

SHANGHAI M&G STATIONERY INC.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About This Report

Report Overview

This report is the first Environmental, Social and Governance Report (hereinafter referred to as "ESG" Report) of Shanghai M&G Stationery Inc. It focuses on disclosure of the Company's work and performance in environmental protection, social responsibility, and corporate governance. Prior to this, the Company has published its "Corporate Social Responsibility Report" (CSR Report) for 3 consecutive years.

Reporting Period

This report covers the period from 1 January to 31 December 2021. Some information is sourced before the reporting period.

Scope of the Report

The report covers Shanghai M&G Stationery Inc. and its subsidiaries. For the convenience of expression, they are referred to as "M&G Stationery", "M&G", "the Company", "we" (or "us"), etc. herein. Unless otherwise stated, all currencies involved in this report are denominated in RMB.

Basis of Preparation

This report is prepared in accordance with the Core option of the GRI Standards of Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs).

Statement

All data used in this report include public data, relevant internal statistical reports, and interviews of M&G Stationery. The financial data involved in this report is consistent with the data range in the 2021 annual report of M&G Stationery.

This report was approved by the twelfth meeting of the fifth term of the Board of Directors and the tenth meeting of the fifth term of Supervisory Board held on 25 March 2022.

Access to the Report

The report is prepared and published in simplified Chinese and is available in both hard copy and electronic versions. The latter may be downloaded from the website of M&G, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of Cninfo (<http://www.cninfo.com.cn/new/index>).

本报告分别以中、英文编制，在对中外文文本的理解上发生歧义时，以中文文本为准。

This English version is converted from the Chinese version.

In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.



President's Statement



The past 32 years has witnessed the journey of M&G from handling imports of stationery to mastering the core pen-making technology through research and development. Driven by our mission— “make study and work more joyful and effective.”, we have explored a road of innovation for China’s stationery industry, which helps us to achieve who we are.

As the goal of peak carbon dioxide emissions and carbon neutrality is put forward all over China, the sustainable development strategy has received much attention at home and abroad.

As a mission-driven and responsible leading company in this industry, we choose to enhance the business strategy in a sustainable manner, promote comprehensive sustainable construction in a scientific and efficient way. We strive to disclose all the strategy, practice and vision of sustainable development for our stakeholders. Based on our development orientation, we designed four sustainable development pillars from the perspective of entire value chain to fully support the strategy of “Leading the sustainable development of this industry”.

Sustainable Products

We are committed to creating sustainable products by selecting environment-friendly materials that are harmless, pollution-free and recyclable, and design products by using common accessories and extending their lifetime. Without impairing product safety and quality, we strive for feasible solutions to reduce the use of raw materials and packaging materials, and provide consumers with innovative, green stationery products.

Response to Climate Change

We pay close attention to the national policies on and the trend of climate change, adhere to the philosophy of “Green & Low Carbon”, strive to meet the national goal of peak carbon dioxide emissions and carbon neutrality, implement the regulations and measures of green and low-carbon management, improve resource utilization, reduce energy consumption and carbon emissions, and contribute to the global initiative against climate change.

Sustainable Supply Chain

By adhering to the supplier strategy of “focusing partner”, we are committed to establishing of a win-win partnership with suppliers, and building a solid foundation for cooperation. Through standardizing and refining our procurement, we build an efficient, sound and safe supply chain management system, and exert our influence to help develop the upstream and downstream of the value chain healthily.

Empowerment of Employees and the Community

We adheres to the principle of employee oriented value, respect, recognize and treat employees kindly; we promise to provide more opportunities for their career development; we establish a perfect welfare assurance system and a perfect occupational health and safety system. We strive to build a sustainable community, give back to the society, and convey our values by advocating fair education and supporting people in need through community engagement.

In the future, we’ ll continue to lead the development of this industry, upgrade and innovate products, brands and channels; we’ ll continue to our in-depth development in this industry in order to be a world-class stationery brand and complete the transition from “Made in China” to “Created in China”.

Performance Highlights

Sustainable Products

841	Number of patents as end of the reporting period
RMB 188 million	R&D Investment

Response to Climate Change

8.75 million kWh	Photovoltaic power generation
RMB 2 million	Investment in Smart Logistics Sorting System
1,300 tons	Usage of recycled plastics

Evaluated the status of **Scope 1 and Scope 2** carbon emission

Quantified the impact of carbon reduction initiatives on the **reduction of carbon emissions**

Sustainable Supply Chain

Improved the supplier management system and established the *Code of Conduct for Suppliers*
Assessment of the sustainable development of the supply chain and consolidation of risk management and control of the supply chain at each node
Established critical material supply resource pool and core parts control list

Empowerment of Employee and Community

RMB 8.6 million	Total donation of cash and materials in the reporting period
RMB 2.53 million	Investment in labor protection in the reporting period
2,096	Number of persons trained
5.9	Training hours per capita
0	Case of work-related deaths

About the Company

Business Overview

Shanghai M&G Stationery Inc. (“M&G”) is a comprehensive stationery supplier and an office servicer. The Company integrates the value of creativity into its products and service advantages, advocates fashionable stationery lifestyle, and provides solutions for study and work. Its core traditional businesses include designing, developing, manufacturing and selling writing instruments, student stationery, office supplies and other products under **M&G 晨光** brands, and also the e-commerce business M&G Technologies; its new businesses mainly comprise of large retail store business – Jiumu Store and M&G Life, and direct office supplies business – M&G Colipu.

Well-known in China's stationery industry, M&G's traditional core business consists of four lines, i.e. mass market stationery segment; premium stationery segment; arts and kids drawing segment; and office stationery segment. In terms of both breadth and depth of the product lines, M&G is the leader of China's stationery industry. Especially in the pen-making field, M&G has ranked first among the top 10 companies in this segment of China's light industry for ten consecutive years. Meanwhile, M&G attracts many creative talents and external high-quality resources from all over the world in order to develop high-quality stationery products, which helps M&G to maintain the position as a leader with respect to product functions and design. By integrating important global resources, e.g raw materials, technology, capital, market, talents and creativity, M&G strives to introduce its product creativity and branding concept to the world.

M&G stationery covers over 80,000 retail stationery shops with “M&G Stationery” logo across China, 523 large own-operated retail stores, and thousands of franchised stores on Taobao.com, JD.com, and Pinduoduo.com, etc. The Company launches thousands of new products every year based on the market demand. Our products are exported to more than 50 countries and regions and we have partners all over the world. The Company has maintained double-digit growth in the past decade. Its total revenue reached RMB17.6 billion in 2021, increasing 34% year-on-year.

Headquartered in Shanghai, China, the Company operates an industrial park that covers an area of 550 mu. The park is the home of China Writing Instrument Industrial Base, China Writing Instrument Center, National Industrial Design Center, and China Key Laboratory of Light Industry and Writing Instrument Engineering Technology. In 2019, M&G Stationery Laboratory was accredited by China National Accreditation Service for Conformity Assessment (CNAS), with its testing capabilities meeting global standard.

M&G invests more than RMB 100 million in the design and development of products and technology every year. New products on the production line can be available in all retail shops across the country in only 7 days. Currently, M&G has 841 patents. M&G won four major international industrial design awards including German iF Award, Red Dot Design Award, G-mark, and IDEA. Also, there is a design studio in Israel, which helps M&G to boast the first-class capacity in design.

With its mission— “make study and work more joyful and effective” , M&G focuses on consumers, follows the tenet of “Sincerity, Collaboration, Focus, and Win-Win” , and strives to become a "World-class M&G".

Awards

Awards	Issued by
2021"Shanghai Brand" Certification	Shanghai Brand International Certification Alliance
Top 500 Most Valuable Brands in China in 2021 (Ranked 382 th)	World Brand Lab
Top 100 Enterprises in Shanghai in 2021 (Ranked 79 th)	Shanghai Enterprise Confederation/ Shanghai Entrepreneurs Association/ Shanghai Federation of Economic Organizations/ Jiefang Daily
Top 100 Manufacturing Enterprises in Shanghai in 2021 (Ranked 25 th)	Shanghai Enterprise Confederation/ Shanghai Entrepreneurs Association/ Shanghai Federation of Economic Organizations/ Jiefang Daily
Top 100 Private Enterprises in Shanghai in 2021 (Ranked 35 th)	Shanghai Enterprise Confederation/ Shanghai Entrepreneurs Association/ Shanghai Federation of Economic Organizations/ Jiefang Daily
Top 100 Private Manufacturing Enterprises in Shanghai in 2021 (Ranked 9 th)	Shanghai Enterprise Confederation/ Shanghai Entrepreneurs Association/ Shanghai Federation of Economic Organizations/ Jiefang Daily
Leading company of scientific and technological innovation in light industry during "13 th Five-Year Plan"	Comprehensive Service Department of China Light Industry Federation
Leading company of scientific and technological innovation in cultural, educational and sports products industry during "13 th Five-Year Plan"	China Cultural and Educational Sports Goods Association
2021 China Brand Annual Award Stationery No.1	World Brand Lab



M&G Stationery won the Best Social Responsibility Award in the Employer Brand Creative Competition



M&G Stationery won 2021 "China Brand of the Year Award: Stationery NO.1"



M&G Stationery was awarded "Shanghai Brand" Certification



M&G Stationery won 2021 "China's Top 500 Most Valuable Brand"

Award-winning Products



Magneter
2021 IF Design Award (Germany)



"Tide of the Century" Red Cultural & Creative Products
Second Prize in the category of cultural and creative products in the 2nd Session of Shanghai Red Culture and Creativity Competition of "City Glory with Red Powers"



M&G x The Palace Museum China Chic Marker Pen
2021 Stationery Innovation Award – Gold Award for Innovative Design



M&G TIKITAKA Press Marker Pen
2021 "Sidanxing" Best Stationery of China Awards Innovation Award – Silver Award for Technical Innovation
2021 "Sidanxing" Best Stationery of China Awards Top 30



M&G x XPUPU 12 Zodiacs Eraser Figures
2021 Stationery Innovation Award – Excellence Award for Innovative Appearance



M&G Automatic Compass
2021 Japan G-Mark DESIGN AWARD

History of M&G stationery

In 1989, as the first step in start-up the Company was built in two small bungalows in Hengshan Village, Gurao Town, Shantou.

In 1997, the "M&G" trademark was officially launched, establishing the development path of the brand. The Company cooperated with stationery agents across the country and established partnerships.

In 1999, M&G settled in Liuli, Pudong, with more than 100 employees. It has successively established mold, injection, printing and assembly workshops, and the production system has begun to take shape.

In 2002, K35, the first press gel pen in China, came out after 180 days of process debugging and 17 process optimization, creating M&G classic products with ingenuity.

In 2005, selected as the designated stationery supplier of Boao Forum for Asia and has provided support for Boao Forum for Asia for more than one decade.

In 2008, the first "franchise chain" project was launched in the stationery industry. At the same time, the Guangming Park was completed, and China Writing Instrument Center and China Writing Instrument Industrial Base were established, establishing the Company's leading position in the stationery industry.

In 2015, M&G Stationery officially listed on the Shanghai Stock Exchange A shares (stock code: 603899).

In 2017, M&G stationery explored new retail in the industry and started the strategic transformation of "taking brand as the core and transforming from stationery to cultural and creative life"; M&G Colipu successfully acquired Office Depot (China).

In 2019, M&G Stationery acquired Axis Stationery as its subsidiary. Brought Italian painting brand-CARLOCCA to attend CIIE.

In 2020, Brought Israeli design brand-Peleg Design to attend CIIE, announced establishment of Israel office of its global design center.

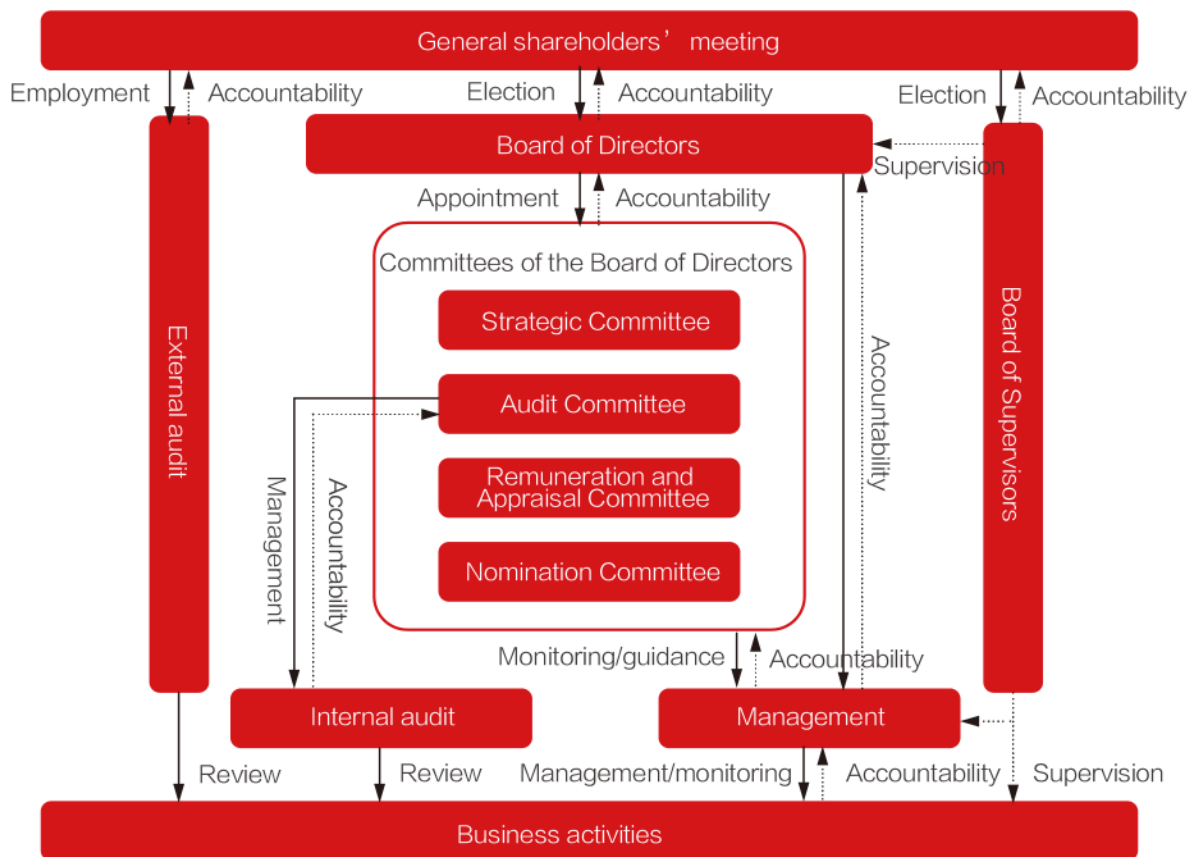
In 2021, M&G Stationery held a cloud signing ceremony with the Norwegian schoolbag brand Beckmann.

