

2025 Corporate Social Responsibility Report

Shanghai KACO Industrial Co., Ltd.

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Chairman's Statement

Since its establishment in 2011, Shanghai KACO Industrial Co., Ltd. has experienced nearly 15 years of steady development. Guided by our philosophy of "Born for Excellence," we are committed to providing global users with writing instruments and creative products that combine aesthetic, durability, and sustainability.

We deeply understand that corporate development is not only about business achievements, but also about how we define our products, how we treat our partners, and how we give back to the environment and society. This report presents our thinking and practices in these areas.

Design Innovation and Excellent Quality – The Cornerstone of Responsibility

We believe that a responsible enterprise is first and foremost reflected in excellent products. KACO adheres to original design, and its products have won numerous international recognitions such as the German iF Design Award, German Red Dot Design Award, and Japanese Good Design Award. We integrate minimalist and contemporary aesthetics into daily writing.

We have built an experienced international team that strictly follows advanced manufacturing concepts from Germany and Switzerland, incorporating cutting-edge technology and high-precision mold technology into production to ensure product excellence. This is a true embodiment of "Born for Excellence."

Product Durability and Green Practices – Implementing Environmental Protection

Good products should be durable and environmentally friendly.

In product design, KACO always follows the principle of "less is more," optimizing structure and processes to reduce resource consumption at the source. In 2019, KACO became a Mi ecosystem enterprise and launched the "Xiaomi High-Capacity Gel Pen." This pen features a direct-injection ink reservoir design – the barrel itself serves as the refill, delivering a writing length of over 1,600 meters, four times that of a standard gel pen. This design significantly simplifies the pen barrel structure, reduces raw material and plastic usage by approximately 30% compared to traditional pens, and lowers energy consumption during production, achieving longer writing life with fewer resources.

The KALOR Color pencil series, through its replaceable lead design, allows the pencil barrel to be reused. Users only need to replace the lead to continue using the product, effectively avoiding wood consumption caused by barrel waste.

We have also integrated the concept of "low-carbon environmental protection" into product design and production, continuously exploring the application of environmentally friendly materials, optimizing product structures to extend service

life, and reducing unnecessary packaging and waste. In recent years, the company has launched several environmentally friendly gel pen sets, such as recycling 19L Nongfu Spring water barrels. Each barrel can be transformed into 156 gel pens, reducing carbon emissions by approximately 1,825g. In total, more than 1.73 million pens were produced, achieving a reduction of about 20,000 tons of carbon emissions.

These practices show that good design can combine durability and environmental protection. This reflects precisely KACO's goal: not only to create popular products today, but also to reduce the environmental footprint of products throughout their lifecycle, contributing to the protection of our planet.

Empowering Employees and Deepening Collaboration – Building a Win-Win Ecosystem

KACO regards employees as its most valuable asset. We strive to create an equal, collaborative workplace with ample growth opportunities, respecting and inspiring the creativity of every employee.

At the same time, we attach great importance to the sustainable development of the supply chain. With a global vision, we integrate high-quality resources worldwide. We adhere to integrity as the cornerstone, seeking to establish deep strategic partnerships with suppliers and move forward together on the path of high-quality development.

Integrating community care and value transmission into the course of development

As a brand originating from China, KACO actively assumes responsibility for local communities. We sincerely serve many well-known domestic and international enterprises, helping them convey their brand image through high-quality customized gifts.

In future, we will continue to leverage our expertise in design and stationery to provide more systematic support for public welfare projects in education and cultural heritage, allowing brand value to have a positive impact on a broader social level.

Looking ahead, KACO will continue to uphold its core values of simplicity, quality, and environmental protection. We will listen to all parties with a more open attitude, fulfill our corporate citizenship responsibilities with more solid actions, and work together with all stakeholders to write a more sustainable future.

Kelvin Yan
Chairman

Preface

1. About This Report

This is an annual report covering the period from January 1, 2025 to December 31, 2025. The company takes full responsibility for the authenticity and reliability of its content.

