG Emissions (Scope 3)

193612.21 tCO₂e



GHG Removals

0 tCO₂e



GHG Emissions per RMB 10,000 of Operating Revenue

1.83 tCO₂e / RMB 10,000



4.3 Improving Resource Efficiency

4.3.1 Water Resource Management

Water is a precious natural resource, and rational water use and water conservation are obligations of both corporate citizens and every employee of the Company. The Company integrates water conservation and optimized utilization into its environmental management system, and continuously improves water resource efficiency by improving systems, clarifying targets and implementing practical measures.

The Company has formulated documents including the Water Management System and Water Conservation Management Network and Job Responsibilities, designating the Equipment Department as the competent department for water conservation, with part-time administrators appointed in each water-using department. This has established a water conservation management network featuring “overall planning by the leading group, implementation by the working group and coordination among all departments”. The Company has established control mechanisms such as metering and statistics, regular maintenance and water balance testing to standardize the daily management and maintenance of water supply pipelines and water facilities, providing institutional support for water conservation initiatives.

Key Water Conservation Actions

Leakage Supervision and Control

- The Company implements dynamic management of water facilities and regularly conducts statistics and analysis of water meter data. Any abnormal water consumption will trigger an immediate investigation.
- During daytime, cleaners and responsible persons in each zone conduct regular inspections of water equipment. Any water leakage is reported and repaired promptly to eliminate water waste at the source.
- Additional night patrol points are arranged for security personnel to focus on checking water running, dripping and leaking in unattended areas such as the administration building and canteen.

Resource Recycling

- Recycled water is used daily for tray cleaning to reduce freshwater consumption.
- The canteen collects rice-washing water for vegetable soaking, achieving resource utilization of wastewater and conserving water resources.

Enhancement of Water-Saving Awareness

- Water conservation is included as a key agenda item in corporate meetings, with regular updates to employees on water usage and conservation performance.
- Water-saving signs are posted in washing rooms, toilets, canteens and other water-consuming areas. Water-saving culture is promoted through blackboard newspapers, videos, posters and other channels.
- A water-saving publicity week is organized to disseminate national water-saving policies and the Company’s water-saving regulations.

Technical Optimization of Facilities

- The Company carries out comprehensive inspections and maintenance of water supply pipelines, valves, water meters and other facilities on a regular basis, and replaces aging and damaged components in a timely manner.
- All water facilities and appliances comply with national water-saving product standards to reduce water consumption at the end-use point, with continuous upgrading of water-saving equipment.
- Water balance technical testing is conducted in accordance with national standards to accurately identify opportunities for water use optimization.

With the core objectives of “continuous decline in water resource consumption and steady improvement in utilization efficiency”, the Company sets annual targets for water use reduction and promotes the expansion of water recycling scenarios. In 2025, the overall water consumption did not meet expectations due to the occupancy of the new factory. However, water consumption in the core production areas decreased by 7% compared with 2024, exceeding the annual water conservation target of 5%, marking continuous progress toward efficient water resource utilization.

2025 Performance



Total water consumption

206162

tons



Water consumption per RMB 10,000 revenue

1.76

tons / RMB 10,000

4.3.2 Circular Utilization

The Company fully practices the core principles of circular economy: “Reduce, Reuse, Recycle”. It integrates efficient resource recycling into the entire production and operation process, improves systematic management policies, and conserves and recycles packaging materials, production materials and other resources through diversified initiatives, supporting the green transformation of the industry.

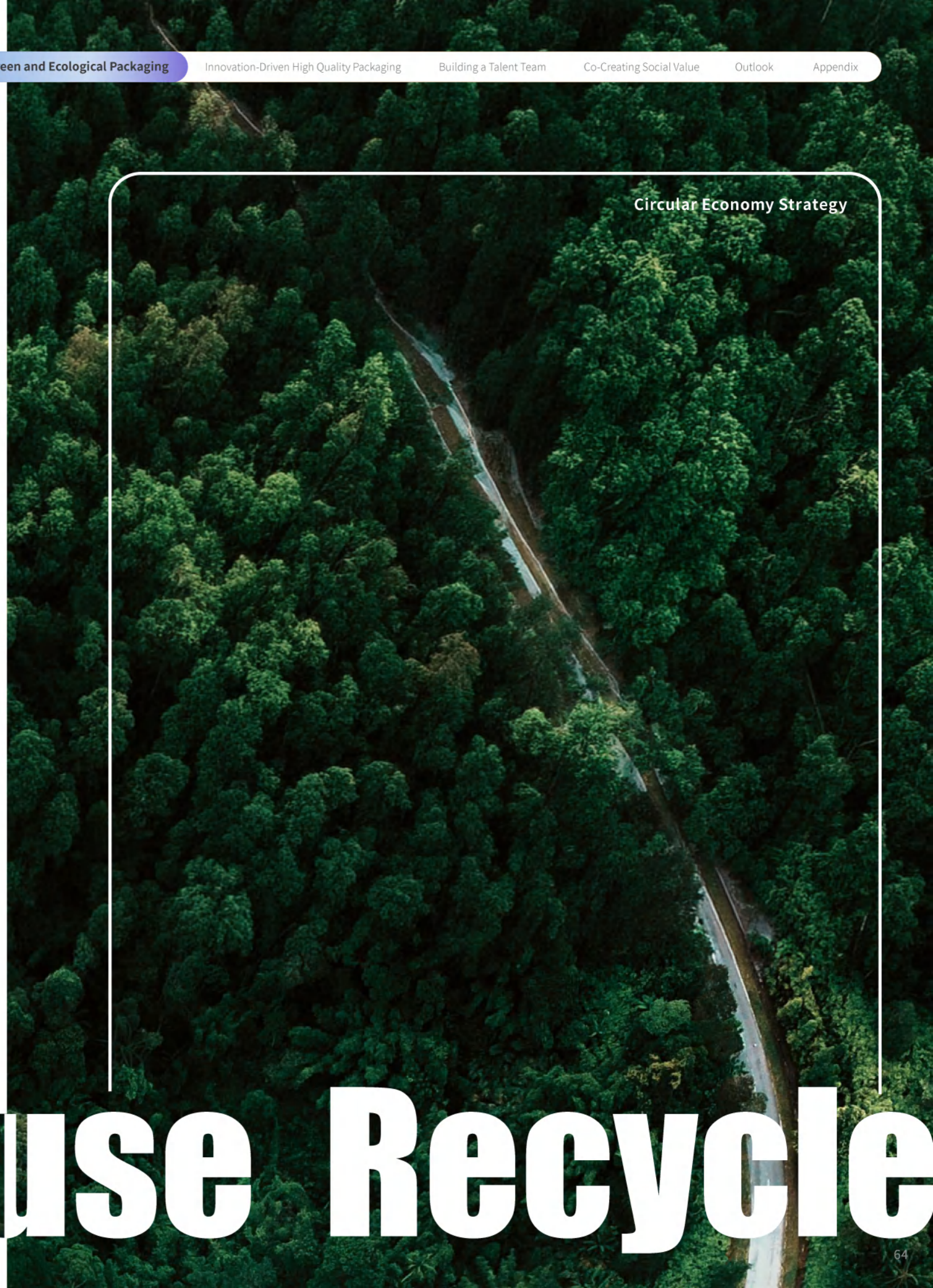
Circular Economy Management Strategy

Based on the 3R principles of circular economy (Reduce, Reuse, Recycle), the Company minimizes waste generation and achieves closed-loop material flow during production by restructuring production processes and optimizing resource allocation. This ultimately reduces reliance on virgin resources, improves resource utilization efficiency and enhances the Company’s sustainable competitiveness.



Guided by its circular economy management strategy, the Company has set the core target of “achieving a 50% utilization rate of recycled materials in products by 2030” and incorporated resource circularity indicators into the performance assessment system of all departments. In accordance with the Warehouse Management System, Warehouse Management Specifications and other internal documents, the Company has refined classification standards for packaging material recovery, reuse procedures and material loss control requirements. It implements the “first-in, first-out” principle and inventory age management mechanism, and sets differentiated storage periods and management standards for paper, plastic pellets, printing inks and other materials. Meanwhile, through standardized documents including the Plastic Pallet Cleaning Work Instruction and PVC Pipe Cleaning Work Instruction, the Company standardizes the entire process of cleaning, disinfection, inspection and warehousing of recycled packaging materials. Supported by general provisions on resource conservation, the Company encourages all employees to participate in resource-saving practices in both office and production activities.

Circular Economy Strategy



Reduce Reuse Recycle

Packaging Material Recycling and Reuse

The Company has established a complete process of “collection, classification, treatment and reuse” to achieve efficient recycling of packaging materials. In 2025, the recovery rate of plastic cover plates reached 77%. Recycled packaging materials are classified based on surface contamination and damage level: intact and clean materials are directly reused in production workshops; slightly damaged materials are used for logistics turnover; only severely contaminated or damaged items are disposed of in accordance with regulations.

Through standardized treatment procedures including high-pressure water gun cleaning, neutral detergent soaking and ozone disinfection, combined with protective measures such as air drying and stretch wrapping, the Company ensures that recycled packaging materials meet safety standards. This practice has significantly reduced the demand for new packaging procurement and lowered resource consumption.

Production Material Conservation

The Company actively promotes waste recycling and loss control to improve the first-pass yield of finished products and advance the reuse of Post-Industrial Recycled (PIR) materials. In 2025, through refined production management, the Company decomposed the target of “reducing annual raw material waste loss by 5%” to each workshop and responsible person, optimized production techniques and layout design to cut material waste.

Via technological innovation and equipment upgrading, the first-pass yield of core products on the heavy industrial packaging bag production line exceeded 99%, with the production scrap rate controlled within 1%. The Company also strengthened ink management for printing processes; through rational reuse of residual ink, ink consumption per RMB 10,000 output value decreased by 4.36% compared with 2024. In addition, through equipment retrofitting and process optimization, the Company reused approximately 500 tons of internally generated PIR materials, further improving raw material utilization.

Green Material Upgrade

The Company promotes eco-friendly raw materials including water-based inks and starch-based adhesives to replace high-consumption and high-pollution alternatives. Replacing solvent-based inks with water-based inks has reduced pollution from harmful solvents in printing. Using biodegradable starch glue instead of conventional white glue for paper bag lamination has decreased the use of chemical-based adhesives, lowering resource consumption and environmental impact at the source.

In product design, the Company follows the 4R1D design philosophy (Reduce, Reuse, Recycle, Recover and Degradable). Products such as industrial paper bags, FFS heavy-duty plastic packaging and ESpeed® fast-moving consumer paper packaging are already recyclable and renewable. The single-polymer technology developed for cheese sheet products facilitates end-of-life recycling and reduces life-cycle resource consumption.

Efficient Warehousing and Logistics

The Company has built an intelligent warehousing system supported by AGV automated handling and three-dimensional racking. The space utilization rate of Phase VI finished goods smart warehouse is 800–1000% higher than that of traditional flat warehouses, minimizing idle resources and waste in storage. The logistics department uses recycled water to clean pallets instead of fresh water, and implements a “replace old with new” system to regulate the distribution and recovery of consumable low-value supplies and spare parts, further reducing resource waste.

Operational and Supply Chain Collaboration

The Company strictly implements air conditioning temperature control standards to reduce resource waste caused by indirect energy consumption. Meanwhile, it promotes online working, advocates double-sided printing and secondary use of waste paper to reduce office paper consumption.

In the procurement of raw materials within the supply chain, the Company gives priority to sustainably sourced materials such as FSC® certified paper and forest-friendly paper. In addition, the Company participated in the compilation of the Research Report on the Sustainable Development of China's Plastic Packaging, driving the development of a circular economy system in the industrial supply chain.

Case: Leading Industry Consensus on Circular Economy

In 2025, as an active practitioner of sustainable development in the packaging industry, Shanghai Ailu participated in the preparation of the Research Report on the Sustainable Development of China's Plastic Packaging, initiated jointly by the Institute of Economic System and Management of the National Development and Reform Commission and the China Packaging Federation. The report was globally released in November 2025 and has become an important think-tank achievement leading the circular economy and green transformation of the industry.



2025 Performance



Total procurement volume of raw materials

69703.00 tons



Proportion of eco-friendly raw materials purchased²

78.16%



Total consumption of raw materials

69292.82 tons



Total consumption of packaging materials

5852.50 tons



Consumption of packaging materials per RMB 10,000 revenue

4.99 x 10⁻² tons / RMB 10,000

² The Company's eco-friendly raw materials include paper, water-based inks, solvent-free adhesives and starch adhesives.

4.4 Adopting Clean Energy

The Company has established a three-in-one energy management system featuring management-based energy conservation, technology-based energy conservation, and structure-based energy conservation. Through continuous optimization of the energy mix, introduction of high-efficiency energy-saving equipment, and enhancement of energy recycling, the Company achieves the dual goals of reducing energy consumption and improving utilization efficiency, supporting the implementation of its carbon emission reduction strategy.

Energy Management Strategy

Centered on lowering energy consumption, reducing carbon emissions, and improving energy efficiency, the Company has formulated a systematic plan in line with its production processes, technical conditions and industry characteristics, so as to realize the coordinated unity of economic benefits, environmental benefits and sustainable development.

Management-Based Energy Conservation

Certified under the ISO 50001 energy management system, the Company has established a four-tier energy management structure: Company - Department - Workshop - Team, with clear responsible persons at each level, forming an energy management network covering the entire organization. By building an energy management platform and installing smart electricity meters, flow meters and other metering instruments at key energy consumption nodes, real-time energy data is collected, enabling data visualization and abnormal energy consumption early warning. This provides solid data support for decision-making on energy optimization. Meanwhile, the Company has formulated policies including the Energy Management System and Energy Metering Management System, standardizing the whole process of energy use, metering, statistics and performance assessment. Energy efficiency indicators are integrated into annual departmental assessments. The Company promotes energy-saving measures in green office and production operations, and strengthens employee awareness of conservation through company-wide publicity and training, posting of energy-saving signs, and holding energy-saving competitions, fostering a conservation-oriented culture with full employee participation.



ISO 50001 Energy Management System Certificate



Energy Management Hub for Overall Perception and Real-Time Control of Energy Consumption

Technological Energy Conservation

Introduction and Upgrading of High-Efficiency Energy-Saving Equipment

Magnetic Levitation Centrifugal Chiller

The Company has replaced traditional outdated chillers with magnetic levitation centrifugal chillers. Actual measurements show that average power consumption of the equipment has dropped from 101.67 kWh per hour to 45.6 kWh per hour, representing a power saving rate of 55.1%, which significantly reduces energy consumption in the cooling process.

Ground Source Heat Pump Unit

By leveraging geothermal energy and the constant temperature property of soil, the system provides cooling in summer and heating in winter, with energy-saving efficiency exceeding 40%. It has replaced traditional air conditioning systems, cutting fossil fuel consumption and carbon emissions.

Internationally Advanced Production Lines

The Company has introduced six advanced German printing and bag-making production lines at its new production base. Energy consumption per unit product is 20%–30% lower than the industry average, improving energy efficiency from the production source.

Intensified Energy Recycling

Air Compressor Waste Heat Recovery System

Three 37kW air compressors have been retrofitted for waste heat recovery. Waste heat from lubricating oil is recovered via heat exchange technology to heat cold water used for product drying in curing rooms. This saves approximately 480,000 kWh of electricity and RMB 408,000 in electricity costs annually, with a waste heat recovery efficiency of 66.4%.

Case: Energy-Saving Design of Green Buildings

In 2025, the industrial paper packaging, composite plastic packaging and new material production and construction project of Shanghai Aichuang Packaging Technology Co., Ltd. was put into operation. Adhering to the energy-efficient and low-carbon green building design philosophy, the Company has promoted the intelligent upgrading of the lighting system in park buildings. An intelligent dual-control system is adopted to sense weather changes and automatically adjust lighting brightness. Enabled by technology, accurate and efficient use of lighting resources is realized, substantially reducing energy consumption for building lighting.



Structural Energy Conservation

The Company actively promotes the green transformation of its energy structure, reduces reliance on traditional fossil fuels, and builds a clean and low-carbon energy supply system. In 2025, the Company continued to operate the rooftop photovoltaic power generation project at its workshop buildings. Under an energy performance contracting model, a 330W photovoltaic power station was built, with all generated electricity used for daily production and operations, effectively replacing power from the traditional grid. In addition, the Company has deepened green electricity procurement cooperation with energy enterprises including China Huaneng Group, increasing the proportion of green electricity purchased year by year to gradually expand the share of clean energy in total energy consumption and promote greening of power consumption. Through the combination of clean energy substitution and efficient utilization of traditional energy, the Company's energy structure has been continuously optimized, laying a solid foundation for achieving its strategic target of a 42% absolute reduction in Scope 1 and Scope 2 emissions by 2030.

2025 Performance Highlights



Total Energy Consumption
(Equivalent Value)

0.52

ten thousand tons
of standard coal



Diesel Consumption

58.88

tons



LPG Consumption

10.72

tons



Comprehensive Energy Consumption
per RMB 10,000 Revenue

0.102

ten thousand tons
of standard coal per RMB 10,000



PV Power Generation

883.93

ten thousand kWh



PV Power as Percentage of
Total Electricity Consumption

18.47%



Gasoline Consumption

24.37

tons



Natural Gas Consumption

264.91

tons



Purchased Electricity
Consumption

3901.87

ten thousand kWh



Purchased Green
Electricity

141.50

ten thousand kWh



Total Green Electricity
Consumption

1025.43

ten thousand kWh



Green Electricity as Percentage
of Total Electricity Consumption

21.43%



Coverage Rate of Operating Sites
Certified to ISO 50001 Energy
Management System

100%



4.5 Controlling Pollutants and Waste

4.5.1 Emission Management

The Company strictly complies with national environmental laws and regulations, as well as emission standards at its operational sites. It has formulated a series of emission management systems, including the Three Wastes Management Rules, Water Pollution Prevention and Control Management Procedure, Dust and Waste Gas Pollution Prevention and Control Management Procedure, and Noise Pollution Control Procedure, clarifying the management responsibilities of all relevant departments. Specialized treatment equipment and facilities have been designed and constructed for wastewater and waste gas to ensure unified collection and disposal. Qualified environmental monitoring companies are regularly entrusted to conduct on-site monitoring of the Company’s wastewater, waste gas and noise, ensuring all pollutants are within compliance limits.