Governance Structure

M&G Stationery is in strict compliance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, etc., as well as regulatory documents issued by the China Securities Regulatory Commission regarding the governance of listed companies. Oriented by the market and national policies, M&G Stationery continues to strengthen the construction of internal systems, effectively prevent risks, and protect the legitimate rights and interests of investors and relevant stakeholders based on integrity.

M&G Stationery has established a complete corporate governance structure and is committed to ensuring high standards of corporate governance and sustainable development. The Company has established both a strict three-board operation system and a clear decision-making authorization system. The general shareholders' meeting, Board of Directors, Board of Supervisors, and the management perform functions independently. By virtue of the strict segregation of powers and duties as well as the inter-collaboration amongst authority body, decision-making body, supervisory body, and the management, the Company forms an effective working mechanism.

The general shareholders' meeting fully protects the rights and interests of shareholders as our highest decision-making body. The Board of Directors is established under the general shareholders' meeting as the decision-making body for day-to-day operations, consisting of 7 directors elected with 3 independent directors. The independent directors of the Company have exercised discretionary review over the deliberation regarding the appointment of the Company's senior officer(s), external investment and related party transactions etc. Subordinated to the Board of Directors, the Strategy Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee perform their respective functions in strict compliance with respective implementing rules. Under the supervision of each committee, the Board of Directors provides work guidance and suggestions to the management of each department, monitors the operation of the Company, and supports the implementation of major strategic decisions of the Company.



Sustainable Development Governance Structure

M&G Stationery has established the Board of Directors as the top leadership for the Company's sustainable development and strengthened the level of involvement of Board members in decision-making and monitoring of ESG issues. The Board of Directors is responsible for identifying ESG risks, opportunities, and the issues' importance, reviewing and approving the public disclosure of sustainable development strategy, objectives and ESG issues, monitoring and assessing the progress of ESG related policies, management, performance, and progress on objectives of the Company.

We have incorporated the ESG function into the Strategic Committee to better integrate the sustainable development strategy into M&G Stationery's governance. The role of the Strategic Committee assisting the Board of Directors includes: monitoring the Company's ESG risks, reviewing the ESG related policies, goals and report, examining the achievement of the annual ESG performance goals, and formulating and implementing ESG action plan.

We have established the ESG working group at the executive level to implement our strategy of sustainable development. The group co-develops and implements work plans regarding the environment, society, and governance at all levels in business operation. The coordinating team in the group coordinates all departments to implement the sustainable development strategy and organizes internal and external stakeholders to participate in the identification of risks and opportunities on major issues. All departments involved are responsible for ESG-related work and submit ESG-related information and data to the coordinating team to achieve the ESG objectives of the Company.



Internal Control and Risk Management

M&G Stationery continuously strengthens internal management, establishes, improves, and effectively implements internal control with the Board of Supervisors overseeing the establishment and implementation of the internal control system by the Board of Directors. The management shall be responsible for directing and coordinating the day-to-day running of the Company. Meanwhile, instructed by the Audit Committee, the Audit Department of the Company has conducted independent audits and appraised the effectiveness and efficiency of the design and implementation of the internal control system.

The Board is responsible for planning and establishing the Company's risk management structure, formulating risk management policies and relevant guidelines, and monitoring the implementation of risk management measures. The Company regularly evaluates the market environment and business activities to update the risk management policy and system. The internal Audit Department of the Company conducts regular audits on risk management and control and procedures and reports the audit results to the Audit Committee of the Company.

In 2021, the Company's internal control system and risk management system have been further optimized, and no defects and abnormalities were found that have a significant impact on corporate governance, operation, management, and development.

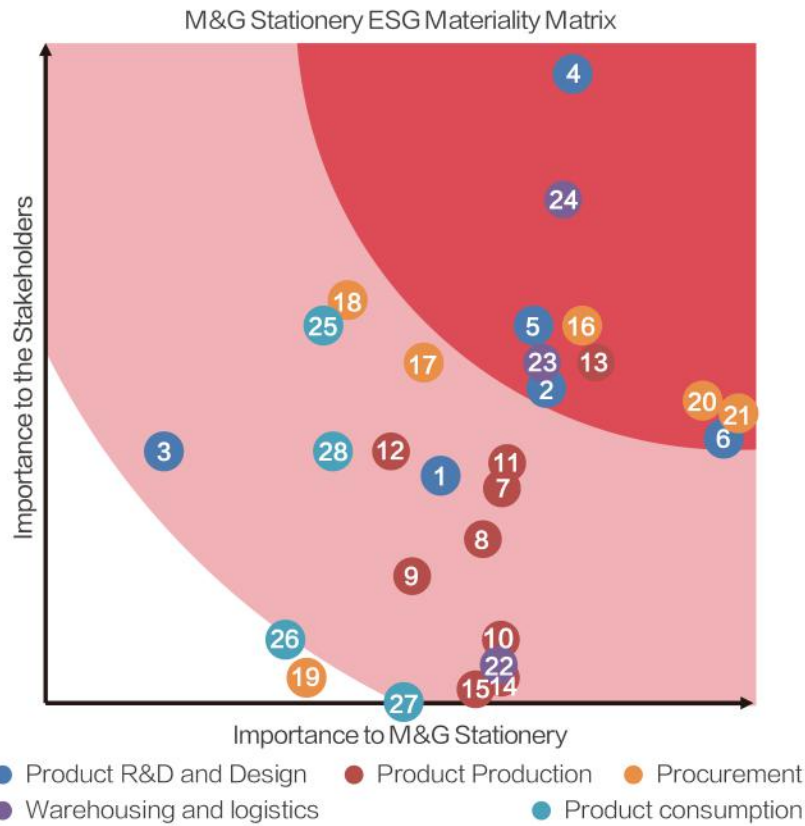
Stakeholder Engagement

M&G Stationery identifies 7 main stakeholders based on their relevancy. We attach great importance to engaging with stakeholders to understand their concerns and respond to their demands in a timely manner. During the reporting period, the Company established in-depth communications with internal and external stakeholders through various ways such as online questionnaires, offline interviews, consumer surveys, capital market questionnaires, and industrial benchmarking to understand their opinions on ESG issues, as well as their expectations and requirements for the Company's sustainable development.

Stakeholder	Issue of concern	Communication Channel	Frequency/Times
Government & Regulatory bodies	Business code of conduct & Anti-corruption Corporate business performance Legal compliance	Site visit Consultation and Q & A Request information and assessment	Non-scheduled or held when needed
Shareholder	Business code of conduct & Anti-corruption Corporate business performance Governance structure Sustainable development strategy Risk management Legal compliance	General shareholders' meeting Periodic / interim reports Performance briefing	Annually Non-scheduled or held when needed
Consumer	Integrity Responsible sourcing Technology and innovation Product packaging materials Product longevity Product safety	Satisfaction survey Promotions After-sales service	Annually Non-scheduled or held when needed
Supplier/ distribution partner	Warehouse management Logistics management Inclusive supply chain Supplier environmental and social assessment Supply chain management	Supplier selection Dealer training Feedback	Non-scheduled or held when needed
Employee	Education and training Human rights protection Occupational health and safety	Remuneration and benefits Employee training	Non-scheduled or held when needed
Social Organization	Community support Charitable donation Recycling	Public services Volunteer services	Non-scheduled or held when needed
Media	Logistics & packaging Community support Charitable donation	The Company's website News release	Non-scheduled or held when needed

ESG Materiality Analysis

After engaging with our internal and external stakeholders, M&G Stationery carried out a questionnaire survey regarding 5 aspects of product R&D and design, product production, procurement, warehousing and logistics, and product consumption for key stakeholders. They include internal management, investors, external experts, consumers, and government and regulatory bodies. From the survey, sustainable development issues that are of high importance to the Company are identified, forming a Materiality Matrix. 28 ESG issues have been identified and summarized. Among them, 10 ESG issues of high importance are marked yellow in Figure, which are key disclosure indicators with more detailed information in this report.



Product R&D and Design Issues		
1.Simple product design	2.General product design	3.Product life
4.Raw material management	5.Product packaging material	6.Technology and innovation
Product Production Issues		
7.Environmental management system	8.Energy management	9.Water resources management
10.Wastewater discharge management	11.Waste management	12.Carbon footprint tracking of the production
13.Occupational health and safety	14.Human rights protection	15.Education and training
Procurement Issues		
16.Supply chain management	17.Supplier assessment (environmental and social)	18.Responsible procurement
19.Inclusive supply chain	20.Business code of conduct and Anticorruption	21.Integrity
Warehousing and logistics		
22.Warehouse management	23.Logistics management	24.Logistics and packaging
Product consumption		
25.Promote customer awareness	26.Social support	
27.Charitable donation	28.Product recycling	

Sustainable Development Strategy

In order to realize the vision of “World-class M&G”, M&G Stationery has developed a sustainable development strategy together with its business strategy. With its vision of “Writing a Sustainable Business Future”, M&G Stationery aims to lead the sustainable development of the industry by focusing on four pillars: sustainable products, response to climate change, sustainable supply chain and empowering employees and communities.

Writing a Sustainable Business Future

Vision and strategy of sustainable development

As a Chinese brand popular with Chinese consumers, we take the initiative to undertake our social responsibility and assist the United Nations in achieving its sustainable development goals. We promise to devote more efforts to environmental and social issues throughout the value chain of production and operation, and adhere to the concept of eco-friendly, resource conservation, and giving back to society. We are committed to providing our customers with safe and sustainable products and building a sustainable supply chain with a focus on climate change, as well as empowering employees and communities along the way. We believe that in the era full of change, we can enjoy long-term growth of commercial benefits only by relying on sustainable development.

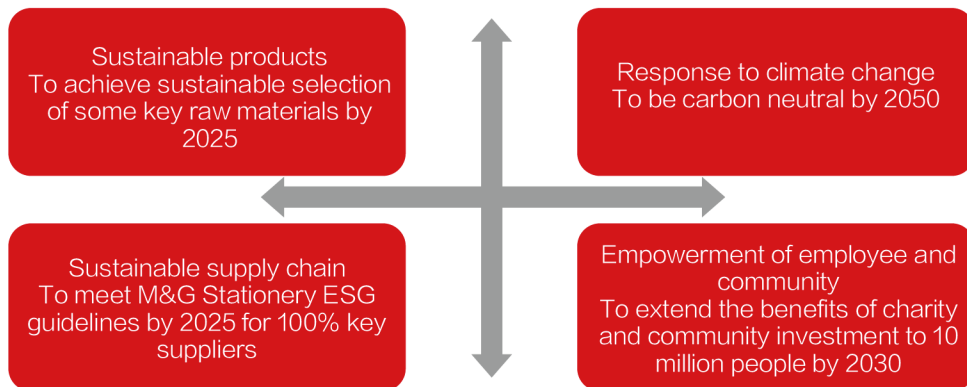
M&G Stationery has developed a sustainable development strategy for 2022–2025 according to our internal status, business strategy, and the industry’s frontier trends. We will adhere to the core concept of responsible governance with “Writing a Sustainable Business Future” as our vision of sustainable development and “leading the sustainable development of this industry” as our strategic positioning of sustainable development. M&G Stationery developed this strategy from the whole value chain and will continuously make efforts to achieve our vision of sustainable development.

The sustainable development strategy empowers our business vision of “World-class M&G”, and follows our strategic positioning of “China’s No.1 stationery brand (cluster)”. The sustainable development strategy also enriches the connotation of “Stronger brand” and “Better product” in our business strategy by incorporating sustainability philosophy into our brand image and product features.



M&G Stationery Sustainable Development Strategy

The four pillars of sustainable development strategy are built to support the Company to achieve the strategic position—ing of "Becoming an industry leader of sustainable development". We have further established the segmented strategic goals and the implementation path of sustainability measures in the 2022–2025 stage to fully guarantee the implementation of sustainable development strategies.



M&G Stationery's Strategic Goals for Sustainable Development

Responsible Governance

• Code of Conduct and Business Ethics

Management structure to ensure oversight for ethics issues and regular audits

M&G Stationery complies with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Governance Guidelines for Listed Companies*, *Articles of Association of Shanghai M&G Stationery Co., Ltd.*, among other relevant regulations. The specially established Audit Committee of the Board of Directors is mainly responsible for the communication, supervision and verification of the internal and external audits of the Company, such as supervising the Company's internal audit system and its implementation, managing the communication between internal audit and external audit, reviewing the Company's financial information and its disclosure, reviewing the Company's internal control system, reviewing major related transactions, and assisting the Strategic Committee of the Board of Directors to conduct risk analysis on ongoing investment projects. The Audit Department under the Audit Committee reports to the Audit Committee at regular meetings its major work results and future work plans such as internal control process audits, subsidiary audits, special audits, and fraud investigations, and listens to the work instructions of the Audit Committee. During the reporting period, the meetings of the Audit Committee were held as scheduled on a quarterly basis.

Anti-corruption and anti-fraud management

M&G Stationery attaches great importance to anti-corruption management and adopts a zero-tolerance attitude towards any violation of business ethics and corruption. We strictly abide by relevant laws and regulations to prevent bribery, extortion, fraud and other illegal activities. In 2021, the Company officially promulgated the *Anti-Fraud Management System* in order to consolidate anti-corruption procedure. The system systematically stipulates the Company's anti-fraud principles, content requirements, responsible departments, investigation procedures and processing procedures among other specific contents, and regularly monitored ethical issues and reviewed ethical standards regularly, thereby further improving the Company's business ethics management system. Moreover, the Company started to strengthen the regulation and management of conflicts of interest in 2021 by clearly stipulating the requirements for disclosure of conflicts of interest in the *Anti-Fraud Management System* and including "failure to declare conflicts of interest" in the scope of fraud.

Employee and supplier training and policy on ethical standards

In order to improve the anti-corruption awareness of employees and suppliers, we launched anti-corruption training in 2021 as well as set hotline and email box for reporting malpractice. Anti-fraud publicity was carried out through posters, WeChat official account, corporate WeChat platform and other channels within the Company. In order to strengthen employees' anti-fraud awareness and publicize anti-corruption knowledge, all employees signed the *Employee Integrity Commitment Letter* on the spot. All employees are required to sign the *Integrity and Self-discipline Commitment Letter* after joining the Company, and dutifully perform their duties and anti-fraud commitments. During the reporting period, several departments of M&G Stationery jointly carried out 42 compliance training sessions with 1,116 trainees. The training topic included code of conduct for new employees, anti-fraud, product compliance with laws and regulations, and intellectual property protection, etc.

For suppliers, we improved the *Code of Conduct for Suppliers* to continuously strengthen anti-corruption awareness and promote procurement integrity. We hold two supplier conferences every year, and all suppliers sign the *Procurement Integrity Agreement*. M&G Stationery actively makes return visits to its supply chain, and asks suppliers whether our staff violate business ethics during the cooperation. During the reporting period, we did not find any major corruption incidents.