We will continue to actively fulfill our social responsibilities by improving product quality, ensuring production safety, practicing environmental protection, participating in social welfare, and strengthening self-discipline, striving to achieve harmonious and win-win sustainable development with stakeholders.

This report is prepared in simplified Chinese, with an English translation provided. It's published only in electronic format and English version can be viewed and downloaded from the official website of Shanghai KACO (www.kacopen.com).

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2. About KACO

KACO has been focused on writing instruments and creative stationery products since it was established in Shanghai, China in 2011.

We strive to original and fashionable design with excellent product quality. With continuously improvement philosophy in mind, we have won Red Dot Design Award, iF Design Award, Good Design Award, China Red Star Design Award, China Good Design Award, Golden Pin Design Award and other major awards.

Global vision, sincere and dedicated service, excellent quality pursuit have made KACO rapidly grown as the representative brand of writing instruments and creative stationery products in China.

OUR MISSION

Bring Thoughts to Life, Foster Cultural Coexistence.

OUR VISION

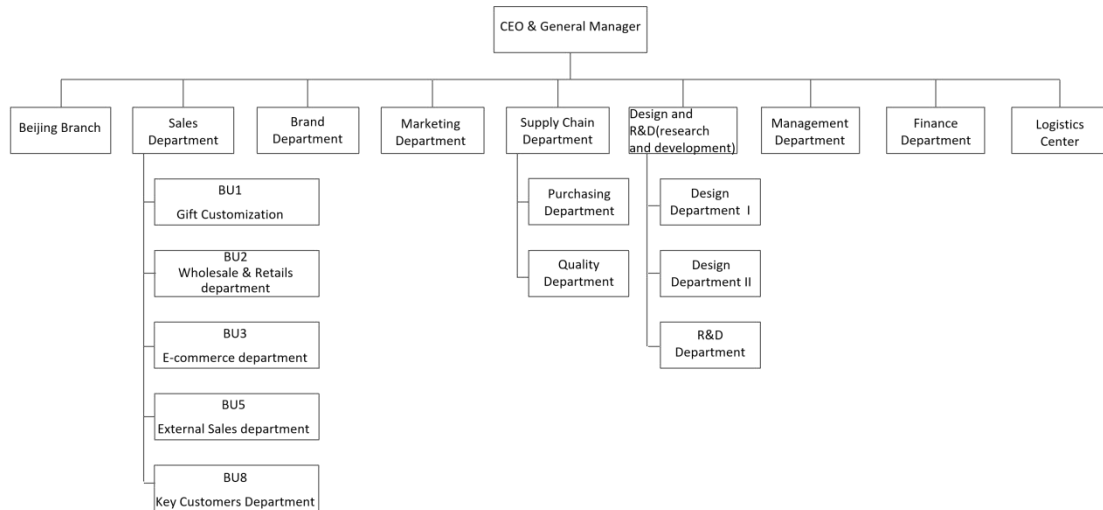
Become the Most Culturally Influential Stationery Brand.

CORE VALUES

Sincerity, Innovation, Continuous Improvement, Striving for Excellence.

Prudent management

1. Organizational Structure



2. Continuous Innovation

As a cultural and creative brand driven by design innovation, KACO has always regarded intellectual property protection as an important part of its sustainable development.

In 2025, KACO continued to increase R&D investment and patent layout efforts focusing on product structural innovation, user experience optimization and industrial design upgrades, systematically promoting standardized management of innovation results and intellectual property protection.

2025 Patent Achievements:

Patent Applications:

Total 19 patent applications, including

- 1 invention patent
- 6 utility model patents
- 12 design patents

Patent Grants:

Total 15 patent certificates granted, including

- 2 invention patents

3 utility model patents

10 design patents

As of the end of 2025, the company owns 3 invention patents, 45 utility model patents, and 122 design patents, forming a relatively complete patent system. These achievements are widely applied in writing instrument structure optimization, functional innovation, and product design, Effectively enhanced the technological sophistication of the product and the brand's core competitiveness.

