

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(STOCK CODE:601869.SH 06869.HK)



2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY





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About this Report

This report represents a comprehensive view of the management practices and performance of Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries (the “Group”, “YOFC” or “we”) in respect of environmental, social and governance (“ESG”) and the undertaking of its corporate social responsibilities in 2023. It is recommended to read this report in conjunction with relevant sections in *the 2023 annual report of Yangtze Optical Fibre and Cable Joint Stock Limited Company* to help readers understand our practices and performance in the field of environmental, social and governance.

SCOPE OF REPORTING

Period covered by the report: 1 January 2023 to 31 December 2023. Partial content goes beyond the scope considering the integrity of the report.

Organizations covered by the report: unless otherwise specified, this report covers Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries, and the monetary figures in this report are denominated in Renminbi (“RMB”). YOFC regularly reviews the reporting scope to ensure significant impacts across the overall business portfolio are covered¹.

BASIS OF PREPARATION

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the Hong Kong Stock Exchange or “HKEX”) published by the Hong Kong Stock Exchange, and with reference to the Global Reporting Initiative (“GRI”) Standards and the *Shanghai Stock Exchange (SSE) Self-Regulatory Supervision Guidelines for Listed Companies No.1 - Standardized Operation* published by the SSE.

PRINCIPLES FOR PREPARATION

Materiality, balance, quantification and consistency are the four principles for preparing this report.

Materiality principle: During the preparation of this report, major stakeholders and their ESG issues of concern have been identified, and targeted disclosures have been made in this report according to the relative importance of their concerns.

Balance principle: This report follows the balance principle and objectively presents the Group’s ESG performance and management status.

Quantification principle: The coverage and calculation method of the data involved in the report have been marked in the report.

Consistency principle: Unless otherwise specified, this report has no major adjustments to the disclosure scope of the Company’s ESG reports in previous years and uses consistent statistical methods for disclosure.

¹ This year, the Group’s reporting scope added Broadex Technologies Co., Ltd., Broadex Technologies Chengdu Co., Ltd., YOFC Brazil, and YOFC Poland, while Wuhu Tus-Semiconductor Co. Ltd. is excluded.



CONFIRMATION AND APPROVAL

This report is approved by the Board of Directors on 28 March, 2024.

ACCESS TO THE REPORT

The simplified Chinese version of this report is available on SSE website (www.sse.com.cn).

The traditional Chinese and English version of this report is available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

FEEDBACK TO THE REPORT

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve this report and our overall ESG performance.

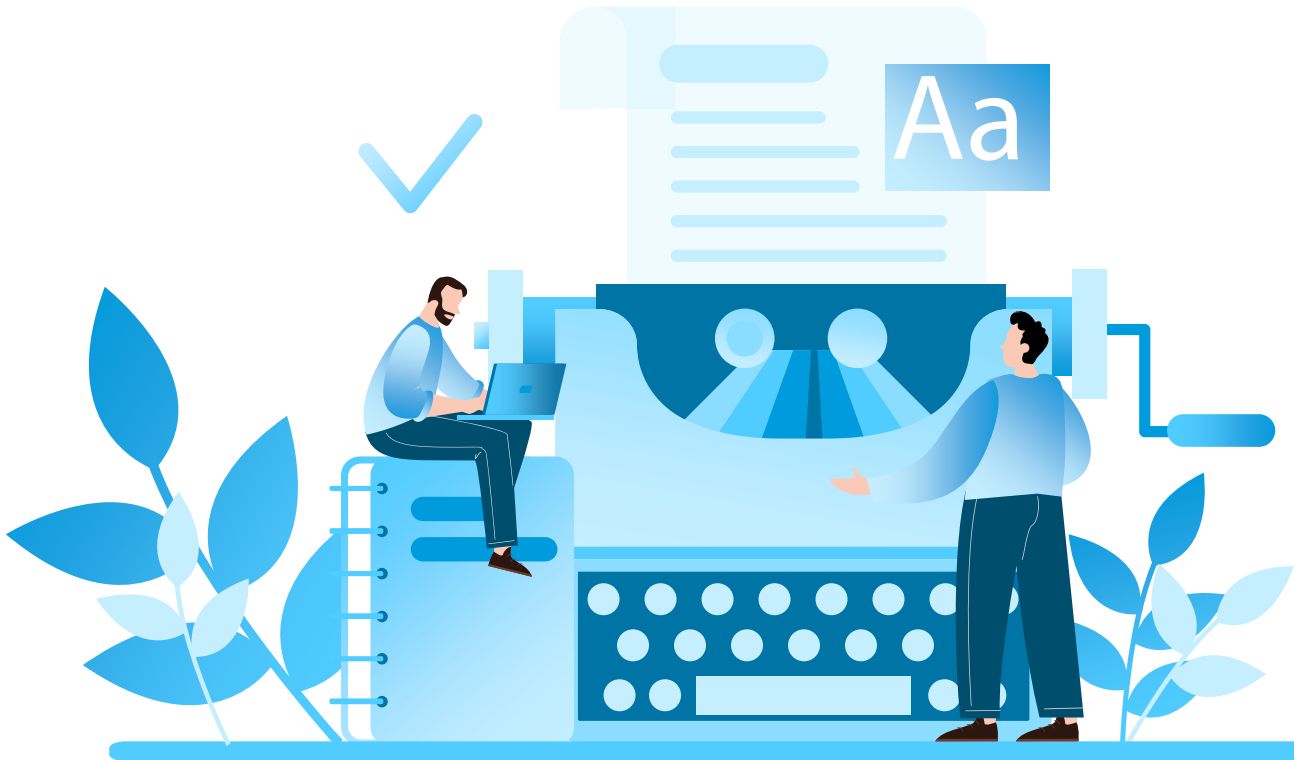
Wuhan Headquarters : No. 9 Guanggu Avenue, Wuhan, Hubei Province

Hong Kong Address : Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Telephone: +86-27-68789088

Fax: +86-27-68789089

Email : IR@yofc.com





Message from Management

2023 is a remarkable and significant year for YOFC. Involved in the global trend of sustainable development and guided by national "dual carbon" strategy, YOFC actively promotes intelligent manufacturing transformation, compliance operation, green development and harmonious society. Together with our customers and partners, we have embarked on a new journey of sustainable development for Chinese enterprises.

Empowering Intelligent Manufacturing Transformation to Bridge the Digital Gap. Closely following national strategies such as Digital China, Strong Cyberpower, Eastern Data and Western Computing, we actively explore areas such as third-generation semiconductors, industrial lasers, quartz materials, optical modules and devices, empowering downstream enterprises and facilitating the comprehensive upgrading of intelligent manufacturing in the industrial chain. We are committed to connecting every corner via optical fibre to enhance digital skills in remote areas and bridge the digital gap through intelligent connectivity.

Adhering to compliance development and optimizing responsibility governance. We are committed to achieving high-quality development of China's optical fibre industry, adhering to the excellent quality concept, we conduct high-quality control standards, promote a quality culture, and actively undertake corporate responsibilities. We also have a compliance red line in many ways, and optimize our internal management system, ensure information security, strengthen the management of intellectual property brands, and build a strong defense line against corruption and degeneration.

Adhering to Low-carbon Innovation to Drive Green Development. Firmly establishing the awareness that "lucid waters and lush mountains are invaluable assets", we actively advocate ecological priority and green development concepts, respond to national goals of carbon peaking and carbon neutrality, and take practical actions to promote green manufacturing, thus fostering the sustainable development of society, economy and environment. We continue to take actions such as advancing energy conservation and emission reduction, developing innovative low-carbon products, and promoting a circular economy, thereby using technological innovation to safeguard our shared home.

Building a Harmonious Society to Promote Shared Futures. Employees are the foundation of YOFC's sustainable development and the key to the Company's innovative growth. We adhere to the philosophy of equality and diversity, creating conditions for employees' personal growth and providing a broad development platform. Together with our employees, we are building a better future. And at the same time, we continue to promote upright corporate behavior, actively fulfill corporate social responsibility, generate positive impacts through digital technology innovation, and give back to local communities.

The era of green intelligence is approaching. Whether it is the industrial transformation and upgrading driven by the digital economy or the green and low-carbon development in response to global climate change, digital economy is dramatically transforming the way people live and economy develops. YOFC integrates the concept of sustainable development into its corporate strategy and business operations. Through continuous technological innovation, we build a better digital future with global partners jointly.



Yangtze Optical Fibre and Cable Joint Stock Limited Company

Executive Director and President

Zhuang Dan

28th of March, 2024



Board Statement

The Board values ESG management and has developed a systematic ESG governance structure concerning those charged with governance, management and executives. As the supreme responsible and decision-making body of the Group's ESG management system, the Board of Directors takes full charge of supervision and management of the related ESG issues with the assistance of the Audit Committee, it is also responsible for supervising and coordinating the management of ESG-related risks, evaluating the ESG performance and commitment, holding a meeting at least once a year to discuss important ESG issues.

Prior to the release of this year's ESG report, the Board of Directors of the Group assessed the potential impact and opportunities of ESG issues on the overall strategy of the Group, and reviewed the results of the assessment of the materiality of ESG issues. The Board of Directors has understood the Group's ESG-related issues and confirmed the current ESG-related management policies and ESG management concepts with YOFC's characteristics.

During the year, the Board of Directors discussed ESG issues that stakeholders are closely concerned about, such as product quality and sustainable supply chain, and the specific assessment process and results are detailed in the "Stakeholder Communication" and "Materiality Matrix" subsections of this report.

During the year, the Group reviewed and updated the environmental goals related to business operations, detailed in the "Co-creating a Green Home" section of the annual ESG report, and the Board of Directors will review and discuss the progress of the goals on a regular basis.





★ Highlighted Performance in Sustainable Development

2023 Sustainability Highlight Performances and Key Performance

Empowering Intelligent Manufacturing Transformation



- YOFC Science and Technology Park Optical Cable 5G Factory, which has been **certified by the national "2023 5G Factory Directory"**, improves overall production efficiency by 20%, order delivery efficiency by 25%, and resource utilization by 18%.
- By 2023, **more than 3,700** enterprises have registered the first second-level node of industrial Internet identity resolution in China's optical communication industry, with **1.4 billion** registered identifiers and more than one million daily identifiers.
- By 2023, the company has a total of **1,703** authorized and valid Chinese patents, including **727** invention patents and **222** overseas authorized patents.
- In 2023, the company participated in the formulation and revision of a total of **20** national standards or industry standards, including the participation of 8 revisions of industry standards, 10 formulation of industry standards, and chair of 1 revision of industry standard, and 1 formulation of industry standard.

Commitment to Responsible Action



- The company advocated and took the lead in signing **the first self-discipline quality convention** in China's optical fibre and cable industry, namely **the Self-discipline Convention on Product Quality in Optical fibre and Cable Industry**.
- **100%** customer complaint resolution satisfaction.
- The company promises to respond to customer service requests within **24 hours** and solve them within **48 hours**.
- The company provides a **7×24** hours service hotline to accept customer feedback at any time.

Co-creating a Green Home



- In 2023, the company was selected as one of the first batch of **"zero-waste factories"** in Wuhan.
- The company and some of its subsidiaries have been selected as **green factories** in the green manufacturing list for many times, among which YOFC, YOFC Lanzhou, YOFC Qianjiang are of national level and YOFC Shenyang is of provincial level.
- The company focuses on the three major action lines of **"green operation"**, **"green factory"** and **"green products"**, and continues to implement green strategic planning.
- The company promoted the green development strategy and actively promoted the innovation and practice of energy-saving and **carbon reduction measures** to improve energy efficiency and reduce greenhouse gas emissions, saving a total of **9,324 tons** of carbon dioxide equivalent.



2023 Sustainability Highlight Performances and Key Performance

Co-creating a Green Home



- In 2023, the carbon footprint of single-mode fibre production decreased by about **9.5%** compared to 2022.
- The company applied special optical cables that can absorb sunlight to Xiamen North Railway Station, the first railway station in China to use an intelligent optical fibre system. The station is expected to save **720,000 kWh of electricity** annually, which means the reduction of **565 tonnes** of carbon emissions.
- The company popularized the application of 75 kilometers of optical fibre trays, and **reduced the use of plastic ABS packaging materials by 50%** while maintaining the same production capacity.
- In 2023, the company's optical fibre reuse rate reached **78%**, and fibre optic trays made of recycled plastic can be reused many times, saving about **30,000** fibre trays per month.
- In 2023, the Company reused approximately **99.43 million tons** of water and **110,000 tons** of reclaimed water, with a reuse rate of approximately 99%.
- The company conducted training on organization-level carbon emission accounting, product carbon footprint research, and carbon emission trading for newly included subsidiaries, with a total of **140** people participated.