• Whistleblower Protection

M&G Stationery has established the *Anti-Fraud Management System*. According to the corporate policy of "prohibiting illegal retaliation or discrimination against whistleblowers", complainants and whistleblowers must be protected when assisting in the investigation process. We encourage employees to report through the Company's three fixed channels: email, hotline and WeChat. Additionally, we protect the personal information of the whistleblower to prevent any retaliation against the whistleblower. The whistleblower will be protected by the Company regardless of anonymous or real-name reporting.

M&G Stationery prohibits any acts of discrimination or retaliation, and prohibits any obstruction, interference or hostility against those involved in the investigation. For employees who violate the rules by disclosing the complainant and whistleblower or take retaliation against the complainant and whistleblower, we will impose such punishments as warning, dismissal, and labor contract termination. For behaviors that violate the law, the Company will transfer the parties concerned to relevant government departments or judicial organs according to law.

During the reporting period, a total of 18 reported cases were handled, and violations were dealt with by such measures as warning and dismissal.



• Information Security Protection

M&G Stationery attaches great importance to the security of corporate information and data. In order to further standardize and strengthen information security management and consolidate current procedure, the Company formulated the *Code of Conduct for Information Security* in 2021. The code stipulates the scope of the Company's controlled information, security specifications for controlled information, and personal and management responsibilities for violations of the specifications, and required all employees in management positions to sign the *Information Security Commitment Letter*.

• Business Secret Protection

In order to safeguard the legitimate rights and interests of the Company and enhance the core competitiveness of the Company, we rationally use and regulate the management of various types of secrets of the Company, and prevent the occurrence of acts such as loss, disclosure and theft of secrets by employees and others. In 2021, in order to consolidate current procedure the Company formulated the *Confidentiality System* and the *Measures for the Administration of Business Secrets*. By participating in the program of "Shanghai Business Secret Protection Demonstration" (organized by the Fengxian District Market Supervision and Administration Bureau), we further improve our business secret protection system and continuously enhance the Company's innovation momentum and core competitiveness.

• Tax Management

The Company regards paying taxes according to law as the most basic requirement for fulfilling social responsibilities and giving back to the society. For a long time, the Company takes pride in operating in accordance with the law and paying taxes in good faith, strictly abides by various tax laws and regulations, fulfills its tax obligations in accordance with the law, and pays state taxes in full and on time. In 2021, the Company's total tax payment according to law was nearly RMB 1.06 billion. According to the tax-paying credit evaluation results of the tax bureau in 2021, the Company's tax-paying credit rating in 2020 was A level.

• Accounting Accuracy and record keeping

M&G Stationery has formulated the *Financial Reporting System* to regulate the preparation of financial statements, the confidentiality of financial information, and the storage of accounting files, etc., so as to ensure the authenticity, integrity, accuracy and proper disclosure of accounting statements and that the preparation of financial statements complies with national regulations and the requirements of regulatory authorities in places where we are listed.

Eco-friendly Products and Operations

M&G Stationery adheres to the concept of green and low-carbon development by actively responding to the call of low-carbon sustainable development and assuming the social responsibility of protecting the environment. We strictly abide by the relevant laws and regulations of the place of operation, implement energy conservation and emission reduction throughout the process of production and operation activities, and actively take various environmentally friendly actions to strive for sustainable development of the environment.

Sustainable Product Design

M&G Stationery is committed to providing consumers with quality sustainable products. We actively respond to the international plastic reduction trend and domestic environmental protection policies, proactively select eco-friendly materials that are harmless, non-polluting and recyclable, and look for feasible solutions for reducing the use of raw materials and packaging materials. Moreover, we actively explore the recycling of waste to reduce the impact of production and operation on the environment.

Material Selection

• Raw materials

Due to the increasing demand for the environmental friendliness and quality of pens imposed worldwide, pens of enhanced environmental friendliness, quality and diversified functions are set to be favored by the market. The use of new environmentally friendly pen materials has become an inevitable requirement for the pen industry. After years of innovation and research and development, M&G Stationery has made a number of breakthroughs such as using bio-based degradable materials, reducing the use of chemicals in raw materials, protecting biological diversity, and using environmentally friendly plastics, thereby helping develop the industry and connect the concept of environmental sustainability.

Chemical reduction in raw materials

We are concerned about the potential safety hazards to consumers and the negative impact on the environment caused by chemicals in our products and we committed to reducing the use of chemicals in raw materials. During the reporting period, we developed food-grade colored clay and oil painting sticks, marking a milestone for M&G Stationery to reduce the use of chemicals in the raw materials of products.

Use of bio-based degradable materials

After research and development, we have successfully used plant residues such as straw, bagasse, and fir powder as fillers to synthesize degradable polylactic acid, and applied it to the pen holder of some gel pens to realize the recycling of plant residues.

Eco-friendly pen holder made of plant residue

Polylactic acid, obtained by extraction, fermentation and polymerization of plant residues (for instance, straw, bagasse and fir powder) is an eco-friendly material with biodegradable and biocompatible properties. We mix and modify it with PP polymer material to make high-strength degradable PP pen holder material, which is applied to the pen holder of the "HuanBaoJi" series of plant-based degradable and environmentally friendly press gel pens.



Ecological cycle of polylactic acid



"HuanBaoJi": plant-based degradable eco-friendly press gel pens

Close attention to biodiversity

Axis Stationery, a subsidiary of M&G Stationery, has its own renewable forest farm. In order to reduce the use of protected wood, Axis Stationery uses fast-growing poplar instead of basewood in pencil production. Before harvesting the wood in the forest farm, we conduct a comprehensive assessment of the possible adverse effects on the surrounding environment after the harvesting. On the condition that the surrounding ecosystem is not affected, we adhere to the principle of “planting one for harvesting one” to protect the natural environment around the forest.

Substituting eco-friendly plastics for traditional ones

We use eco-friendly plastics to replace traditional plastics. Under the basic conditions of ensuring product quality, we make full use of the TPR (thermoplastic rubber) with high elasticity, high strength, environmental protection, non-toxic and harmless characteristics to innovate and develop safer and eco-friendly products.

Eco-friendly TPR rubber

We've developed rubber made of TPE/TPR. TPE/TPR are thermoplastic elastomers made of SBS, SEBS and blend, enjoying great elasticity. It is not needed to add small molecular plasticizers and other additives to TPE/TPR compared with PVC rubber on the market. It is safe, non-toxic and friendly to environment. Our engineers can control the texture and performance of the matrix resin by adjusting the ratio of soft and hard segments and blends of SBS and SEBS block copolymers. The products ingredients are safe and non-toxic; the production process is streamlined and friendly to environment; both the performance and safety of the erasers are successfully up to the national and industrial standards.

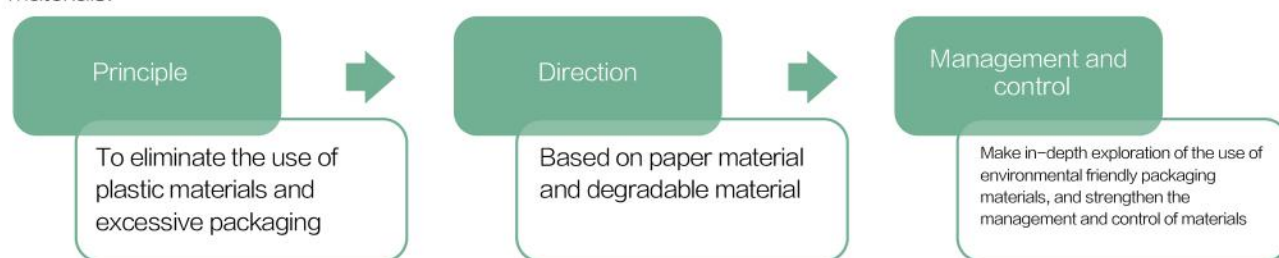


Eco-friendly TPR rubber

Material Usage	Unit	2021
Plastic	ton	26,710
Paper	ton	16,030
Ink	ton	4,778
Recycled plastic used	ton	1,300
Total material usage	ton	48,818
Material usage intensity	tons per million RMB of revenue	2.77

• Packaging materials

Packaging waste is gradually becoming a focus and challenge across the country. We attach great importance to the management of the amount and selection of packaging materials, and have formulated an internal system to systematically manage the inspection and use of packaging materials, explore plastic reduction in product design from the source, gradually reduce until eliminate the use of PVC materials, and replace them with more eco-friendly recyclable packaging materials.



Packaging Material Management Concept

Product packaging

In order to optimize the management of product packaging materials, we rationally plan and strictly control the form of product packaging according to the characteristics of each product category. The 1:1 simulation calculation is carried out for the packaging of combination products, so as to accurately calculate the packaging size, adjust to avoid duplication and invalid packaging, save the consumption of packaging raw materials, and improve the assembly efficiency of the production line.

We have always tried to reduce plastics in product packaging materials by actively discovering opportunities for reducing plastics and reducing the generation of plastic waste.

PET or Paper Material Replacing PVC Material

During the reporting period, we sorted out the existing product packaging materials, and replaced the PVC packaging of all products including staplers, pen containers, ruler sets, compasses and calculators with PET or paper packaging to effectively reduce plastic waste.

Before:



After:



12' Labor-saving Stapler Packaging Contrast

We actively explore and use degradable eco-friendly packaging materials. For some food-grade products, we use UL-certified eco-friendly materials and mark the packaging with relevant green labels to convey to consumers that M&G Stationery adheres to the concept of sustainable development.

Food-grade watercolor pens

We have updated the packaging of our best-selling food-grade watercolor pens, replacing the original opaque outer packaging with the one featuring the anti-reflection agent that has obtained the UL green label. While better highlighting the characteristics of the product, it improves the product's safety and environmental protection performance.



Food-grade watercolor pen



UL¹ green label

Packaging for warehousing and transportation

In terms of storage and transportation, we continuously increase the use and recycling of environmental friendly cardboard boxes, and promote the replacement of traditional packaging boxes with plastic turnover boxes. In 2021, we reduced the use of about 1.6 million cardboard boxes. Besides, we encourage our suppliers to use recyclable packaging to reduce packaging waste.

¹ UL certification was launched by the global testing, certification and standard development agency UL LLC. Since its founding in 1894, UL has published nearly 1,800 safety, quality and sustainability standards, more than 70% of which have become American national standards.

Packaging Material Consumption	Unit	2021
Timber	ton	2,046
Paper recovered	ton	160

Product Design

We integrate the concept of green and sustainable development into our product design by simplifying the design as much as possible and giving preference to designs with more universal parts without affecting the product appearance and consumer experience.

We have formulated a process plan for the selection of universal parts, i.e. sorting out the drawings of in-production parts, establishing a database of standard parts, and regularly updating and maintaining them. We actively promote the implementation of the plan internally to effectively reduce unnecessary mold development and investment for new products. Meanwhile, we put into uniform use the specific refills for some pens and correction tapes to improve product interchangeability and reduce waste of resources.

Specifications and color database of liquid ink pen accessories

The excessive specifications and colors of accessories in the production of liquid ink pen category cause such problems as large inventory of various materials, numerous switches, confusion of materials and waste of resources. In order to solve these problems and unify accessory specifications and color standards, we have simplified the specifications and colors of liquid ink pen accessories and formulated corresponding design specifications to reduce unnecessary material waste.



In addition, we take extending product life cycles into consideration in product design. During the reporting period, we developed refillable markers to reduce waste by refilling ink repeatedly. Meanwhile, we further promoted the application of thin-walled tube refills, increasing their coverage from 20% to 40% among all products. Increased amount of ink increases writing length, thereby effectively extending the service life and sustainability of the product.

Solid Waste Management

We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* among other relevant laws by reducing the generation of solid waste as much as possible on the basis of compliant disposal of solid waste.

Our waste is mainly general solid waste and hazardous waste generated in our production and operations. We regularly test production equipment to reduce defective products and scrapped products caused by abnormal equipment, and hire a third-party agency to conduct compliance testing on solid waste and issue compliance certificates every year. Hazardous waste is recycled by the responsible department and handed over to a qualified third party for disposal.

We actively explore the feasibility of classifying and recycling the waste generated in the production process. A quality division team is set up to recycle the waste products according to the prescribed process, replacing the previous model of scrapping.



Sorting and selling the scrapped parts and components of the factory;
 Recycling the scraps from the production site and bagging them for sale after “cake” pressing by the hot press;
 Recycling, granulating and reusing the dust generated by the crushing of plastic particles by the injection molding machine.

Waste Recycling

Solid Waste Discharge	Unit	2021
Hazardous waste	ton	20
General garbage (non-hazardous waste)	ton	1,000
Total solid waste	ton	1,020

Response to Climate Change

With the increasing challenges and risks brought by climate change to enterprises, as well as the country's mid- and long-term goals and plans for addressing global climate change, such as carbon dioxide peaking and carbon neutrality, M&G Stationery pays close attention to the country's relevant policies on climate change and dynamic development trends, committed to taking targeted actions to manage climate change risks, e.g. developing sustainability plans and innovative solutions.





Energy and Carbon Emissions

M&G Stationery strictly abides by the relevant national laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China* in its production and operation, adheres to the concept of sustainable development, implements the policy of protecting the environment and saving resources, and is committed to reducing energy consumption and carbon emissions during production and operation.

• Efficient production

We place a high value on the efficient management of energy and the improvement of energy efficiency. Each department takes corresponding measures according to their respective functions to gradually reduce energy consumption and carbon emissions during production and operation. In terms of clean energy use, we have completed the construction of photovoltaic power generation projects in Guangming Park and Qingcun Park, which have been fully connected to the grid and put into use for energy supply, reducing carbon emissions by more than 4,300 tons per year.

During the reporting period, we effectively improved energy efficiency and reduced carbon emissions during production and operation through measures such as technological transformation, replacement of old equipment and energy recovery.

Major technical upgrades and equipment optimization	Project profile and achievement	
High-yield double-head air compressor replacing low-yield single-head air compressor	Replacing the low-yield single-head air compressor with a high-yield double-head air compressor reduced the energy consumption and power by about 10%, and increased the gas production by about 20%;	
High-efficiency water pump replacing low-efficiency water pump	A total of 10 low-efficiency water pumps were replaced with high-efficiency ones, so that the energy consumption level of the motor was upgraded from level 3 to level 2, and the average energy saving rate exceeded 20%;	
Electric injection molding machine replacing traditional hydraulic machine	More than 20 FANUC electric injection molding machines replaced 10 traditional hydraulic machines, increasing production efficiency by 15%;	
Air compressor heat recovery	The lubricant of the air compressor is water-cooled, from which the heat is recovered to heat the water for domestic use through the heat recovery device using water as the medium.	

• Energy-saving logistics

In terms of warehousing and logistics, we pay close attention to the efficiency improvement, energy saving and emission reduction brought by automated equipment. We have established an intelligent logistics network covering the nationwide transportation network, headed by "The general warehouse, North China RDC (Regional Distribution Center), East China RDC, and E-commerce warehouse".