Talent Development

1. Employee Recruitment

The company has established open, standardized, and transparent systems for recruitment, labor contracts, compensation, and benefits to protect employee rights.

We strictly comply with relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. The recruitment process is standardized and transparent, with no discrimination based on ethnicity, race, skin color, religion, gender, nationality, age, or other legally protected characteristics. We provide equal opportunities to every employee, including discipline, job assignment, treatment, benefits, training, and other rights and obligations.

2. Compensation and Performance Appraisal System

KACO strives to provide employees with a fair performance management platform. Through scientific evaluation, employees are guided to improve individual performance, thereby enhancing overall organizational performance. We have built a management system that motivates employees to strive for excellence, while encouraging them to plan their own career paths and achieve mutual development with the company.

3. Employee Benefits and Care

KACO values employee rights and strictly follows the *Employee Handbook* and other regulations to ensure employees enjoy statutory basic rights such as paid annual leave and social insurance.

The company has officially obtained ISO 45001 Occupational Health and Safety Management System certification, committing to create a safe, healthy, and comfortable working environment. The certification covers risk assessment, emergency response, occupational health monitoring, and other core aspects, providing employees with more reliable safety protection.

Customer Responsibility

1. Product Safety and Quality Management

The company attaches importance to product quality management. To solidify the quality foundation, we continuously optimize quality control processes, constantly improve the product quality management system, and build a full-process, standardized quality control system based on ISO 9001. During the reporting period, KACO strictly controlled product quality through optimizing management systems and organizing training.

The company has always regarded product safety and quality as its core business focus, implementing full-chain traceability management for products to ensure compliance with relevant domestic and international safety standards.

The company has established a full-category standardized production system. Every product has its own production standard, and all production processes are strictly controlled according to these standards. Our Core performance indicators exceed corresponding national and industry standards.

In line with the principle of being responsible to consumers, all products strictly comply with various safety standards:

Student products are developed and produced in strict accordance with GB 21027-2020 *“General safety requirements for student supplies”*;

Export products simultaneously meet relevant international safety standards in the EU, United States, and other markets, achieving dual compliance both domestically and internationally.

The examination ballpoint pen has passed the CWIA examination pen certification from the China Writing Instrument Association, with writing performance and product stability meeting the stringent requirements of professional examination scenarios.

During the reporting period, all products sold by KACO were tested and certified by third-party authoritative testing institutions with CMA/CNAS qualifications before market launch, building a solid defense line for product quality and safety from the source. In 2025, the company underwent a total of 26 random inspections by national, provincial, and municipal market supervision administrations, achieving a 100% pass rate throughout the year, with product quality and safety compliance continuously recognized by the market.

In 2025, focusing on the implementation of new industry standards and professional capacity building, the company organized multiple specialized internal training sessions covering product introduction, basic product knowledge, and standard dissemination, effectively strengthening the quality awareness and skills of all employees. At the same time, the company actively engaged in external exchanges,

sending personnel to participate in industry standard dissemination events to keep abreast of cutting-edge management concepts and standard requirements, promoting our quality management system to align with high industry standards.

A rapid after-sales quality feedback and handling mechanism has been established. Customer service hotline and official email channels receive quality feedback, with a complaint response time of ≤ 24 hours, ensuring timely resolution and effectively protecting consumer rights.

2. Supply Chain Management

Throughout the supplier management process, the company strictly complies with laws and regulations such as the *Tendering and Bidding Law of the People's Republic of China* and the *Government Procurement Law of the People's Republic of China*, ensuring that procurement activities in all business sectors adhere to the principles of openness, fairness, impartiality, and honesty.

Procurement personnel uphold the professional ethics of integrity and uprightness, consciously resist various temptations, adhere to fair, lawful, and reasonable practices, and strictly review supplier qualifications, product prices, product quality, and procurement quantities, effectively maintaining brand reputation and improving inventory management levels.