Pollutant Category	Name	Generation Process / Location
Waste Gas	· Canteen Waste Gas · Process Waste Gas	· Generated during cooking in the canteen · Generated during production in various workshops
Wastewater	· Domestic Sewage · Industrial Wastewater	· Generated from employees' daily activities · Generated during production in various workshops
Waste	· Domestic Waste · General Solid Waste · Hazardous Waste	· Generated from employees' daily activities · Generated during production in various workshops · Generated during production in various workshops
Noise	· Industrial Noise	· Generated during production in various workshops

Emission and Pollutant Treatment Process

Wastewater	<ul style="list-style-type: none"> · The Company classifies wastewater into industrial production wastewater (from production line cooling, equipment cleaning, floor washing, etc.) and domestic sewage. Industrial wastewater is prioritized for recycling and reuse; non-recyclable portion is pre-treated before being discharged into the municipal pipe network. Domestic sewage is treated and discharged in compliance with regulations. · A three-level monitoring mechanism is established covering “wastewater station inlet - treatment process - total discharge outlet”, with high-frequency monitoring of indicators including COD, ammonia nitrogen and total phosphorus to ensure all discharge indicators meet stringent environmental standards.
Waste Gas	<ul style="list-style-type: none"> · Process waste gas generated from printing, coating and other processes is treated using a combined treatment process. Cooking fumes from the canteen are treated through dedicated purification devices. · Online monitoring equipment is installed to monitor emissions of pollutants such as non-methane total hydrocarbons and sulfur dioxide in real time, ensuring compliance with waste gas discharge standards. · Through RTO waste heat recovery technology, hot water generated from waste gas incineration is used for heating curing rooms.
Noise	<ul style="list-style-type: none"> · Special prevention and control facilities are installed for noise control. Industrial noise is reduced through equipment improvement, rational layout, and the addition of sound-absorbing and sound-insulating materials. · Noise monitoring points are set up around the plant boundary, and equivalent sound level monitoring is conducted quarterly.

The Company incorporates indicators such as the compliance rate of “three wastes” discharge and the resource utilization rate of general solid waste into its annual performance assessment. During the reporting period, the Company achieved its annual targets, with 100% compliance of wastewater and waste gas discharge with national and local standards, 100% standardized disposal rate of hazardous waste, and 100% compliance rate of noise at the plant boundary.

2025 Performance



4.5.2 Waste Management

In waste management, the Company has established systems including the Responsibility System for the Prevention and Control of Hazardous Waste Pollution and the Management Specifications for Hazardous Waste Packaging, under which it strictly monitors waste generated from operations and adopts safe and reliable disposal methods. The Company has set up special warehouses for the storage of waste, which is uniformly collected and warehoused by dedicated personnel. Qualified professional institutions are regularly entrusted to carry out the transfer and disposal of such waste.

Waste Disposal Process

General Waste

- The Company has established a mechanism of “classified collection, designated storage and resource utilization”. Classified trash cans are placed across the production area, with clear collection procedures for industrial scraps, domestic waste and other materials.
- It cooperates with qualified entities to promote the recycling of general waste and achieve comprehensive utilization of raw material leftovers.

Hazardous Waste

- The Company has set clear targets of “100% standardized disposal rate of hazardous waste, 100% packaging compliance rate and 100% implementation rate of transfer manifests”.
- Classification and Packaging: Waste is collected by category; mixing different types of waste in the same container is prohibited. Packaging containers are kept intact to prevent leakage during transportation.
- Storage and Ledger Management: A dedicated hazardous waste temporary storage area is set up with waterproof, fireproof and anti-seepage functions, and hazardous waste labels are clearly posted. A full-process ledger covering waste generation, warehousing and transfer is established to record the source, quantity, storage location and other key information.
- Transfer and Disposal: The Company cooperates with qualified disposal institutions and strictly implements the hazardous waste transfer manifest system to complete transfer in accordance with regulations. Meanwhile, it reduces the harmfulness of hazardous waste through process optimization, such as replacing solvent-based inks with water-based inks and promoting the recycling and reuse of printing inks.



Training on Labeling and Packaging Records for Hazardous Waste Area in 2025

2025 Performance



Total hazardous waste disposed

225.13 tons



Hazardous waste disposed per RMB 10,000 revenue

1.92x10⁻³ tons / RMB 10,000



Total non-hazardous waste disposed

7413.03 tons



Volume of recyclable non-hazardous waste

5471.24 tons



Non-hazardous waste discharged per RMB 10,000 revenue

6.31x10⁻² tons / RMB 10,000



Non-hazardous waste recovery rate

73.81%

4.5.3 Chemical Management

The Company has formulated the Safety Management System for Hazardous Chemicals to regulate the whole-process management of chemicals covering procurement, loading and unloading, storage, usage and scrapping. It has set clear targets of “100% compliance rate in chemical storage and usage, and zero incidence of leakage accidents”. The Company requires that management and operation personnel for hazardous chemicals must pass the assessment of municipal work safety supervision authorities and hold certificates before taking posts. They are also required to participate in special training and emergency drills every year to ensure operational compliance.

Procurement and Loading & Unloading

The procurement department strictly examines supplier qualifications and requires the provision of Chemical Safety Data Sheets (SDS). Transportation is entrusted to enterprises qualified for hazardous chemical delivery.

During loading and unloading, vehicles must be turned off and parked in designated areas. Operators, drivers and escorts shall be on duty throughout the process to prevent leakage caused by vibration or impact. Warehouse management personnel verify safety labels and packaging integrity on-site before warehousing.

Storage and Usage

Hazardous chemicals are stored in special explosion-proof cabinets or warehouses, away from ignition and heat sources. Chemicals of the same nature are stored by category with quantity control. Chemical Safety Data Sheets, usage records and warning signs are posted outside storage cabinets. On-site sub-packaging containers are clearly labeled and equipped with anti-leakage measures.

During usage, single dosage and volatilization are controlled. Operations prone to ignition sources such as high temperature and friction are prohibited. Eyewash stations, fire-fighting equipment and other emergency devices are equipped on-site and inspected regularly for maintenance.

Disposal of Waste Chemicals

Waste chemicals shall be classified and contained after risk identification. Mixing with general waste or direct dumping is prohibited. Residual liquids are sealed and stored in the hazardous waste area, and disposed of by qualified entities uniformly entrusted by the Environment, Health and Safety (EHS) Department.

2025 Performance Highlights



chemical leakage accidents

0

4.6 Protecting the Ecological Environment

The Company has established a dedicated biodiversity management team to systematically identify potential interactions between various production and operation links and the ecological environment. Through full-process control over key aspects including procurement, emissions, transportation and construction, the Company proactively reduces ecological impacts and safeguards regional biodiversity.

Biodiversity Management Strategy

Adhering to the principles of conservation priority, prevention first and coordinated development, the Company actively protects regional biodiversity by controlling the impact of production activities on ecosystems, while integrating biodiversity values into the entire corporate operation process.



Procurement

- The Company strengthens ecological protection at the source by prioritizing raw materials from sustainable sources, such as FSC® certified paper and deforestation-free paper. This avoids habitat destruction and species survival risks potentially caused by raw material extraction at the upstream supply chain, promoting the coordinated development of green procurement and biodiversity conservation.

Emissions

- The Company implements refined management of pollution emissions and continuously upgrades its wastewater treatment system to ensure effluent quality meets ecological and environmental standards, preventing pollution to aquatic habitats including surrounding rivers.
- It optimizes waste gas treatment processes to effectively reduce dust and harmful gas emissions, guarding against damage to regional vegetation caused by acid rain and soil acidification.
- It strictly regulates the disposal process of solid waste. Industrial hazardous waste is transferred to qualified entities for compliant treatment, while general solid waste is prioritized for resource utilization, achieving zero waste land-filling and eliminating habitat occupation or soil contamination caused by solid waste accumulation.

Transportation

- The Company optimizes transportation route planning with full consideration of ecologically sensitive areas along the way, avoiding ecologically fragile zones and reducing disturbances to the surrounding ecological environment from transportation activities.
- It encourages third-party logistics companies to use new energy vehicles to lower the impact of exhaust emissions on the atmospheric environment and surrounding vegetation.

Construction

- During construction, the Company strictly implements ecological protection measures and rationally plans construction areas and schedules to avoid damage to surface vegetation and impairment of regional ecosystem integrity, minimizing disturbances to the surrounding biological habitats.

Through full-process and multi-dimensional ecological protection measures, the Company integrates biodiversity conservation into its entire operation cycle, earnestly fulfills its ecological and environmental protection responsibilities, and supports the stability and sustainable development of regional ecosystems.

2025 Performance Highlights



0

negative environmental impacts caused by biodiversity damage occurred

PART 05

Innovation-Driven High Quality Packaging

Our Philosophy

Shanghai Ailu takes technological innovation as the core engine driving sustainable development. The Company maintains sustained investment in two major directions: green and sustainable packaging, as well as high-value-added packaging, and has established a collaborative mechanism covering “market insight, R&D breakthroughs, and achievement transformation”. Through material upgrading, process iteration and technological innovation, the Company continuously enhances product performance and environmental friendliness, delivers implementable low-carbon solutions for customers, and strengthens its long-term competitiveness and industry leadership.

Our Topics

- R&D Innovation
- Product Quality
- Customer Service

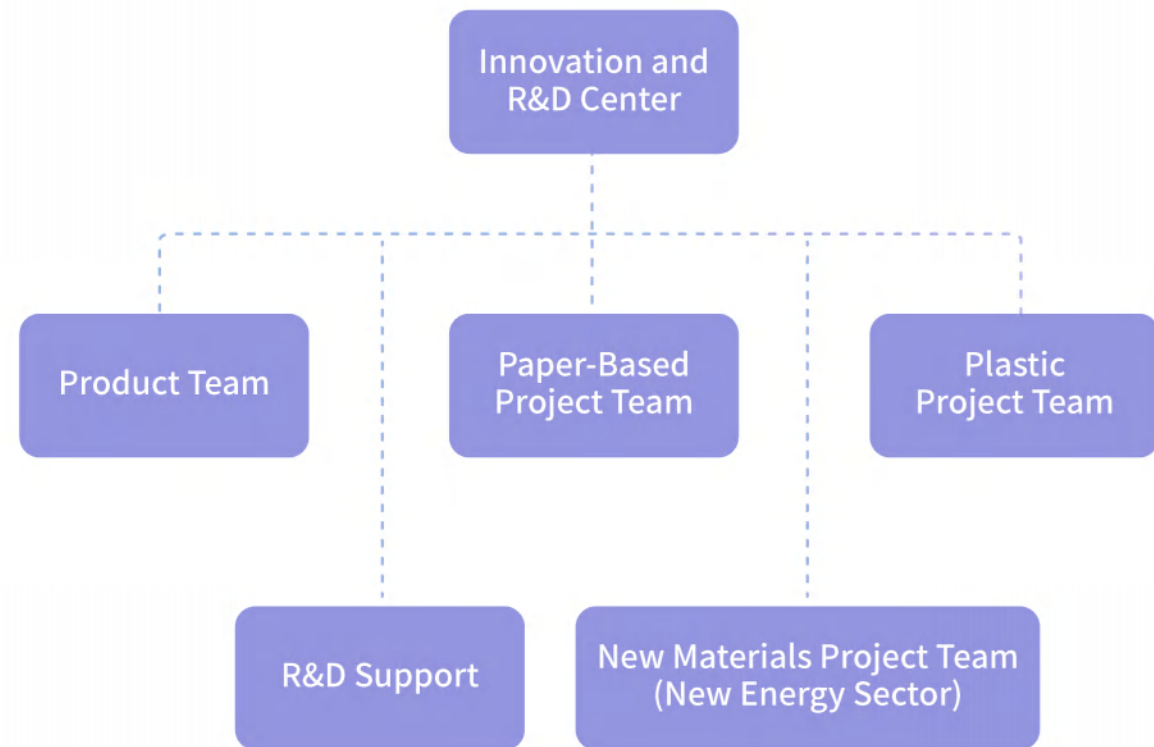
Corresponding to the SDGs



5.1 Advancing R&D and Innovation

5.1.1 Governance Mechanism

The Company regards technological innovation as a vital source of core competitiveness and has established a technology innovation organizational structure with the Board of Directors as the decision-making body, the Innovation and R&D Center as the executive entity, and the Marketing & Product Center and sales teams as collaborative participants. Through a trinity coordination mechanism of “R&D, marketing and sales,” the Company achieves closed-loop management from demand identification and technology research to achievement transformation. Since the establishment of the Innovation and R&D Center in 2021, a three-dimensional R&D network covering management to frontline researchers has been formed. In 2025, the Company reorganized its R&D priorities into five divisions aligned with business development: Product, Paper, Plastic, New Energy, and R&D Support, ensuring the steady progress of research and development.



Corporate Innovation And R&D Structure



5.1.2 Methods and Strategies



Strengthening Innovation Momentum

The Company continuously increases investment in technology and adheres to an innovation strategy that allocates 3% of annual operating revenue to R&D and targets 10 patent applications per year. It keeps enhancing its innovation platforms and laboratory capabilities, consolidating the multi-level R&D network. A dual-channel promotion system and project-based incentive mechanisms for R&D technical personnel have been implemented to improve the talent echelon and ensure the continuity and effectiveness of innovation activities.



Improving R&D Management

A sound R&D management system has been established, with the Marketing & Product Center as the starting point of the R&D chain. Through demand capturing, trend analysis, R&D review and project approval management, R&D directions are closely aligned with business strategies. Focusing on green sustainable packaging and high-value-added packaging, the Company has built a closed-loop management system of “demand - R&D - verification - transformation”.



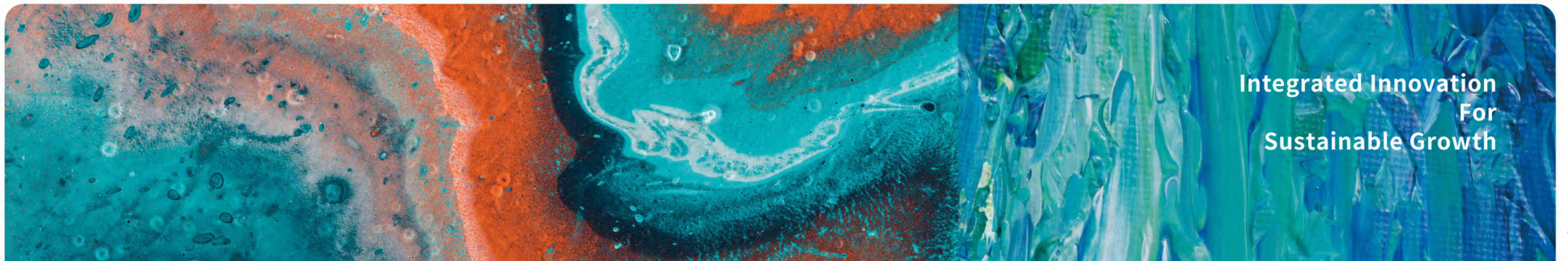
Intellectual Property Management

The Company treats intellectual property protection as a key safeguard for technological innovation. In strict compliance with the Patent Law, Trademark Law and other laws and regulations, it has improved management procedures covering the development, confirmation, utilization, confidentiality, transfer and cooperation of intellectual property rights. While protecting its own intellectual property in accordance with the law, the Company also identifies and prevents infringement risks to avoid violating third-party intellectual property rights, enhancing the security and sustainability of innovative achievements.



Outstanding Innovation Achievements

Focusing on the environmental impact throughout the product life cycle, the Company has developed innovative products such as the AiTop plastic-free valve sack and ESPEED® Plastic-Film-Free Paper-Based Packaging, and continues to advance material lightweighting and high-barrier technology iterations. In 2025, while meeting customer performance requirements, the Company further improved the recyclability and carbon reduction performance of relevant products, strengthening its technological barriers and market competitiveness in green packaging.



**Integrated Innovation
For
Sustainable Growth**

Case: Paper-Based Packaging Solutions Boost Green Transformation in FMCG Industry

Responding to plastic reduction and plastic-free packaging demands in consumer electronics, food, daily chemicals and other FMCG sectors, and in line with environmental policies, Shanghai Ailu has developed paper-based primary and secondary packaging solutions. These products have obtained EU CEPI recycling certification and feature oxygen and moisture barrier properties while adopting plastic-free designs, ensuring product quality and shelf life. The solutions are compatible with customers' existing plastic packaging equipment and support low-temperature, high-strength heat sealing and high-speed packaging applications, avoiding efficiency losses and extra investments caused by packaging upgrades. They help customers complete the transition to eco-friendly packaging without compromising quality or production capacity.

Key Performance



In 2025, Shanghai Ailu provided over

72

tons of paper-for-plastic packaging materials for FMCG customers



reducing an estimated

140

tons of carbon dioxide emissions compared with customers' original aluminum-plated composite plastic packaging.



Corporate Plastic-Free Paper-Based Packaging Products

Case: High-Barrier Film Achieves Cost Reduction, Carbon Reduction and Performance Upgrade







To meet the critical barrier performance requirements of industrial paper sacks, Shanghai Ailu has achieved a breakthrough upgrade in core formulations and developed a new generation of high-barrier film materials. Using lighter substrates, the solution delivers superior barrier performance over previous generations, breaking the traditional mindset that "thicker materials mean higher performance". It improves packaging quality and stability while reducing material consumption, overall costs and carbon emissions. Through material-side technological iteration, the Company provides customers with solutions that balance performance, cost and environmental value, and offers a scalable technical pathway for the industry's green transformation, realizing the synergy of commercial value and sustainable responsibility.