Adding a logistics sorting system, so that the sorting equipment featured goods inflow crossing for automatic review and automatic recovery of pallets;

Simplifying the outbound process of the automatic sorting line, thereby increasing the delivery capacity to 40,000 pieces per day and reducing the handling distance by more than 200 kilometers per year;

Realizing paperless operation and intelligent warehousing, thereby avoiding the prior time-consuming and low-efficiency manual operation and recording that caused waste of resources.

Intelligent Logistics

In order to improve the efficiency of logistics and transportation, we have made precise market demand positioning and inventory analysis to promote supplier direct delivery, intelligent allocation, and cross-docking operations to reduce merchandise turnover. We adopt unified dispatching, intelligent route planning, and installation of positioning systems for our own vehicles to realize all-round vehicle monitoring, thereby effectively reducing the waste of loading and invalid trips. We are also committed to recommending third-party logistics providers to use railway and water transportation on the premise of ensuring service quality, so as to reasonably save transportation resources, as well as speeding up the replacement of high-energy-consuming vehicles to reduce greenhouse gas emissions.

Energy Performance	Unit	2021
Diesel fuel	ton	103
Gasoline	ton	123
Purchased electricity	kWh	87,376,464
PV power generation	kWh	8,757,050
Direct energy consumption ²	tons of standard coal	331
Indirect energy consumption ³	tons of standard coal	10,739
Comprehensive energy consumption	tons of standard coal	11,070
Scope 1 greenhouse gas emissions ⁴	tons of carbon dioxide equivalent	698
Scope 2 greenhouse gas emissions ⁵	tons of carbon dioxide equivalent	68,853
Total greenhouse gas emissions	tons of carbon dioxide equivalent	69,551
Greenhouse gas emission intensity	tons of carbon dioxide equivalent per million RMB of revenue	3.95

Sustainable Water Consumption

With the intensification of global water stress, M&G Stationery is committed to reducing water use and improving water efficiency. We strictly abide by the Water Law of the People's Republic of China and other relevant laws and regulations on water resources where we operate, and apply the concept of sustainable water resources throughout our production and operations.

• Water Use

In production and operation, we adhere to the principle of green development, and strive to reduce the consumption of water resources through water recycling and the adoption of technical equipment with high water utilization efficiency. Moreover, we continuously monitor the use of water resources to avoid waste caused by equipment failures such as leakage and seepage to further save water resources.

Energy Performance	Unit	2021
Total tap water consumption	10,000 tons	58
Total amount of recycled and reused water	10,000 tons	5
Water consumption intensity	10,000 tons per million RMB of revenue	0.0003

• Wastewater Management

We strictly abide by the Water Pollution Prevention and Control Law of the People's Republic of China among other laws and regulations of the places where we operate, and strictly regulate the discharge and disposal of sewage. Our wastewater is mainly production wastewater and domestic wastewater. All wastewater is treated harmlessly through wastewater treatment facilities, and then discharged into municipal wastewater pipelines after relevant indicators meet wastewater discharge standards. Besides, we hire qualified third-party institutions to conduct wastewater compliance testing and issue compliance certificates every year to ensure compliant discharge.

Wastewater Discharge	Unit	2021
Wastewater discharged	ton	2,800
Wastewater discharge intensity	tons per million RMB of revenue	0.16

² Direct energy consumption refers to diesel and gasoline consumption

³ Indirect energy consumption refers to the consumption of purchased electricity

⁴ Scope 1 GHG emissions include direct GHG emissions from the use of gasoline and diesel

⁵ Scope 2 GHG emissions include indirect GHG emissions from the use of purchased electricity

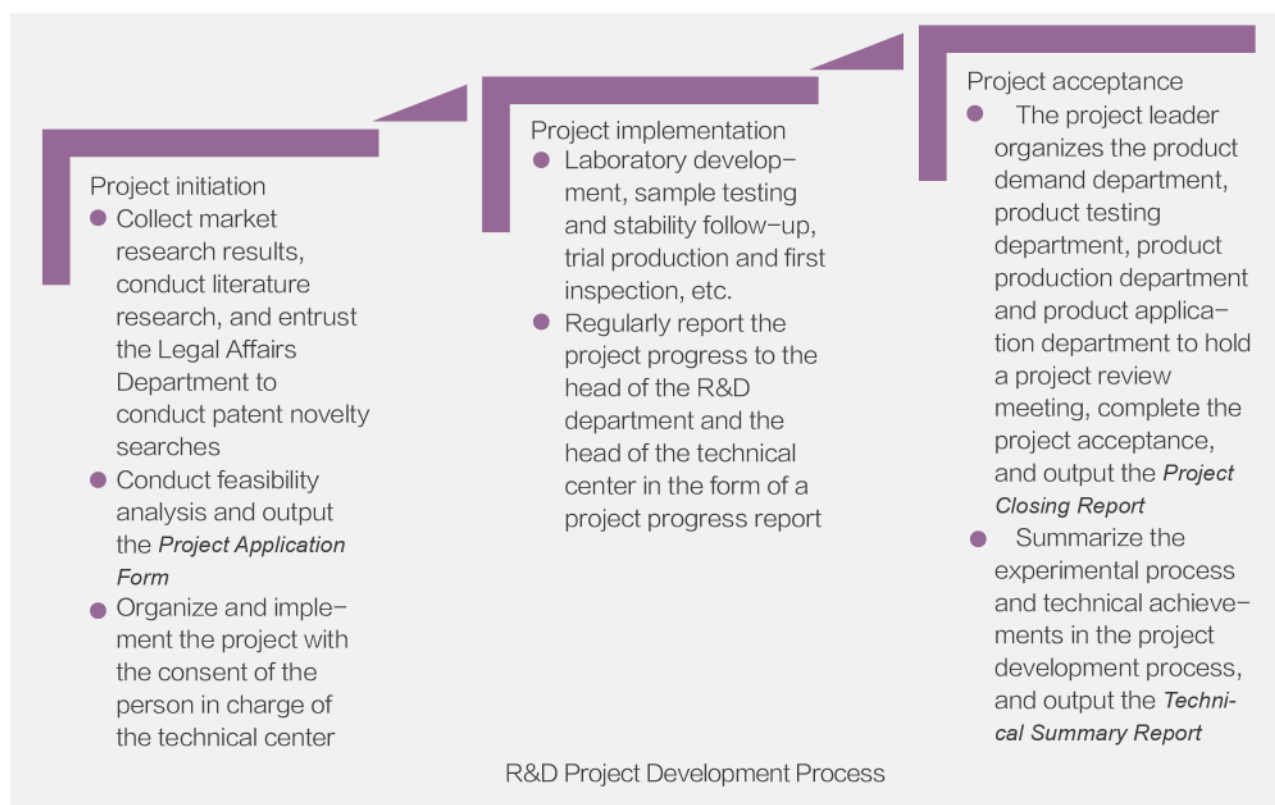
Product Liability and Technology Innovation

As a national brand that is deeply loved by Chinese consumers, M&G is blazing a trail of innovation in Chinese stationery by constantly upgrading and reimagining product technology and ensuring product quality and safety in an all-round way. While fulfilling product liability we will complete the glorious transition from “Made in China” to “Created in China”.

Technology Innovation

M&G Stationery continuously upgrades products with market insights, promotes product innovation through consumer feedback, improves innovation management systems for innovation-driven development, and cooperates with peers in technology development. M&G Stationery has never ceased exploring technology and innovation.

By overcoming foreign technical barriers, the Company has mastered the raw material formula and production process with domestic independent intellectual property rights, and greatly improved the localization rate of stationery raw materials and finished products. The Company has been recognized as a national high-tech enterprise since 2010, and has built a number of national or provincial technology platforms such as the National Industrial Design Center, China Key Laboratory of Light Industry and Writing Instrument Engineering Technology, and Shanghai Writing Instrument Engineering Technology Research Center. The Company's testing laboratory has obtained CNAS certification. In 2021, M&G Stationery continued to optimize the internal management system *Project Development Process of R&D Department* to comprehensively guarantee the quality and safety throughout the process of innovation and R&D.



All departments of M&G Stationery are constantly committed to innovative development projects. The Company constantly made a break-through in areas such as material development, intelligent technology, structural design, general accessories, etc. in 2021. The Company constantly meet consumer demand for quality, safety and others and persistently contributed to the sustainability. During the reporting period, we completed over 20 projects with R&D investment of RMB 188 million, which glorified the new products of M&G stationery.

Development of core raw materials for gel ink ballpoint pens and breakthroughs in intelligent manufacturing technology

M&G Stationery has successfully developed multi-dimensional measurement and appearance defect detection technologies for pens, refills, and spare parts. On the basis of these technologies, the Company has further developed a full-process detection technology for finished pens based on machine vision and deep learning technology, ensuring the high quality of the products. In 2021, the project entitled "Key Technologies and Industrialization for Gel Ink Ballpoint Pen Materials and Manufacturing" won the second prize of Shanghai Science and Technology Award issued by the Shanghai Municipal People's Government.

On the basis of its own development, M&G Stationery actively participates in the formulation of industry standards and further contributes to the development of the industry. As of 2021, the Company had participated in the formulation of 49 standards, including 8 national standards, 21 industry standards and 20 group standards, of which 10 important standards were formulated with the Company taking the lead and taking charge, e.g. GB/T 37853-2019 national standard for gel ink ballpoint pens and refills, QB/T 5255-2018 technical specification for ballpoint pen tip and ink matching detection technology, and T/CSSGA 1006-2018 group standard for colored clay for students. The range of standards that the Company participated in compiling has extended from the pen-making industry to other industries such as arts and sports, surveying and mapping, thereby spreading the Company's influence to all categories.

M&G Stationery undertook the "New Eco-friendly Materials for Writing Instrument" – a key R&D project of the Ministry of Science and Technology during the "Thirteenth Five-Year Plan"

In 2016, organized by China National Light Industry Council and China Writing Instrument Association, the Company actively undertook the project entitled "New Eco-friendly Materials for Writing Instrument" to address such technical difficulties as with new eco-friendly lead-free free-cutting stainless steel tips, eco-friendly emulsified inks, and eco-friendly adhesives-featured polymer pen tips.

After four years, the project was completed on time and as desired. The Company assisted in developing key technologies such as high-purity smelting of lead-free ultra-free cutting ferritic stainless steel, and successfully developed new eco-friendly lead-free free-cutting stainless steel pen tips. In terms of ink, the Company used macromolecular emulsifiers to realize the development and industrial application of highly stable and eco-friendly emulsified inks. In the meantime, the Company built a model of ink flow in polymer pens, and mastered key technologies for manufacturing key raw materials such as fibers with high specific surface area, eco-friendly adhesives, and eco-friendly polymer pen tips with high water absorption.

The implementation of the "New Eco-friendly Materials for Writing Instrument" has solved the bottlenecks in industry development and laid the foundation for China's stationery industry to overcome international technical barriers, occupy the international market, and lead the green and sustainable development of the industry.

In 2021, thanks to the abundant achievements in technology innovation, M&G Stationery won many honors, including: "China Light Industry Council Science and Technology Progress Award", "Leading company of scientific and technological innovation in light industry during '13th Five-Year Plan'", and "2020 Shanghai Science and Technology Award Certificate".



China Light Industry Council
Science and Technology
Progress Award



Leading company of scientific
and technological innovation in
light industry during "13th
Five-Year Plan"



2020 Shanghai Science and
Technology Award Certificate

Awards of Technology Innovation in 2021

Intellectual Property

M&G Stationery attaches great importance to intellectual property rights and continuously protects them. In 2021, a number of internal intellectual property management systems were added. For the product development stage, the Company added the *Intellectual Property Questionnaire for New Product Development* to further strengthen the intellectual property management during product development. In order to motivate and guide employees to actively carry out technological innovation and declare the achievements of their intellectual labor, the Company established the *Intellectual Property Rewards and Punishment System* to promote the development of technological innovation and intellectual property rights.

M&G Stationery has always valued the protection of brand equity by combating intellectual property piracy, infringement and other illegal activities. In recent years, we have cooperated with government departments and industry associations to promote rights protection and crackdown on counterfeiting in the industry, committed to the healthy and long-term development of the industry.

As end of December 31, 2021, M&G Stationery had 841 patents.

Reliable Quality

Viewing quality as the cornerstone of development, M&G Stationery continuously improves product quality and safety, and regulates product labels. Through an all-round control of product quality, the Company provides consumers with reassuring conditions of use and continues to ensure product quality and safety.

Product Safety

Highly concerned about product safety, M&G Stationery has established a complete internal management system for product safety, including the *Product Audit and Sampling Mechanism* and the *Product Safety Control Procedures* to control the safety of products, ensure that products meet the safety requirements of relevant laws, regulations and standards, and prevent the adverse effects of products on consumers. For self-made products and outsourced products, we adopt unified and strict management by a series of audit and sampling systems, and have formulated testing plans and disposal mechanisms to ensure the consistency of products. Furthermore, to manage supply chain partners, we have formulated the *Supplier Management Control Procedures* and hundreds of *Product Inspection Standards* to ensure that our suppliers effectively manage and control related product materials as required.

M&G Stationery has formulated the *Product Safety Requirements List* for different types of products. The Company restricts use of chemical elements, colorants, preservatives, fillers, and fluorescent brightness for art and painting materials, stationery products and office supplies. Substances and elements such as phenol, lead, cadmium, mercury, and hexavalent chromium are strictly controlled for product safety.

• Chemical Safety

Banned chemicals and phase-out list

M&G Stationery strictly abides by the relevant laws and regulations with regards to chemicals by formulating the *Chemical Substances Management Policy* and the *Chemicals Management Policy of Shanghai M&G Stationery Co., Ltd.* in accordance with the national mandatory regulations of the *List of Strictly Restricted Toxic Chemicals in China and the Regulations of the People's Republic of China on the Administration of Controlled Chemicals - List of Various Controlled Chemicals*. To strictly control chemicals, restrict and eliminate banned chemicals, the Company has formulated the *Restriction of Chemicals, List of Banned Chemicals, and Chemicals Phase-out List*, requiring that product materials shall not contain chemicals banned by relevant laws and regulations. Instead, we use substitutes or redesign production processes, and maintain the *Chemicals Phase-out List* in accordance with laws and regulations and domestic and international standards.