Promoting a Shared Future



- In 2023, the average training hours of employees in Wuhan headquarters are around **31 hours**, a **35%** increase compared to 2022, and the number of training personnel reached **2,362**.
- All suppliers are required to sign the *Supplier Green Environmental RoHS 2.0 Commitment*, *Supplier Green Environmental REACH Commitment*, and *Supplier Integrity Commitment*, and complete an *External Supplier Social Responsibility Survey Questionnaire* and other agreements, and the social responsibility code of conduct that suppliers should follow are clarified.
- By 2023, the company has helped **more than 90 countries and regions** around the world to build network infrastructure and realize optical communication connectivity.
- Overseas communication projects have been carried out in **25 cities** in Indonesia, with optical communication networks covering more than **700,000 households** and **more than 1,500 kilometers** of backbone projects delivered.
- The company undertook the Peruvian National Broadband Project, covering **1,683** remote towns, providing broadband services to **more than 1 million people**.
- Based on technologies such as industrial Internet identification analysis, AI large models, and intelligent Internet of Things, the company established **a national digital product trading platform** to help local products such as kudzu, apples, and Chinese medicinal materials grown in poor areas "go global".
- In 2023, the total amount of charity donations is **1.92 million yuan**.



The Era of Agile and Brilliant Connectivity

The Group is committed to the optical fibre and cable industry, building a diversified product portfolio, actively expanding into overseas markets, and joining hands with industry partners to promote the development of the industry, and is committed to lighting up the global digital era with light. We are also building sustainable corporate governance and integrating ESG concepts into our daily management and operations to help realize the blueprint for global sustainable development.



About YOFC



YOFC is a global leading supplier of optical fibre preforms, fibres, cables and comprehensive solutions. YOFC primarily manufactures and sells various standard specifications of optical fibre preforms, fibres, and cables widely adopted in the communications industry, along with various types of optical modules, specialty fibres, active optical cables, submarine cables, as well as RF coaxial cables, accessories, and other products based on customer needs. With a complete integrated system, engineering design services, and solutions, YOFC provides various optical fibre cable products and comprehensive solutions for the global communications industry and other sectors including utilities, transportation, petrochemical, medical, etc.

YOFC was successfully listed on the Main Board of the Hong Kong Stock Exchange in December 2014 (stock code: 06869) and was listed on the SSE in July 2018 (stock code: 601869), which is the only A+H dual-listed company in the Chinese optical fibre and cable industry as well as the first one in Hubei Province.



1988

- Established in Wuhan
- “Philips by the Yangtze River”



1992

- Began mass production



2005

- Won the National Second Prize for Advancements in Science and Technology for the first time



2017

- Built the world's largest production base for optical fibre preforms
- Launched YOFC Qianjiang Science and Technology Park



2016

- Achieved global leadership in market share for preform, fibre, and cable products



2014

- Listed on the Hong Kong stock market



2018

- Listed on the A-share market



2020-2022

- YOFC Hanchuan Science and Technology Park went into operation
- The Poland factory commenced operations, producing 1 million core kilometers of optical cable



2023

- Invested in the construction of YOFC Advanced Semiconductor Wuhan Base, YOFC Quartz Ezhou Base, and YOFC EverFoton Xiangyang Base

Development Timeline

YOFC has offered its products and services to over 90 countries and regions around the world. And YOFC has established 6 overseas bases, more than 20 overseas platforms, over 50 overseas offices, and more than 80 investment companies globally, strengthening the overseas industrial layout and marketing service network construction.



Overseas Bases

6



Investment Companies

80+

01 YOFC Profile

Global Footprint

Overseas Platforms

20+

Overseas Offices

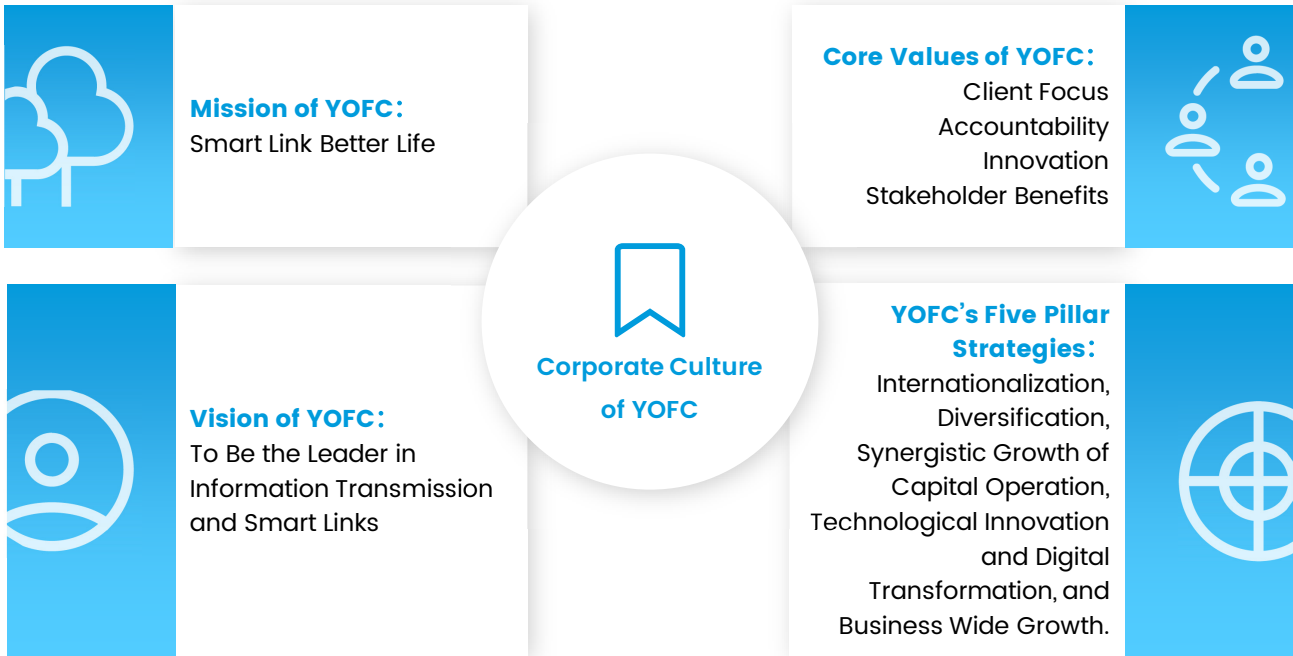
50+

National/ Regional Markets

90+



Marketing network and industrial layout Radiating the global

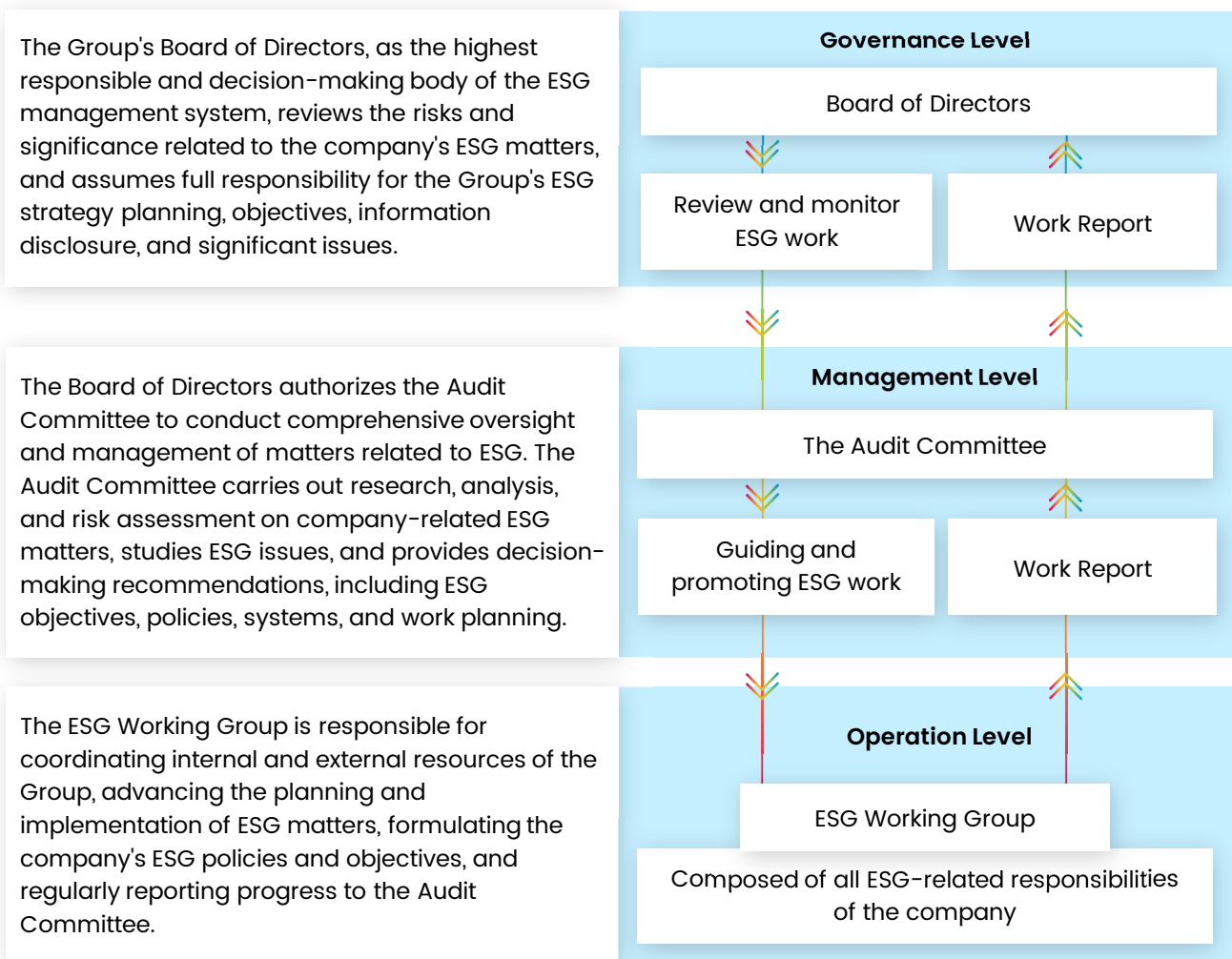


ESG Management

Sound corporate governance is the cornerstone of a company's long-term stability and success. The Group continuously optimizes its ESG governance structure, clarifies responsibilities at all levels, builds a sustainable development strategic framework, maintains effective communication with stakeholders, normalizes the management of key ESG issues, and achieves the company's long-term development.

ESG Governance Framework

We have fully integrated ESG management into the Group's business operations and management to effectively control ESG risks. The Group has established a clear three-tier governance structure, delineating responsibilities at each level, decision-making processes, and reporting mechanisms.



Sustainability Strategy

As a member of the United Nations Global Compact, YOFC starts from the core values of “Client Focus, Accountability, Innovation, Stakeholder Benefits”, combines its core competencies with the demands and expectations of stakeholders, closely follows industry trends, and positions responsible governance, smart connectivity, green development, and harmonious ecology as important strategic directions for sustainable development, committed to contributing to global sustainable development.



YOFC Sustainable Development Strategy

YOFC actively responds to the United Nations Sustainable Development Goals (SDGs), continuously exerting efforts in areas such as technological innovation, responding to climate change, combating inequality and injustice, responsible production, and assumes the responsibility of a global corporate citizen, becoming an important force driving global sustainable development.