Corporate High-Barrier Film Products

5.1.3 Risks and Opportunities

The Company incorporates technology innovation-related risks into systematic assessment and management, with a focus on identifying risks such as technological iteration, compliance and ESG requirements, intellectual property protection, and supply chain coordination. Dynamic management is implemented through regular evaluations and cross-departmental collaboration mechanisms. Against the backdrop of the “Dual Carbon” goals and green manufacturing trends, the Company regards policy changes, customer green demand, and industry upgrading as important opportunities. Through the research and development of recyclable materials, lightweight product design, and the application of intelligent manufacturing, the Company promotes the transformation of innovative achievements into market and sustainable value, strengthening its long-term competitiveness.

Risk	Short-term impact	Long-term impact	Opportunity	Key Measures
 Decline in Market Competitiveness	<ul style="list-style-type: none"> Customer loss, with major clients switching to suppliers with stronger innovation capabilities 	<ul style="list-style-type: none"> Degradation from a “solution provider” to a “general packaging manufacturer” and loss of pricing power 	<ul style="list-style-type: none"> Maintain the Company’s innovative vitality and continue to lead the market by continuously launching new products. Reap policy and capital dividends generated by technological innovation. 	<ul style="list-style-type: none"> Establish a new product development system and launch short-, medium- and long-term innovative projects to enrich the product portfolio and technology reserve Apply for policy support such as “Specialized, Sophisticated, Unique and New” enterprise and “Green Manufacturing” certifications to enhance brand image Strengthen the joint development model with customers to lock in high-value clients
 Severe Product Homogenization and Price Wars	<ul style="list-style-type: none"> Decline in gross profit margin, loss of high-value orders and low return on R&D investment 	<ul style="list-style-type: none"> Damage to brand value and difficulties in attracting young talent and strategic investors 	<ul style="list-style-type: none"> Conduct innovation with “recyclable design” and “high-barrier solutions” as core objectives. Seize the high-end market and enhance profitability. 	<ul style="list-style-type: none"> Conduct innovation focusing on “recyclable design” and “high-barrier solutions” and develop a full-range product matrix for different tiers and application scenarios
 Compliance and ESG Risks	<ul style="list-style-type: none"> Lower ESG rating affecting the listed company’s image and financing capacity 	<ul style="list-style-type: none"> Termination of customer cooperation and shift to more compliant suppliers 	<ul style="list-style-type: none"> Build green competitiveness in response to the “Dual Carbon” strategy 	<ul style="list-style-type: none"> Launch full-life-cycle recyclable packaging solutions, obtain green product certifications, participate in carbon footprint accounting, improve ESG ratings and support customers in achieving carbon neutrality
 Insufficient Supply Chain Resilience	<ul style="list-style-type: none"> Vulnerability to raw material price fluctuations or supply disruptions 	<ul style="list-style-type: none"> Over-reliance on internal resources leading to higher R&D costs, limited knowledge accumulation and low innovation efficiency 	<ul style="list-style-type: none"> Strengthen supply chain stickiness and strategic cooperation 	<ul style="list-style-type: none"> Upgrade suppliers to “joint developers” and deeply integrate into customers’ product design processes
 Intellectual Property Risks	<ul style="list-style-type: none"> Risk of patent infringement 	<ul style="list-style-type: none"> Leakage of core technologies and lack of technological barriers for products 	<ul style="list-style-type: none"> Drive business cooperation through technological advantages 	<ul style="list-style-type: none"> Implement a dual protection strategy of “patents + trade secrets” File PCT international patents in major export markets
 Tech Talent Risks	<ul style="list-style-type: none"> Delays in R&D progress and low achievement transformation rate 	<ul style="list-style-type: none"> Weakened core competitiveness and missed opportunities for industry upgrading 	<ul style="list-style-type: none"> Translate talent advantages into technological, product and market advantages 	<ul style="list-style-type: none"> Develop targeted measures for talent retention, development and utilization based on the Company’s current employment situation

5.1.4 Indicators and Targets

The Company sets key technological innovation goals to continuously improve R&D investment intensity, innovative product transformation capability, and the application of green technologies, promoting the implementation of innovative achievements in products and business operations.

2025 Performance Highlights



RMB

45.7879

million annual R&D investment



Annual R&D investment accounted for

3.90%

of main business revenue



14

new patents granted with

2

new software copyrights obtained during the year



109

R&D personnel



120

total patents owned



8

total standards participated in formulation



34

process improvement and new product trial projects carried out



23

new patent applications filed during the year



1

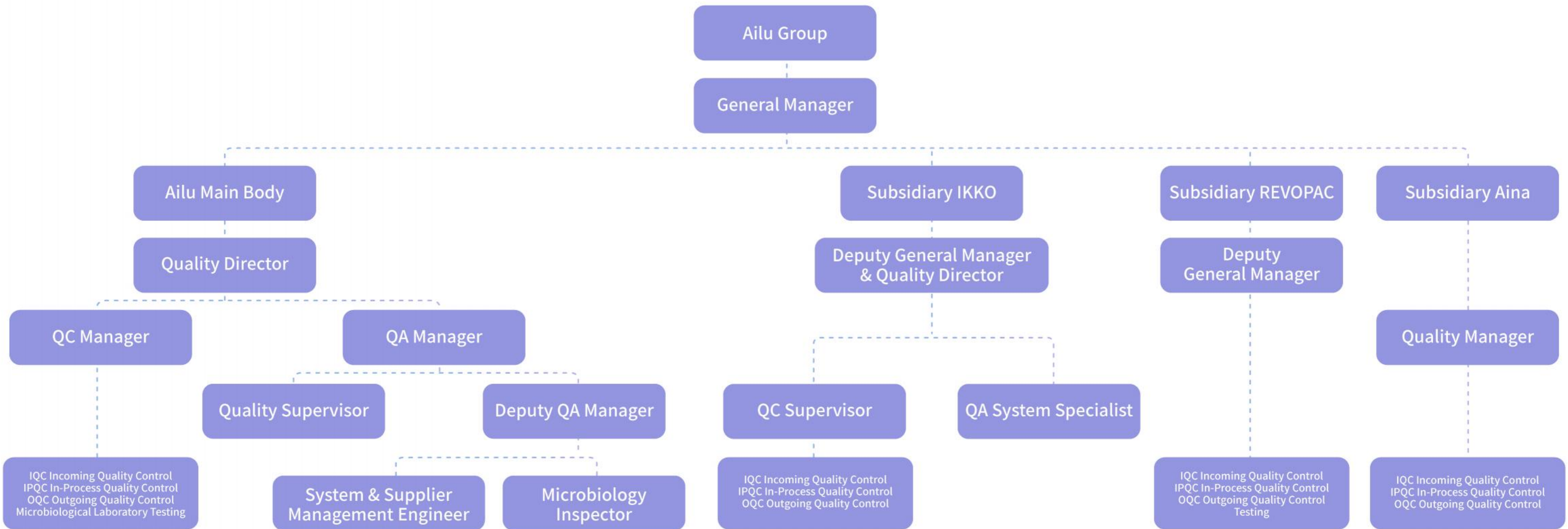
new standard participated in formulation during the year

5.2 Consolidating Quality Management

5.2.1 Governance Mechanism

The Company upholds the quality policy of “Quality First, Continuous Improvement, Customer Satisfaction”. A quality management system is established under the overall coordination of the Deputy General Manager and the direct responsibility of the Quality Director. Functional teams including QC, QA and technical support are set up to take charge of process inspection and laboratory testing, system and supplier quality management, process technical support and after-sales quality improvement respectively, forming a full-process closed-loop quality control system.

Meanwhile, the Company maintains a zero-tolerance, high-standard food safety philosophy and integrates food safety into its unified governance framework. A Food Safety Committee has been established, with the Chairman and senior management leading the formulation of annual food safety objectives and resource allocation. Middle management is responsible for objective decomposition, review and training, frontline management implements critical control point management, and frontline employees follow operational specifications, forming a top-down food safety accountability system.

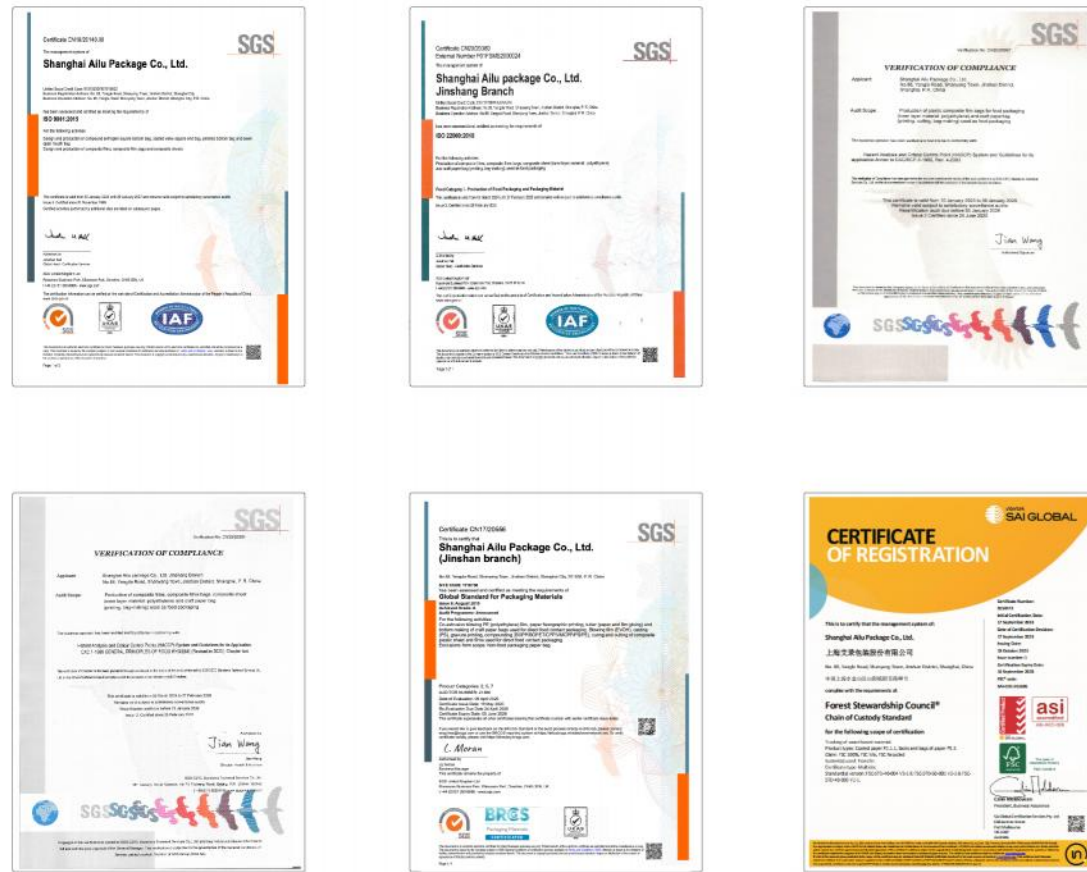


Corporate Quality Management Organizational Structure

5.2.2 Methods and Strategies

Sound Management System

The Company strictly abides by laws and regulations related to product quality and food safety, and has established an integrated management system for quality and food safety covering key links such as product development, raw material evaluation, production process control, finished product inspection, labeling and traceability, customer complaints and recalls. It has obtained international management system certifications including ISO 9001, ISO 22000, HACCP, BRCGS, FSC® and HALAL. For food and direct-contact packaging products, hygiene and safety requirements are incorporated at the product development stage to ensure compliance with national and international food safety standards.



The Company Has Obtained International Management System Certifications Including ISO 9001, ISO 22000, HACCP, BRCGS, FSC® and HALAL

Continuous Improvement of Product Quality

The Company has established cross-departmental quality improvement teams to conduct quality risk assessments focusing on key links including raw materials, production, warehousing, logistics and delivery. Priority issues such as printing defects and inadequate logistics protection are identified and targeted improvement measures are implemented. Through process guidance training, collaboration on customer quality plans and optimization of customer complaint procedures, the Company promotes closed-loop rectification and continuous improvement, enhancing product stability and service levels.

Case: Process Guidance Training Improves Process Quality Control Capability

To reduce quality risks in bag making and bottom pasting processes, the Company organized process guidance training for machine operators, production managers and relevant QC staff in these sections, with a focus on strengthening machine setup skills and process quality control capabilities. The training covered a total of 56 participants. By standardizing key process parameters and on-site control points, the Company improved frontline personnel’s ability to identify and handle process quality risks, supporting consistent product quality and reduced process deviations.



Training Site

Development of Quality and Food Safety Culture

The Company integrates quality and food safety culture into daily management. Through annual training programs, knowledge contests and food safety culture assessments, it enhances the overall staff's understanding of relevant laws and regulations, process control and risk prevention, strengthens accountability and execution, and fosters a management atmosphere that prioritizes quality and safety.

Case: Food Safety Month Knowledge Contest Strengthens Quality Culture

In June 2025, the Company held a "Food Safety Month" knowledge contest to popularize regulations, production processes and quality control points related to food direct-contact packaging among factory employees, improving frontline staff's ability to identify and control food safety risks. The event also helped employees understand the application of technology in packaging food safety and encouraged the exploration of new technologies and methods to promote on-site implementation of production safety and quality management requirements. By fostering a participatory food safety culture, the Company further reduced risks such as foreign matter, pests and microorganisms, while enhancing employee accountability and teamwork.



Knowledge Contest Site

5.2.3 Risks and Opportunities

Quality Risk Management

The Company has established full-process quality risk control requirements covering supplier qualification, raw material inspection, production process control, finished product release, traceability and recall. Controls are implemented across manpower, machinery, materials, methods, environment and measurement. A complete qualified supplier management process and raw material incoming inspection specifications are in place. Quality risks are identified and evaluated at each production stage, with key control points, measures and inspection frequencies defined. A strict finished product release system and non-conforming product control procedure ensure 100% factory product qualification rate.

Case: Thermoformed Food Packaging Composite Sheets Awarded "Shanghai Brand" Certification

In 2025, Shanghai Ailu's Thermoformed Food Packaging Composite Sheets obtained the "Shanghai Brand" certification. With excellent quality recognized as "domestically advanced and internationally competitive"³, the product demonstrates the Company's capabilities in food packaging quality management and standardization. Focusing on dairy applications such as cheese sticks, the Company has developed three product lines: PS cold-chain, PS ambient and single-material easy-recycle sheets, with large-scale mass production advantages. It applies quality standards exceeding national requirements for key indicators and participates in formulating national, industrial and group standards to promote industry regulation and standardization. Meanwhile, the Company optimizes processes and waste recycling systems to increase the proportion of PIR materials. On the basis of ensuring food safety and stable supply, it achieves cost reduction and carbon reduction synergies, providing safe and eco-friendly packaging solutions for leading dairy enterprises.



The Company Was Awarded the "Shanghai Brand" Certification by the Shanghai Brand International Certification Alliance



Guardians of Premium Cheese

³ Source: 2024-2025 Certified Enterprises of the "Shanghai Brand" Program, released by Official WeChat Account "Shanghai Market Regulation"

Non-Conforming Product Management and Product Traceability

The Company has established a full-process control mechanism for non-conforming products and implemented the Non-Conforming Product Control Procedure. Non-conforming raw materials, semi-finished products and finished products are labeled, isolated, reviewed and disposed of to ensure they are not used, processed or delivered. A product identification and traceability system is also in place, supported by procedures including Identification and Traceability Procedure, Notification and Recall Control Procedure and Improvement Control Procedure. Root cause analysis, improvement verification and follow-up are conducted for problematic products identified through internal audits or customer feedback. Shanghai Ailu and Aichuang Packaging regularly conduct recall simulation drills for core mature products such as industrial paper packaging, FFS plastic heavy-duty packaging, and cheese sheets, continuously verifying the effectiveness of recall procedures and forming a closed-loop management of quality risks.

5.2.4 Indicators and Targets

2025 Performance Highlights

Quality Objectives and Performance



First-pass yield of core mature products exceeded

99%



Received

54

second-party audits during the year



Received

20

third-party audits during the year

Food Safety Objectives and Performance



0 for food safety incident rate



Factory qualification rate of food products (biological, chemical and physical hazards) reached

100%



Recall rate for food safety incidents reached

100%



5.3 Enhancing Customer Service

5.3.1 Governance Mechanism

Upholding the business philosophy of "Integrity-Based Operation, Customer First", the Company establishes a customer service coordination mechanism covering sales, R&D, quality, production and after-sales support, with customer needs and experience as the core orientation. Through cross-departmental collaboration, the Company provides integrated solutions for customers in product design, supporting processes, technical optimization and delivery assurance, ensuring timely response and closed-loop handling of customer requests.



5.3.2 Methods and Strategies

Brand Image Management

The Company has established standardized management procedures for brand equity and external communication. The Brand Center is responsible for the unified archiving and management of brand materials, building an intranet shared material library and backing it up to the company's shared cloud disk, while setting access permissions to ensure the security and consistent use of brand assets.

In terms of external communication management, the Company implements an internal review system for promotional content on official social media platforms. All externally released images, text and video content must be submitted to the Brand Manager for review and final approval by the Deputy General Manager before release. When necessary, sales, R&D, marketing & product, and IR departments participate in the review of professional content to reduce information bias and compliance risks.

For external channels including government liaison, customer and partner engagement, and media cooperation, the Company has established an approval system for the external use of brand assets. Any use of brand assets by external parties must specify the intended purpose and publishing channels, and the assets shall be uniformly provided by the Brand Center upon approval. If material modification or secondary editing is involved, the final version must be reviewed and confirmed by the Brand Center before release, ensuring consistent, accurate and controlled brand expression.