Chemical management and control

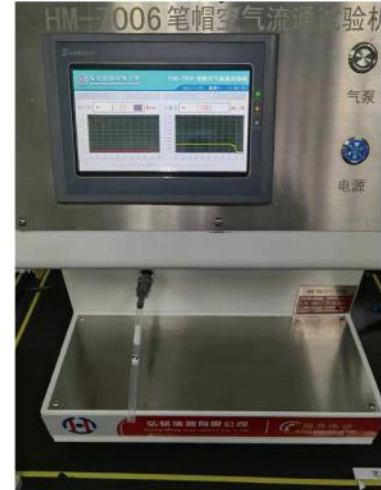
M&G Stationery has developed chemical management and control policies and mechanisms, covering chemical risk assessment and inspection and control for all stages of the product life cycle, and established chemical testing requirements, clarifying the types of chemical testing and the frequency of chemical testing items to exert a full control of chemical substances. In particular, the Company pays a high attention to and exerts the strictest control of chemical raw materials such as chemical pigments involved in ink, correction tape coating, oil painting sticks, among other fine art materials in writing instruments. On the basis of compliance with national regulations and mandatory standards, these raw materials shall meet the requirements of the European environmental standard *Safety of Toys Part 3: Migration of Certain Elements* (EN71-3). The raw material safety of oil painting sticks complies with the *EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (RoHS (EU) 2015/863). All production sites involving chemical raw materials strictly implement chemical management and control procedures, and have passed ISO 14001 environmental management system and ISO 45001 occupational health and safety management system certification.

Product safety

Product safety is the top one principle of M&G Stationery. In compliance with the *Product Safety Control Procedures*, each product category will undergo corresponding pre-market testing before it goes on sale. Product testing items include safety performance, electrical safety, and mechanical safety, among other dimensions. Besides, chemical elements and migratable elements are also tested and controlled.

Pen Cap Breathability Test

All writing instruments of the Company suitable for minors under the age of 14 are tested for the safety of pen caps. For this purpose, special experimental equipment and appliances have been customized. Products can only be marketed after passing the first inspection, and regular safety audits are conducted to prevent accidental ingestion of pen caps causing suffocation, thereby providing customers with all-round safety protection. The caps of the writing instruments produced by M&G Stationery meet the safety compliance requirements for pen caps in GB 21027-2020.



Air Circulation Test Machine for Pen Caps

Safe to Use

M&G Stationery actively optimizes existing products based on the understanding of the product safety needs of customers in the use stage, and reduces product safety hazards for consumers from the perspective of product use and product safety. In terms of product safety, the Company brings customers a safe product experience by optimizing or upgrading such products as soft rulers and automatic pencil sharpeners. In order to ensure the safety of product materials, the Company has launched water-based lacquered wood pencils to replace ordinary pencils, bringing safer product materials to lower grade students.

Pinch-resistant Mini Stapler

Through the online feedback of users and a survey of offline retail shop owners, M&G Stationery learned that students would sometimes use the stapler improperly or press the stapler by mistake, causing finger injuries. In order to eliminate this risk and potential safety hazard, the Company in collaboration with external designers designed a mini stapler that could prevent hands from being pinched to ensure the safety of users. Launched in September 2021 the anti-pinch mini stapler was well received, with the first order exceeding 300,000 pieces. M&G Technologies has customized this product and sold it in the T-Mall flagship store.



Anti-pinch Mini Stapler

Product Quality

In accordance with the *Product Quality Law of the People's Republic of China and the Administrative Measures for the Recall of Defective Consumer Goods*, M&G Stationery has formulated a complete internal system to strictly control each link of product quality.

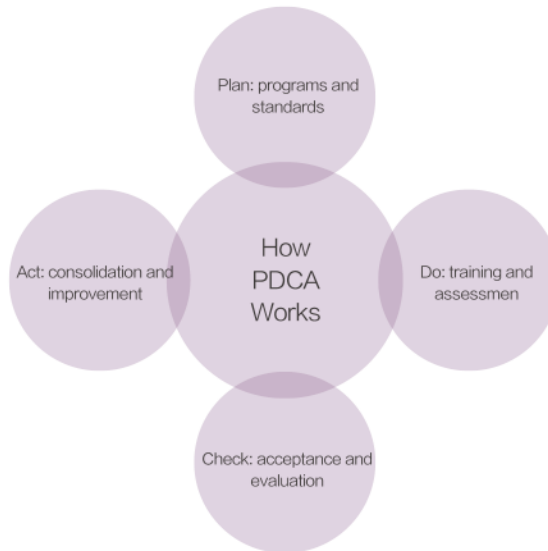
By establishing a sound quality management system, the Company has obtained ISO9001 quality management system certification. In order to ensure and inspect the compliance and effectiveness of the quality management system, the Company carried out an internal audit to self-examine the work process, and timely corrected and reviewed the problems found. We also completed an external certification audit in 2021.

• New product quality assurance

In order to ensure the quality of new products, achieve one-off qualification of new products, and maintain high quality assurance, M&G Stationery has formulated the *New Product Initial Flow Management System*, which stipulates the full-process management of product planning, product design, product production, initial flow and stable flow. Through four levels of design review and four quality assurance meetings, we determine whether the product is ready for mass production. In order to ensure the quality in the process design stage and continuously improve the product quality, the Company has established the *Manual for Network Promotion of Quality Assurance (QA)* to diagnose, evaluate and improve the entire product process.

• Product quality inspection

In the product quality inspection stage, M&G Stationery has formulated the internal standard *Inspection Consistency*, using the PDCA cycle methodology to assess the inspection status from six dimensions, and thus to control the product inspection process.



Inspection Consistency Implementation Process

Staffing	Whether there are full-time shipment inspectors
Qualifications	Inspectors' skills meet the consistency requirements for inspection
Field tools	Whether there are sufficient inspection sites, relevant inspection tools and equipment
Standard records	Whether inspection records and ex-factory reports are traceable
Inspection effect	Ex-factory inspection rate greater than or equal to 99% within 30 consecutive days
Recurrence prevention	Problems should be accounted for and dealt with in a timely manner, and corresponding rectification records should be made for unqualified products

Inspection Consistency Evaluation Dimensions

The Company boasts of multi-year experience in large-scale manufacturing, independent capabilities of mold research and development, stable supply chain system, and robust quality control system, and has introduced various information management systems, so that an excellent level of manufacturing quality control is guaranteed under large-scale manufacturing. The Company vigorously promotes the application of intelligent manufacturing technology in the production and testing links of the stationery industry, such as the machine vision technology in various key links to greatly improve the efficiency of production and testing, and plays a benchmarking role in the transformation of the entire industry from extensive to intensive operation.

• Quality assurance of outsourced products

In order to ensure the quality of products purchased from outside, M&G Stationery requires suppliers to establish a sound product quality assurance system and provide a complete product quality inspection report. Moreover, the Company has formulated the Product Monitoring and Measurement Control Procedures to inspect the stages of feeding, sample production, mass production, and finished product packaging. Two rounds of finished product sampling and inspection are completed before the finished product is put into storage to ensure comprehensive testing of outsourced products and materials.

M&G Stationery has formulated the Quality Risks and Opportunities Control Procedure. Based on the identification and evaluation of risks and opportunities, countermeasures are formulated, implemented, tracked, and verified until the on-site witness testing of new products is conducted, which ensures the quality of outsourced products and reduces hidden risks in a timely manner.



In order to achieve stable product quality, M&G Stationery focuses on the management of key components. We have established a control list for the core components of products, and established a supply resource pool according to product development and design requirements, while giving priority to suppliers with sound product quality management systems in order to reduce product quality risks.

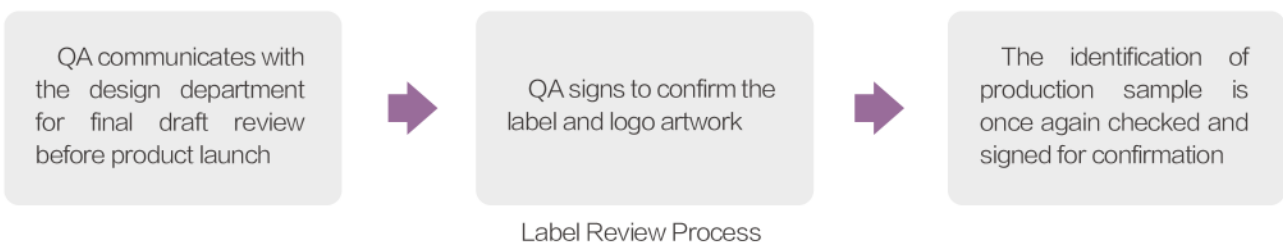
• Product recall and training

M&G Stationery attaches great importance to the personal safety of consumers. In accordance with the *Product Quality Law of the People's Republic of China*, *Administrative Measures for the Recall of Defective Consumer Goods* and other regulations, we have formulated the *Product Recall Management System* to continuously optimize and strengthen the management of defective product recalls. When accepting complaints from the market, the Company will immediately establish a project team to confirm the defects and suppliers concerned, and rectify the defects in a timely manner.

In order to standardize and strengthen the training of product quality supervisors and ensure the quality and literacy of quality supervisors, the Company regularly organizes relevant personnel to accept quality training and assessment every month, so as to ensure the effective operation of the quality system.

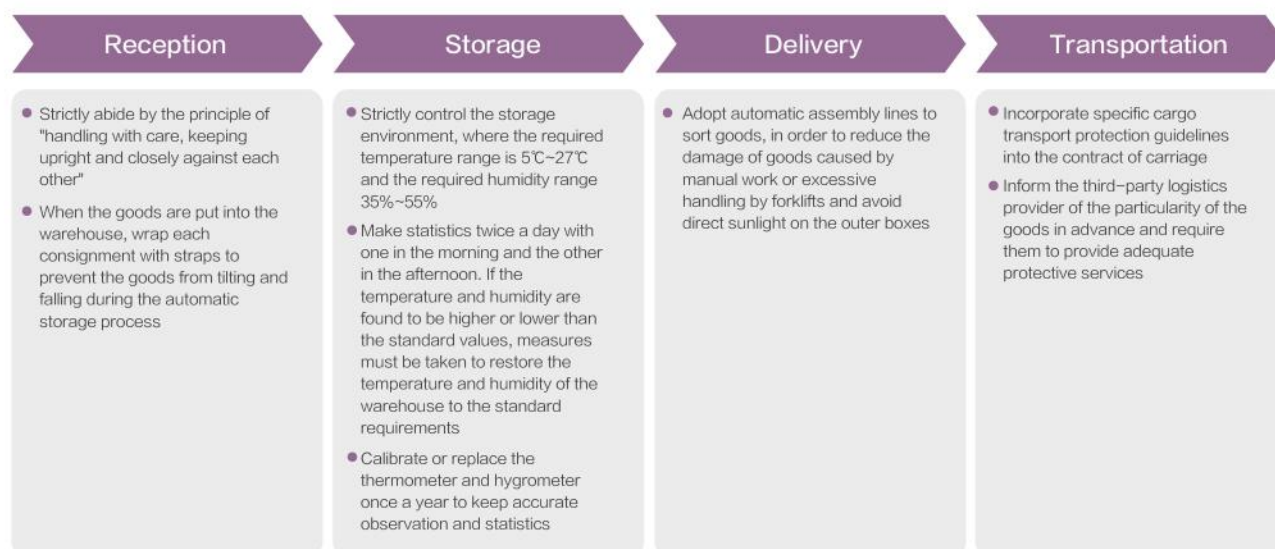
Product Labeling

M&G Stationery strictly abides by the national laws and regulations for product identification standards by formulating the *Barcode Production and Use Specifications* to define and regulate product labels. In the principle of simplicity, a product label shall include such standardized content as product name, product model, and product barcode, coupled with targeted warnings in the case of special products to ensure the safety and personal safety of children. In order to confirm and verify product labels, the Company has further established the *Label Review Process* to reduce the risk of consumer use by strictly confirming the label content before the product is launched.



Warehousing and Logistics

M&G Stationery attaches great importance to product safety in warehousing and logistics. Such standards as to cargo placement, temperature and humidity are required throughout the process of reception, storage, delivery and transportation in order to reduce cargo damage and improve the safety of special cargoes, thereby ensuring the last-mile product safety.



Specific Product Warehousing and Transportation Requirements

Service Improvement

The Company always puts customers first, and is committed to providing customers with better services. We continuously improve customer service experience, strengthen service innovation, and enrich service channels to protect consumer rights and interests.

◆ Satisfaction Survey

Winning customer satisfaction is our relentless pursuit of products and services. The Company performs satisfaction surveys on service, product quality, operation and customer loyalty on a regular basis. This helps the Company learn customers' feedbacks and improve its service quality. Meanwhile, the Company actively regulates its behavior around competition, protects consumers' rights, prevents unfair competition and combats fake and shoddy products.

◆ After-sales service

Shanghai Consumer Council has been making efforts to establish cooperation with enterprises, a complaint mechanism is built to enable consumer disputes to be settled first. Through the "12315" system, Shanghai Consumer Council sends the complaint information to the complained enterprises timely, so that the enterprise can know and handle the complaints in the first time.

To make better use of the mechanism, the Company has developed an after-sales service system to designate departments and personnel to handle consumer complaints. Relevant personnel log in to the 12315 complaint handling system daily to check the Company-related complaint information, contact consumers timely within one working day after receiving the complaint, record the content of the contact, and try to coordinate and settle with consumers within 15 working days. If settlement can not be reached, relevant personnel will patiently communicate with and explain to consumers, trying best to make the consumers satisfied.

◆ Privacy Protection

The Company fully respects the privacy of customers, strengthens the management and protection of customers' information security to prevent data from being disclosed, safeguard rights and interest of consumers.

Working Together to Create Shared Value

The Company always puts customers first, and is committed to providing customers with better services. We continuously improve customer service experience, strengthen service innovation, and enrich service channels to protect consumer rights and interests.

Supply Chain Management

We have formulated institutional documents such as *Supplier Management Control Procedures* and *Measures for Logistics Supplier Credit Evaluation* to clarify the management responsibilities of each department for suppliers, managing suppliers on all fronts including supplier development, certification introduction, performance evaluation, risk management, and so on.

We carry out hierarchical management and control on suppliers and adopt different procurement strategies according to the importance of purchased goods and supplier conditions. For key suppliers with high importance of purchasing goods and sound product or service quality, we strive to form long-term strategic cooperative relations with them by using M&G Stationery's resources to provide them with practical cases of management improvement or preferential treatment such as priority payment for goods, so as to achieve risk sharing and win-win cooperation.

Supplier access

In the supplier access stage, we conduct a multi-dimensional comprehensive assessment of the supplier's strength from business dimension to sustainable development dimension according to the *New Supplier Introduction Process* and *Management Measures for OEM Supplier Development and Introduction*. The supplier assessment covers environmental safety and quality management systems, equipment management, continuous improvement, technology development, business reputation, etc. Only those qualified can enter the supplier pool;

Supplier performance appraisal and hierarchical management

In strict accordance with the *OEM Supplier Performance Evaluation Standards*, we conduct comprehensive performance evaluation and scoring on suppliers from the dimensions of cooperation relationship and business performance which include management level, quality, delivery cost, product development and services;

We conduct annual assessment on suppliers every year and issue *Annual Performance Feedback Sheet* to suppliers. According to the assessment results, suppliers are divided into four grades: A, B, C, and D for hierarchical management;

Supplier reward and punishment

We give certain commendations to excellent suppliers, and require the suppliers whose performance is rated as D to rectify to a deadline. After the rectification is completed, the assessment will be carried out again. Only those who pass the assessment can continue to cooperate with us. Those who are unqualified will not be introduced.