Stakeholder Engagement

The Group attaches great importance to communication with stakeholders. Based on the actual operational characteristics, through value chain analysis, we identify key stakeholders including shareholders and investors, government and regulatory agencies, employees, suppliers, customers, media and non-governmental organizations, and communities. We have established effective communication mechanisms and diverse channels, listening to the expectations and demands of stakeholders, assisting the company in prioritizing sustainable development work, and jointly defining the key directions for future sustainable development.

| Stakeholders | Issues | Communication Methods |
|------------------------------------|---|--|
| Shareholders and Investors | <ul style="list-style-type: none"> • Energy Management • Product Quality • Talent Attraction and Retention • Climate Change | <ul style="list-style-type: none"> • Annual general meeting/Extraordinary general meeting • Investor meetings • Performance briefings • Press releases/announcements • Investor hotline |
| Government and Regulatory Agencies | <ul style="list-style-type: none"> • Anti-corruption and anti-commercial bribery • Intellectual property protection • Energy management • Product quality | <ul style="list-style-type: none"> • Policy consultations • Incident reporting • Site inspections • Information disclosure • Government agency meetings and exchanges |
| Employees | <ul style="list-style-type: none"> • Workforce diversity • Workplace health and safety • Employee development and training | <ul style="list-style-type: none"> • Employee interviews • Internal publications • Employee hotline • Employee satisfaction surveys |
| Suppliers | <ul style="list-style-type: none"> • Sustainable supply chain • Anti-corruption and anti-commercial bribery | <ul style="list-style-type: none"> • On-site inspections • Supplier surveys • Supplier training • Phone interviews |
| Customers | <ul style="list-style-type: none"> • Information and data security • Customer service • Product quality | <ul style="list-style-type: none"> • Customer satisfaction surveys • Customer service platforms/hotlines • Group website, social media interactions |



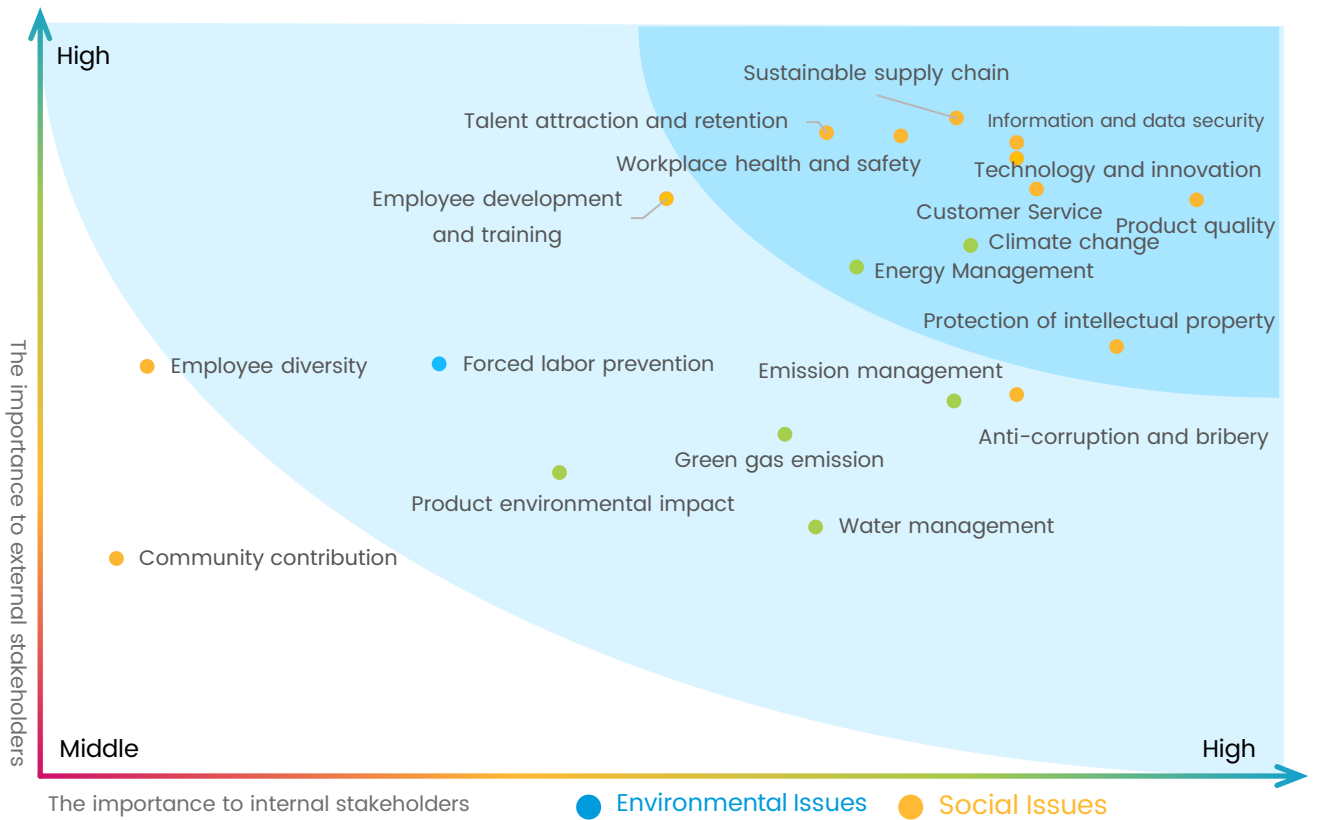
| Stakeholders | Issues | Communication Methods |
|--|--|---|
| Media and Non-governmental Organizations | <ul style="list-style-type: none"> • Customer service • Product quality • Intellectual property protection • Prohibition of forced labor | <ul style="list-style-type: none"> • Social media • Press conferences and press releases • Seminars • Industry forums • Academic/technical exchange events |
| Communities | <ul style="list-style-type: none"> • Water resource management • Emission management • Greenhouse gas emissions • Community welfare | <ul style="list-style-type: none"> • Press releases/announcements • Community welfare activities • Volunteer activities • Complaints hotline |

Materiality Matrix

Through continuous communication with stakeholders and materiality issues assessments, we identified ESG issues that are important or relevant to the Group and stakeholders.

| | |
|-----------------------------|--|
| Background analysis | We regularly understand and analyze the demands of various stakeholders through business reviews, ESG performance benchmarking, and internal deliberations, to identify ESG issues that are important to the Group and stakeholders in the current business environment. |
| Issue identification | Based on background analysis, we have identified a total of 19 important issues, including 6 environmental issues and 13 social issues, all of which are highly relevant to the Group and stakeholders. |
| Issue analysis | This year, we conducted substantive issue analysis and discussions with stakeholders to analyze stakeholders' opinions and the priority of substantive issues in an objective and balanced manner. |
| Result validation | We identified 10 highly important issues, 7 moderately important issues, and 2 generally important issues. "Product quality" is considered by the Group as the most important issue internally, while "sustainable supply chain" is considered as the most important issue by stakeholders. The Group's board of directors reviewed the results of the substantive issue analysis. |





Materiality Matrix

| Highly Important Issues (10) | | Moderately Important Issues (7) | |
|---------------------------------|-------------------------------------|---------------------------------|-----------------------------|
| Sustainable supply chain | Information and data security | Employee development | Anti-corruption and bribery |
| Technology innovation | Workplace health and safety | Emission management | Greenhouse gas emission |
| Talent attraction and retention | Customer Service | Forced labor prevention | Water management |
| Energy management | Climate change | Product environmental impact | |
| Product quality | Protection of intellectual property | General Important Issues (2) | |
| | | Employee diversity | Community contribution |



Industry Leadership and Social Recognition

Industry Leadership

The Group continuously solidifies the construction of management system and enhances comprehensive ESG management capabilities. YOFC has currently obtained more than ten management system certifications, confirming its leading role within the industry. These management system certifications include the TL 9000 Telecommunications Quality Management System, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, SA 8000 Social Responsibility Management System, ISO 17025 Laboratory Management System, ISO 27001 Information Security Management System, AAA Level Integration of Informatization and Industrialization Management System, and ISO 50001 Energy Management System Certification.

As a leading enterprise in the industry, the Group actively participates in the formulation of product and technology standardization documents in domestic and international communications industry, continuously promoting industry development. By the end of 2023, we had obtained more than 1,000 authorized patents. In 2023, YOFC participated in a total of 20 national or industry standard formulation and revision activities, including contributing to the revision of 8 industry standards, participating in the formulation of 10 industry standards, leading the revision of 1 industry standard, and leading the formulation of 1 industry standard.

We promote the exchange and integration across the entire industry by attending and hosting various industry exchange activities. We have built bridges with numerous renowned universities both domestically and internationally to carry out industry-academic-research cooperation, further enhancing the technological innovation capability and international academic influence of Chinese optical fibre and cable enterprises.



We had obtained authorized patents

1,000+

Participation in the revision of industry standards

8

Participation in the formulation of industry standards

10

Leading the revision of industry standards

1

Leading the formulation of industry standards

1



Case: YOFC exhibited its innovative achievements at the China 5G + Industrial Internet Conference

In November 2023, YOFC attended the 2023 China 5G + Industrial Internet Conference to jointly discuss the future of innovative development of new industrialization. As a pioneer in the optical communication industry, we actively assume the roles of builder, practitioner, and promoter of the industrial Internet, contributing to its digital sustainable development.

Builder

YOFC continuously introduces innovative products in areas such as new types of optical fibre, communication materials, devices, and terminal applications. We are at the forefront of deploying technologies such as wavelength division multiplexing optical fibre, hollow core optical fibre, and hollow core anti-resonant optical fibre for ultra-high-speed communication. We are also promoting the application of industrial Internet identification and contributing to the rapid development of the 5G era.

Practitioner

YOFC actively integrates 5G technology with the industrial Internet and continuously explores areas such as intelligent manufacturing and digital transformation in industrial enterprises. We apply digitalization in 20 scenarios including research and development (R&D) design, production unit simulation, and have increased production efficiency by 25%. Additionally, we incorporate digitalization in areas such as process, equipment, operation and maintenance, workshop automated logistics, and digital twin to improve production efficiency by 90%.

Promoter

YOFC empowers more industries and fields with the experience of 5G+ industrial Internet and has built a number of 5G smart factories. Furthermore, we have launched several typical innovative application scenarios of "5G+ Industrial Internet". During the 14th Five-Year Plan period, YOFC plans to achieve digital twin of products, equipment, and workshops in all global bases, aiming for 100% digital coverage in the factories.

We will continue to promote the innovative development of the "5G+ Industrial Internet" and accelerate our journey towards becoming a world-class enterprise with global competitiveness.



YOFC exhibition at the 5G + Industrial Internet Conference

Case: Pioneering the intelligent application of optical networks

Recognizing that the intelligence of optical networks increasingly becomes a pivotal component in supporting computing power, YOFC has eagerly embraced this opportunity. We actively collaborate with the China Academy of Information and Communications Technology, along with various enterprises and universities, to contribute to the preparation of the white paper on *Optical Network Intelligence Architecture and Technologies for Computing Power Networks*. Led by the China Mobile Research Institute, this joint effort aims to further promote the development and industrial applications of optical networks intelligence technology. The white paper presents the vision, architecture, capability requirements, and industrial application planning for the intelligent technologies application in optical networks. It aims to facilitate a seamless transition towards a more digitized and intelligent optical network and serves as a technical reference and guidance for the optical networks application in computing power networks.



Public Recognition

As a leading company in optical communications industry, the Group emphasizes on the sustainable development of the enterprise together with the economy, society and the environment. We continue to practice social responsibility through scientific and technological innovation, which has been highly recognized by the community.

Major ESG Awards Received in 2023

Included in the “Hang Seng Sustainable Enterprise Development Index Series 2023–2024”

Selected as one of the “Top 10 Competitiveness Enterprises in the Optical fibre and Cable Field of Global Market in 2023” (17th)

Selected as one of the “National Green Plant” certificate in 2022

Received the title of “On site · 2022 Enterprise”

Received the “Annual Listed Enterprises ” award from Bloomberg Businessweek/Chinese Edition for eight consecutive years

Selected as one of the “Top 10 Most Competitive Brands in China’s Optical Communication Market in 2023 (17th)”

Selected as one of the “Top 10 Most Competitive China’s fibre Optic Cable Enterprises in 2023 (17th)”

Yangtze fibre Optic Qianjiang Co., Ltd., Yangtze (Wuhan) Optical System Co., Ltd., and Broadex Technologies have been selected as the fifth batch of specialized, refined, and innovative “little giant” enterprises in the list

Subsidiary Changxinsheng (Wuhan) Technology Co., Ltd. iCONEC ® Received the “Top 10 Brands in the Integrated Cabling Industry” and the “Excellent National Brand Award”

Awarded as the “ICT Excellent Case” fibre Optic Innovation Pioneer by the News and Propaganda Center of the Ministry of Industry and Information Technology in 2022

The group’s “Ultra-low Loss G.652 fibre Optic Technology Solution for Ultra-high Voltage Transmission Projects” won the “Best Optical Communication Technology Innovation Award” in 2022

Broadex Technologies’ “C+L Band Ultra Wide Bandwidth AWG” won the 2023 Product Innovation Award

“YOFC’s Refined Energy Management Platform Based on Industrial Internet Logo Analysis” was awarded the “Best Industrial Internet Platform of 2022”.