Responsible Marketing

The Company strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China and industry regulatory requirements, ensuring that promotions regarding product performance, environmental attributes, certification information and scope of application are true, accurate and verifiable, avoiding exaggerated publicity or misleading statements. In market promotion, business negotiations and customer communication, the Company adheres to the principle of fair competition, prohibiting false propaganda, commercial defamation and improper comparison, and maintains market order and customers' right to know.

Meanwhile, the Company continues to promote digital and international brand building. Through initiatives such as the reconstruction of the English website, online exhibition halls and overseas platform promotions, the Company expands overseas communication channels, enhances brand visibility and service reach efficiency, and strengthens long-term customer cooperation stickiness.



The Company Conducted Product Training for Customers

Information Security and Customer Privacy Protection

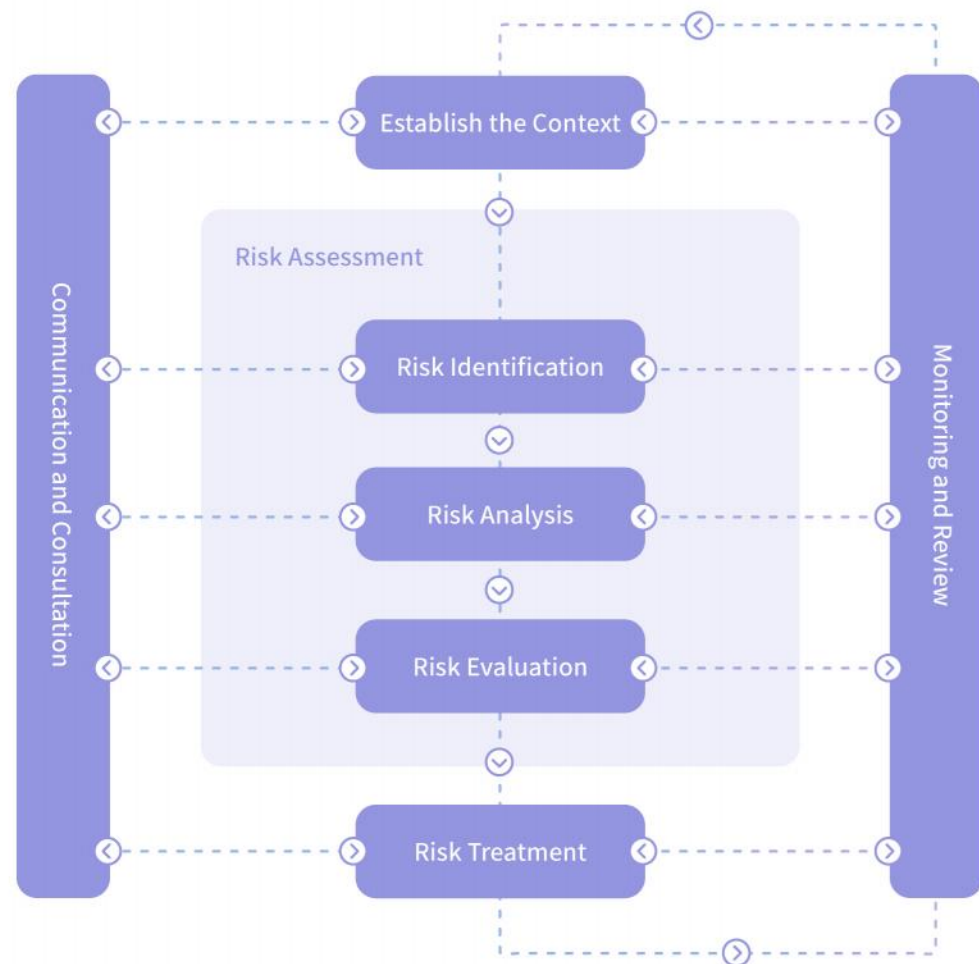
The Company has always strictly complied with relevant domestic and foreign laws and regulations, including the Personal Information Protection Law of the People’s Republic of China, the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, the General Data Protection Regulation (GDPR) of the European Union, and the Personal Data Protection Act (PDPA) of Singapore. Attaching great importance to customer information security and data privacy protection, the Company adheres to the core principles of "information security and data privacy protection", formulates a customer information confidentiality system and information security management system, clarifies the management requirements for customer information in all links such as collection, usage, storage, transmission and destruction, and further clarifies the responsibility boundaries of employees in customer information protection through signing confidentiality agreements and strengthening internal disciplinary constraints.

The entire Company strictly complies with the ISO27001 Information Security Management System standards and implements systematic management in an all-round manner. Among them, the office address located at No. 88, Yangle Road, Shanyang Town, Jinshan District, Shanghai has applied for and obtained the ISO27001 Information Security Management System certification. The Company has formulated the Information Security Management System in accordance with ISO27001 standards, and regularly carries out work such as computer room inspection and information processing facilities maintenance in daily management. Supporting operational guidance documents such as the Equipment and Cabling Safety Strategy and Virus Prevention Strategy are also formulated. Meanwhile, the Company regularly organizes network security emergency drills, including scenarios such as power outage drills and fire drills, to continuously improve information security protection capabilities.

In 2025, the Company systematically identified information assets and conducted risk assessments. A total of 63 information assets were identified, including 57 important information assets. After evaluating them by risk level, various departments formulated targeted control measures to continuously improve the risk assessment process and control procedures.



Company's ISO27001 Information Security Management System Certificate



Information Security Risk Identification and Management Process

Actions To Protect Customer Data and Privacy Security

Access Management

Implement hierarchical access management through systems such as OA and ERP, precisely assign customer information access rights to relevant business personnel, and grant the minimum authorization based on job responsibilities.

Data Encryption

Display customer information in encrypted and abbreviated forms in the system to reduce the risk of direct exposure of sensitive data, and ensure the security of data storage and transmission through technical measures such as data encryption, identity authentication and access control.

Anomaly Monitoring

Deploy protective measures such as data leakage prevention to maintain continuous information security monitoring, establish an information security reporting mechanism, and encourage employees to report suspicious emails and abnormal information.

Awareness Enhancement

Continuously improve employees' security awareness and standardized operation capabilities through information security training to reduce human-induced risks.

Continuous Optimization

Add a new "Privacy Policy" section to the official English website, clearly explaining to visitors the scope of personal information collection, purpose of use, storage and protection measures, as well as users' rights and exercise methods such as inquiry, correction and deletion, so as to enhance the transparency and compliance of information processing.

5.3.3 Risks and Opportunities



Customer Complaint Handling

The Company has formulated the Customer Feedback and Complaint Handling Procedure to establish a standardized mechanism for customer opinions and complaints, ensuring unobstructed channels for customer feedback. For customer complaints, the Company follows processes including recording, investigation, root cause analysis, corrective action formulation and effect verification, compiles 8D reports, and drives collaborative rectification by responsible departments to prevent recurrence. By continuously optimizing the efficiency and quality of complaint handling, the Company reduces customer service risks while continuously enhancing product and service capabilities.



Customer Satisfaction Survey

Through annual customer satisfaction sampling surveys, the Company systematically understands customers' evaluations of product quality, delivery efficiency and service experience. In 2025, the Company surveyed 82 key customers across multiple industries including food, pharmaceuticals, chemicals and building materials, achieving a customer satisfaction rate of 95.33%, which continued to increase year-on-year. The survey results are used to identify service gaps and potential improvement directions, providing a decision-making basis for optimizing customer experience and deepening customer relationships.



Safer Product Usage

The Company has established a product potential risk identification and warning mechanism, and communicates environmental risks and safe usage information to customers simultaneously during the product design and delivery stages. For different packaging products, based on material properties, applicable scenarios and storage & transportation conditions, the Company clearly specifies requirements for temperature and humidity control, load limits, stacking methods and recycling & disposal in technical documents, user instructions and contract communications, to avoid quality or safety risks caused by improper use. Meanwhile, through technical support and customer training, the Company strengthens explanations on the environmental attributes and compliance usage boundaries of products, ensuring customers fully understand product performance and limitations, reducing environmental and usage risks, and enhancing the transparency and safety of full-lifecycle product management.

5.3.4 Indicators and Targets

2025 Performance Highlights



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major food safety complaints received



0

customer information leakage incidents occurred



Customer complaint resolution rate reached

100%



Customer satisfaction rate stood at

95.33%



PART 06

Building a Talent Team

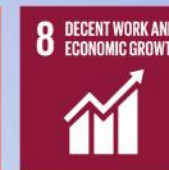
Our Philosophy

Upholding the concept of compliant employment, Shanghai Ailu strictly complies with labor-related laws and regulations, respects employees' basic human rights, and values their growth. By building a sound training system, unobstructed development channels and a scientific remuneration framework, the Company fosters harmonious labor relations and drives the common development of the enterprise and its employees. Meanwhile, the Company places employee health and safety at a strategic priority, strictly abides by laws and regulations, and actively creates a safe and healthy working environment.

Our Topics

- 👉 Compliance Employment and Labor Practices
- 👉 Human Capital Management
- 👉 Occupational Health and Safety

Corresponding to the SDGs



6.1 Upholding Compliance in Employment

The Company has always embedded the concept of compliant employment into every link of its operations. Adhering to the principles of equality, voluntariness and consensus through consultation, the Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations in its operating locations. It fully implements the signing of labor contracts, commits to respecting and safeguarding the labor rights and human rights of all employees, and continuously strives to build fair, equitable and harmonious labor relations.

Management Systems and Measures

To effectively protect the fundamental labor rights and human rights of employees, the Company has formulated a number of management systems including the Employee Handbook, Labor and Human Rights Management Policy, Anti-Harassment and Anti-Abuse Management Regulations and Anti-Discrimination Management System, which cover all employees. The Company also requires partners and other stakeholders to actively comply with relevant management systems, jointly building a business ecosystem that respects human rights and achieves harmonious coexistence.

Prohibition of Child Labor

The Company commits to strictly abiding by the Provisions on Prohibiting the Use of Child Labor. Relevant measures are adopted both before and after recruitment to prevent any employment of child labor.

- Pre-recruitment: The Company strictly verifies original identity documents. If there is doubt over the validity of age certificates, applicants are required to provide certification from the public security police station of their household registration location, or the Company will contact the police station directly for confirmation.
- Post-recruitment: Within one month of onboarding, the Company conducts a unified general survey of new employees to prevent oversights and impersonation by unqualified individuals. Random checks are also carried out after one month as appropriate.

Prohibition of Forced Labor

The Company has established the Management Procedure on Prohibition of Forced Labor and adopted a full range of measures to eliminate all forms of forced labor.

- Employment is strictly based on the principle of voluntariness. The Company prohibits deceptive practices to lure employees into work, and no individual may demand introduction fees from new hires. The Company shall not collect deposits, security funds, or retain employees' ID cards or other legal documents.
- Security personnel are deployed solely to safeguard the life and property safety of employees. They must strictly follow security management regulations, shall not impose unauthorized disciplinary penalties, and shall not restrict employees' freedom.
- Management personnel shall not abuse authority to coerce work and shall ensure employees receive adequate rest. Overtime work is strictly voluntary. Where production needs require extended working hours, such overtime shall not exceed the statutory limit. Employees must submit a completed Overtime Application Form for prior approval. Department heads shall fully assess operational arrangements and individual circumstances before approving overtime. The Company has formulated the Employee Attendance Management Measures, uses clocking machines to record working hours, and pays overtime wages in strict accordance with applicable laws and regulations.

Anti-Discrimination

The Company upholds an equal employment policy and has established the Anti-Discrimination Management System. Discriminatory treatment based on gender, social class, nationality, ethnicity, religion, sexual orientation, marital status, pregnancy status, belief or other grounds is prohibited throughout the entire employment cycle, including recruitment, training, promotion, development, compensation and benefits, and termination of labor contracts.

- Recruitment: The Human Resources Department uses only job-related criteria such as academic background, work experience and professional skills as hiring standards, without reference to gender, age or place of origin. Recruitment advertisements are carefully drafted to avoid discriminatory content.
- Work Arrangement: Management personnel shall treat all employees equally and refrain from targeted discriminatory behavior.
- Career Development: Decisions on promotion, contract renewal and retirement are based solely on job performance, competence and value created for the Company, not on personal background.
- Compensation and Benefits: The Company implements the principle of equal pay for equal work with clearly defined and strictly enforced salary standards at all levels.
- Protection of Vulnerable Groups: In accordance with relevant regulations, the Company provides targeted protection for special employee groups, including female employees during the five physiological periods and employees with disabilities.

Anti-Harassment and Anti-Abuse

The Company strictly forbids the creation of an intimidating, hostile, humiliating or offensive working environment. It has formulated the Anti-Harassment and Anti-Abuse Management Regulations and conducts operations in line with these requirements.

- The Company prohibits corporal punishment and any form of physical or psychological harassment, abuse or intimidation.
- Management is based on guidance and education. No supervisor has the right to physically or verbally abuse employees or adopt a rude or hostile attitude.
- The Company regularly holds specialized counseling and training sessions, including safety awareness education for female employees to help them identify workplace harassment and respond appropriately, strengthening their preventive capabilities.

Grievance Mechanism

In response to increasingly stringent global supervision over corporate labor rights in recent years, the Company places top priority on safeguarding labor rights, including anti-discrimination, anti-harassment, gender equality, and the elimination of child labor and forced labor. To further mitigate potential labor and human rights risks, the Company has established the Employee Grievance Management System and set up a Grievance Committee composed of the General Manager, Human Resources Manager, employee representatives and other staff, enabling timely identification and resolution of hidden risks. Complainants may choose to file grievances verbally or in writing. Grievance handlers shall complete investigation, evidence collection and other relevant work and issue final findings within 10 days.

The Company strictly implements a complainant protection mechanism. All personnel involved shall maintain confidentiality throughout the grievance process. Any breach of confidentiality shall be punished in accordance with relevant regulations, and any retaliation against complainants shall result in severe penalties pursuant to applicable provisions.

In addition, the Company provides multiple feedback channels including the General Manager's mailbox, trade union mailbox and suggestion boxes to extensively collect input from stakeholders. It has also formulated management systems such as the Management Regulations on Employee Suggestion Boxes to ensure proper collection and prompt response to feedback, with full protection for complainants.



Mitigation and Remediation

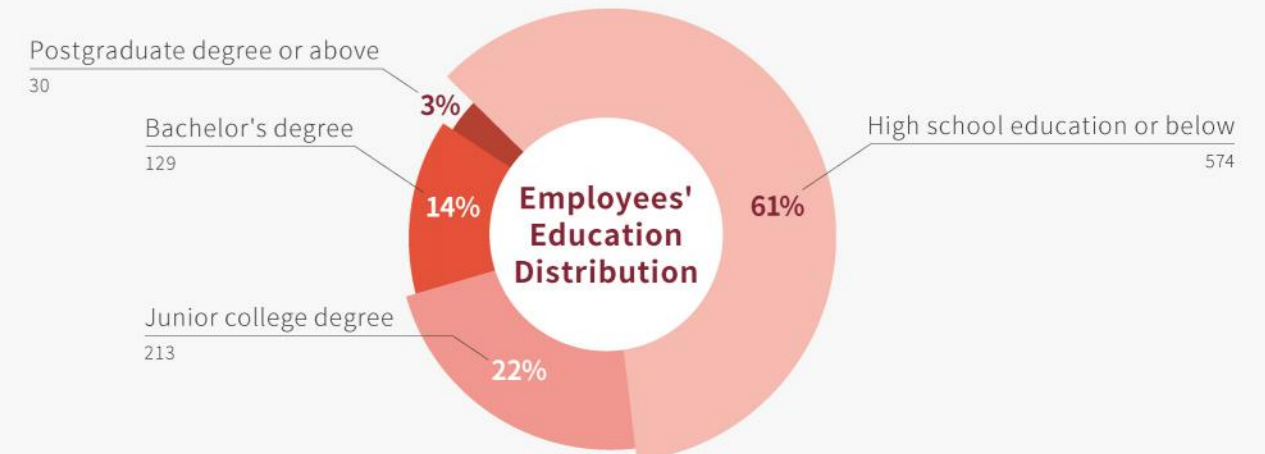
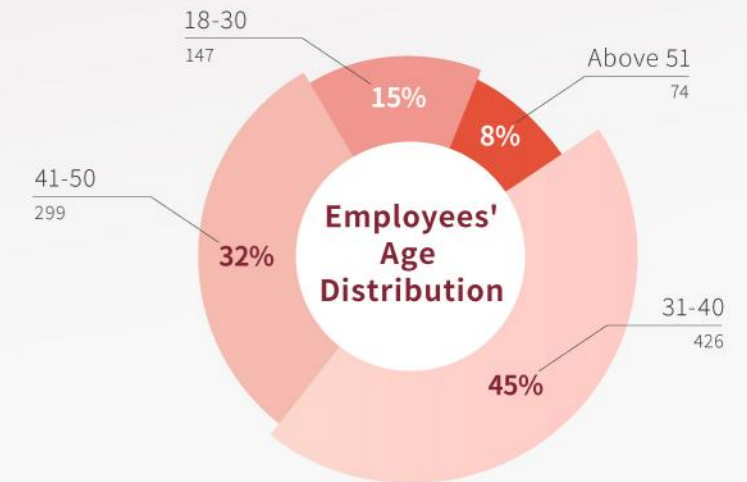
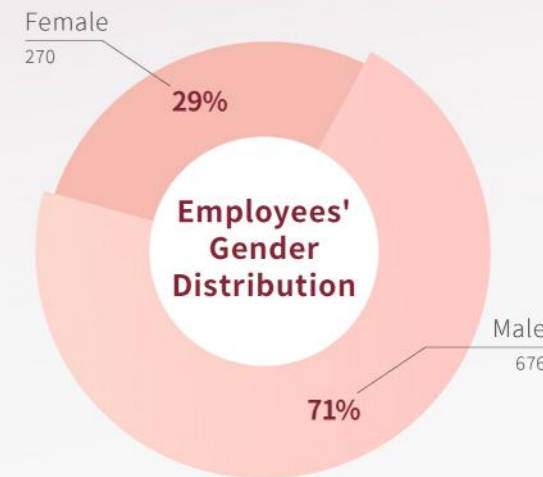
To ensure prompt initiation of investigations and remediation procedures once potential labor rights violations are identified, thereby minimizing harm to affected individuals, the Company has developed specialized mitigation and remedial measures tailored to different potential labor and human rights risks. The Company adopts a multi-pronged approach to address risks and improve management, including imposing disciplinary actions to deter violations, providing legal aid, psychological counseling and financial compensation to affected parties, as well as upgrading infrastructure, strengthening training and optimizing policies.

