

Smoore International Sustainable Packaging Policy

I. Background

The *Smoore International Sustainable Packaging Policy* (the “Policy”) is hereby formulated to respond to global sustainable development guidance and build compliance capacity for packaging-related regulations across all regional markets. The Policy covers the full range of product sales packaging and packaging for in-factory/supply chain circulation, and coordinates and advances the sustainability upgrade of packaging materials throughout the whole life cycle covering design, procurement, use and waste disposal.

The main purposes of the Policy are: to promote the wider adoption of design and material procurement that conform to sustainable packaging principles; to provide information for consumers.

II. Scope of Application

The Policy applies to packaging materials for all businesses under Smoore International Holdings Limited (the “Company”), including:

Commodity Packaging:

- Primary sales packaging: Packaging that constitutes part of the commodity and is sold to end users;
- Secondary sales packaging: Packaging containing multiple units of commodities, commonly used to facilitate handling and display, which may be removed at the point of sale;
- Transport packaging: Packaging used for handling and transporting multiple units of commodities, designed to protect the commodities;
- Composite packaging: Packaging composed of multiple materials that cannot be easily separated and form an integrated unit;

Other Packaging:

- In-factory circulation packaging: Packaging used for material turnover and transport in the production process;
- Inbound raw material packaging: Packaging used by suppliers to deliver raw materials/parts.

III. Definitions

The core definitions involved in the Policy are specified as follows:

Light-weighting design: A design approach that minimizes packaging material consumption and overall tare weight to achieve material reduction and cost saving, on the premise of meeting basic packaging functions including protection, transport, display and regulatory compliance.

Sustainable packaging: Packaging whose materials meet one or more of the following characteristics (**excluding packaging that only meets the renewable material requirement**), and all packaging materials shall comply with applicable statutory environmental requirements (such as limits on the content of heavy metals and persistent pollutants).

- Renewable material: Materials sourced from regenerative, replenishable natural resources on a regular basis, including FSC-certified paper, bamboo, bioplastics, etc.
- Recyclable material: Materials that can be reprocessed into usable raw materials for circular utilization via professional sorting and treatment processes after use, including uncoated paper, PET plastic, metal materials, etc.
- Biodegradable/Compostable material: Materials that can be completely decomposed by microorganisms into carbon dioxide, water and harmless biomass under specific conditions, including paper printed with eco-friendly ink, polylactic acid (PLA) materials, etc.
- Recycled material: Secondary materials produced from waste materials through sorting, purification and reprocessing, such as recycled plastic, recycled paper, recycled aluminum, etc.

IV. Policy Targets

The Company has established group's sustainable packaging targets applicable to all its business operations, as specified below:

- Baseline year specification: 2025 is set as the baseline year for these targets. In the baseline year, the Group's sustainable packaging usage rate stands at 26.46% (by weight), and all such packaging falls into the category of biodegradable recycled packaging;
* For the purpose of the Policy, "recycled packaging" is defined as packaging with a recycled content of over 35% by weight.
- Scale up sustainable packaging application: It is planned to increase the sustainable packaging usage rate by 10 percentage points to 36.46% or above by 2030;
- Promote recycled material application: It is planned to increase the recycled packaging usage rate by 10 percentage points to 36.46% or above by 2030;
- Packaging labeling: By 2030, 100% of all commodity packaging shall be printed with appropriate recycling/treatment and disposal labels;
- Advance zero landfill: Promote effective reuse and proper recycling or disposal of in-factory circulation packaging and inbound raw material packaging during production and operation, to achieve zero landfill of packaging waste.

V. Sustainable Packaging Management Requirements

5.1 General Requirements

Packaging materials: The adoption of sustainable packaging materials will be phased in. Where

basic packaging performance requirements are met and under comparable commercial conditions, priority shall be given to recyclable, biodegradable or recycled materials, such as eco-friendly uncoated materials, recycled paper, post-consumer recycled plastic (PCR), etc.

Packaging design: On the premise of satisfying basic packaging functions including protection, transport, display and regulatory compliance, lightweight packaging design will be promoted, the number of material types used for a single package will be reduced, the phase-out of complex composite packaging designs that are hard to separate and recycle will be advanced, and packaging recyclability will be improved. Relevant practices include easy-to-separate structural design, uncoated packaging, eco-friendly ink printing, peelable labels, etc.