Selected as one of the “Top 10 Optical Communication Enterprises in the 2023 5G Strength Ranking”

YOFC’s Technology Park fibre Optic Cable 5G Factory Selected as “5G Factory of the Year 2023”

Broadex Technologies was awarded the “Top 10 Enterprises with Outstanding Industrial Contributions in 2022”

Awarded the “Silver Award for Contribution to Rural Revitalization as a Partner”

Received the “Outstanding Human Resource Management Award for 2023– Outstanding Employer”

Received the title of “China’s Best Employer of the Year – Most Intelligent and Creative Employer” in 2022

Broadex Technologies was awarded the “National May 1 Labor Medals”

Received the title of “Outstanding Supplier of 2022”

Selected as an “Excellent Supplier (A-level) for China Mobile’s Level 1 Centralized Procurement” in 2022

Broadex Technologies won the “ZTE Best Comprehensive Performance Award”

Selected as an “Excellent Case of National Enterprise Party Building Innovation” in 2023

Selected as one of the “Top 100 High-Tech Enterprises in Hubei Province” in 2022.

The group’s “G.654. E fibre Optic Blown Micro fibre Optic Cable for Long Distance Trunk Transmission” has been selected as one of the “2023 MWC Shanghai Editor’s Choice TOP20”

Received the title of “Hubei Outstanding Employer of the Year” for 2022

The “Hot dry noodles” working method of the Party Committee won the first prize of the first “new era enterprise party building innovation case” in Hubei Province“

Awarded the title of “Outstanding Enterprise in Safety Production of Donghu High tech Zone in 2022”

Main exchanges and events attended in 2023

Communication World 2023 ICT Industry Trends Annual Conference

Optics Valley Entrepreneur Day Celebration Conference

The Second "Gigabit City" Summit Forum

The 25th China Expressway Informatization Conference

The 29th China Content Broadcasting Network

The 8th China fibre Connect Forum 2023

The 19th Optics Valley Of China International Optoelectronic Exposition And Forum

Optical fibre Communications Conference and Exhibition 2023(USA)

Seminar on New fibre Optic Technology

ANGA COM 2024 in Cologne/Germany.

"Gigabit City Construction and Digital Life Forum" for the World Telecommunication and Information Society Day and Series of Activities 2023

Yangtze Optical Fibre And Cable(YOFC) established the "Hubei Province Advanced Manufacturing and Application Industry Technology Innovation Consortium for fibre Optic and Cable"

Mobile World Congress Shanghai 2023

LASER World of PHOTONICS 2023

OptiNet China Conference 2023

LASER World of PHOTONICS CHINA 2023(Shanghai)

National Key Laboratory(YOFC) Hosts the First China-Africa Cooperation and Development Forum on Digital Innovation

Science and Technology Innovation Day 2023 of Yangtze Optical Fibre And Cable(YOFC)

China Computational Power Conference 2023

The 24th China International Optoelectronic Exposition

The 21st Infostone Optical Communication Market and Technology Conference

Connected Britain 2023

Asia Communications Conference

Peru Chinese Enterprises Smart Link ICT Summit



Main exchanges and events attended in 2023

SCTE CABLE-TEC 2023

China Mobile Global Partners Conference 2023

Gulf Information Technology Exhibition 2023 in Dubai, UAE

"Vision China" Hosted by China Daily

Association of Communication Enterprises Forum 2023

The 42nd Academic Annual Conference on Communication Lines of China Institute of Communications 2023

China 5G plus Industrial Internet Conference 2023

Asia Communications and Photonics Conference

The 10th Anniversary of Wuhan University Alumni Entrepreneurship Association and the 9th Alumni Luoja Forum were held at Yangtze Optical Fibre And Cable(YOFC)

Capital Annual Conference hosted by China Business News 2023

Retreat Conference for the Communication Industry in 2023 New Year



Empowering Intelligent Manufacturing Transformation

The Group has always adhered to the concept of "customer first, quality focus, people-oriented, innovative development". We highlight intelligent innovation R&D, with a strategic vision to concentrate on cutting-edge product R&D as well as diversified and international industrial layout. With the power of technology and a benevolent concern, we are committed to building a global network infrastructure to extend optical fibre connections to the whole world.

Related SDGs:



"In the process of promoting new industrialization, technological innovation remains the constant theme. At the critical juncture of industrial development from being big to being strong, YOFC will take technological innovation as a breakthrough, continuously exerting efforts in key core technology research, enhancing intelligent manufacturing capabilities, and innovating digital application scenarios. Through practical actions and fruitful achievements in technological innovation, we strive to demonstrate greater accomplishments on the path of new industrialization!"

— — Zhuang Dan, President of YOFC

Intelligent Innovation

The Group has always adhered to innovation-driven development, fully utilizing our advantages and strengths accumulated over 30 years in the field of optical fibre communication, and continuously raising technological innovation and intelligent manufacturing levels. We will continuously improve the scientific and technological management framework and system, increase investment in scientific research, comprehensively layout scientific and technological R&D directions, and consistently enhance independent and leading technological innovation capabilities, so as to promote the sustainable development of the digital economy.

Technology Innovation of YOFC

Innovative R&D System

The Group has formulated innovative R&D management systems, including the *R&D Management Procedures*, *Initiation Process of R&D Projects* and *Changes in Initiation Process of R&D Projects*, to effectively control the Group's internal R&D projects and realize full lifecycle management of scientific research and innovation projects.

The Group has built an efficient R&D system and established an R&D platform with the national key laboratory center and R&D center as the main bodies to continuously promote innovation in R&D.

This year, we made a greater investment in R&D activities to improve product performance and low-carbon operation. As of December 31, 2023:

- we had a total of 1,703 authorized and valid Chinese patents, including 727 invention patents and 222 patents granted overseas;
- YOFC Wuhan headquarters had 232 R&D personnel.



We had a total authorized and valid Chinese patents

1,703

Including invention patents

727

YOFC Wuhan headquarters had R&D personnel

232

Continuously Focusing on High-Tech Research and Development

As a pioneer in the optical communication industry, YOFC is committed to continuously enhancing its innovative layout in high-tech product areas, including new types of optical fibres, communication materials, devices, and terminal applications. YOFC is passionately driving forward the development of high-performance networks in the "dual gigabit" era, diligently exploring optical network product solutions that cater to the rapidly evolving network demands of high-speed transmission, low latency, and extensive connectivity.

New Types of Optical fibres

- **G.654.E:** We continue to research, develop, and promote the G.654.E optical fibre with ultra-high speed transmission technology. This product has been successfully applied in multiple domestic and international projects involving G.654.E main line optical cables as well as in ultra-high-voltage transmission systems. It is of landmark significance for the next generation of ultra-high-speed information network.
- **Multimode Optical fibres for Large-Scale Computing Power Hubs:** We have developed a comprehensive range of high-quality multimode optical fibres for large-scale computing power hubs, with leading advantages in terms of process platforms, performance indicators, and technological accumulation.
- **Polarization-Maintaining Optical fibres for Component:** We have launched two major categories of polarization-maintaining optical fibres for component, namely, small mode field and bend-insensitive products, and developed optical fibre waveguide structures and highly reliable coating materials. These advancements have effectively addressed key challenges in the field of polarization-maintaining optical fibres for component, including polishing techniques, macrobending losses, crosstalk interference, and splicing losses.

Communication Materials

Quartz Materials: Our quartz materials are characterized by high purity, few bubbles, no pollution, corrosion resistance and high temperature resistance. We have achieved extremely low impurity levels and precise geometric specifications for synthetic quartz tubes, thereby ensuring their excellent optical properties. These tubes are widely used in optical communication, semiconductors, healthcare, and other fields.

Components

F.ODN and FTTR Product Solutions: We have launched F.ODN and FTTR product solutions that address the issues of shell sealing and connectors manufacturing involved in new construction scenarios, enabling high-speed and full-coverage internet connectivity.

Terminal Applications

Continuous Lasers: We have launched continuous lasers for new energy batteries, construction machinery, shipbuilding and other high-end manufacturing applications, ensuring welding speed while improving processing quality and efficiency.

Intelligent Manufacturing

YOFC is committed to empowering industries with digital intelligent manufacturing, continuing to practice the corporate development strategy of "technological innovation and digital transformation". Moreover, we continuously explore new production management practices and moving forward on the path of enterprise intelligent manufacturing and digital transformation driven by the "5G+ Industrial Internet".

5G Factory

YOFC actively promotes the development of 5G fully connected factories, providing "5G + all-optical" industrial Internet solutions. We have innovated the intelligent manufacturing mode of optical fibre preforms, optical fibres and optical cables. We have also built the world's largest single-unit intelligent manufacturing factory for optical cables, the YOFC Science and Technology Park Cable 5G Factory, which has been certified in the national "2023 5G Factory Directory".

The factory has 5G signal coverage throughout the plant area, using "dual gigabit" as the carrier base, bringing the advanced reliable 5G network of ultra-high bandwidth and ultra-low latency. Based on this, the factory integrates new technologies such as the Internet of Things, digital twin, machine vision, big data and AI algorithms, which have been innovatively applied to processes including machine vision inspection, virtual site and remote operation and maintenance, as well as cloud monitoring, thus achieving intelligent and transparent management of the factory. Benefiting from such an initiative, the overall production efficiency, order delivery efficiency and resource utilization have improved by 20%, 25% and 18% respectively.



The overall production efficiency has improved

20%

Order delivery efficiency has improved

25%

Resource utilization has improved

18%



Note: YOFC 5G factory



Digital-Twin Factory

The factory has achieved digital twin from design to production: the simulation technology self-developed expert design system accelerates collaborative design through visualization, reducing the time for offline process verification and small-scale trial production, with the design accuracy increasing by 15.3%; production (such as workshop planning and production processes) combined with AI algorithms continuously provides references and guidance for the iterative optimization of physical factories and production service systems. Through the application of digital twin, the corporate operation efficiency and the utilization of digital infrastructure resources have increased by 15% and 18% respectively, while operation costs have decreased by 10%.

The design accuracy has increased

15.3%

The corporate operation efficiency has increased

15%

Operation costs have decreased

10%

The utilization of digital infrastructure resources has increased

18%

Machine Vision Quality Inspection

The factory has achieved intelligent online inspection from preform rods to optical fibres to optical cables based on industrial cameras and machine vision technology. The original online sampling inspection has been expanded to full inspection, with a detection accuracy of one-tenth of a millimeter and a detection speed of 120m/min. The detection efficiency has been improved by 80%.

A detection accuracy of

1/1,000cm

A detection speed of

120m/min

The detection efficiency has been improved

80%

Industrial Chain Production Process Traceability

Through real-time data collection, summary and analysis, the factory uploads process data, product quality data and order data to the industrial Internet identifier resolution platform for registration as identification, so as to complete the full traceability of product quality and transparency of the entire production process. And at the same time, the factory emphasizes collaborative manufacturing of the industrial chain and uses the AI camera to transmit the production data back to the customer monitoring platform in real time via the 5G network to realize the cloud monitoring of the production process. The first industrial Internet identifier resolution second-level node in China's optical communication industry was launched on YOFC in 2019. As of 2023, the node has completed the registration of more than 3,700 enterprises, with 1.4 billion registered identifications, and the daily identifier resolution volume reached 1 million.

The node has completed the registration of more than

3,700

Enterprises
Registered identifications

1.4billion



Bridging the Digital Gap

YOFC is committed to connecting fibre optics to every corner of the world, enabling everyone to enjoy affordable, secure, and high-quality internet connectivity. As a staunch supporter and active practitioner of the "Belt and Road Initiative", the Group continues to promote the widespread use of fibre optics, empowering local communities to share in the benefits of digital development. Through intelligent connectivity, we aim to bridge the global digital gap.

Contribution to the Global Optical Communication Infrastructure

YOFC has always demonstrated the strength and warmth of technology through practical actions, enabling more countries and people to catch the express train of digital economic development, and bringing light to remote areas. And at the same time, YOFC continues to strengthen its technological capabilities and talent cultivation by continuously exporting advanced equipment and technology to various overseas locations, sending technical teams to provide guidance, and building professional talent teams overseas, which ensures the inheritance of technology and the continuity of talents, establishing a new pattern of global digital cooperation.

As of 2023, the Group has helped more than 90 countries and regions around the world to build network infrastructure and achieve optical communication connections.



the Group has helped more than

90 countries and regions

around the world to build network infrastructure and achieve optical communication connections



Case: YOFC crossing long distances to support optical communication construction in Indonesia

YOFC actively promotes the construction of optical communication in Indonesia. Indonesia, composed of more than 17,000 islands and spanning three time zones, has a unique geographical environment that once resulted in a bandwidth penetration rate of only 7%. Since 2015, we have been building optical fibre optic plants in Indonesia and implementing fibre-to-the-home projects. As of 2023, YOFC has carried out overseas communication projects in 25 cities in Indonesia, with optical communication networks covering over 700,000 households. The cumulative delivery of backbone projects has exceeded 1,500 kilometers, providing a strong guarantee for local residents to enjoy convenient internet services.