2025 Performance Highlights



violations of labor and human rights laws and regulations related to forced labor, child labor, discrimination or harassment

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6.2 Improving Talent Development

The Company recognizes that talent is the core driving force of corporate development. Adhering to the employment philosophy of “being practical, modest and performance-oriented”, it places emphasis on integrity as the principle, attitude as the foundation and competence as the basis, and establishes a people-oriented modern enterprise management model to fully unlock the potential of its workforce. The Company values the growth and capability advancement of employees within the organization, and has developed a scientific and comprehensive training system to support their all-round development. Meanwhile, it actively broadens career paths and development opportunities for employees, and continuously optimizes its promotion mechanism to ensure unobstructed career advancement, enabling every capable and ambitious employee to realize their full potential.

Training and Empowerment

As a leading listed company in the domestic packaging industry, the Company regards talent as core capital supporting strategy implementation and innovation-driven growth. In terms of training, the Company has formulated and implemented the Training Management System and established a systematic training framework to systematically enhance employees’ professional knowledge and skills.

New Employee Onboarding Training

To help new employees adapt to the working environment as quickly as possible, the Company provides two types of training for new hires: general training and professional technical training. The training covers corporate introduction, company policies, safety knowledge, job design and workflow of production, technical and marketing functions, standard operating procedures, project management processes and intensive training.

Internal Training

Leveraging in-house instructors and internal resources to the fullest extent, the Company strengthens communication and exchanges, fosters a collaborative learning atmosphere, and enriches employees’ spare-time learning. The training covers a wide range of areas including technical, marketing and management disciplines, as well as extracurricular knowledge and information of interest to employees.

External Training

With the support of external experts, the Company enhances the professional knowledge and skills required for employees to perform their duties, so as to improve work quality and efficiency. The training includes practical general training, senior management training and personal further education programs.



Case: Strategy-Oriented and Diversified Curriculum Design

In 2025, the Human Resources Department systematically planned and implemented the annual training program in close alignment with the Company's four strategic pillars: sustainable development, new product development, global expansion, and talent echelon construction. The training content was designed to strongly support business strategies, integrate diversified business needs, and lay a solid talent foundation for addressing the industry's green transformation and the new landscape of international competition.



Training Sessions Including Project Management and Sustainable Development Were Conducted to Strengthen Courses on Project Management, Green Design, and Domestic and Foreign Environmental Regulations, Supporting R&D and Production Teams in Overcoming Technical Challenges and Empowering Them with Sustainable Development Knowledge.



Training Programs Including Talent Development Projects and Interpretation of Talent Assessment Reports Were Implemented. Through a Mix of General and Professional Training Covering Management Skills, Career Planning, and Professional Knowledge Inheritance, the Growth of High-Potential Talents and Reserve Cadres Was Accelerated.

Case: Innovative Models for Integrated Learning

Shanghai Ailu promotes knowledge comprehension through innovative formats, and has developed a blended learning environment combining online self-paced learning, live interactive Q&A sessions, and offline intensive practice. Taking the essential PPT and Excel operational skills courses as an example, the Company adopted a model of online theoretical learning plus offline practical assessment to ensure employees achieve full proficiency in relevant skills.



In 2025, Shanghai Ailu Adopted a Blended Learning Approach, Offering Comprehensive Courses Through Online Learning Platforms and Deeply Integrating Knowledge with Practice via Offline Internal Case Studies and Hands-On Exercises to Help Employees Master Professional Skills.

Case: Cutting-Edge Integration for Competitive Skills

In September 2025, Shanghai Ailu launched the Safety Experience Training program. As a digitally driven listed company, the Company has gradually piloted the introduction of VR safety simulation drills and AI-recommended courses on online learning platforms to enhance training experience and efficiency. Cutting-edge content such as basic knowledge of the industrial internet and smart factories was also integrated into the courses, keeping the team's knowledge up to date with industry trends.

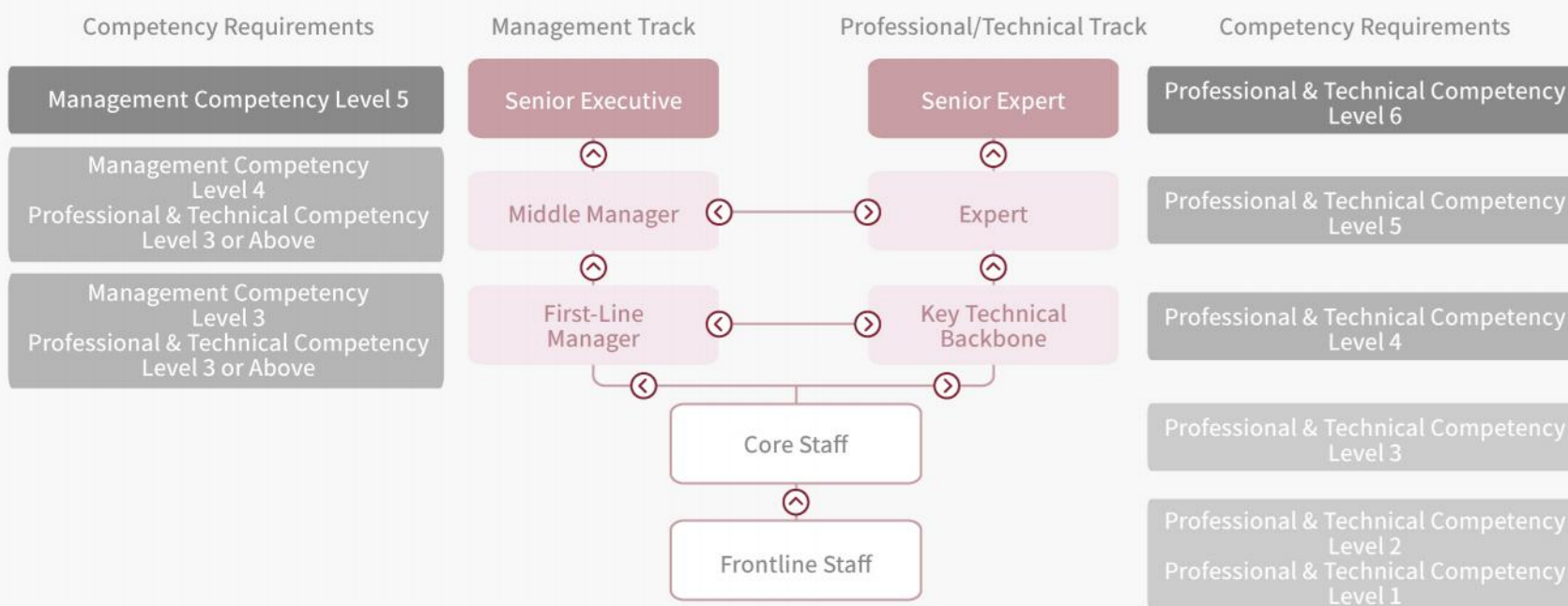
Career Development and Promotion

In 2025, the Company continued to improve its talent development and career growth system, and established diversified and full-level promotion channels to provide clear growth paths for employees at different positions and levels. During the year, a total of 13 employee promotions were completed, covering multiple core business areas including production, R&D, finance, administration, equipment, logistics and safety management, realizing full coverage of frontline operation posts, professional and technical posts, and management posts, which effectively boosted employee motivation and sense of career belonging.

In terms of talent echelon development, the Company officially launched the Beisen talent review project in March 2025. High-quality talent assessment and inventory work were completed, and more than 20 high-potential employees were identified, laying a solid foundation for talent echelon construction. Through follow-up customized development programs, as well as diagnostic analysis at both team and company levels, the Company further optimized its talent structure and improved the talent development system, reserving high-quality reserve talent for the sustainable development of the enterprise.

The comprehensive promotion mechanism, combined with the talent review system, has built a clear career development blueprint for employees, nurtured versatile and professional talents for the Company, and provided solid talent support for the high-quality development of the enterprise.

Career Development - Dual Pathways



Competency-Based Career Development Pathways

Shanghai Ailu Career Development Pathways

2025 Performance Highlights



186

training sessions organized



4300

employee training participants



6973.4

total employee training hours



6.3 Optimizing Remuneration and Benefits

Compensation Management

The Company closely monitors market compensation trends, deeply aligns with industry dynamics and development needs, and builds a scientific and comprehensive compensation system based on job responsibilities, work performance, work conduct, professional capabilities and tenure, upholding the compensation philosophy of "distribution according to work".

To ensure salary competitiveness, the Company closely tracks market dynamics and industry trends in all operating regions, comprehensively considers external industry changes and internal employee feedback, and conducts annual compensation analysis to issue human resources compensation analysis reports. Key focus areas include industry benchmark data, living wage standards, and pay equity (such as the average salary comparison between male and female employees, and between ethnic minority and non-ethnic minority employees), ensuring that compensation keeps pace with employees' cost of living and industry averages, that compensation distribution is fair and equitable, and that compensation schemes are accurately calibrated, laying a solid talent foundation for the sustainable advancement of the Company's strategy.

The Company attaches great importance to the communication of compensation procedures, providing each employee with an electronic payslip for salary inquiry, ensuring that employees fully understand their own salary structure and payment details.

In addition, to build a sound and long-term talent incentive system, attract high-end talents, fully stimulate talent vitality and retain core talents for the long term, Ailu Headquarters and Shanghai Production Base have formulated management regulations including the Sales Management Personnel Commission Scheme and Interim Measures for R&D Personnel Project Management and Incentives. These schemes incentivize sales management personnel to actively drive the achievement of overall team goals while completing personal performance, fully mobilize the work enthusiasm of R&D personnel, and attract and retain core R&D talents. Meanwhile, the Company has established a Restricted Stock Incentive Plan and released the list of incentive recipients for the 2024 Restricted Stock Incentive Plan on February 2, 2024. The plan will be granted in three vesting periods from 2025 to 2027, aiming to share the achievements of the Company's long-term development with employees and promote the building of a community of shared destiny between the enterprise and its employees.



Care and Benefits

The Company not only focuses on employees' career growth but also prioritizes their well-being, regarding the development of comprehensive employee care and benefit programs as a core mission. To this end, the Company has formulated the Employee Welfare Management System and launched a series of employee welfare programs and care activities, creating a warm and harmonious working environment where every employee can truly experience home-like warmth and thoughtful care in the workplace.

In addition to statutory benefits such as statutory holidays and five social insurances and housing fund, Shanghai Ailu provides employees with a diverse range of welfare benefits.

<p>Living Allowances</p>	<ul style="list-style-type: none"> • Meal Allowance: The Company provides working meals or meal allowances for employees. Branches and subsidiaries formulate specific plans and implementation methods based on actual conditions, local consumption standards and cost control requirements. • Communication Allowance: Communication allowances are provided according to the nature of employees' positions. Branches and subsidiaries develop relevant plans and practices based on actual conditions, local consumption standards and cost management principles.
<p>Health Protection Programs</p>	<ul style="list-style-type: none"> • Employee Physical Examination: The Company arranges regular comprehensive health examinations for employees. • Traffic Accident Insurance: Employees who frequently travel on business are provided with traffic accident insurance as appropriate.
<p>Flexible Benefits</p>	<ul style="list-style-type: none"> • Festival Benefits: Condolence gifts are provided to employees on International Women's Day, Mid-Autumn Festival and Spring Festival each year. • Cultural and Sports Activities: Group activities conducive to enhancing team cohesion, safety and health are organized on an irregular basis annually. • Other Flexible Benefits: Quarterly labor protection supplies, annual team building activity funds, birthday benefits and other perks are provided to employees.
<p>Special Allowances</p>	<ul style="list-style-type: none"> • Special allowances are available to employees for first-time marriage, childbirth, hospitalization due to illness and other eligible situations.
<p>Employee Long Service Award</p>	<ul style="list-style-type: none"> • The Company has established an Employee Long Service Award to recognize and reward employees who have served the Company for 5 years or more.

In 2025, as an important bridge for employee care, the labor union of the Company planned and implemented a comprehensive activity system covering physical and mental health, skill improvement, cultural life and family support. By regularly organizing health clinics, mental health lectures and a variety of cultural and sports activities, it directly served more than 460 employee visits, reflecting the Company's continuous investment in employees' physical and mental well-being. Meanwhile, the Company is committed to building a learning and skilled organization. Through specialized labor skills competitions and activities promoting the spirit of model workers and craftsmanship, the Company has encouraged employees to pursue professional growth. The annual completion rate of employee skill improvement participation reached 99%. These measures have significantly enhanced employees' sense of belonging, happiness and team cohesion.



Case: Medical Services On-Site for Health Protection

Shanghai Ailu cooperated with Shanyang Town Health Center and other institutions to launch multiple “Health Care On-Site” and “Medical Service On-Site” campaigns in September, October and November 2025. Professional medical consultation and health services were brought directly to employees, demonstrating the Company’s continuous attention to employees’ physical and mental health.



Launch Of Health Care and Medical Service On-Site Activities

Case: Diverse Courses for Ongoing Health Support

During the reporting period, Shanghai Ailu successfully held 4 yoga sessions and 2 Baduanjin (known as Eight Pieces of Brocade) sessions, covering more than 40 participants in total. Centered on physical and mental wellness, the programs achieved professional and diversified content through scientific and systematic course design. In addition, the Company launched a “Sports Course Delivery” program to meet employees’ daily fitness needs through a series of themed courses.



Conduct Of Health And Wellness Series Courses

Case: Handicraft & Cultural Activities for a Vibrant Workplace

During the reporting period, Shanghai Ailu organized four handicraft activities including Icelandic bag making, ceramic cup decorating, pearl jewelry crafting and cupcake baking. These events helped relieve work pressure, stimulate creativity and strengthen communication among colleagues, with stable average participation rates. Furthermore, the Company held the “Centennial Labor Movement Choir Activity” to promote the cultural heritage of the working class and foster a positive and dynamic corporate culture.



Hosting Of Handicraft Making Activities



Holding Of The Centennial Labor Movement Choir Activity

Case: Skills Competitions to Foster Excellence and Enterprise Development

In 2025, Shanghai Ailu successfully held on-the-job training activities including the “Forklift Skills Competition” and “Food Safety Knowledge Competition”, with 76 participants. The events ignited employees’ enthusiasm for professional learning and skill improvement, and cultivated a positive atmosphere of competition, learning, catching up and surpassing.



Organization Of On-The-Job Skills Training Activities

6.4 Strengthening Occupational Health and Safety

As a listed manufacturing enterprise, the Company deeply recognizes that protecting the life and health of employees is fundamental to fulfilling social responsibilities and achieving sustainable development. The Company places occupational health and safety in a critical strategic position, strictly abides by the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other local laws and regulations where it operates, builds a safe and reliable working environment, and continuously optimizes and improves the standard system for employee health and safety protection.

6.4.1 Governance Mechanism

To ensure the efficient and orderly implementation of safety and occupational health management, the Company has established a three-level safety governance structure and set up an EHS Management Committee. It has also formulated relevant management systems including the Management System for Work Safety Responsibility System, Work Safety Responsibility System and Management Regulations on Establishment of Safety Management Institutions and Deployment of Safety Management Personnel. The Company strictly implements the work safety responsibility system, clearly defines the responsibilities of all levels, and forms a sound working pattern featuring clear division of duties and coordinated collaboration.



Shanghai Ailu EHS Management Structure





Terms of Reference and Key Responsibilities

General Manager

- As the primary responsible person, the General Manager assumes overall accountability for the Company's environmental, occupational health and safety (EHS) work. While supervising the performance of duties by members of the leadership team, the General Manager fulfills responsibilities for environmental protection, occupational health and work safety.
- The General Manager is responsible for defining work safety plans and objectives, continuously improving working conditions for corporate environmental hygiene, employee health and safety, and appointing qualified work safety supervisors, safety directors, technical directors and other relevant personnel.

Deputy General Manager

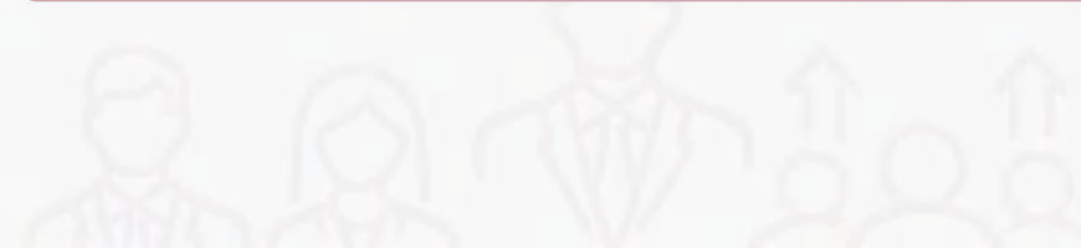
- The Deputy General Manager earnestly implements national guidelines, policies, laws, regulations and standards on environmental protection, occupational health and safety, formulates work safety targets for the departments under their supervision, and bears direct leadership responsibility for the Company's EHS work.
- In accordance with the principle of "whoever is in charge of business shall be responsible for safety, and whoever is in charge of production and operation shall be responsible for safety", the Deputy General Manager fulfills the "one post, two responsibilities" for work safety in their supervised work, and organizes the departments and workshops under their supervision to establish and implement the work safety responsibility system.
- The Deputy General Manager is responsible for timely communicating, implementing and executing superior instructions on work safety, adhering to the "five simultaneous" principle (planning, deployment, inspection, summary and evaluation) for production and safety, supervising and inspecting the fulfillment of work safety responsibility systems and the implementation of various work safety rules and regulations in the supervised departments, and promptly correcting dereliction of duty and violations in production operations.