KACO continues to deepen digital transformation of supply chain management, continuously improving operational efficiency and responsibility transparency through systematic and visual management models. In 2017, the company officially introduced the SAP enterprise resource management system and has continuously iterated and optimized it, incorporating supplier access, purchase order execution, quality inspection, inventory turnover, and other core processes into a unified platform, providing solid digital support for building a stable, transparent, and traceable supply chain system.

At the same time, the company actively promotes online collaboration mechanisms, comprehensively applying digital tools in daily communication with suppliers, order confirmation, sample inspection, and other links. This effectively improves collaboration efficiency, reduces carbon emissions from operations, and promotes deep integration and coordinated progress of responsible management and green development.

3. Financial Management

The company continuously strengthens standardized financial management. Annual financial audits are conducted by Shanghai Lixin Certified Public Accountants. The company has sound financial management rules and regulations and strictly implements them, providing sales data as needed by various departments, properly

keeping various vouchers, and actively communicating with relevant institutions and financial, tax, and banking departments to stay abreast of regulatory changes.

In 2025, the China Writing Instrument Association evaluated KACO credit status as AAA.

Corporate Tax Payment Credit Information

Unified Social Credit Code: 91310101577425636P

Taxpayer Name: Shanghai KACO Industrial Co., Ltd.

Taxpayer Status: Normal

Tax Credit Rating: Grade A

Social Responsibility

1. Industry Exchange and Project Research

As a backbone enterprise in China's writing instrument industry, the company actively participates in industry exchanges, standard formulation and revision, and technical research, empowering high-quality and sustainable development of the industry through technological innovation and experience sharing, fulfilling its corporate industry responsibility.

In 2025, the company participated in important industry meetings and activities such as the "Fourth Enlarged Meeting of the Ninth Council of China Writing Instrument Association," "IP Empowering High-quality Development Exchange Meeting for the Writing Instrument Industry," and "National Pen Selection Tour." Our chairman was invited to share practical application experience of IP in product innovation and market breakthrough at the IP empowerment thematic exchange meeting, providing practical references for industry development.

In terms of standard development, the company deeply participates in the formulation and revision of national, industry, and group standards. Leveraging its technical accumulation and practical experience in the industry, it contributes to the improvement and upgrading of the industry standard system. As of the end of 2025, the company has participated in a total of 12 standard formulation and revision projects.

At the same time, the company collaborates with professional design institutions and high-quality manufacturing enterprises in technical research and product joint development, successfully launching new structural products such as FIRST, POPUP, FLOAT, K 1, and TWIST Pen. These Products have won wide market recognition and consumer favor due to their innovative design, exquisite craftsmanship, and excellent user experience.

2. Charity and Public Welfare

The company adheres to the public welfare philosophy of "giving back to society and fulfilling responsibility," actively engages in charitable causes, and continuously carries out public welfare activities such as donation drives and cultural volunteer services, giving back to society and spreading warmth.

March 2025: Donated stationery worth over RMB 60,000 to Yichang City, Hubei Province, through the Shanghai Jing'an District Red Cross.

April 2025: Donated stationery worth over RMB 50,000 to Yunnan Province through the Shanghai Jing'an District Red Cross.

2025: Donated stationery worth over RMB 130,000 to students in Jialing District, Nanchong City, Sichuan Province.

December 2025: Donated stationery worth over RMB 280,000 through the Suzhou JITRI EDUCATION FOUNDATION.

3. Cultural Communication

Stationery is not just a writing tool, it is also a medium for cultural communication. Through diverse cultural crossovers and practices, KACO is committed to integrating traditional culture into daily life through contemporary design language and bringing Chinese design to a wider world.

Dialogue with Cultural Relics – Activating Historical Memory

KACO collaborates with cultural institutions such as the National Museum of China, reinterpreting Chinese civilization through modern design. Co-branded series such as “POPOP gel ink pen Tang Dynasty's Lady Figurines 3pc/set” and “POPOP gel ink pen of A Flower-Wearing Journey in Chang'an 3pc/set” draw inspiration from Tang and Han attire, brocade patterns, condensing traditional cultural symbols into daily stationery, allowing users to feel the warmth of history with every stroke.