Case: YOFC supporting Peru's "the Belt and Road" construction to narrow the digital gap

In the context of the "the Belt and Road Initiative", YOFC has undertaken Peru's national broadband project, providing support for network coverage in remote areas and improving Peru's relatively underdeveloped infrastructure. The project covers 1,683 remote towns, including 1,746 schools, 128 police stations, and 715 hospitals, providing bandwidth services to over 1 million people. This has greatly narrowed the digital gap between urban areas and remote mountainous regions in Peru.

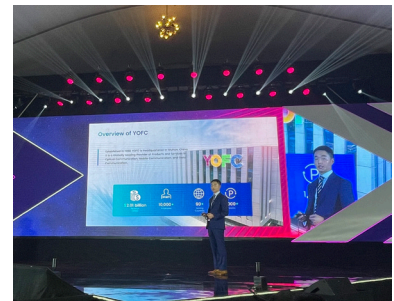


Global Industry Exchange

YOFC has repeatedly spoke out for the "Voice of China" at global industry conferences, and actively promoted technological innovation in the field of optical fibre and cable. In the current year, we participated in many industry conferences, showcasing YOFC's comprehensive value chain technology and service capabilities, sharing new products and solutions for upgrading digital network deployment, as well as promoting industry communication and collaboration.

Case: Asia Communications Conference (ACC)

As a gold sponsor of ACC in 2023, YOFC attended the conference. During the conference, YOFC Philippines delivered a keynote speech titled, "YOFC Works with Industry Partners to Reshape the Way". The speech introduced various core products and solutions, showcasing the strength of YOFC's products and services, and presented the vision of "YOFC is ready to work with various industry stakeholders to extend optical fibre connectivity to every corner of the globe and address local communication interconnection challenges".



Case: ICT summit for Chinese enterprises on smart link in Peru

YOFC hosted ICT summit for Chinese enterprises smart link in Peru, inviting guest representatives from Chinese enterprises in Peru and industry experts. YOFC actively communicated and exchanged with local Chinese enterprises, showcasing its innovative technology and high-quality products, and signing strategic cooperation agreements with many companies to strengthen cooperation with industry partners in the digital economy.



Commitment to Responsible Action

The Group attaches great importance to compliance operation, laying a solid foundation for sustainable development through strengthened risk control, establishment of a sound integrity management system, enhanced information security measures, implementation of intellectual property management, and emphasis on brand protection.

Related SDGs:





Compliance Management

Integrity Construction

The Group has always adhered to a zero-tolerance attitude towards corruption and fraud, and has strictly complied with the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations of the place where it operates, in order to prevent the occurrence of corruption and fraud. We have formulated internal rules and regulations, such as the *Anti-fraud and Complaint Reporting Regulations*, the *Regulations on Management of Anti-Fraud, Whistle Blowing and Complaints*, *Code of Conduct for Cadres*, *Cadre Style Requirements*, *Code of Integrity Management for Employees*, *Code of Business Conduct for employees*, and *Employee Handbook* to enhance internal integrity building and establish a clean business environment. In 2023, there were no concluded corruption lawsuits in the Group.

We require that the identity of the whistleblower be kept confidential, and any retaliation against the whistleblower is strictly prohibited. Those who leak the information of the whistleblower in violation of the rules or retaliate against the whistleblower will be dealt with seriously. At the same time, those who constitute criminal acts will be transferred to the appropriate judicial authorities for handling and pursuing their criminal responsibility.

We continue to practice integrity building management initiatives to strengthen integrity control in terms of the reviews of workflow and key employee.

Integrity building management measure



For important areas such as fund payment approval, construction project approval, personnel arrangement and material procurement, we segregate the duties of incompatible positions to prevent the risk of embezzlement and fraud.



For personnel recruited and promoted to important positions, we will conduct background checks on their educational background, work experience, criminal records, fraudulent behaviour, etc. and keep the checks in written records in the files.





Fraud incident handling process

For reports of fraud, we have established a robust management process for detection and whistleblowing, investigation and reporting, remediation and sanctioning.



When a suspected fraud occurs, internal and external personnel can report it through hotlines, emails, letters or visits. Any employee may file a complaint about suspected fraud with his/her department, or at a higher level of management or with the Internal Audit and Risk Control Department.



The Internal Audit and Risk Control Department is responsible for investigating the cases and reporting the results of the investigation of the cases to the management, the Board of Directors and the Supervisory Committee of the Group.



The Internal Audit and Risk Control Department, together with the relevant departments, formulates remedial measures and improvement reports in response to the circumstances of the relevant cases. The management, the Board of Directors and the Supervisory Board of the Group are responsible for guiding and supervising the implementation of remedial measures and improvement reports. Simultaneously, perpetrators of fraud will be dealt with accordingly.

Chart of the fraud incident handling process



Construction of an integrity culture

We advocate a corporate culture of honesty and integrity and promote employee awareness of integrity through anti-bribery and anti-corruption training programs. In 2023, we continued to provide anti-corruption and integrity training to directors to prevent corruption.

We conduct regular “Red Line” training for management cadres and implement anti-fraud and anti-commercial bribery campaigns. Meanwhile, we have carried out compliance training, internal anti-fraud investigations, conflict of interest declaration training, and many other tasks for new employees to enhance their awareness of integrity and self-discipline and to prevent the growth of corruption.

Case: YOFC conducts “Red Line” training for management cadres

In 2023, the Group conducted “Red Line” training for management cadres at the mid-year management meeting. The content of the training includes party discipline, law and company system, including the Constitution of the *Communist Party of China*, *Regulations of the Communist Party of China on Disciplinary Actions*, *Civil Code*, *Anti-Unfair Competition Law of the People’s Republic of China*, *Employee Handbook*, *Code of Integrity Management for Employees* and *Letter of integrity Code of Conduct*, etc., to clearly define the requirements of the “Red Line” norms and to provide a warning to the education. YOFC Qianjiang Company also conducted the same “Red Line” training, focusing on strengthening integrity awareness and preventing corruption.



Anti-unfair competition

We strictly comply with the requirements of laws and regulations related to fair competition in our global operating locations, continuously improve our compliance management level, and work with market participants to maintain a fair and competitive business environment. We prohibit our employees from using unlawful means to obtain trade secrets or other confidential information of competitors, unlawful intrusion, burglary, eavesdropping, bribery and theft, publishing false or misleading advertising information, colluding with counterparts to disrupt the market order through price fixing, and other unlawful behaviors. In 2023, there were no cases in which the Group was prosecuted for unfair competition and monopolization.

Information Security and Privacy Protection

The Group has always adhered to the information security policy of "safety first, prevention-oriented, balanced management and technology, comprehensive prevention." Through system refinement, risk management, and security training, we continuously strengthen employees' awareness of information security and privacy protection to safeguard the information security and privacy of customers, employees, and the company itself.

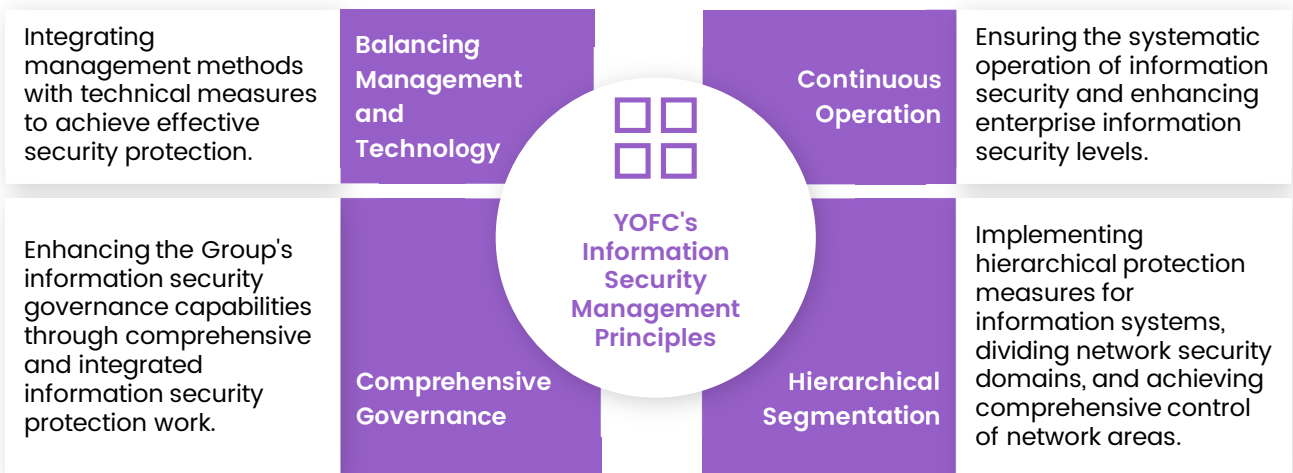
Information Security Management

The Group strictly complies with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and *the Measures for the Administration of the Graded Protection of Information Security*.

We have established an Information Security Leadership Group as the highest management body responsible for managing information security-related work. The President of the Group serves as the leader of the Information Security Leadership Group. Under this leadership group, there are Information Security Working Group, Network Security Working Group, and Software Application Working Group to ensure the compliant implementation of information security work.



We have established a comprehensive information security management system to ensure the comprehensive protection of digital information. We adopt a proactive strategy to prevent information security risks, implement monitoring and early warning, and emergency response. At the same time, we adopt a dynamic information security strategy to establish more effective and targeted protection measures based on external threats and internal risk identification.

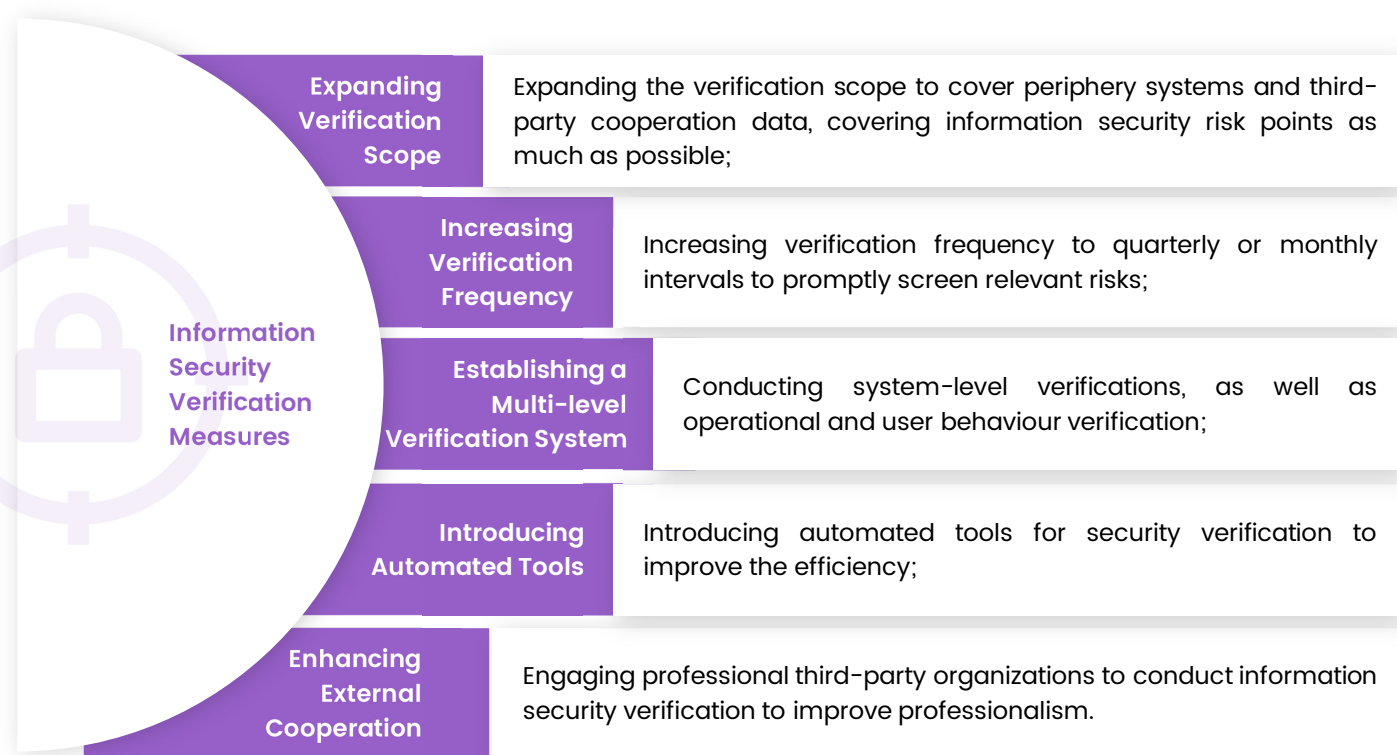


YOFC has obtained ISO 27001 Information Security Management System certification, and major business systems have passed second-level certification for information security protection.