Environment & Safety (EHS) Department

- As the Company's safety management department, the EHS Department is responsible for the comprehensive management of the Company's daily safety, occupational health and environmental protection work.

Other Relevant Departments

- Other relevant departments earnestly implement national guidelines, policies, laws, regulations and standards on environmental protection, occupational health and safety, formulate work safety targets for their respective departments, and bear direct leadership responsibility for EHS work in their respective jurisdictions and business scopes.



6.4.2 Methods and Strategies

The Company upholds the safety philosophy of "Zero Harm, Zero Pollution, Zero Disaster" and adopts a "Zero Tolerance" attitude toward all safety-related violations, making every effort to strengthen the safety production defense line.

The Company has established a safety management system that fully covers key areas including safety risk and hazard management, emergency fire and accident management, and employee occupational health and safety management. To ensure the efficient operation of the system, the Company conducts annual audits of its implementation. Through in-depth and detailed reviews, the Company accurately identifies problems and deficiencies in system operation, conducts in-depth research to put forward practical improvement suggestions, and extensively collects reasonable proposals from employees. On this basis, the Company continuously optimizes and improves the safety management system, enhancing its effectiveness and adaptability, and providing a solid guarantee for the Company's safe production and employees' occupational health. During the reporting period, Shanghai Ailu obtained the ISO 45001 Occupational Health and Safety Management System Certificate.

To strengthen safety construction, the Company increased its investment in human resources and capital for work safety during the reporting period. Expenses related to work safety in 2025 amounted to RMB 2.6117 million, which were used to steadily improve and maintain safe production conditions.



Shanghai Ailu Has Obtained the ISO 45001 Occupational Health and Safety Management System Certificate, and is a Level 3 Certified Enterprise for Safety Production Standardization.

Emphasis on Safety Education

Safety production hinges on people. While adhering to various safety management measures and engineering (technological) means, the Company attaches great importance to employee development, giving full play to the key effectiveness of daily safety education and training to comprehensively raise employees' safety awareness.

Case: Focus on "Safety Pre-Task Briefings"

Shanghai Ailu regards "Safety Pre-Task Briefings" as one of the important initiatives to comprehensively improve employees' safety awareness. In combination with the actual conditions of different positions, the Company accurately delivers safety concepts and operational specifications through concise and targeted safety knowledge explanations and real case sharing, injecting safety "preventive shots" into employees. The briefing content includes interpretation of safety systems, confirmation of operational steps, and fire safety re-education, ensuring that safety awareness takes root in employees' minds and helps the enterprise build a stable and safe production environment.

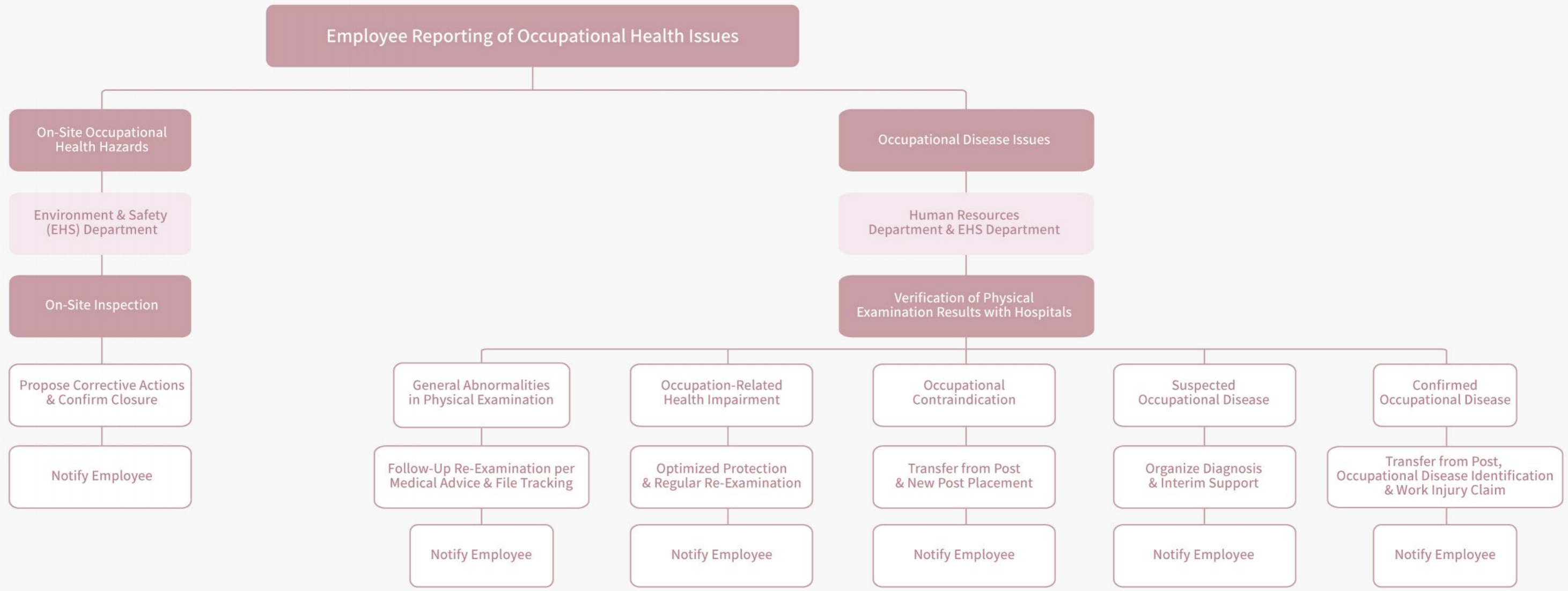
During the reporting period, Shanghai Ailu carried out a total of 70 batches of "Safety Pre-Task Briefings", covering a total of 1,667 employee.



Shanghai Ailu Conducts Safety Pre-Task Briefings

Occupational Health Management

The Company strictly complies with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other applicable laws and regulations in the regions where it operates. It continuously strengthens the management of occupational disease prevention and control, improves relevant capabilities, and effectively protects the health and safety of employees in the course of work. The Company has formulated management systems including the Occupational Health Management System and Management Regulations on Personal Protective Equipment, which clearly define responsibilities for occupational disease prevention, warning and notification of occupational disease hazards, declaration of occupational disease hazard items, maintenance and management of occupational protection facilities, and publicity, education and training on occupational disease prevention. It steadily promotes key work such as identification and assessment of occupational disease hazards and occupational health examinations, so as to effectively prevent and control occupational disease hazards and safeguard the basic health rights and interests of workers.



Process for Employees to Report Occupational Health Issues

Case: Reducing Repetitive Labor

The Company pays close attention to potential health and safety injuries caused by heavy and repetitive physical labor. It has installed automatic packaging machines in Workshop 10 to free employees from repetitive and strenuous manual packaging work. This initiative reduces repetitive labor and work intensity, lowers potential risks of musculoskeletal injuries, and directly improves the safety and health level of the workplace.

Focus on Contractor Safety

In addition to strictly managing its own employees, the Company attaches great importance to contractor management. It strictly reviews contractor qualifications, controls access permissions and supervises operations through stringent standards, implements a mechanism for on-site safety inspections and dynamic monitoring, and ensures that safety responsibilities are fully implemented at all levels.

Contractor Management Measures of Shanghai Ailu

- The Company has established the Management System for External Constructors. It provides safety training for relevant parties entering the Company, strictly controls operations involving "Eight Types of High-Risk Operations", conducts irregular spot checks on operational behaviors, and standardizes management.
- The Company defines safety responsibilities and obligations through the signing of Environmental, Health and Safety (EHS) Agreements.
- The Company organizes annual contractor conferences to communicate safety policies and relevant internal management systems.
- The Company establishes a directory of qualified contractors, conducts annual performance reviews of their operations, and adjusts the directory accordingly.

In 2025, Ailu Headquarters and Shanghai Production Base organized 1,841 safety training sessions for external construction personnel and signed 132 Environmental, Health and Safety (EHS) Agreements.

6.4.3 Safety Risk Management

The Company actively implements the dual prevention mechanism of safety risk classification control and hidden danger investigation and governance. It extensively mobilizes all employees to accurately identify and assess safety risk points and hazard sources, generates detailed classified control lists based on the results, and implements refined management.

To strengthen risk prevention and control, the Company has formulated the Safety Risk Classification Assessment and Control System. Various units have established risk assessment teams to participate in risk assessment work. They identify hazards existing in all conventional and unconventional production activities as well as those in equipment, facilities and operational environments at production sites, and conduct scientific and reasonable safety risk assessments to determine the magnitude and level of risks, resulting in the output of Safety Risk Assessment and Control Reports.

Furthermore, the Company has formulated the Work Safety Incidents Hidden Danger Investigation and Governance Regulation. The EHS Management Committee organizes the Company's hidden danger investigation and governance work, and ensures the closed-loop rectification of existing hidden dangers; the EHS Department is responsible for compiling various Safety Checklists of the Company, organizing relevant departments to determine the frequency of hidden danger investigations, conducting inspections, governance and supervising the implementation of various measures, and also supervising and monitoring the hidden danger situations of key hazard sources.

To effectively prevent and resolve risks, and to control and reduce personnel and property losses in the shortest possible time with the most effective methods in the event of an emergency, the Company enhances the scientificity, targetedness and effectiveness of emergency responses. The Company has formulated the Work Safety Incidents Emergency Plan, which covers comprehensive emergency plans, special emergency plans and on-site disposal plans. Corresponding drills are conducted regularly to build a safety defense line against unexpected incidents.



Aichuang Packaging Conducted Fire Emergency Drill on April 16, 2025



Aichuang Packaging Conducted Confined Space Special Drill on May 22, 2025

During the reporting period, the Company conducted a total of 13 emergency drills, achieving a 100% completion rate of the emergency drill plan.

While consolidating traditional safety training and drill programs, the Company specially introduced a special "Workplace First Aid Skills" training during the reporting period. The training covered cardiopulmonary resuscitation (CPR), automated external defibrillator (AED) operation, trauma first aid and response to common emergencies, aiming to build a team of "first responders on site" across production, warehousing, office and other scenarios. This initiative significantly enhanced all employees' emergency self-rescue and mutual-rescue capabilities and safety awareness, putting emergency management into practice.

To further improve the Company's work safety and emergency support system and safeguard the life, health and safety of all employees, the Company completed the introduction and deployment of 3 AED automated external defibrillators and their supporting management systems in August 2025. The devices are placed in the lobby of the administrative building of Ailu Yangda Road Factory, the headquarters of Aichuang Caolang Highway Company and the guard room of Aichuang Caolang Highway Factory, realizing full coverage of emergency equipment in core office areas and key entrances and exits.

To ensure the scientific and standardized use of the equipment, the Company organized 12 employees to participate in professional first aid training certified by the American Heart Association (AHA) on September 9. All participants successfully passed the assessment and became the Company's first batch of emergency backbones with AED operation capabilities. This combination of AED equipment deployment and professional personnel training not only strengthened the Company's emergency safety defense line, but also effectively provided a solid guarantee for the life and health of all employees, allowing employees to perform their duties with peace of mind during work and fully experience the Company's humanistic care and safety protection.



Emergency Deployment Of AED in Key Areas of the Company



Shanghai Ailu Introduced Special Training on Workplace First Aid Skills

6.4.4 Indicators and Targets

In 2025, Shanghai Ailu went all out to advance safety and occupational health management, and successfully achieved its established work safety and occupational health targets. No major work safety incidents occurred, nor did any violations of laws and regulations related to work safety or occupational health and safety.



Work Safety and Occupational Health Targets

- 0 confirmed occupational disease cases
- 0 major safety incidents

Progress



Create
A Better
World



PART 07

Co-Creating Social Value

Our Philosophy

Shanghai Ailu deeply connects with stakeholder groups. It upholds the philosophy of openness and win-win results within the industry, collaborating with various parties to explore cutting-edge topics such as green low-carbon development and artificial intelligence. This drives the green and intelligent transformation of the industry and builds a sustainable ecosystem. On the value chain side, the Company explores lean management models for the supply chain. Adhering to principles including the "full life cycle management," it controls key links to boost the green transformation of the entire value chain. On the social front, Shanghai Ailu shoulders its responsibilities, cares about the community, and integrates into the national rural revitalization strategy. It takes positive actions in areas such as elderly care, education, and economic support, devotes itself to public welfare and charity, and participates in the shared co-construction and co-governance of the community.

Our Topics

- Sustainable Supply Chain
- Community Support and Engagement

Corresponding to the SDGs



7.1 Deepening Win-Win Cooperation

The Company embraces an open and win-win development philosophy and focuses on building packaging solutions that enable synergy and coexistence across the entire industrial chain. By deeply integrating upstream and downstream resources, the Company joins hands with industry associations, research institutions and global partners to explore cutting-edge applications including green low-carbon technologies and artificial intelligence. Driven by a strong sense of responsibility, it promotes the green and intelligent transformation and upgrading of the industry, contributing core value to the establishment of a sustainable packaging industrial ecosystem.

Case: Global Dialogue, Intelligent Vision of the Future

Leading the low-carbon and digital-intelligent transformation of the packaging industry and providing efficient, reliable, flexible and sustainable packaging solutions for global enterprises represents the shared future vision built by Shanghai Ailu and numerous domestic and international partners. During the reporting period, Shanghai Ailu engaged with global partners, carried out cross-border dialogues and achievement releases, and strived to gather wisdom and reshape core competitiveness through open cooperation.

In June 2025, the 2025 Global Paper Sack Summit (GPSS25), hosted by Germany's Windmüller & Hölscher (W&H), a world leader in flexible packaging machinery manufacturing, concluded successfully in Germany. Shanghai Ailu was invited to attend and delivered presentations on topics including digital transformation, research and development of eco-friendly new materials, and low-carbon emission reduction, showcasing its achievements in digital-intelligent innovation and sustainable development to industry leaders from around the world.



Dr. Yuan Caigen From Shanghai Ailu Delivered a Keynote Presentation Entitled Paper, Packaging, Sustainability at GPSS25

同球共济
TY IN THE AI ERA
WAIC
全程
陈安康 上海艾录包装股份有限公司董事长
WAIC

Chen Ankang, Chairman of Shanghai Ailu, Was Invited to Attend Yicai's "WAIC Around the Clock" 3x24-Hour Global Live Broadcast

In July 2025, the 2025 World Artificial Intelligence Conference & High-Level Conference on Global Governance of Artificial Intelligence (WAIC), an annual flagship event in global AI, kicked off along the Huangpu River in Shanghai. As a representative of intelligent manufacturing enterprises, Chen Ankang, Chairman of Shanghai Ailu, was invited to participate in Yicai's global live broadcast "WAIC Around the Clock" and joined a panel discussion themed AI Engine Reconstructs Trillion-Scale Manufacturing Production Lines. Together with guests from the technology and academic sectors, he explored pathways for the application of AI in intelligent packaging manufacturing.

WAIC 2025
2025世界人工智能大会
暨人工智能全球治理高级别会议
2025 WORLD AI CONFERENCE & HIGH-LEVEL MEETING ON GLOBAL AI GOVERNANCE

智能时代 同球共济
GLOBAL SOLIDARITY
IN THE AI ERA

In November 2025, Shanghai Ailu was invited to the 2025 Ready-Mixed Mortar Industry Conference. By introducing AI technologies to achieve intelligent upgrading in R&D, production, testing, operation and services, Shanghai Ailu has driven profound changes in organizational structure and corporate culture, fostering “new-quality productivity in the mortar sector”.



Shanghai Ailu Was Invited to Attend the 2025 Ready-Mixed Mortar Industry Conference

In addition, during the reporting period, Shanghai Ailu and its subsidiaries presented their products at a series of domestic and international exhibitions and industry exchange events, including the 28th China International Food Additives and Ingredients Exhibition (FIC2025), the 18th International Solar Photovoltaic and Smart Energy Conference & Exhibition (SNEC 2025), the 16th China Packaging Innovation and Sustainability Forum (CPI2025), the 12th China Packaging, Logistics and Transportation Forum (CPLF2025), the 2025 Indonesia International Packaging Exhibition, the 2025 Gulfood Manufacturing & Ingredients Exhibition (Dubai), and Fi Europe 2025. These participations have comprehensively strengthened collaboration with industry partners.



From March 17 to 19, 2025, Shanghai Ailu Showcased Its Full Range of Packaging Solutions for Food Additives and Ingredients at FIC2025



From June 11 to 13, 2025, Aina New Energy Debuted Its Independently Developed Core Product - Glass Fiber Reinforced Polyurethane Composite Frames - at SNEC 2025 and Received the Product Certification for Photovoltaic Composite Frames Issued by TÜV Rheinland

Case: Intelligent Blueprint, New Chapter of Standardization

In 2025, as one of the main drafting units of the national standard Packaging Bags - Test Conditions - Part 1: Paper Sacks, Shanghai Ailu deeply participated in the formulation of the standard. Backed by years of technological accumulation and practical experience in the packaging sector, the expert team of Shanghai Ailu actively contributed insights, integrating industry needs and cutting-edge technologies to provide professional input on key content, enhancing the scientific and practical nature of the standard and promoting the standardized development of the packaging industry. The standard was officially implemented on November 1, 2025.