During the reporting period, two abnormal suppliers carried out rectification and achieved results within the specified time according to the results of supplier performance appraisal. and our cooperation with 5 suppliers who did not pass the appraisal was terminated.

We strictly adopt the management measures of audit, control and supervision for third-party logistics suppliers to strengthen the whole-process monitoring. In addition, we have developed *Code of Practice for M&G Logistics Center and Carriers & Carrier Evaluation Form* to evaluate the monthly performance of third-party suppliers to ensure legal compliance throughout transportation operations, while putting forward relevant quality requirements.

During the reporting period, we conducted evaluations on the sustainability of supply chains, continuously strengthened risk control of the supply chain at each node, and further improved supply chain management by continuously optimizing the procurement workflow. Meanwhile, we established a strategic sourcing system to reduce costs of procurement while achieving efficient collaborative management of suppliers.

Supply Chain Risk Assessment

In order to ensure the stability of the supply chain, we regularly and continuously identify and evaluate possible risks in the supply chain, and take corresponding countermeasures for the identified risks.

During the development and introduction stage of new suppliers, multiple departments are required to jointly conduct evaluation. If the supplier fails to pass the evaluation of one department, a review meeting will be held to jointly determine a resolution, or a one-vote veto system will be adopted according to the specific situation to ensure product quality from the source;

For the risk management and control of new product quality of suppliers, we conduct random on-site visits to suppliers during the production stage of new products in order to reduce the quality risk of new products;

We continuously monitor the business risks and status of suppliers, regularly issue risk monitoring reports, and formulate emergency response mechanisms to avoid delivery and quality control risks to effectively ensure the continuous supply of raw materials;

For key materials, according to the classification of product assembly process and the specifications, performance and quality of key materials, we have formulated a control list of core product components. Additionally, according to product development and design requirements, we have established a key material supply resource pool, requiring OEM suppliers to make designated purchase;

We work with the upstream and downstream of the supply chain to formulate a risk prevention plan to ensure the continuous, stable and effective operation of the entire supply chain, and to realize the sharing of benefits and risks.

M&G Stationery Supply Chain Risk Management

Supplier Training and Assistance

We work together with suppliers for mutual benefits and progress. We have established a joint working group internally to address problems encountered by suppliers in the process of supply and goods circulation. Moreover, we conduct in-depth exchanges and discussions with suppliers about experience and solutions regarding raw material quality, delivery, technology, etc. through the twice-yearly supplier conference to maintain and develop cooperative relations.



Supplier Conference

For suppliers who are immature in terms of management, we arrange buyers to give them on-site guidance on quality control, service improvement and technology and processes innovation, so that they can meet the standards required by the Company thereby growing together.

During the reporting period, we conducted training and interviews with third-party logistics suppliers for a total of 31 times. While conveying our customer needs to suppliers, we discussed on abnormal problems related to logistics and transportation and reached a consensus on quality requirements and problem solutions. As a result, the on-time delivery rate increased by 20% and customer satisfaction by 40%.

Responsible Procurement

M&G Stationery fulfills the principle of responsible procurement and integrates the concept of sustainable development into supply chain management. In terms of certification, we require suppliers to pass ISO 9001 quality management system, ISO 14001 environmental management system, and ISO 45001 occupational health and safety management system. By urging them to enhance social responsibility awareness and actively implement corporate social responsibility management, we reduce the social and environmental risks of supply chain management.

In addition, we strictly require suppliers to abide by the *Labor Law of the People's Republic of China* among other national rules and regulations, and conduct regular field visits and work-site supervision and inspection on them. We enter the workshops to understand their employee benefits and safety assurance, organize daily lectures on environment and safety regulations, and listen to the appeals of their employees, while urging suppliers to effectively protect the rights and interests of employees in the management.

For third-party logistics suppliers, if any violation of regulations is found during the supervision and inspection of their operation site, they must present corresponding rectification measures within 24 hours as required;

If the carrier has a work safety accident in the factory area or during transportation, the carrier is required to conduct a comprehensive investigation, analysis and handling of the accident, and keep updating the latest situation of the accident until it is dealt with;

Delivery by new energy vehicles is included into the assessment indicators. Preferential policies are granted to carriers that use new energy vehicles for transportation, so as to encourage suppliers to practice the concept of renewable energy use.

M&G Stationery Measures for Responsible Procurement



Career Development and Employee Motivation

The past achievements depend on the efforts of every M&G employee and the future success requires dedications of more M&G employees. We always respect, recognize and treat every employee with kindness. We are committed to providing more opportunities for partners to realize their personal value and achieve their sustainable development.

Recruitment Compliance

M&G adheres to the principle of employee oriented, where a high-level recruitment process is guaranteed. M&G is committed to protecting employees' rights and interests. The Company establishes a fair, open, harmonious, inclusive work environment continuously for them, and develops industrial leaders unceasingly.

Employment Compliance

M&G ensures employment is fair, impartial, non-discriminatory and in compliance with the local laws and management regulations. Applicants can never be treated differently because of gender, region, ethnicity, religion, age, pregnancy, marital status, disability or political stance. Forced labor is absolutely prohibited. The legitimate rights and interests of all employees are respected and protected in this Company.

- Prohibit forced labor and child labor

Any use of child labor or forced labor is prohibited in accordance with the local laws and regulations. Also, M&G subjects its partners and suppliers to legal employment. During the reporting period, neither child labor nor forced labor was found within M&G.

Recruitment System

The Company abides by the *Labor Law of the People's Republic of China*, other laws and regulations, and has established a sound personnel management system. The recruitment principle and process are specified by establishing a sound recruitment mechanism and a comprehensive remuneration system, which helps improve the recruitment efficiency, standardize and streamline the recruitment process, and ensure introduction of talents into the Company. By December 31, 2021, there were 5,527 employees in M&G.

During the reporting period, we recruited employees through campus recruitment, internal promotion, social recruitment and cooperation with universities to give opportunities for them to show their talent.

Remuneration and Benefits

The Company provides fair and reasonable remuneration and benefits to employees based on their job value, abilities and performance, and ensures the remuneration and benefits are comparable to the market on a regular basis. In order to motivate employees, the Company links their remuneration to the corporate performance and their personal performance.

During the reporting period, we cared for employees' livelihood and their physical and mental health; we encouraged them to keep work and life in good balance; we ensured full communication with them; also, we provided them with good benefits in addition to those required by law.



Associations
Yoga Club
Table Tennis Club
Badminton Club
Hiking Club



Activities
Art Festival
Happy Weekend
Sharing Workshop
Sports Meet
Library
Outward Bound



Medical health
Clinic First Aid
Occupational
Disease
Examination
Middle and
High Level Physical
Examination
Protective
Articles

Employees' Benefits

Human Resource Awards

M&G is committed to improving human resource management and establishing a good reputation as an employer. During the reporting period, we received a number of honors and awards from external partners and third-party organizations.



2021 Award for α Quality Workplace & Outstanding Value



2021 Employer Branding Creativity Awards – Best Social Responsibility Award

Protection of Rights and Interests

M&G Stationery is committed to protecting the basic rights and interests of employees. Besides, we have established a workable daily communication channel and a friendly complaint mechanism to help employees out.

Communication with Employee

The Company attaches importance to activities and channels for communication with them. We strive to solve their problems arising at work and in their life to improve their happiness and let them have the homely sense of belonging.

During the reporting period, the Company provided opportunities for employees to offer their ideas and suggestions while learning the experience and vision of middle and senior managers, and to enhance their sense of recognizing the corporate value and belonging to the Company.

Employee forum

The Company holds employee forums to have good understanding of thoughts of different employees, solve their problems by category and improve the retention of front-line employees.



Employees' satisfaction survey

Front-line employees' satisfaction is surveyed to obtain their feelings and opinions, by which the Company helps them to make adaptive changes and provides guidelines for base management in order to lower employee turnover and improve corporate financial performance.



Employee Complaints

In order to protect the rights and interests of employees, we have established a complaint system, and provided channels for them to file their feedback and complaints. The Company responds to and settles complaints from employees on a daily basis, provides an online platform for consultation, advice, feedback and help-out, and assists them in overcoming difficulties to improve their satisfaction and happiness.

Employee Benefits

M&G provides various benefits to employees, including shuttle bus and accommodation to facilitate their travel and work. We have launched the M&G Heart Project for special employees, including M&G Rainbow Creative Classroom, Rainbow Book Bar, and M&G Scholarship dedicated to their children.



Allowance

Promotion and Career Development

Employees are the most important assets of the Company. M&G has established a perfect promotion mechanism for employees, evaluates performance scientifically, provides fair remuneration that is competitive in the industry, and ensures outstanding employees are recognized and motivated. We develop talents on a multi-level, multi-faceted and cross-field basis, explore a development road in perfecting the talent training system, and help more employees to develop their career and realize their value.

Promotion Policy and Opportunity

For the purpose of the normative and scientific of human resource management, M&G has formulated the Employee Promotion Management System to manage employee promotion, so that such promotion is fair, impartial and based on the relevant regulations. The career development opportunities and channels for employees are specified by building an employee ranking system within the Company so that employees can be fully motivated to enhance the corporate core competitiveness.

With employee promotion coming first and external recruitment second, the Company provides employees with a number of promotion opportunities according to their performance.

Performance Assessment

M&G Stationery has formulated a performance management method for comprehensive performance management and hierarchical performance assessment. The performance appraisal process is open and transparent, and the appraisal results are made public to promote efficient management, help and motivate employees, improve their overall quality and build a good management mechanism. M&G requires employees to have a performance review every quarter of year to help guiding them to achieve their performance objectives, increase motivation, perfect the management system and meet the Company's strategic goal.

“Golden Sunflower Cup” : an excellent employee appraisal program

In order to enhance the corporate cultural value and build a high-quality workplace, we have set up the excellent employee appraisal program "Golden Sunflower" to reward those who have made contributions to the Company. We ensure that such appraisal is open and transparent, make public the appraisal results within the Company, reward outstanding employees, set up departmental examples, and motivate employees.



Employee Training

Employees' training and growth is very important for the M&G's worldwide vision to be realized. Different training plans and projects are provided for different levels of employees in order to improve their abilities in all aspects. During the reporting period, we provided training for 2,096 employees, each for 5.9 hours in average.

New Employee Training System

The new employee training system is designed to help new employees adapt to the new environment and their jobs, and enhance their recognition of and responsibility to the corporate culture of M&G Stationery.



Orientation for New Employees

Professional Ability Training System

M&G Stationery provides systematic factory training for production backbones, including Lean Boot Camp and Team Leader Training, in order to improve their professional quality and develop skilled, thus to cultivate technically excellent employees with professional certification for the Company.

Lean Boot Camp

The Company develops young backbones from all directions, builds a supply-chain training system, and prepares employees to improve their overall quality in the future.



Team Leader Training

The Company helps grass-root team leaders to strengthen their theoretic knowledge of management, improve their team management skills, awareness and teaching ability. We have developed a number of team leader coaches.



Leadership Development System

M&G Stationery provides a series of management training for management at all levels to increase their competence. This helps improve the management efficiency, create consistent management language, style and philosophy, and forge an executive team boasting combined skills in operation, management and leadership. During the reporting period, 14 sessions were held for "One Minute Manager" and 7 for "Life Story Forum".

Leader Training

The training program of "One-Minute Manager" is designed to improve the management skills of middle level managers.



The training program of "Life Story Forum" promotes cooperation and self-awareness through sharing.



In order to ensure cadres' healthy growth, motivate the management team, and make management work more thorough, practical and effective, M&G Stationery optimizes the corporate governance ecology continuously through cadre rotation.

Curriculum and Coaching System

Besides the customized training programs, "M&G Training Camp" was launched in October 2021. The Curriculum and Coaching System provides a training platform and development opportunities for different employees.

Health and Safety

We abide by the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Regulation of the People's Republic of China on Work-Related Injury Insurances*. We have established a sound occupational health guarantee and safety management system. We promise to provide all employees with a safe and healthy workplace, comply with applicable safety regulations, eliminate any known hazard and take measures to prevent potential hazards in order to protect employees' health and safety.

During the reporting period, M&G provided good protection for employees' health by investing RMB 2.53 million and conducting 18,000 hours' safety training covering in total of 200,000 employees.

Occupational Safety

In order to ensure the occupational health and safety of employees, we have formulated the *Safety Benchmarks and Cases*, and the *Eight Disciplines of Safety*, etc. Meanwhile, we take the initiative to build a standardization system for work safety, enhance employees' awareness of safety, and try our best to eliminate potential hazards related to health and safety.

Releasing the M&G Safety Management Guideline

We have confirmed the scope of 18 occupational health and safety issues and specified the responsible departments, covering fire safety construction safety, employees' mental health and safety, etc.

Building a standardization system for work safety

In January 2021, we invited a third party to build a standardization system for work safety and passed the certification of Class III Enterprise (Light Industry) for Work Safety Standardization.

Conducting monthly safety inspections on working sites

We have listed the problems for 13 items, e.g. fire safety, handling safety, labor safety, climbing safety and safety signs, etc., and followed them up to a closed loop, and have formulated detailed management specifications and requirements for storage and use of hazardous chemicals



Developing targeted regulations

For climate risk, e.g. flood control typhoon prevention, heatstroke prevention and cooling, etc., we have formulated the targeted regulations, including the Management Plan for Flood Control and Typhoon Prevention and the Regulations on Heatstroke Prevention and Cooling, in order to reduce occupational safety risks.

Registration for construction safety

For on-site construction, it is required to complete a Construction Form and register with the Safety Management Office. During construction, the safety officer should monitor the site to prevent hidden hazards related to occupational safety.

Strengthening employees' awareness of safety

We formulate training plans for work safety, and include typical accident cases into OPL textbooks used for pre-shift training.

M&G Stationery Regulations on Occupational Safety Management



Certificate of Class III Enterprise (Light Industry) for Work Safety Standardization

Epidemic Prevention and Control

Based on the normalized management of occupational safety and health, M&G responds timely to the call for epidemic control and prevention, releases notice by email and WeChat, etc., pays close attention to the epidemic situations, and reminds all departments to care about risky areas and take measures against COVID-19. Meanwhile, we adjust the prevention and control policy according to the situation, and encourage employees to reduce business trips.

Lively Team

In order to invigorate employees and coagulate the team, M&G Stationery has organized many kinds of team activities, which not only promote communication and collaboration among employees, but also help them to keep work and life in good balance. In this way, employees enjoy meticulous protection and care from the Company.

Cultural Activities and Sports

M&G Stationery attaches great importance to employees' requirement for mental and spiritual care from the Company, enhances their sense of belonging, and improves their happiness and team cohesion. During the reporting period, we organized a number of team building activities in order to advocate the culture of M&G as a family.