Information Security Defence Mechanism

The Group is committed to building an efficient information security defence mechanism to minimize the loss of information leakage. In the event of sensitive information leakage incidents, relevant departments will immediately take remedial measures and report to senior leadership in writing, detailing the specific circumstances of the incident and the remedial measures taken, to minimize the impact of leakage incidents. Additionally, our information security platform performs verifications for data information to minimize the risk of data leakage and safeguard group information security.

This year, the Group has strengthened its efforts in information security verifying in terms of scope, frequency, levels, tools, and cooperation. Additionally, we have improved the verification process, continued to track post-verification issues, established accountability mechanisms, and reduced the risk of information security breaches.



User Privacy Management

The Group attaches great importance to the protection of user privacy and security and has established internal regulations such as the *Terminal Management Regulations* and set up a strategy execution team to manage and deploy personal privacy security and information security work. We stipulate that no department or individual may discuss, publish, or disclose any sensitive information of the Group on any public platform, public occasion, or office premises without authorization, nor may they use Group sensitive information for other commercial purposes, effectively implementing information security management.



We continuously focus on software compliance management to avoid information security risks caused by infringement and unauthorized actions:



This year, we have strengthened user privacy management to build a solid shield for personal privacy protection.



Optimizing User Consent Mechanisms

When collecting user personal information, clearly inform users of the scope and purpose of collecting, using, and sharing their personal information, ensuring that users have the right to choose whether to provide personal information;

Anonymization and De-identification

For non-essential situations, use anonymization and de-identification techniques to process user data;

Enhancing Team Capabilities

Provide systematic professional training for the privacy policy execution team to help improve team professional skills and knowledge;

Continuous Monitoring and Evaluation

Regularly review the methods of collecting and processing personal information, establish continuous monitoring and evaluation mechanisms for identified third-party partners or suppliers that pose potential risks to user privacy, and ensure their effective compliance with relevant laws, regulations, and company policies to protect user information security effectively;

Establishing Rapid Response Mechanisms

In the event of a user privacy breach, we will immediately activate an emergency response plan to minimize the impact on user rights and interests;


Strengthening Third-party Management

In the process of cooperation with third parties, we will handle relevant data more cautiously, review their privacy protection measures, confirm their compliance with standards and requirements.



Information Security Promotion

The Group continuously strengthens information security awareness promotion to enhance the awareness of information security protection among employees and third parties. In daily work, we regularly send information security knowledge to employees through corporate emails and enterprise WeChat, and publish mandatory information security courses on the online training platform, requiring all staff to undergo online information security learning. Additionally, we continuously monitor the information security management capabilities of third parties and partners. This year, we have clarified the information security management measures for third parties and partners.



| | | |
|--|--|--|
| <p>Employee Information Security Training</p> <ul style="list-style-type: none"> ✓ ✓ ✗ | <p>Scenario Simulation</p> <p>For newly hired employees, we conduct practical operation sessions to familiarize and master information security skills related to daily work through simulating real scenarios.</p> | <p>Customized Courses</p> <p>Based on the business characteristics of subsidiary companies, we customize training course content, including how to prevent network attacks, reasonable use of encryption technology, and updates to information security management mechanisms.</p> |
|--|--|--|

Information Security Management Measures for Third Parties and Partners

Selecting Partners

When selecting third-party partners, we assess their data security and privacy protection capabilities and select third-party partners that meet the requirements.

Signing Confidentiality Agreements

We sign detailed confidentiality agreements with third-party partners, regularly review and update confidentiality agreements, strictly enforce them against violators, and safeguard the legal rights and interests of user data.

Establishing Communication Mechanisms

Establish effective communication mechanisms with third-party partners to promptly resolve issues related to data security and privacy protection and jointly respond to potential threats.

Developing Training Plans

We develop comprehensive third-party information security and privacy protection training plans, provide regular information security and privacy protection training, evaluate the training effectiveness of third-party partners after the training, ensure that third-party partners understand and comply with relevant laws, regulations, and company policies, and effectively protect user information security.



Intellectual Property and Brand Protection

Intellectual Property Rights

Intellectual property rights are the essential core competencies for enterprises. We strictly adhere to the laws and regulations of the operating jurisdiction, such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*. We have established internal management systems related to intellectual property protection, such as the *R&D Management Procedure*, *Patent Application Process*, *Intra-group Patent Transfer Process*, and *Core Patent Management Measures*, to regulate intellectual property management. We continuously improve the IPR protection system, setting patent analysis points and patent application processes for R&D projects, analyzing products and processes before R&D, and timely applying for and protecting product intellectual property rights to support innovative R&D.

This year, we further clarified intellectual property protection measures, managing them from three aspects: patent risk prevention, infringement analysis, and rights protection measures, to prevent infringement of others' intellectual property and protect our own.

Management Policy

Technological Innovation Driving Development, Intellectual Property Safeguarding Development



Intellectual Property Rights Management Measures

Patent Risk Prevention

Scientifically formulate and strictly implement regulations, integrating intellectual property protection and infringement avoidance into the project management process, identifying and avoiding intellectual property risks in R&D results.

Infringement Analysis

Regularly analyze potential intellectual property infringements and infringed situations, formulating patent risk analysis reports during project initiation, mid-term checks, and acceptance, reducing the risk of infringing others' intellectual property.

Rights Protection Measures

When others infringe on the group's intellectual property, we take actions such as reporting or litigation as appropriate to safeguard our own intellectual property rights.

This year, YOFC, as one of the first batch of national innovation pilot enterprises and the first innovative pilot enterprise in Hubei Province, participated in and successfully completed the evaluation of the "Innovation and Intellectual Property Management Capability" pilot project. The review entity evaluated the group's innovation and intellectual property-related management systems and R&D project management, awarding us the highest level of evaluation in China—on-site evaluation level of system-level evaluation.



Brand Protection

The Group strictly adheres to the laws and regulations of the operating jurisdiction, such as the *Advertising Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and regulations from the Ministry of Industry and Information Technology and other relevant competent authorities. We have formulated regulations such as the *Brand Management Regulations*, *Brand Cultivation Management Manual*, *Exhibition Management Process*, *Product Manual Writing Specifications*, and *Brand Guide VI Manual* to regulate the use of trademarks and brand identifiers.

Through the establishment of a comprehensive brand publicity management mechanism and the construction of an information publicity system, we clarify the external publicity information release process, ensuring that externally released information complies with the group's information disclosure principles and publicity strategies. We have detailed requirements and standards for the use of brand identifiers, ensuring comprehensive circulation within the group to ensure compliance with relevant regulations such as advertising laws and regulations during brand and product promotion. In 2023, the group did not experience any violations of relevant regulations or voluntary codes of conduct in marketing (including advertising, promotion, and sponsorship).

Quality Assurance



| | |
|--------------------------|--|
| Quality View | Continuous Improvement, Excellence in Quality |
| Quality Objective | Achieve a leading position in the global quality field, ensure excellent performance of products and services in the market through professional quality management teams. |

Based on professional, integrity, and collaborative values, and adhering to the relentless pursuit of excellence, we are committed to becoming a leading enterprise in the quality field. Through comprehensive process management and strict quality control, we ensure the excellent performance of products and services.

We advocate and are the first to sign the first voluntary quality covenant in the Chinese fibre optic cable industry, namely the *fibre Optic Cable Industry Product Quality Self-discipline Covenant*, which sets high standards and requirements for enterprise quality. Additionally, we signed the Supplier Quality Covenant with supplier representatives to jointly improve supply chain quality and promote high-quality development in the Chinese fibre optic cable industry.



Quality Management

The group strictly implements quality management from various business processes such as product development, procurement, production, delivery, and after-sales service, striving to present better products to customers. We have established various internal management systems for quality management and conduct annual reviews and revisions, including management manuals, management procedures, operation guides, or technical specifications, continuously improving the quality management system and achieving quality control throughout the entire lifecycle of products.

We always adhere to strict quality management standards and continuously improve quality management processes:

Quality Supervision Mechanism

Establish a sound quality supervision mechanism, set up a quality department of operation quality center and an independently operated testing laboratory of the innovation center, responsible for organizing the planning, implementation, supervision, and review of the company's internal quality management system, and set up a dedicated quality management team on the production line to ensure the comprehensive, continuous, and effective operation of the two major quality management systems-ISO 9001 and TL 9000 across the company.

Quality Management Platform

Adopt a quality management information platform to implement full-process quality tracking from contract review, raw material procurement, product production, finished product delivery to after-sales service, ensuring that products, processes, and services meet user needs.

Internal Quality Review

Conduct annual internal quality reviews of the group's operations, rectify deficiencies and risks exposed by the reviews, and track and verify issues to continuously improve the group's quality management level.

Quality Objective Assessment

Based on past performance, revise, decompose, and assess quality objectives annually, rectify non-compliant items, and continuously ensure the high-quality development of products.

In 2023, the group did not experience any major incidents of product recall due to health and safety issues.

Quality Advocacy

Product quality assurance depends on the unremitting efforts of all employees. To promote the group's quality culture and strengthen employees' quality awareness education, we carry out diversified quality activities such as training and competitions to continuously improve employees' technical capabilities and product quality awareness. In 2023, to stimulate the enthusiasm and innovation of employees to participate in quality improvement and create an atmosphere of prioritizing quality, we held the "2023 YOFC Group QC Group Achievements Presentation and Exchange Activity," encouraging frontline employees to contribute to the promotion of quality and share the results and experience of quality improvement. The members of the participating project teams came from 13 departments/ subsidiaries of the group, with a total of 112 participants.



The members of the participating project teams came from

13

departments/subsidiaries of the group

112 participants

of the "2023 YOFC Group QC Group Achievements Presentation and Exchange Activity"



"Excellent Award" and "Advanced Award" QC Team Group Photo





Customer Service

With the aim of customer satisfaction, timely response to customer needs and provision of high-value services to customers, the group customizes customer support service solutions, builds a comprehensive customer service system, upgrades and optimizes the customer service experience, and achieves mutual beneficial and win-win outcomes with customers.

In 2023, we continued to optimize the customer complaint handling process, established a customer relationship management system, tracked and handled customer complaints, provided technical analysis and solutions by a professional team, ensured accurate, professional, and reasonable handling of customer feedback, and continuously improved the customer experience. For product and service complaints received, we strictly follow the relevant processes, assign dedicated personnel to follow up and handle complaints, and ensure timely and efficient resolution of related complaints, achieving targeted improvement of products and services.



Customer Complaint Resolution Satisfaction Rate Reached

100%

By the end of 2023, complaints about the Group's main products and services had decreased by

10% compared with the previous year

System Process

- We have established systems such as the *After-sales Service Process* to ensure that customer opinions and complaints are properly handled.
- We have established after-sales work group response process, reporting process, training process, and performance appraisal process to manage all aspects of after-sales service.

Communication Channels

- We track product quality and service quality during sales and after-sales stages through methods such as on-site visits, technical exchanges, production delivery, after-sales service, customer return visits, and evaluation visits to timely identify issues and deficiencies and make improvements.
- We provide a 24*7 service hotline to accept customer feedback at any time.

Response Mechanisms

- We have established sales and technical teams globally to support responding to customer requests and efficiently handling customer issues.
- Our team promises to respond to customer service requests within 24 hours and resolve them within 48 hours.

YOFC Customer Service System



Risk Management

The group strictly implements risk identification and management, adhering to laws and regulations such as the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, as well as relevant regulations such as the Hong Kong Stock Exchange's "Listing Rules" Appendix 14 "Corporate Governance Code", continuously optimizing internal management systems, and enhancing the ability to prevent and control major risks. We closely monitor changes in national legislation, timely update relevant systems, optimize and adjust business models to ensure that the group's operations comply with national laws and regulations.