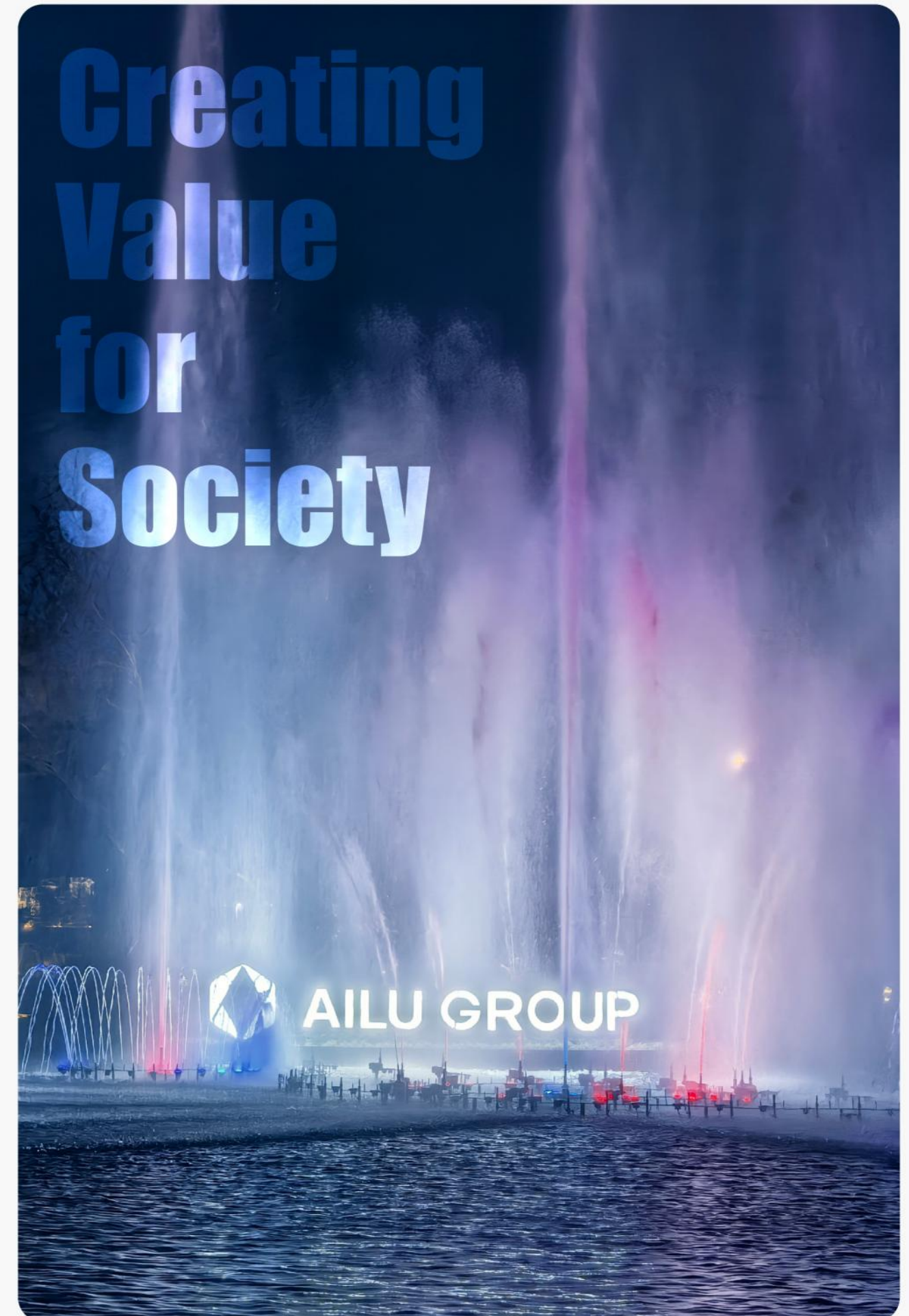
Case: Ingenious Collaboration, Shared Mission

While pursuing endogenous innovation, Shanghai Ailu has continuously expanded the boundaries of external synergy. Through strategic cooperation, it joins hands with like-minded partners to inject strong new momentum into its development.

On January 8, 2025, Shanghai Ailu signed a sustainable strategic cooperation agreement with Sika Dekton (Guangzhou) Building Materials Co., Ltd. (Sika Dekton) at Shanghai Ailu's Aichuang Packaging Intelligent Factory (a convertible bond fundraising project). Moving forward, the two parties will launch in-depth cooperation featuring innovative synergy, resource integration and complementary advantages, jointly developing low-carbon and eco-friendly packaging products and improving the efficiency and sustainability of supply chain resources.



Signing Ceremony of the Sustainable Strategic Cooperation Between Shanghai Ailu and Sika Dekton



7.2 Building a Responsible Supply Chain

The Company continuously advances the lean management of its supply chain, adhering to the fundamental principles of “full life cycle management”, “collaborative development” and “lawful compliance”. It exercises strict control over key processes including supplier qualification, approved supplier management and supplier elimination, ensuring the standardized and orderly operation of the management mechanism. Through prioritizing the procurement of green raw materials, establishing quantitative evaluation models and classification mechanisms, and empowering suppliers, the Company has cultivated long-term and stable partnerships with high-quality collaborators, gradually realizing the green transformation of the entire value chain from raw material procurement to end-product delivery.

Supplier Management Systems and Processes

In terms of system development, the Company has formulated policies and procedures including the Supplier Evaluation and Control Procedure, Sustainable Procurement Management System and Supplier Quality Assessment Operating Measures. Focusing on key sustainability dimensions such as quality, safety, environmental protection, labor rights and human resources, the Company continuously improves the efficiency and risk resilience of supply chain management through the implementation of standardized processes.

In terms of process control, clear requirements are established for all stages of daily supplier management, including screening, qualification, evaluation and audit, ensuring that every link of the supply chain aligns with the concept of sustainable development.

Supplier Management Process

Supplier Classification Management	<ul style="list-style-type: none"> The Company categorizes raw materials into three grades based on factors including raw material risk level, material nature and significance to finished product quality, to support targeted supplier risk assessment and qualification management: Class I: Base paper, polyethylene and other major raw materials or materials in direct contact with food; Class II: Auxiliary materials such as adhesives, inks and pallets; Class III: Other materials.
Supplier Sourcing	<ul style="list-style-type: none"> The procurement department and related teams identify suitable suppliers according to actual operational needs. The procurement department conducts a preliminary review of supplier development potential and collects supporting documents including but not limited to the Supplier Basic Information Survey Form, business licenses, production permits and technical documentation. The procurement department submits samples from new suppliers to the quality, technical and production departments for inspection, trial application and confirmation.
New Supplier Self-Assessment and On-Site Audit	<ul style="list-style-type: none"> New suppliers are required to complete self-assessment and on-site evaluation. First, suppliers conduct self-scoring based on the Supplier On-site Audit Scorecard. For Class I and Class II qualified suppliers, the quality department leads on-site audits of preliminarily qualified suppliers based on material categories and self-assessment results, and issues a Supplier Audit Report. On-site audits are not applicable to Class III suppliers. The procurement department follows up with suppliers to rectify non-conformities and submit improvement reports. For suppliers failing the on-site audit, the procurement department organizes cross-departmental evaluation to determine whether a re-audit opportunity is granted. Suppliers failing the second audit are classified as unqualified suppliers.
Agreement Signing	<ul style="list-style-type: none"> The Company has developed and continuously revised agreements including the Supplier Code of Conduct and Environmental, Safety and Occupational Health Notification to Relevant Parties, covering child labor prohibition, forced labor prohibition, anti-harassment and anti-discrimination, freedom of association, health and safety, remuneration and benefits, and environmental protection. Suppliers are required to sign such agreements prior to cooperation with Shanghai Ailu to ensure full awareness of the Company’s sustainability management requirements.
Approved Supplier Audit	<ul style="list-style-type: none"> Regular Audits: For different types of approved suppliers, the quality department formulates an annual supplier audit plan based on material categories and regular assessment results. Audit methods include on-site audits, remote audits and document reviews (self-assessment forms, qualification certificates, etc.). Unannounced Audits: In addition, the Company conducts targeted, unscheduled unannounced audits of suppliers as needed. For non-compliant suppliers, the Company implements measures including suspension of procurement with a deadline for rectification, reduction of procurement volume and, ultimately, termination of the partnership.

Specialized Management of Supplier Social Responsibility and Environment

The Company fully recognizes the far-reaching environmental and social impacts of its procurement activities and remains committed to advancing sustainable procurement strategies. It continues to strengthen raw material control, risk management, and procurement staff performance appraisal, steadily elevating the sustainability performance of its supply chain.



Raw Material Control

The Company prioritizes raw materials with environmental certifications and gradually increases the procurement proportion of FSC®-certified wood and wood-based products. For wood and wood product suppliers, the Company has set a target that 80% of such suppliers shall obtain FSC® forest certification.



Risk Control

- The Company implements full-process risk assessment and management. A cross-functional CSR risk assessment team has been established, consisting of procurement, quality, EHS, human resources and other departments, to identify and evaluate risks covering potential new suppliers and existing long-term partners, with systematic recording, aggregation and risk ranking.
- The Company applies a diversified set of risk assessment methods:

-Public Opinion Risk Pre-analysis: Negative information concerning suppliers is monitored through social media platforms and public databases including the Institute of Public & Environmental Affairs (IPE), Tianyancha, Credit China, and China Judgments Online. Any red-line issues such as child labor, serious environmental pollution or corruption will result in immediate rejection of qualification. Potential risks are documented for focused review in subsequent questionnaires and on-site inspections.

-Questionnaire Surveys: Supplier social responsibility performance is evaluated using instruments such as the Supplier Social Responsibility Questionnaire, covering child labor prohibition, forced labor prohibition, anti-discrimination and anti-harassment, working hours and wages, occupational health and safety, employee privacy protection, and whistleblower protection.

-On-site Inspections: Key suppliers receive on-site visits to inspect the operation of environmental facilities, provision of labor protection equipment, posting of safety signs, and other conditions. Direct communication with frontline employees is conducted to verify actual working hours, remuneration, career development and other working conditions.

-Data Analysis: Energy consumption, water usage and other data provided by suppliers are compared with industry averages to identify anomalies.



Procurement Staff Performance Appraisal

The Company conducts monthly performance reviews for procurement personnel, with evaluation items including green procurement ratio and CSR procurement implementation, ensuring timely tracking and feedback on their sustainable development performance.

Empowerment and Training

To effectively enhance the sustainable development capability and resilience of the supply chain, the Company designs targeted internal and external empowerment programs based on the characteristics and needs of sustainable procurement, delivering a series of specialized ESG capacity-building training for suppliers and internal procurement teams.

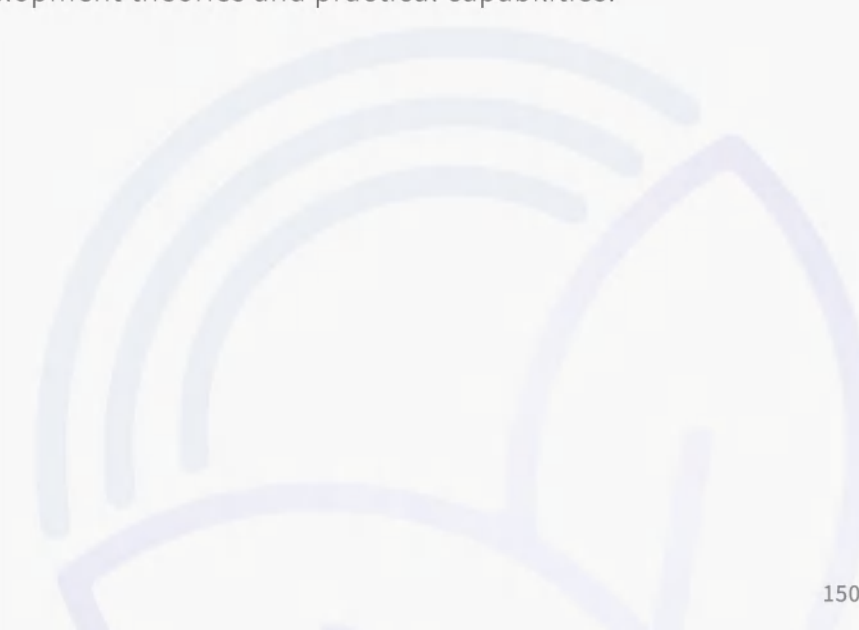


Case: Internal and External Empowerment to Strengthen Procurement Foundations

On February 10, 2025, Shanghai Ailu organized an ESG Training on Antitrust and Fair Competition for suppliers. The training covered interpretation of antitrust regulations, analysis of fair competition principles, and practical cases of business ethics and compliance policies, raising suppliers' awareness of antitrust compliance and fair competition and helping them establish a solid foundation for lawful operations.

On March 20, 2025, Shanghai Ailu held a specialized Supply Chain ESG Training for its internal procurement staff focusing on social and environmental issues in the supply chain. The training emphasized improving ESG risk control capabilities and building a sustainable supply chain system, and promoted best practices in supplier social and environmental responsibility including labor rights protection, supply chain diversity and inclusion, carbon footprint and emission reduction strategies, circular economy, and green procurement.

To deepen understanding, the training integrated theoretical instruction, case studies, interactive discussions and practical exercises. Through hands-on application of supplier ESG assessment tools and simulated risk response drills, procurement personnel achieved comprehensive improvement in both sustainable development theories and practical capabilities.



7.3 Practicing Social Public Welfare

The Company upholds a strong sense of social responsibility. While caring for the community and its surrounding areas, it fully responds to and deeply integrates into the national rural revitalization strategy. The Company takes concrete actions in elderly care, educational public welfare, and economic assistance, actively participates in charitable causes, and continuously contributes to the shared governance and co-construction of the community.

Case: Bridging Mountains and Seas, Fulfilling Dreams

The “5458 Little Red Flower” public welfare program was initiated by the Red Cross Society of Jinshan District, Shanghai, in collaboration with the District Committee of the Communist Youth League and the District Government Cooperation and Exchange Office. Grounded in the Shanghai-Yunnan cooperation framework, the program draws its spirit from May 4th (Youth Day) and May 8th (World Red Cross and Red Crescent Day). By establishing a social assistance platform, it has long supported underprivileged students in the mountainous areas of Pu’er, Yunnan, in completing their studies and realizing their dreams, writing a warm chapter of Shanghai-Yunnan cooperation through public welfare initiatives.

In the “5458 Little Red Flower” program in July 2025, children from the mountainous areas of Pu’er, Yunnan, were invited to visit Shanghai Ailu. They toured the modern production workshops and advanced processing equipment, experiencing the charm of technology and the power of industry. This cross-regional public welfare visit provided them with an extraordinary journey of exploration.



Students From Mountainous Areas of Pu’er Yunnan Visit Shanghai Ailu During the “5458 Little Red Flower” Shanghai Tour

Case: Ailu Cares for the Elderly and Shows Responsibility Through Blood Donation

Focusing on community public welfare, Shanghai Ailu has launched a series of warm-hearted initiatives including elderly care services and voluntary blood donation, painting a vivid picture of care and dedication in the community.

On April 16, 2025, Shanghai Ailu organized employees to participate in a voluntary blood donation campaign, encouraging active participation in unpaid blood donation to support the medical blood supply. The activity conveyed the public welfare spirit of mutual assistance and dedication, demonstrated employees’ sense of social responsibility, and contributed corporate strength to life and health protection.

Shanghai Ailu shows sincere care for the elderly in nursing homes. Ahead of the Double Ninth Festival in October 2025, the Company proactively contacted Shanyang Town Nursing Home in Jinshan District and donated a batch of special chairs for dementia patients. The donation effectively improved daily living conditions and enhanced the comfort and safety of elderly residents with dementia, practicing the traditional virtue of respecting the elderly. On the Double Ninth Festival, the Chairman of the Labor Union of Shanghai Ailu led a team to visit the nursing home, offering care and companionship so that the elderly could feel warm love and care on this special festival.



Shanghai Ailu Conducted Condolence Activities at Shanyang Town Nursing Home in Jinshan District

Case: Thousand-Mile Assistance, Deep Affection for Southern Yunnan

With care for distant regions and devotion to rural development, Shanghai Ailu donated 50,000 yuan in assistance funds to Mengxian Town, Yunnan, on October 10, 2025. The donation focused on local livelihood improvement and development needs, supporting the improvement of rural infrastructure and public services, effectively solving practical difficulties, and promoting sustainable rural development, contributing to high-quality social progress with corporate strength.

2025 Performance Highlights



88372 yuan

Total public welfare investment in elderly care, educational public welfare, rural assistance and other fields reached

PART 08

Outlook

Standing at the critical juncture of the conclusion of the 14th Five-Year Plan and the launch of the 15th Five-Year Plan, listed companies shoulder an important mission as the "main engine" of high-quality economic development. Centering on the vision of "green development, digital transformation and shared prosperity of the industrial chain", Shanghai Ailu integrates the UN Sustainable Development Goals (SDGs) into its strategy and operations. The Company focuses on intelligent manufacturing and the cultivation of international talents, accelerates the R&D of new eco-friendly materials, innovation in green packaging and low-carbon production, enhances its competitiveness and resilience, and exerts a positive influence on industrial transformation.

Aiming high and striving for excellence, Shanghai Ailu has released its ESG report for the fifth consecutive year in response to the expectations of stakeholders. In the future, the Company will adopt more ambitious and comprehensive sustainable development actions, continuously deepen the integrated innovation of intelligent manufacturing and low-carbon technologies, and build a responsible ecosystem together with the stakeholders. It will contribute to the optimization of economic structure and the high-quality development of the capital market, and create broader social value and industrial influence.