Transport packaging: Where basic requirements are met, the use of reusable packaging that is regularly collected and reused by the Company or customers will be promoted. For packaging that is not suitable for collection and reuse, priority shall be given to sustainable packaging materials, and resource recovery of waste transport packaging will be advanced.

Recycling labeling: All packaging shall be printed with the standard “recycling/disposal label” required by the regulations of the sales region; where there is no statutory label in the local market, recommended recycling/disposal methods shall be printed to ensure 100% labeling coverage.

5.2 Customer Collaboration

The principle of “recommendation without coercion, clear accountability, and flexible progressive rollout” shall be strictly followed. Customers shall be fully respected, their normal decision-making process shall not be disrupted, and guidance on sustainable packaging upgrading shall be delivered in a gradual, step-by-step manner. The core objective is to create tangible, perceptible long-term operational returns for customers by improving the comprehensive value of packaging (covering cost management, environmental compliance, corporate branding and other dimensions).

For customer designated packaging, its sustainability attributes shall be evaluated first:

- If the designated packaging already meets sustainable standards, feasible optimization opportunities for cost reduction and efficiency improvement shall be explored, such as lightweight design.
- If the designated packaging does not have sustainable attributes, feasible optimization proposals shall be developed in alignment with the customer’s existing cost and packaging design requirements. Core information including cost variances, environmental value, compliance adaptability for corresponding sales regions and other key details shall be clearly laid out for the customer’s independent decision-making.

When a customer does not specify a clear packaging solution, proven and mature sustainable design schemes shall be prioritized, on the premise of fully meeting the customer’s requirements for packaging appearance, protective performance, cost threshold and other indicators.

If a customer insists on retaining the existing non-sustainable design, corresponding records shall be documented in the dedicated ledger, and annual follow-up communications shall be conducted to encourage iterative upgrading and reduce the proportion of non-sustainable packaging over time.

5.3 Supplier Management

Suppliers shall be encouraged to prioritize reusable returnable containers: plastic crates, wooden pallets, metal containers and other packaging used for material delivery shall be regularly collected and reused by suppliers, so as to reduce the generation of in-factory packaging waste.

5.4 Warehousing and Operation Management

Durable returnable packaging (including crates, pallets, etc.) shall be used on a priority basis; damaged returnable containers shall be sent to qualified recycling enterprises for resource recovery.

Packaging waste generated in production and warehousing processes (including packaging offcuts, non-conforming packaging, waste from unpacking) shall be properly sorted, with dedicated personnel assigned for management, to avoid cross-contamination caused by mixed storage.

High-value recyclables (such as clean paper, mono-material plastic, metal) shall be directly transferred to recycling enterprises for resource utilization; low-value hard-to-recycle waste (such as coated paper, composite packaging, contaminated packaging) shall be delivered to enterprises with specialized disposal capacity (such as waste-to-energy plants) for disposal, to achieve zero landfill of packaging waste across all factory premises.

VI. Responsibility Allocation

6.1 ESG Committee

Shall bear supervisory responsibility for the implementation of the Policy, and regularly review the effectiveness of the Policy and the progress against set targets.

6.2 ESG Task Force

Shall be responsible for cross-departmental information aggregation and progress tracking, and provide professional support for all business units on compliance and policy updates.

6.3 Procurement Center

Shall collect and consolidate market information on sustainable material resources and supplier qualifications, and collaborate with all business divisions to connect with high-quality, compliant packaging material suppliers.

6.4 Business Divisions

As the main execution body of the Policy, business divisions shall break down policy targets, formulate work paths adapted to the actual situation, promote the iteration of sustainable packaging and the proper treatment and disposal of packaging waste, to ensure the Group's targets are achieved. The procurement teams of each business division shall promote the use of reusable returnable containers for delivery, so as to reduce single-use packaging waste across the supply chain.

The Policy shall come into force as of the date of issuance, and will be updated as required in actual practice. In the event of any revision, the Company will communicate the updated version to all subsidiaries, employees and relevant stakeholders.