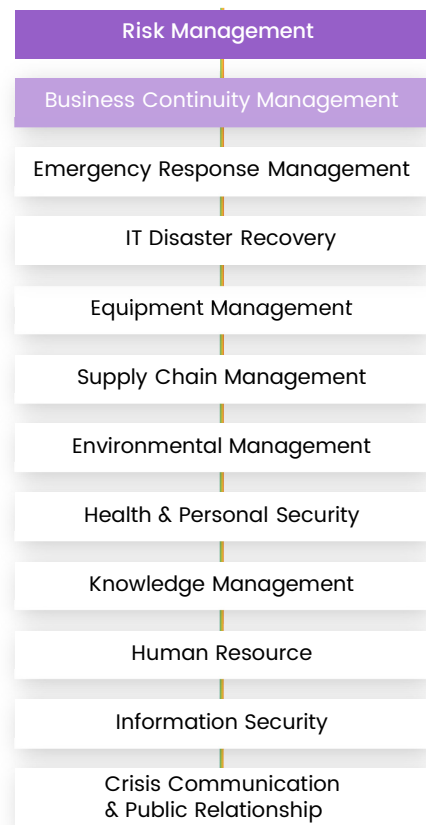
The group has formulated internal systems related to risk management, such as the *Comprehensive Risk Management Manual*, *Safety, Environmental and Occupational Health Risk Assessment*, *Quality Risk Management Procedures*, and *Information Security Risk Assessment*, to standardize the risk identification and assessment processes for company products and services in terms of safety, environmental occupational health, quality, and information security, strengthening risk management. Meanwhile, we have established a risk management system and set up a multi-level control system formed jointly by the Audit Committee, Internal Audit and Risk Management Department, and business functional departments. By identifying and evaluating the operational risks of the group, we formulate corresponding control measures to effectively ensure the stable and compliant operation of the group.



Business Continuity

In recent years, frequent natural disasters and human-made accidents have led to a global economic downturn, significantly increasing uncertainties and risks in the organizational environment. Based on the internationalization of the group's business, we have a high degree of correlation with stakeholders such as third-party manufacturers, professional institutions, and partners, covering business aspects such as procurement, manufacturing, logistics, and services.

We have established the business continuity management system of the group based on the requirements of ISO 22301 business continuity management system and combined with our own business situation. We are committed to integrating the management concepts of Business Continuity Management system (BCM) into daily operational management processes, formulating internal systems such as the *Business Continuity Planning Procedure*, *Business Impact Analysis and Risk Assessment Control Procedure*, *Business Continuity Strategy Management Procedure*, *Event and Emergency Response Procedure*, conducting regular employee BCM training and emergency drills, continuously improving the group's BCM management, and enhancing our ability to respond to emergencies.



YOFC Risk Management Framework

Co-creating a Green Home

YOFC earnestly fulfills its environmental responsibilities and actively advocates the concept of ecological priority and green development. We actively respond to climate change by fulfilling our commitments and creating green and low-carbon products, aiming at minimize impact on environment. We are also driven by the concept of circular economy and continuously explore areas such as material and waste recycling to enhance resource utilization efficiency.



Our purpose: Energy conservation, emissions reduction, scientific management and green development.

Related SDGs:

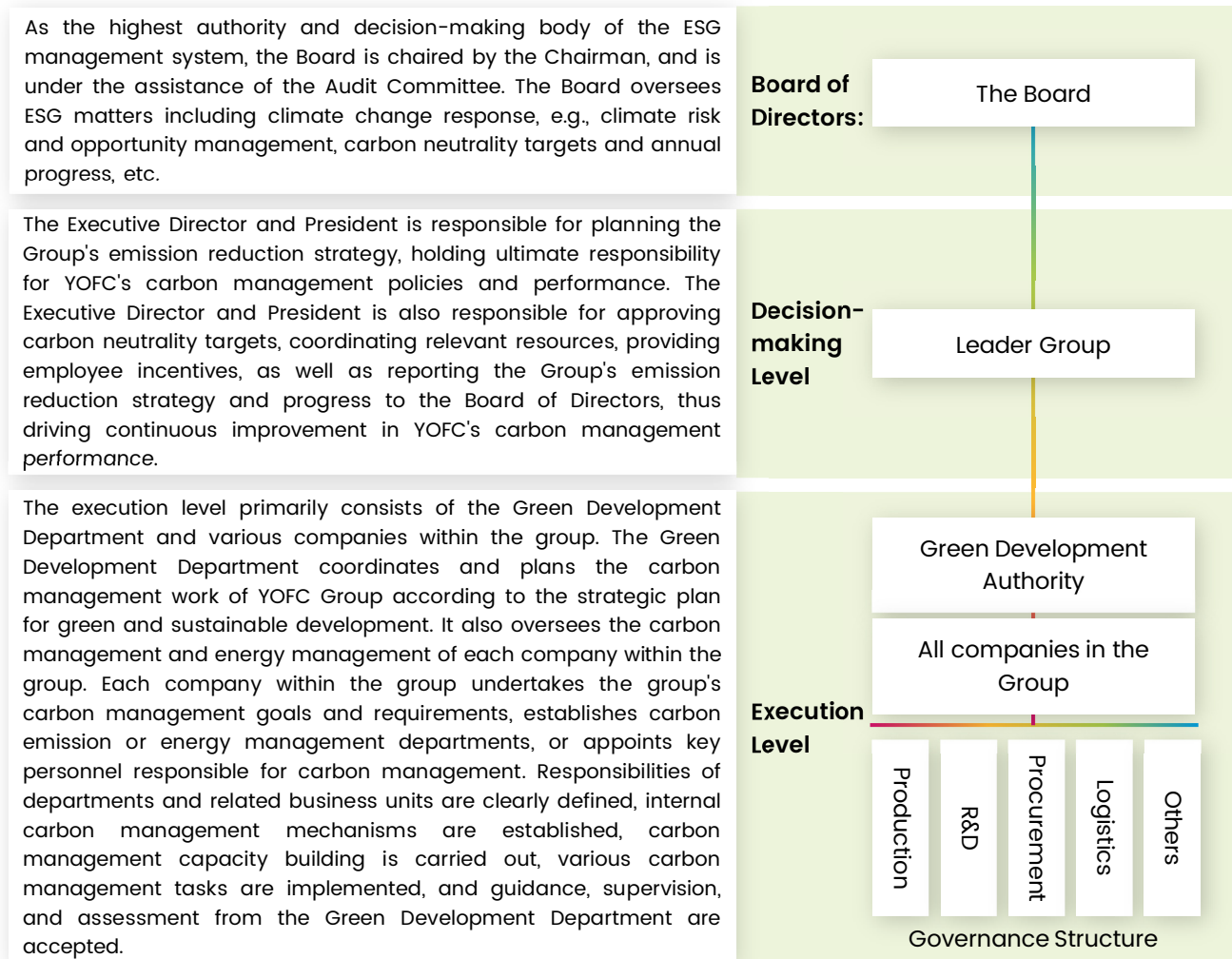


Responding to Climate Change

As climate change risk becomes one of the most important risks among sustainable development risks, the Group has recognized the challenges that environmental and climate change risks bring to our daily business and operations. We have thoroughly identified, analyzed and assessed risks and opportunities we face from climate change, and actively respond to the concerns of stakeholders including governments, customers, investors and the market. We refer to the *Recommendation Report of the Task Force on Climate-Related Financial Disclosures* (TCFD) issued by the TCFD for information disclosure.

Governance

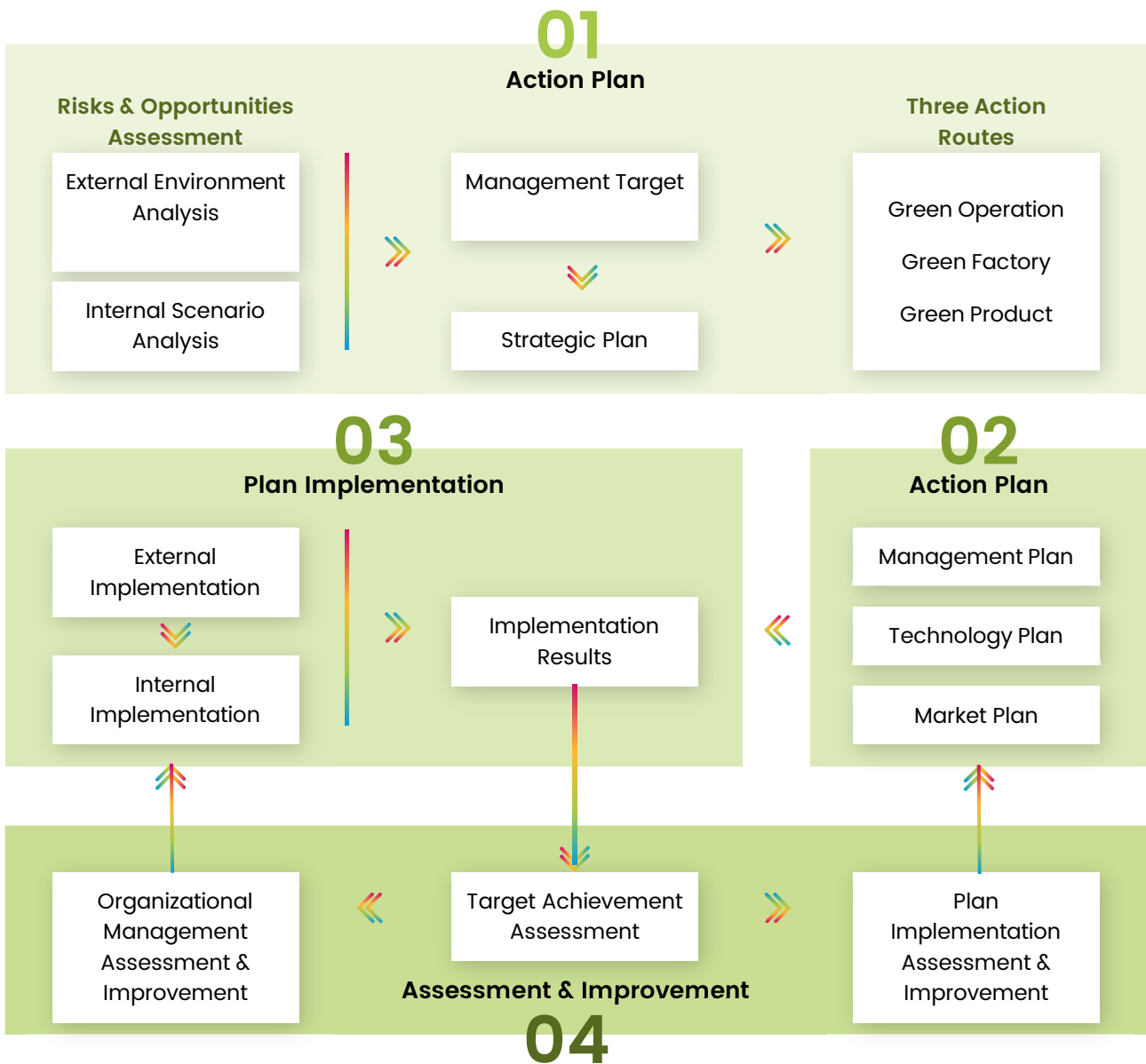
To effectively address risks and opportunities of climate change, we continuously improve the Company's climate change governance and clearly defines the governance structure of "regulatory level - decision-making level - executive level" and the division of responsibilities.



Carbon Management Governance Structure

Strategy

YOFC has formulated a climate change strategy with carbon management at the core. We have developed a green development action plan. Based on the results of the risk and opportunity assessment, a green strategic plan has been formulated, and three action routes have been defined under the themes of "Green Operation", "Green Factory" and "Green Product". Additionally, we have established appropriate management, technical, and market plans to clarify the responsibilities of internal and external execution levels. Furthermore, we have set up a green development evaluation system to assess the achievement of targets based on execution results, to continuously monitor organizational management and implementation, and to support the execution and continuous improvement of the plans.



Green Development Action Plan

Risk Management

We have aligned with the TCFD framework for the identification of climate risks and opportunities, compiled a list of climate risks and opportunities, and conducted scenario analysis to identify key climate risks and opportunities and to formulate response strategies. We have referred to the recommendations proposed in the TCFD scenario analysis guide and the scenarios modeled by the International Energy Agency (IEA) to carry out scenario analysis for the following two long-term climate scenarios:

| | Low-emission Scenario (Global Temperature Rise Within 1.5 Degrees) | High-emission Scenario (Global Temperature Rise Beyond 2 Degrees) |
|----------------------|--|---|
| Reference Model | Beyond 2 Degrees Scenario (B2DS) superior to 2°C scenario ² | IPCC Representative Concentration Pathway (RCP) SSP5-8.5 scenario ³ |
| Scenario Description | The energy sector achieves carbon neutrality by 2060, and temperature rise controlled within 1.75°C by 2100. | Assuming that greenhouse gas emissions continue to rise throughout the 21st century, the average global temperature will increase by 3.2-4.5 degrees by 2100. |

² The International Energy Agency (IEA) released the Beyond 2 Degrees Scenario (B2DS) for global temperature control under climate change in 2017.

³ The Intergovernmental Panel on Climate Change (IPCC) Working Group III report of the Sixth Assessment Report (AR6), "Climate Change 2022: Mitigation of Climate Change."