PART 09

Appendix

9.1 Annual Performance

Governance ⁴	Unit	2023	2024	2025
Total assets	100 Million RMB	27.60	29.35	28.21
Operating income	100 Million RMB	10.67	11.91	11.74
Total profit	100 Million RMB	0.80	0.44	-1.34
Net income attributable to shareholders	100 Million RMB	0.75	0.53	-1.23
Return on net assets	%	6.67	4.42	-8.47
Gearing ratio	%	56.29	47.70	52.17
Total tax payment	ten thousand RMB	4,713.25	3,275.64	4,085.93
Female members of the board of directors	Persons	4	4	4
Total duration of anti-corruption training	Hours	356	598	228
Number of employees covered by anti-corruption training	Person-times	178	298	57
Proportion of employees covered by anti-corruption training	%	100	100	100
Among them, proportion of anti-corruption training for senior management	%	100	100	100
Proportion of anti-corruption training for management	%	100	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

⁴ The financial data in the Report refers to the annual report of Shanghai Ailu Package CO., Ltd.

Environment	Unit	2023	2024	2025
Greenhouse gas emissions ⁵	tCO ₂ e	255,461.73	245,247.73	215,150.45
Among them, emissions in Scope 1 and 2 ⁶	tCO ₂ e	14,509.97	17,392.84	21,538.24
Emissions in Scope 3	tCO ₂ e	240,951.76	227,854.89	193,612.21
Greenhouse gas removal amount	tCO ₂ e	0	0	0
Greenhouse gas emissions per 10,000 RMB of revenue	tCO ₂ e per 10,000 RMB	1.01	2.06	1.83
Total amount of hazardous waste disposed of	Tons	107	144.11	225.13
Amount of hazardous waste disposed of per 10,000 RMB of revenue	Tons per 10,000 RMB	1.00x10 ⁻³	1.21x10 ⁻³	1.92x10 ⁻³
Total amount of non-hazardous waste disposed of	Tons	5,360.5	6,560.50	7,413.03
Amount of recyclable non-hazardous waste	Tons	4,585.8	5,656.18	5,471.24
Amount of non-hazardous waste disposed of per 10,000 RMB of revenue	Tons per 10,000 RMB	5.03x10 ⁻²	5.51x10 ⁻²	6.31x10 ⁻²
Recovery rate of non-hazardous waste ⁷	%	85.55	86.22	73.81
Nitrogen oxides (NOx) emissions	Tons	3.10	0.22	0.22
Sulfur oxides (SOx) emissions	Tons	1.35x10 ⁻³	1.50x10 ⁻³	1.3x10 ⁻³
Volatile organic compounds (VOCs) emissions	Tons	5.93	2.71	2.87
Total reduced sulfur (TRS) emissions	Tons	0.03	0.02	0.02
Suspended particulate matter emissions	Tons	0.02	0.02	0.02
Total energy consumption ⁸	10,000 tons of standard coal	0.40	0.43	0.52
Gasoline consumption	Tons	32.68	32.95	24.37
Diesel consumption	Tons	53.46	64.07	58.88
Natural gas consumption	Tons	264.15	387.50	264.91
Liquefied petroleum gas consumption	Tons	14.4	10.5	10.72
Purchased electricity consumption	10,000 kWh	2,537.17	3,045.24	3,901.87
Comprehensive energy consumption per 10,000 RMB of revenue	Tons of standard coal per 10,000 RMB	0.080	0.079	0.102
Photovoltaic power generation	10,000 kWh	311.65	317.71	883.93
Proportion of photovoltaic power generation in total electricity consumption	%	12.26	10.97	18.47

⁵ The total GHG emissions in 2023 only counted Scope 1, 2, and 3 of Ailu parent company. In 2025, the overall decrease in carbon emissions was mainly driven by various measures adopted by the Company to reduce total carbon emissions.

⁶ The increase in absolute Scope 1 and Scope 2 emissions was mainly caused by the rise in electricity consumption, driven by the official commissioning of the new production capacity at the Aichuang Packaging Production Base on May 18, 2025, and the production ramp-up at Aina New Energy. The 2024 data has been revised to include Scope 1 emissions.

⁷ In 2025, the Company put the Aichuang Packaging Production Base into operation, resulting in an increase in the volume of daily waste generated.

⁸ The Company's energy consumption is calculated using the equivalent value method. To ensure data comparability, historical data have been retrospectively adjusted on a consistent basis. The increase in consumption during the reporting period was mainly attributable to higher electricity consumption resulting from the commissioning of the Aichuang Packaging production base and the ramping up of production capacity at Aina New Energy.

Environment	Unit	2023	2024	2025
Total water consumption	Tons	123,300	122,010	206,162
Water consumption per 10,000 RMB of revenue	Tons per 10,000 RMB	1.16	1.02	1.76
Total wastewater discharge ⁹	Tons	20,411	21,261	53,553
Total consumption of raw materials ¹⁰	Tons	59,419.85	82,258.36	69,292.82
Proportion of environmentally friendly raw materials purchased	%	75.57	67.05	78.16
Total consumption of packaging materials	Tons	4,338.94	5,244.14	5,852.50
Consumption of packaging materials per 10,000 RMB of revenue	Tons per 10,000 RMB	4.07x10 ⁻²	4.40x10 ⁻²	4.99x10 ⁻²
Total investment in environmental protection	10,000 RMB	421.7	1,462.22	1,191.53
Environmental emergency drills	Times	2	4	3
Percentage of operating facilities covered by ISO 14001 Environmental Management System certification	%	/	/	100

Social	Unit	2023	2024	2025
Annual R&D investment	10,000 RMB	3,958.58	4,327.06	4,578.79
Proportion of annual R&D investment in operating revenue	%	3.71	3.63	3.90
R&D personnel	Persons	109	114	109
Annual process improvement and new product trial production projects	Items	27	22	34
Annual newly applied patents	Items	5	15	23
Annual newly authorized patents	Items	0	7	14
Total patents	Items	76	121	120
Cumulative participation in standards development	Items	6	8	8
Annual participation in standards development	Items	3	2	1
Annual second-party audits	Times	44	44	54
Annual third-party audits	Times	16	20	20

⁹ During the reporting period, the total volume of wastewater discharge increased, primarily due to the commissioning of the Aichuang Packaging Production Base.

¹⁰ The 2024 total raw material consumption data has been revised to include plastic raw material figures.

Social	Unit	2023	2024	2025
Customer complaint response rate	%	100	100	100
Customer satisfaction rate	%	96.05	93.59	95.33
Customer information leakage incidents	Cases	0	0	0
Total suppliers	/	348	655	765
Among them, in East China region	/	297	550	637
In North China region	/	5	44	46
In Northeast China region	/	0	1	3
In Southeast China region	/	26	36	20
In Northwest China region	/	1	4	2
In Southwest China region	/	3	1	3
In Central China region	/	9	10	11
In South China region	/	/	/	38
Abroad	/	7	9	5
Proportion of female employees in management	%	33.33	32.60	34.92
Proportion of employees from ethnic minorities or other ethnic groups employed	%	1.97	1.49	2.54
Human rights-related violations involving child labor, forced labor and/or human trafficking, discrimination, harassment, and violations of freedom of association	Cases	0	0	0
Proportion of disabled employees employed	%	1.4	1.07	1.16
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Newly recruited employees	Persons	151	322	152
Employee opinion handling rate	%	100	100	100
Employee satisfaction rate	%	90	92	95
Total employees	Persons	712	1,055	946
Among them, male employees	Persons	503	743	676
Female employees	Persons	209	312	270

Social	Unit	2023	2024	2025
Employees with a postgraduate degree or above	Persons	15	25	30
Employees with a bachelor's degree	Persons	92	157	129
Employees with a junior college degree	Persons	150	247	213
Employees with a high school education or below	Persons	455	626	574
Employee turnover rate	%	2.03	2.08	33.72
Among them, male employee turnover rate	%	1.53	1.80	33.83
Female employee turnover rate	%	0.5	0.28	33.33
Proportion of employees participating in trade unions	%	/	/	100
Proportion of employees covered by formal collective agreements	%	/	/	100
Duration of occupational safety and health training	Hours	2,465	1,122	1,555
Participants in occupational safety and health training	Person-times	1,632	469	807
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	262	670	307
Annual investment in work safety	10,000 RMB	214.91	112.84	261.17
Work safety incidents	Cases	4	13	5
Safety emergency drills	Times	18	21	14
Duration of employee training	Hours	6,458.5	12,782.6	6,973.4 ¹¹
Among them, average training duration for male employees	Hours	9	15	6.2
Average training duration for female employees	Hours	9	16	10.7
Participants in employee training	Person-times	2,491	4,318	4,300
Employee training coverage rate	%	97.80	99.70	100
Among them, male employee training coverage rate	%	97.26	99.80	100
Female employee training coverage rate	%	99.51	100	100
Total investment in public welfare	RMB	30,830	253,425	88,372

¹¹ The total employee training hours decreased during the year compared with the previous year. This was primarily due to the Company's continuous efforts in advancing digital and intelligent upgrading. To optimize human resource allocation and improve organizational efficiency, the Company implemented personnel structure optimization, cost reduction and efficiency enhancement initiatives. As a corresponding adjustment to its employee scale, the overall training hours were subject to change.

9.2 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, 2025 to December 31, 2025 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 this Report
2-3	Reporting period, frequency and contact point	About this 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	Building a Talent Team
2-8	Workers who are not employees	Building a Talent Team
2-9	Governance structure and composition	About Shanghai Ailu Improving Corporate Governance
2-10	Nomination and selection of the highest governance body	Refer to Annual Report
2-11	Chair of the highest governance body	Improving Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Improving Corporate Governance
2-13	Delegation of responsibility for managing impacts	Sustainability Management
2-14	Role of the highest governance body in sustainability reporting	Sustainability Management
2-15	Conflicts of interest	Refer to Annual Report
2-16	Communication of critical concerns	Sustainability Management
2-17	Collective knowledge of the highest governance body	Sustainability Management
2-18	Evaluation of the performance of the highest governance body	Sustainability Management
2-22	Statement on sustainable development strategy	Sustainability Management
2-25	Processes to remediate negative impacts	Upholding Compliance in Employment
2-26	Mechanisms for seeking advice and raising concerns	Upholding 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	About Shanghai Ailu
2-29	Approach to stakeholder engagement	Sustainability Management
2-30	Collective bargaining agreements	Upholding Compliance in Employment

GRI STANDARD	DISCLOSURE	LOCATION
Material Topics		
3-1	Process to determine material topics	Sustainability Management
3-2	List of material topics	Sustainability Management
3-3	Management of material topics	Sustainability 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	Addressing Climate Change
205-1	Operations assessed for risks related to corruption	Upholding Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	Upholding Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Upholding Business Ethics
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Upholding Business Ethics
301-1	Materials used by weight or volume	Improving Resource Efficiency
301-2	Recycled input materials used	Improving Resource Efficiency
301-3	Reclaimed products and their packaging materials	Improving Resource Efficiency
302-1	Energy consumption within the organization	Adopting Clean Energy
302-2	Energy consumption outside of the organization	Adopting Clean Energy
302-3	Energy intensity	Adopting Clean Energy
302-4	Reduction of energy consumption	Adopting Clean Energy
302-5	Reductions in energy requirements of products and services	Adopting Clean Energy
303-4	Water discharge	Improving Resource Efficiency
303-5	Water consumption	Improving Resource Efficiency
304-2	Significant impacts of activities, products, and services on biodiversity	Protecting the Ecological Environment
305-1	Direct (Scope 1) GHG emissions	Addressing Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Addressing Climate Change
305-3	Other indirect (Scope 3) GHG emissions	Addressing Climate Change
305-4	GHG emissions intensity	Addressing Climate Change
305-5	Reduction of GHG emissions	Addressing Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Controlling Pollutants and Waste

GRI STANDARD	DISCLOSURE	LOCATION
306-1	Waste generation and significant waste-related impacts	Controlling Pollutants and Waste
306-2	Management of significant waste-related impacts	Controlling Pollutants and Waste
306-3	Waste generated	Controlling Pollutants and Waste
306-4	Waste diverted from disposal	Controlling Pollutants and Waste
306-5	Waste directed to disposal	Controlling Pollutants and Waste
308-1	New suppliers that were screened using environmental criteria	Building a Responsible Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Building a Responsible Supply Chain
401-1	New employee hires and employee turnover	Optimizing Remuneration and Benefits
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Optimizing Remuneration and Benefits
403-1	Occupational health and safety management system	Strengthening Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Strengthening Occupational Health and Safety
403-3	Occupational health services	Strengthening Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Strengthening Occupational Health and Safety
403-5	Worker training on occupational health and safety	Strengthening Occupational Health and Safety
403-6	Promotion of worker health	Strengthening Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	Strengthening Occupational Health and Safety
403-9	Work-related injuries	Strengthening Occupational Health and Safety
403-10	Work-related ill health	Strengthening Occupational Health and Safety
404-1	Average hours of training per year per employee	Improving Talent Development
404-2	Programs for upgrading employee skills and transition assistance programs	Optimizing Remuneration and Benefits
404-3	Percentage of employees receiving regular performance and career development reviews	Optimizing Remuneration and Benefits
405-1	Diversity of governance bodies and employees	Upholding Compliance in Employment
406-1	Incidents of discrimination and corrective actions taken	Upholding Compliance in Employment
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Building a Responsible Supply Chain
408-1	Operations and suppliers at significant risk for incidents of child labor	Building a Responsible Supply Chain
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Building a Responsible Supply Chain

GRI STANDARD	DISCLOSURE	LOCATION
414-1	New suppliers that were screened using social criteria	Building a Responsible Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Building a Responsible Supply Chain
416-1	Assessment of the health and safety impacts of product and service categories	Consolidating Quality Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Consolidating Quality Management
417-1	Requirements for product and service information and labeling	Consolidating Quality Management
417-2	Incidents of non-compliance concerning product and service information and labeling	Consolidating Quality Management
417-3	Incidents of non-compliance concerning marketing communications	Enhancing Customer Service
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Enhancing Customer Service



Dimension	Topics	Chapter
Environmental	1.Climate Change Response	Addressing Climate Change
	2.Pollutant Emissions	Controlling Pollutants and Waste
	3.Waste Management	Controlling Pollutants and Waste
	4.Ecosystem and Biodiversity Conservation	Protecting the Ecological Environment
	5.Environmental Compliance Management	Integrated Environmental Management
	6.Energy Use	Addressing Climate Change Adopting Clean Energy
	7.Water Resource Utilization	Improving Resource Efficiency
	8.Circular Economy	Improving Resource Efficiency
Social	9.Rural Revitalization	Practicing Social Public Welfare
	10.Social Contribution	Deepening Win-Win Cooperation Practicing Social Public Welfare
	11.Innovation-Driven Development	Advancing R&D and Innovation
	12.Tech Ethics	Not Applicable
	13.Supply Chain Security	Building a Responsible Supply Chain
	14.Equal Treatment of Small and Medium-Sized Enterprises	Not Applicable
	15.Safety and Quality of Products and Services	Consolidating Quality Management
	16.Data Security and Customer Privacy Protection	Enhancing Customer Service
17.Employees	Building a Talent Team	
Sustainable Development Governance	18.Due Diligence	Strengthening Compliance and Risk Control
	19.Stakeholder Engagement	Sustainability Management
	20.Anti-Commercial Bribery and Anti-Corruption	Upholding Business Ethics
	21.Anti-Unfair Competition	Upholding Business Ethics

9.3 Assurance Statement



ASSURANCE STATEMENT

REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI AILU PACKAGE CO., LTD.' ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT FOR 2025

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC Standards Technical Services Co., Ltd. (hereinafter referred to as SGS-CSTC) was commissioned by Shanghai Ailu Package Co., Ltd. (hereinafter referred to as Shanghai Ailu) to conduct an independent assurance of the ESG Report for 2025 (Chinese Version) for the period of January 1, 2025 to December 31, 2025.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Shanghai Ailu's Stakeholders.

RESPONSIBILITIES

The sustainability information in the ESG Report for 2025 and its presentation are the responsibility of the Board of directors and the management of Shanghai Ailu. SGS-CSTC has not been involved in the preparation of any of the material included in the ESG Report for 2025.

Our responsibility is to express an opinion on the sustainability performance information within the scope of assurance based upon sufficient and appropriate objective evidence.

SGS-CSTC 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 Group ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the ISAE 3000.

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

Assurance Standard	Level of Assurance
ISAE 3000	Limited

SCOPE OF ASSURANCE

The scope of the assurance included evaluation of quality, accuracy and reliability of the specified performance information in the ESG Report for 2025 and evaluation of adherence to the following reporting criteria:

Reporting Criteria
GRI Standards 2021 (With Reference to)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees on-site at No. 3588, Caolang Road, Jinshan District, Shanghai City, P. R. China, including documentation and record review and validation where relevant. This assurance engagement was restricted to the group level of Shanghai Ailu and did not include traceability of all original data from subordinate institutions

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



LIMITATIONS AND MITIGATION

Data drawn directly from independently audited financial accounts and intensity data calculated based on financial data has not been checked back to source as part of this assurance process.

The greenhouse gas emission related data in the ESG Report for 2025 has been directly adopted from the independent third party verification data and has not been double verified in this audit.

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. As an affiliate of SGS Group, SGS-CSTC affirm our independence from Shanghai Ailu, 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, no inaccuracies or reliability issues were identified within the scope of the sustainability performance information covered by the Shanghai Ailu's ESG Report for 2025.

ADHERENCE TO GRI STANDARDS 2021

The assurance team concludes that the Shanghai Ailu's ESG Report for 2025 has been prepared with reference to the requirements of GRI Standards 2021.

Signed:

For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Haidian District, Beijing, P.R. China

Apr. 23rd, 2026

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9.4 Reader Feedback

Dear readers,

Thank you for reading the 2025 Environmental, Social and Governance (ESG) Report of Shanghai Ailu Package Co., Ltd. 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 2026

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?