Journeying with Intangible Cultural Heritage, Preserving the Legacy of Craftsmanship

KACO collaborated with Zhu Bingren, a representative inheritor of national-level intangible cultural heritage copper carving technique to launch the FIRST Gel Ink Pen Sunflower Notebook Gift Box Set. Inspired by Van Gogh's sunflowers, this product integrates millennial copper carving craftsmanship with contemporary stationery design, giving new life to ancient techniques on the small pen barrel, allowing young consumers to appreciate the charm of intangible heritage and embrace the beautiful symbolism of “winning the first prize.”

Resonating with Classics – Expanding the Boundaries of Writing

KACO continuously explores the connection between stationery and public emotion. Collaborating with global color authority PANTONE, it integrates annual representative colors into pen and notebook design, promoting the application of color aesthetics in daily writing. The co-branded collaboration with Coca-Cola injects the sharing and joy represented by this classic brand into stationery products, turning writing tools into media for conveying positive emotions.

Journeying with Innovation – Connecting with Contemporary Thinking

In 2025, KACO became the cultural and creative partner of the podcast program “Luo Yonghao’s Crossroads” and the “Annual Technology Innovation Sharing Conference.” Through cross-border cooperation with platforms concerned with technology, design, and contemporary thinking, KACO uses stationery as a carrier to participate in broader social dialogue, turning writing tools into media for recording innovation and conveying diverse ideas.

Going global, showcasing Chinese design to the world

KACO’s products have reached global consumers through platforms such as TikTok and Amazon, and have entered nearly 120 Tsutaya Bookstores across Japan. As one of Asia’s most influential cultural spaces, Tsutaya Bookstore has stringent product selection standards. KACO’s presence there is not only recognition of its product design and quality but also an important step for original Chinese stationery brands onto the international cultural stage.

4. Green and sustainable

KACO has integrated sustainable development into its corporate operational framework and has officially obtained ISO 14001 Environmental Management System certification. Taking this opportunity, the company continuously optimizes environmental performance across product design, manufacturing, and waste disposal throughout the product lifecycle.

At the product level, KACO continuously promotes resource conservation and energy saving through material innovation and structural optimization.

The Xiaomi High-Capacity Gel Pen reduces raw material and plastic usage by about 30% compared to traditional products, through its direct-injection ink reservoir design.

The KALOR Color Pencil series allows the barrel to be reused, through replaceable leads, effectively reducing wood waste.

The Keybo Plastic gel pen transforms Nongfu Spring water barrels into writing tools, exploring a circular usage path for post-consumer plastics.

Social Reputation

January 2025: Passed the CWIA examination pen certification from the China Writing Instrument Association.

April 2025: POPUP Gel Pen won the Best Practical Function Award at the first Life Design Power Proposal AIM International Design Competition.

May 2025: Awarded the title of Governing Unit of the China Gift Chamber of Commerce.

August 2025: Awarded as Shanghai 'Specialized, Refined, Differential, and Innovative' (SRDI) Enterprise.

October 2025: Honored as one of the TOP 100 Chinese Gift Industry Enterprises and winner of the TOP 30 Product Innovation Award.

Outlook

As a culturally influential creative brand, we deeply recognize that fulfilling our social responsibility is an ongoing journey of continuous commitment. KACO will remain steadfast in our core values of simplicity, durability, and eco-friendliness. We are dedicated to further deepening our CSR practices across all dimensions, including innovative product design, low-carbon and sustainable R&D, digital operations management, and cultural communication. Taking this report as a new starting point, KACO will actively listen to feedback from all stakeholders and continuously refine our CSR framework. Together with all the partners who care for and support us, we look forward to co-writing a future defined by greater responsibility and vitality.