Mid-Autumn Day

The activity for Mid-Autumn Day attracted nearly 600 participants, allowing them to get together on the special festival.



Mother's Day

They were encouraged to communicate love to their parents and relatives. The event attracted 400 participants, creating a warm and touching atmosphere.



In response to the Nationwide Fitness Program, we launched a series of courses in the name of “Sunflower Project – Health Management” in order to improve employees' physical fitness. It covers fitness, lectures and rehabilitation training, etc. Employees of all business units are required to do work-break exercise and receive one-to-one rehabilitation therapy every week, and have health workshops, shoulder and neck rehabilitation therapy, and professional training every month.



Sunflower Project – Health Management Courses

Younger Staff

With the development of M&G, more and more youths have joined the Company, and employee are showing a trend of youthfulness. For freshmen, everything is a new beginning. The Company will provide them with diverse training to help strengthen their confidence and grow rapidly.

• Integration of Freshmen

To ensure freshmen successfully integrated into the Company through a number of activities and giving them A Letter to Freshmen. The “President–Freshmen Roundtable” provides new cadres with the opportunity to communicate in depth with President and officers. Starting with preliminary research, the face-to-face opportunity allows new employees to learn experience of President, old and new officers, which helps them to grow quickly and have a sense of collective belonging.



President–Freshmen Roundtable

Charitable Causes and Community Services

As a responsible enterprise, M&G Stationery is not only responsible for itself, but also undertakes social responsibilities by providing charitable services in many fields, which results in a charity system within M&G. Ever since, we' ve been working with the government, community and non-governmental organizations to improve development of local economies and people' s livelihood, which is of great significance to promoting public service and social harmony. During the reporting period, the donation of cash and materials totaled RMB 8.6 million.

Fair Education

M&G Stationery makes efforts to balance educational resources and narrow the educational gap between urban and rural areas, and strives to have every child receive fair and high-quality education.

In September 2015, M&G established the M&G Rainbow Charity Special Fund. It has launched a number of projects for rural education, including "Empowering Rural Art Teachers", "Gold Seeds Plan", "Rainbow Creative Classroom", "Rainbow is Coming Plan", "Kids of the Stars", "Charity for the Future", etc. Shanghai M&G Charity Foundation was launched in 2020. As a leader of the stationery industry, M&G hopes to pass charity on to more children with its own influence. It' s believed that they can also pass charity on to others in the future, thus sowing more seeds in the society.

Golden Seeds Plan

In 2021, the Golden Seeds Plan covered 11 cities, which sent out 56,000 gifts worth RMB7.8 million. The same year saw the most Golden Seed gifts released for 30,000 students in Gurao Town and Nanyang District, both of Shantou City, Guangdong Province on Children's Day and for the disaster-stricken pupils in Henan Province in the hope that they could return to school soon. Also, a number of donations were made in other regions, e.g. the provinces of Fujian, Yunnan, Qinghai and Shaanxi. Later, the Project will cover the regions aided by the Government of Shanghai, aiming for education for children in rural areas.



Golden Seeds Plan

Rainbow Creative Classroom

In 2021, M&G Rainbow Creative Classrooms added four new classrooms, built four regular classrooms, cooperated with Jack Ma Foundation for creative classrooms, and pay close attention to rural education with partners.

M&G Stationery invited Wang Pingzhong, the designer of Dream Home, to provide professional design for the classrooms. Each conventional creative classroom is equipped with 1000+ books, as well as desks, chairs, bookcases and painting utensils, etc. The total value of a classroom is about RMB 50,000. For the key demonstration classrooms in Jiangshan Xiaokou Primary School, the wall finishing and cabinets were improved. The cost of software and hardware for a single classroom is about RMB 100,000. In addition to the same teaching supplies, the total investment in a single classroom is about RMB 150,000.

M&G Stationery hopes to create typical classrooms for rural art learning. Meanwhile, we' ll enhance construction of art classrooms under charity, develop and distribute a variety of teaching materials to teachers in order to reduce their burden. M&G provided 400 packages of painting utensils for Anhui Office of the Calligraphy and Painting Dream Class, the One Heart Foundation Development Center, 200 art gifts for the Tiger Loving Foundation, and 200 art gifts for art classrooms under the Highest Charity Foundation in Yunnan and Sichuan hoping to undertake art education with partners.



Rainbow Creative Classroom

M&G Rainbow Charity Foundation for Jack Ma's Rural Teacher Program

As a partner of Jack Ma Foundation, M&G Rainbow Charity Foundation has been supporting the Rural Teacher Program since 2017. The Foundation provides teaching resources and stationery support for awarded rural teachers every year with the donation of RMB 3 million in total. As end of 2021, the program has benefited more than 400 rural teachers to improve their teaching approaches and benefited rural children to get better education. By finding out and communicating front-line educational innovation achievements, M&G Rainbow Charity continues to promote the innovation and development of rural education, promotes the understanding of rural teachers, encourages more attention to rural education, and attracts more people to participate in and develop rural education.



M&G Rainbow Charity for Jack Ma's Rural Teacher Program

Kids of the Stars – Rainbow is Coming Plan

Since 2017, M&G Rainbow Charity foundation has provided professional art and industrial design courses to more than 2,000 autistic children in Shanghai Charity Education and Training Center. The children's paintings are re-developed, re-designed and launched in the name of "Kids of the Stars". After that, the sales profits are returned to the project and the painters. In this way, children can learn to "fish" rather than be given "fish".

By 2021, we had selected more than 40 paintings, produced 7 kinds of products with the paintings. We provided offline classroom training 4 times for more than 150 trainees in 2021. This year, the Creative Design Competition for Special Children has received contributions from 2,400 special children in China. In 2021, Kids of the Stars conducted a number of exhibitions, and presented the achievements of autistic children to art teachers at art industry summits around China. We hope more people will benefit from this program.



Kids of the Stars – Rainbow is Coming Plan

College Student Education Supporting Project—Charity for the Future

In 2021, M&G invested RMB 150,000 on subsidizing 100 female college students in Yunnan Province, and some students were invited to Shanghai for the Youth Growth Camp under the “Charity for the Future”. The “Charity for the Future” is a youth growth project undertaken by M&G aiming to provide a series of courses, activities and social practice for college students in underdeveloped areas or heads of charity associations in colleges and universities. By promoting charity, we offer them knowledge, methods and skills to engage in social services, and opportunities to design charity projects and participate in charity practice in order to motivate them to undertake charity causes, help them to establish correct values, and encourage them to take more social responsibility.



College Student Education Supporting Project – Charity for the Future

Good-Will Products

The stationery industry is closely related to education. It benefits from the society and should benefit the society. Fulfilling the social responsibility is very important for M&G Stationery to achieve sustainable development. We always care about charity. We approach colleges, universities, communities, and society with many organizations. In good faith, we donate products to the points as needed and as designated.

Donation for Charity

From 2019, we provide more than 50,000 boxes of oil pastels to the Warm Package Project under the One Foundation every year. In 2021, M&G Charity Foundation donated 35,000 boxes of oil pastels, worth RMB 700,000 to the One Foundation.



Donation for Charity

Donation for Disaster Relief in Henan Province

During the reporting period, M&G Stationery helped the flood-stricken areas in Henan Province with reconstruction after the disaster. M&G Charity Foundation, together with China Children and Teenagers' Fund, provided 20,000 golden seed gifts with stationery and drinking water included, worth RMB2 million to the children in the areas.



Donation for Disaster Relief in Henan Province

Community Engagement

While promoting local development, M&G Stationery enhances communication with the residents in the community by organizing more activities for the community. Enterprises are very important for community construction. We care about and ensure people's livelihood. We participate in community development and construction. We'd like to help the community to achieve prosperity and development.

The Egg Walkathon

M&G has organized the charity event "Egg Walkathon" for five consecutive years. During the reporting period, more than 40 M&G employees participated in the event, raising RMB 100,000 for Shanghai United Foundation, which was used to help children in mountainous areas.



The Egg Walkathon

M&G Forest

The M&G Forest is built with donations from both M&G Charity Foundation and M&G employees in order to create a charity model of ecological poverty alleviation and rural revitalization. During the reporting period, M&G Stationery dispatched employees to the forest to let them understand the significance of charity programs.



M&G Forest

Donation for Children

During the reporting period, M&G Charity Foundation donated RMB 1 million to UNICEF for their efforts to help Chinese children.



Donation for Children

Elderly Care Project

M&G Stationery is engaged in community development and construction, helping achieve prosperity and development in the community. In September 2021, we provided charitable goods worth RMB 300,000 to the elderly in need in Fengxian and Songjiang around Double Ninth Festival, a Chinese festival for the elderly.



Elderly Care Project

M&G Bright Eyes Fund

December 2021 saw the signing of the M&G Bright Eyes Fund Cooperation Agreement between Shanghai M&G Charity Foundation and Shanghai Children's Foundation under the program of "Love under the Blue Sky". Eye care education will be provided for children aged 3-16 in Shanghai and the areas aided by the Government of Shanghai. We will help treat the poverty-stricken children suffering from ophthalmic diseases, e.g. strabismus, amblyopia and congenital cataracts, etc., in order to help them grow healthily.

In 2021, M&G Charity Foundation cooperated with Shanghai Children's Foundation for "Spring Bud Project" and "Delivering New Year's Love", etc. After the establishment of the Fund, we'll be able to help more children see the future and see their hope with their bright eyes.



The signing ceremony of the M&G Bright Eyes Fund

Appendix

Laws and Regulations and the Company's Internal Policies

Laws and Regulations

Company Law of the People's Republic of China

Securities Law of the People's Republic of China

Code of Corporate Governance for Listed Companies

Basic Norms for Enterprise Internal Controls

Criminal Law of the People's Republic of China

Contract law of the People's Republic of China

Company Law of the People's Republic of China

Anti-Monopoly Law of the People's Republic of China

Anti-Unfair Competition Law of the People's Republic of China

Environmental Protection Law of the People's Republic of China

Law of the People's Republic of China on Evaluation of Environmental Effects

Law of the People's Republic of China on the Prevention and Control of Air Pollution

Water Law of the People's Republic of China

Law of the People's Republic of China on Prevention and Control of Water Pollution

Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

Law of the People's Republic of China on Energy Conservation

Law of the People's Republic of China on Promotion of Cleaner Production

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Law of the People's Republic of China on the Protection of Minors

Provisions on the Prohibition of Using Child Labor

Production Safety Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Occupational Diseases

Regulation on Work-Related Injury Insurance

Product Quality Law of The People's Republic of China

Administrative Measures for Recall of Defective Consumer Goods

Catalog of Toxic Chemicals Strictly Restricted in China

Regulations of the People's Republic of China on the Administration of MCCs - List of Various MCCs/ Regulations of the People's Republic of China on Administration of Chemicals Subjected to Supervision and Control - List of Schedules of Controlled Chemicals

Request in Common Use of Security for Student's Articles

Hygienic Requirements of Study Products for Myopia Prevention and Control in Children and Adolescents

Requirements for Safety of Toys

National Food Safety Standards

General Safety Requirements for Food Contact Materials and Articles

Safety of Toys - Part 3: Migration of Specific Elements/ Safety of toys —Part 4: Migration of Certain Elements

Restriction of Hazardous Substances (RoHS) Directive

Registration, Evaluation, Authorization, and Restriction of Chemicals

List of Substances of Very High Concern

The Company's Internal Policies

The Company's Management System against Fraudulence

Transparent Procurement & Integrity Convention

Inspection Standard for Corrugated Box

Inspection Standard for Color Box

Inspection Standard for Sealing Tape

Inspection Standard for Packing Belt

M&G's Product Audit and Sampling Inspection Mechanism (Trial)

Product Safety Control Procedures & Annexes

Employee Handbook

Management System of Recruitment

Management System of Employee Promotion

Management Framework of Company Safety

Safety Standards and Relevant Cases

Eight Disciplines for Safety

M&G Stationery Inc.'s File Directory of 13 Elements

Safety Standards and Relevant Cases 3.1 (printed version)

Management Guidelines for Regular Detection of Occupational Hazard Factors for Employers

Management Plan for Flood and Typhoon Prevention

Regulations on Heatstroke Prevention and Temperature Control

Supplier Management Procedure

Measures for Credit Evaluation of Logistics Suppliers

Evaluation Standards for Annual Supplier Performance

Management Measures for Introduction of OEM Suppliers

Management Measures for Introduction of Jiumu Store Suppliers

n-site Evaluation Standards for Introduction of Jiumu Store Suppliers

Reward System of Intellectual Property

Intellectual Property Questionnaire for New Product Development (Outsourced)

Intellectual Property Questionnaire for New Product Development (In-house)

Project Development Procedure of R&D Department

Management Policy for New Product's Initial Flow

Policy for Inspection Consistency

Network Implementation Manual for Quality Assurance (QA)

Management System of Product Recall

Control Procedures of Product Monitoring and Measurement

Control Procedures of Quality Risk and Opportunity

Inspection Mechanism of M&G's Product Audit and Sampling

Management and Control Procedures for Product Safety

List of Product Safety Requirements

Management Policy for Chemical Substance

Description of Restrictions on Chemicals

List of Prohibited Chemicals

Protocol for Production and Use of Bar Code

Label Review Procedures

Chemicals Management Policy

List of Phasing-out Chemicals

Product Inspection Standards

Financial Reporting System

Guidelines of M&G Stationery's Antitrust Compliance

Code of Conduct for Information Security

Confidentiality System

Management Measures for Trade Secrets

Standards for the Use of Chemicals

Element	Limit /mg/kg	Basis	Products with Restrictions
Sb	60	GB 21027-2020	Touchable printing and painting parts of student stationery, art and painting materials, paper and notebooks; Touchable printing and coating parts of some office stationery
As	25		
Ba	1000		
Cd	75		
Cr	60		
Pb	90		
Hg	60		
Se	500		
Sb	10	GB 21027-2020	Colored clay products
As	10		
Ba	350		
Cd	15		
Cr	25		
Pb	25		
Hg	10		
Se	50		

National standard and restrictions on migratable elements

Chemical Substance	Limit /mg/kg	Basis	Products with Restrictions
Free formaldehyde	1	GB 21027-2020	Liquid glue, solid glue, paste
Benzene	0.2		
Toluene + xylene	10		
Acrylamide	1		Liquid glue
Benzene	10		Correction fluid, correction tape, correction sticker, correction pen
Chlorinated hydrocarbon	10		Backpacks, pencil bag
Free formaldehyde	300		
Harmful aromatic amine dyes	20	GB 21027-2020	Plastic student stationery
DEHP, DBP, BBP	1000		
DINP, DBP, DNOP	1000	T/CSSGA 1002-2017	Plastic student stationery
Fluorescence brightness	≤5.0%	GB 40070-2021	Exercise Books

National standard and limits on chemical compounds

Standards for the Use of Chemicals

Environmental

Indicator	Unit	2021
Material Usage		
Plastic	ton	26,710
Paper	ton	16,030
Ink	ton	4,778
Recycled plastic used	ton	1,300
Total material usage	ton	48,818
Material usage intensity	tons per million RMB of revenue	2.77
Packaging Material Consumption		
Timber	ton	2,046
Paper recovered	ton	160
Energy Consumption		
Diesel fuel	ton	103
Gasoline	ton	123
Purchased electricity	kWh	87,376,464
PV power generation	kWh	8,757,050
Direct energy consumption	tons of standard coal	331
Indirect energy consumption	tons of standard coal	10,739
Comprehensive energy consumption	tons of standard coal	11,070
Scope 1 greenhouse gas emissions	tons of carbon dioxide equivalent	698
Scope 2 greenhouse gas emissions	tons of carbon dioxide equivalent	68,853

Total greenhouse gas emissions	tons of carbon dioxide equivalent	69,551
Greenhouse gas emission intensity	tons of carbon dioxide equivalent per million RMB of revenue	3.95
Water Consumption		
Total tap water consumption	10,000 tons	58
Total amount of recycled and reused water	10,000 tons	5
Water consumption intensity	10,000 tons per million RMB of revenue	0.0003
Prevention and Control of Pollution		
Hazardous waste	ton	20
General garbage (non-hazardous waste)	ton	1,000
Total solid waste	ton	1,020
Wastewater discharged	ton	2,800
Wastewater discharge intensity	tons per million RMB of revenue	0.16

Social

Indicator		Unit	2021
Employment			
Number of employees		person	5,527
By education	University (Junior college) or above	person	3,210
	High School, vocational senior secondary school	person	1,094
	Others	person	1,223
By profession	Production	person	1,770
	Sales	person	1,238
	Technology	person	450
	Finance	person	198
	Administration	person	295
	Management	person	1,072
	Others	person	504
Employee Training ⁶			
Number by gender	Male	person	1,312
	Female	person	784
Number by level	Rank-and-file Employees	person	1,381
	Middle Management	person	625
	Senior Management	person	90
Percentage by gender	Male	%	63%
	Female	%	37%
Percentage by level	Rank-and-file Employees	%	65%
	Middle Management	%	30%
	Senior Management	%	5%

⁶ This year sees the first ESG report released by M&G. The employee training section contains the data of the joint-stock company, office stationery, Jiumu Store, Qizhihaowan, and Axis Stationery. In the future, data will be disclosed in the form of annual report.

Training hours per capital		hours	5.9
By gender	Male	hours	5.6
	Female	hours	6.5
By level	Rank-and-file Employees	hours	5.4
	Middle Management	hours	6.7
	Senior Management	hours	7.3
Percentage of employees of receiving regular performance assessment		%	90
By gender	Male	%	48
	Female	%	52
By level	Rank-and-file Employees	%	78
	Middle Management	%	19
	Senior Management	%	3
Anti-corruption			
Number of trainees of anti-corruption policy and procedure by level	Rank-and-file Employees	person	1
	Middle Management	person	3
	Senior Management	person	66
Case of corruption lawsuit against organization or employee during the reporting period		no.	0
Occupational Health and Safety ⁷			
Total working days	Male	days	162,304
	Female	days	53,105
Total working hours	Male	hours	1,590,579
	Female	hours	477,945
Employee number of work-related injury	Male	person	8
	Female	person	5
Rates of work-related injury (per million working hours)	Male	%	0.05%
	Female	%	0.10%
Lost working day by gender	Male	days	47
	Female	days	109
Ratio of lost working day by gender	Male	%	2.90%
	Female	%	20.53%
Employee number of work-related fatalities by gender	Male	person	0
	Female	person	0
Safety training hours in total		hours	18,000
Participants or times of safety training		person-time	200,000
Investment in labor protection		RMB 10,000	253

⁷ M&G Stationery only has the data of occupational safety incidents from factory

Customer Health and Safety		
Customer satisfaction or average satisfaction scores	score	88
Number of customer complaints	no.	1,899
Number of resolved case	no.	1,839
Settlement rate of after-sales problems (%)	%	96.8
Local Communities		
Donation with cash	RMB 10,000	611
Donation with material	RMB 10,000	249

GRI indexes

Disclosure issues / items	Disclosure item title	Chapter index
GRI 101: Foundation 2021		
GRI 102: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About This Report
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	About This Report
2-5	External assurance	About This Report
Activities and workers		
2-6	Activities, value chain and other business relationships	About the Company—Stakeholder Engagement
2-7	Employees	Career Development and Employee Motivation—Recruitment Compliance
2-8	Workers who are not employees	Career Development and Employee Motivation—Recruitment Compliance
Governance		
2-9	Governance structure and composition	About the Company—Governance Structure
2-10	Nomination and selection of the highest governance body	About the Company—Governance Structure
2-11	Chair of the highest governance body	About the Company—Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	About the Company—Governance Structure
2-13	<i>Delegation of responsibility for managing impacts</i>	About the Company—Governance Structure
2-14	Role of the highest governance body in sustainability reporting	About the Company—Governance Structure
2-15	Conflicts of interest	About the Company—Governance Structure
2-16	Communication of critical concerns	About the Company—Governance Structure
2-17	Collective knowledge of the highest governance body	About the Company—Governance Structure
2-18	Evaluation of the performance of the highest governance body	About the Company—Governance Structure
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	President' s Statement
2-27	Compliance with laws and regulations	List of laws, regulations and company systems
2-28	Membership associations	About the Company—Business Overview

Stakeholder engagement

2-29	Approach to stakeholder engagement	Career Development and Employee Motivation—Protection of Rights and Interests
2-30	Collective bargaining agreements	Career Development and Employee Motivation—Protection of Rights and Interests

Material issues

Economy

GRI 201: Economic performance 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About the Company—Business Overview
	103-2 The management approach and its components	About the Company—Business Overview
	103-3 Evaluation of the management approach	About the Company—Business Overview
201-1	Direct economic value generated and distributed	About the Company—Business Overview
201-2	Financial implications and other risks and opportunities due to climate change	Eco-friendly Products and Operations—Response to Climate Change

GRI 203: Indirect economic impact 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About the Company—Business Overview
	103-2 The management approach and its components	About the Company—Business Overview
	103-3 Evaluation of the management approach	About the Company—Business Overview
203-2	Significant indirect economic impact	About the Company—Business Overview

GRI 205: Anti-corruption 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable Development Strategy—Responsible Governance
	103-2 The management approach and its components	Sustainable Development Strategy—Responsible Governance
	103-3 Evaluation of the management approach	Sustainable Development Strategy—Responsible Governance
205-1	Operations assessed for risks related to corruption	Sustainable Development Strategy—Responsible Governance
205-2	Communication and training about anti-corruption policies and procedures	Sustainable Development Strategy—Responsible Governance
205-3	Confirmed incidents of corruption and actions taken	Sustainable Development Strategy—Responsible Governance

GRI 206: Anti-competitive Behavior 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable Development Strategy—Responsible Governance
	103-2 The management approach and its components	Sustainable Development Strategy—Responsible Governance
	103-3 Evaluation of the management approach	Sustainable Development Strategy—Responsible Governance
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainable Development Strategy—Responsible Governance

Environmental

GRI 302: Energy 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Eco-friendly Products and Operations—Response to Climate Change
	103-2 The management approach and its components	Eco-friendly Products and Operations—Response to Climate Change
	103-3 Evaluation of the management approach	Eco-friendly Products and Operations—Response to Climate Change
302-1	Energy consumption within the organization	Eco-friendly Products and Operations—Response to Climate Change
302-3	Energy intensity	Eco-friendly Products and Operations—Response to Climate Change
302-4	Reduction of energy consumption	Eco-friendly Products and Operations—Response to Climate Change
302-5	Reduction in energy requirements of products and services	Eco-friendly Products and Operations—Response to Climate Change

GRI 303: Water and Effluents 2018

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Eco-friendly Products and Operations— Response to Climate Change
	103-2 The management approach and its components	Eco-friendly Products and Operations— Response to Climate Change
303-3	Water withdrawal	Eco-friendly Products and Operations— Response to Climate Change
303-4	Water discharge	Eco-friendly Products and Operations— Response to Climate Change
303-5	Water consumption	Eco-friendly Products and Operations— Response to Climate Change

GRI 305: Emissions 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Eco-friendly Products and Operations— Response to Climate Change
	103-2 The management approach and its components	Eco-friendly Products and Operations— Response to Climate Change
	103-3 Evaluation of the management approach	Eco-friendly Products and Operations— Response to Climate Change
305-1	Direct (Scope 1) GHG emissions	Sustainable Development Data
305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Development Data
305-3	Other indirect (Scope 3) GHG emissions	Sustainable Development Data
305-4	GHG emissions intensity	Sustainable Development Data
305-5	Reduction of GHG emissions	Sustainable Development Data
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Sustainable Development Data

GRI 306: Waste 2020

Disclosure of management Approach 2020	306-1 Waste generation and significant waste-related impacts	Eco-friendly Products and Operations— Sustainable Product Design
	306-2 Management of significant waste-related impacts	Eco-friendly Products and Operations— Sustainable Product Design
306-3	Waste generated	Eco-friendly Products and Operations— Sustainable Product Design

GRI 307 Environmental Compliance 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Eco-friendly Products and Operations
	103-2 The management approach and its components	Eco-friendly Products and Operations
	103-3 Evaluation of the management approach	Eco-friendly Products and Operations
307-1	Non-compliance with environmental laws and regulations	Eco-friendly Products and Operations

GRI 308: Supplier Environmental Assessment 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Working Together to Create Shared Value
	103-2 The management approach and its components	Working Together to Create Shared Value
	103-3 Evaluation of the management approach	Working Together to Create Shared Value
308-1	New suppliers that were screened using environmental criteria	Working Together to Create Shared Value
308-2	Negative environmental impacts in the supply chain and actions taken	Working Together to Create Shared Value

Social

GRI 401: Employment 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Recruitment Compliance
	103-2 The management approach and its components	Career Development and Employee Motivation—Recruitment Compliance
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Recruitment Compliance
401-1	New employee hires and employee turnover	Sustainable Development Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Career Development and Employee Motivation—Protection of Rights and Interests

GRI 403: Occupational health and safety 2018

GRI403: Disclosure of management Approach 2018	403-1 Occupational health and safety management system	Career Development and Employee Motivation—Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Career Development and Employee Motivation—Health and Safety
	403-3 Occupational Health Services	Career Development and Employee Motivation—Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Career Development and Employee Motivation—Health and Safety
	403-5 Worker training on occupational health and safety	Career Development and Employee Motivation—Health and Safety
	403-6 Promotion of worker health	Career Development and Employee Motivation—Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Career Development and Employee Motivation—Health and Safety
403-8	Workers covered by an occupational health and safety management system	Career Development and Employee Motivation—Health and Safety
403-9	Work-related injuries	Sustainable Development Data
403-10	Work-related ill health	Career Development and Employee Motivation—Health and Safety

GRI 404: Training and education 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Promotion and Career Development
	103-2 The management approach and its components	Career Development and Employee Motivation—Promotion and Career Development
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Promotion and Career Development
404-1	Average hours of training per year per employee	Sustainable Development Data
404-2	Programs for upgrading employee skills and transition assistance programs	Career Development and Employee Motivation—Promotion and Career Development
404-3	Percentage of employees receiving regular performance and career development reviews	Career Development and Employee Motivation—Promotion and Career Development

GRI 405: Diversity and equal opportunity 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Employment Compliance
	103-2 The management approach and its components	Career Development and Employee Motivation—Employment Compliance
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Employment Compliance
405-1	Diversity of governance bodies and employees	Career Development and Employee Motivation—Employment Compliance

GRI 406: Non-discrimination 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Employment Compliance
	103-2 The management approach and its components	Career Development and Employee Motivation—Employment Compliance
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Employment Compliance
406-1	Incidents of discrimination and corrective actions taken	Career Development and Employee Motivation—Employment Compliance

GRI 408: Child Labor 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Employment Compliance
	103-2 The management approach and its components	Career Development and Employee Motivation—Employment Compliance
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Employment Compliance
408-1	Operations and suppliers at significant risk for incidents of child labor	Career Development and Employee Motivation—Employment Compliance

GRI 409: Forced or compulsory labour 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Career Development and Employee Motivation—Employment Compliance
	103-2 The management approach and its components	Career Development and Employee Motivation—Employment Compliance
	103-3 Evaluation of the management approach	Career Development and Employee Motivation—Employment Compliance
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Career Development and Employee Motivation—Employment Compliance

GRI 413: Local communities 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Charitable Causes and Community Services
	103-2 The management approach and its components	Charitable Causes and Community Services
	103-3 Evaluation of the management approach	Charitable Causes and Community Services
413-1	Operations with local community engagement, impact assessments, and development programs	Charitable Causes and Community Services
413-2	Operations with significant actual and potential negative impacts on local communities	Charitable Causes and Community Services

GRI 414: Supplier Social Assessment 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Working Together to Create Shared Value
	103-2 The management approach and its components	Working Together to Create Shared Value
	103-3 Evaluation of the management approach	Working Together to Create Shared Value
414-1	New suppliers that were screened using social criteria	Working Together to Create Shared Value
414-2	Negative social impacts in the supply chain and actions taken	Working Together to Create Shared Value

GRI 415: Public policy 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Charitable Causes and Community Services
	103-2 The management approach and its components	Charitable Causes and Community Services
	103-3 Evaluation of the management approach	Charitable Causes and Community Services
415-1	Political contributions	Charitable Causes and Community Services

GRI 416: Customer Health and Safety 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Product Liability and Technology Innovation—Reliable Quality
	103-2 The management approach and its components	Product Liability and Technology Innovation—Reliable Quality
	103-3 Evaluation of the management approach	Product Liability and Technology Innovation—Reliable Quality
416-1	Assessment of the health and safety impacts of product and service categories	Product Liability and Technology Innovation—Reliable Quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Liability and Technology Innovation—Reliable Quality

GRI 417: Marketing and Labeling 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Product Liability and Technology Innovation— Reliable Quality
	103-2 The management approach and its components	Product Liability and Technology Innovation— Reliable Quality
	103-3 Evaluation of the management approach	Product Liability and Technology Innovation— Reliable Quality
417-1	Requirements for product and service information and labeling	Product Liability and Technology Innovation— Reliable Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Liability and Technology Innovation— Reliable Quality
417-3	Incidents of non-compliance concerning marketing communications	Product Liability and Technology Innovation— Reliable Quality

GRI 419: Socioeconomic Compliance 2016

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable Development Strategy— Responsible Governance
	103-2 The management approach and its components	Sustainable Development Strategy— Responsible Governance
	103-3 Evaluation of the management approach	Sustainable Development Strategy— Responsible Governance
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainable Development Strategy— Responsible Governance