Incorporating our own business and industry context, as well as assessments and reports on climate emission pathways by the IPCC and the IEA, we analyze the potential risks and opportunities that YOFC may face under different scenario assumptions. Through this analysis, by comparing the potential financial impacts—both reductions and increases—attributable to various risks and opportunities, we identify climate change-related risks and opportunities.

| Climate Scenarios | Risks and Opportunities | Response Measures |
|-------------------|---|--|
| RCP 8.5 | <p>Physical Risks: Acute Typhoons, heavy rains, floods, and other extreme weather events</p> <ul style="list-style-type: none"> • Damage to factories, office buildings, and equipment leading to asset losses; • Disruption of stable production due to equipment damage, inability of employees to work normally, and transportation interruptions; • Disruption of transportation of essential gases for production due to extreme weather affecting the continuity of fibre production. <p>Chronic Risks: Prolonged high temperatures, droughts, sea level rise, etc.</p> <ul style="list-style-type: none"> • Increase in operating costs for the group due to the need for more cooling equipment caused by rising temperatures; • Employees may not be able to work outdoors for long periods during high-temperature seasons, affecting operation efficiency; • 6% of the Group's factories are located in coastal areas, which may be at risk of sea level rise and damage to operation districts. | <ul style="list-style-type: none"> • Development of emergency response plans for natural disasters and continuous improvement of emergency response mechanisms; • Identification of potential asset damage and purchase of necessary insurance; • Purchase of necessary insurance for action plans for heavy rainfall and flood control in factories and employee safety (workplace safety, travel safety, etc.); • Construction of gas companies around fibre production bases to increase production stability. • Application of higher energy-efficient refrigeration technologies and equipment; • Increase in the thickness of insulation layers in buildings; • Scientific arrangement of production plans, meticulous deployment of production organizations, and improvement of operation efficiency; • Establishment of a sound response mechanism and emergency material reserves, and regular improvement of response strategies to ensure production continuity. |



| Climate Scenarios | | Risks and Opportunities | Response Measures |
|------------------------------|-------------------------|--|---|
| IEA B2DS | Policy and Legal Risks | <ul style="list-style-type: none"> Governments introduce stricter policies and regulations to mitigate climate change, increasing compliance efforts for business operations, which may lead to increasing litigation or claims; Implementation of carbon pricing mechanisms in China's carbon emission trading, leading to increasing operation costs for businesses; YOFC, as a key emitting enterprise in Hubei Province, is included in the carbon market of Hubei Province. Failure to fulfill commitments will result in penalties. | <ul style="list-style-type: none"> Paying close attention to changes in environmental laws, regulations, and policies and responding promptly; Actively conducting energy conservation and emission reduction, increasing the proportion of clean energy, and gradually phase out fossil fuels; Active participation in carbon emission trading, grasp market trends, and formulating and implementing optimal trading strategies. |
| | Technology Risks | <ul style="list-style-type: none"> Investment failure in low-carbon technology research and development; Failure to timely identify and apply low-carbon technologies, resulting in lagging behind competitors in product low-carbon transformation, negatively impacting the company's finances. | <ul style="list-style-type: none"> Enhancement of the group's research and development capabilities in low-carbon technology through measures such as talent cultivation and retention; Continuous promotion of product eco-design and intensification of the green and low-carbon characteristics of products; Continuous research and application of low-carbon technologies, and active participation in industry cooperation. |
| | Transformation Scenario | <ul style="list-style-type: none"> Inquiries from downstream market customers about emission reduction performance, demanding increased transparency in emission reduction progress information and provision of product carbon footprint data; Failure to effectively meet consumer demand for green and low-carbon products; Rise in raw material and energy costs. | <ul style="list-style-type: none"> Active development of green and low-carbon products to meet consumer demand; Provision of carbon footprint data for some products as required by customers; Promotion of resource and energy conservation work; Improvement of the recycling rate of resources; Construction of an energy information platform, conducting energy monitoring and analysis, and enhancement of energy management capabilities. |
| | Market Risks | <ul style="list-style-type: none"> Negative feedback from stakeholders due to poor performance in addressing climate change and sustainability; Failure to fulfill carbon emission commitments may result in penalties from government regulatory authorities, causing negative impacts. | <ul style="list-style-type: none"> Enhancement of the group's sustainable development capabilities and active address of climate change; Enhancement of transparency in relevant management and response to stakeholder concerns; Regular assessment of carbon emission commitment risks, continuous track of policy changes, active participation in carbon emission trading, and fulfillment of commitments on time. |
| Transformation Opportunities | Resource Efficiency | <ul style="list-style-type: none"> Supportive policies incentivize. | <ul style="list-style-type: none"> Active exploration of the application of new technologies, equipment, and improvement of resource efficiency and reduction of energy usage costs; |
| | Product and Services | <ul style="list-style-type: none"> Research and development of green and low-carbon products; Climate change solutions within the industry. | <ul style="list-style-type: none"> Identification and response to supportive government policies and green projects; |
| | Market | <ul style="list-style-type: none"> Shift in user preferences expands demand for green markets; Increased demand for comprehensive energy services. | <ul style="list-style-type: none"> Strengthening research and development of low-carbon technologies, continuous increase of the proportion of green and low-carbon products; |
| | Adaptability | <ul style="list-style-type: none"> Energy substitution and diversification plans; Participation in renewable energy projects. | <ul style="list-style-type: none"> Identification and participation in emerging markets; Promotion of the development and utilization of renewable energy. |



Also, we have integrated climate risks into the company’s overall risk identification and assessment management process. By combining the results of scenario analysis and referring to systems such as the *Comprehensive Risk Management Handbook*, we consider the extent of the impact of climate change risks on strategy, finance, market, and operational aspects. We consider both "extent of impact" and "probability" to rank the identified risks. Furthermore, we develop group response strategies for different types of risks.

Metrics and Targets

We have set indicators and targets⁴ related to carbon emissions and energy consumption and have been tracking and reviewing the execution and completion status of these targets.

| Category | Goals and Commitments | 2023 Progress | Action Plan |
|------------------|--|--|--|
| Carbon Emissions | <ul style="list-style-type: none"> Achieve a 50% reduction in greenhouse gas emissions intensity in 2028 compared to 2021. Achieve carbon neutrality by 2055. | <ul style="list-style-type: none"> In 2023, we continue to carry out energy conservation and carbon reduction work, and the carbon emission intensity has been reduced by 5.5% compared with last year, steadily advancing the achievement of the target. | <ul style="list-style-type: none"> We will continue to make efforts in green operations, green factory and green products, and collaborate with upstream and downstream partners to further reduce the greenhouse gas emissions and environmental impact of our operations. |
| Energy | <ul style="list-style-type: none"> Energy consumption, being the largest portion of our greenhouse gas emissions, is our primary focus in low-carbon development. To support the achievement of our carbon emission targets, we will continuously improve energy efficiency in our production and operations. | <ul style="list-style-type: none"> In 2023 from the management and technical level, we continue to carry out energy-saving innovation and practice, and achieve a breakthrough of 2.4% year-on-year reduction in energy consumption density. | <ul style="list-style-type: none"> We will continue to focus on low-carbon energy mix, efficient energy use and intelligent energy management to maximize energy efficiency. |

⁴ This target covers YOFC and its subsidiaries within the scope of this report.



Green Operation

Thoroughly implementing the concept of green and sustainable development in the entire process of operation and management, the Group has established a green development management system to reduce emission through energy saving and consumption reduction, and to improve environmental emission management along with resource utilization efficiency, and thus practice green office and optimize green management. We collaborate with peer companies to develop industry standards for low-carbon products, and continuously promote the development and promotion of low-carbon technologies in the industry and throughout our value chain.

Enhancing Energy Efficiency

The Group continuously strengthens energy management capabilities by focusing on green production and pursuing emission reduction and efficiency improvement. In addition, we make every effort to reduce energy consumption and enhance energy utilization efficiency in our factories.

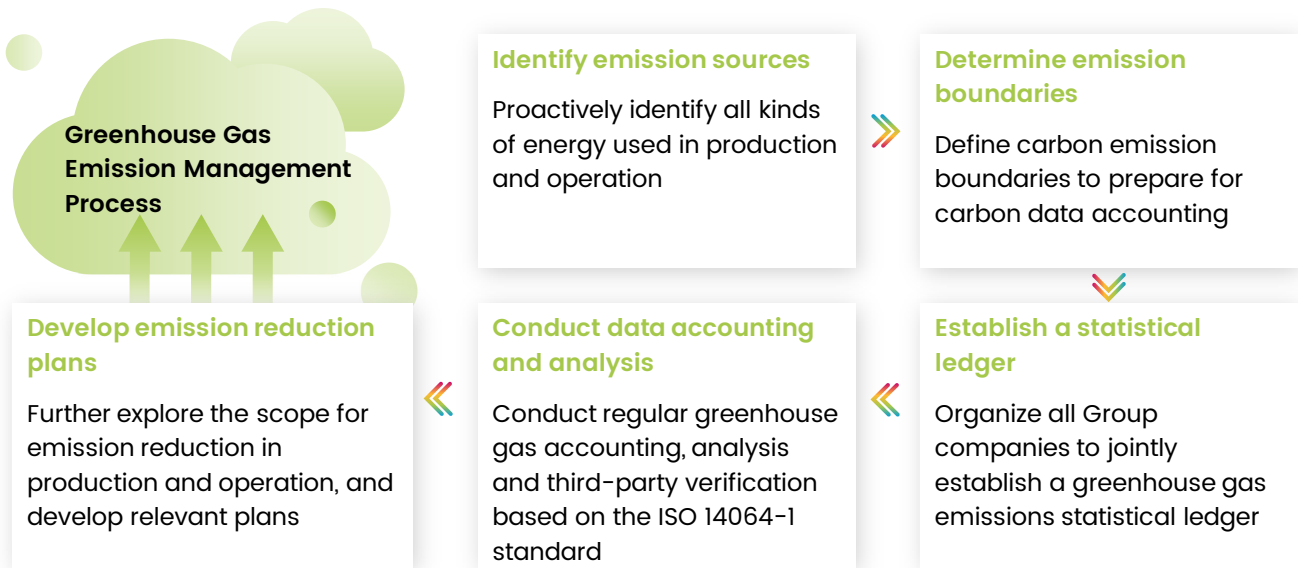
Energy Management

We strictly adhere to local laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, *Industrial Energy Conservation Management Measures*, and *Measures for Energy Conservation Management in Key Energy-Consuming Units*, among others. We have formulated procedural documents for energy management, including *the Energy Management Manual*, *Energy Management Regulations*, *Energy Monitoring, Measurement, and Analysis Control Procedures*, and *Energy Benchmarking, Performance Parameters, Goals, and Indicator Control Procedures*, clarifying the responsibilities of each department and standardizing the energy management process. Our energy usage types mainly include gasoline, diesel, liquefied petroleum gas, natural gas, propane, hydrogen, electricity, etc. In 2023, we have actively promoted intelligent management of low-carbon energy, monitoring, controlling, and analyzing energy data using technological means to enhance energy utilization. YOFC has obtained ISO 50001 Energy Management System certification.

Carbon Management

Following the principle of emission reduction, YOFC continues to improve relevant low-carbon management mechanisms and systems in production. We have formulated internal carbon management policies such as the *Carbon Management Procedure*, *the Guidance at the Organization Level for Greenhouse Gas Emissions Accounting*, *the Guidance on Research of the Product Carbon Footprint* and *the Greenhouse Gas Control Procedure*, which stipulate the requirements for YOFC to establish, implement, maintain and improve the carbon management system. In addition, the management procedures of organizational carbon emissions, product carbon footprint, carbon assets, carbon trading, carbon neutrality and carbon disclosure are defined in the above policies, so as to guide the Group to reasonably carry out carbon accounting at the organizational level and research of product carbon footprint, and provide systematic support for the implementation of carbon management.

We proactively identify direct and indirect emission sources throughout production and operation. We also conduct regular accounting, analysis and third-party verification of greenhouse gas emissions, in order to further explore the scope for emission reduction in production and operation.



In 2023, for subsidiaries newly added to the scope of verification, the Group carried out training on carbon emissions accounting at the organizational level, research of product carbon footprint, and carbon emissions trading, with 140 participants covered in total.



Total number of trainees

140 People

Green Factory

YOFC and some subsidiaries have been selected as the green factory in the national green manufacturing list for several times for their outstanding performance, including clean production, low-carbon energy structure, efficient energy use and intelligent green management, fully demonstrating our green manufacturing strength.

Entities of the Group Awarded the title of “Green Factory”

YOFC (National Level)

YOFC Qianjiang (National Level)

YOFC Lanzhou (National Level)

YOFC Shenyang (Provincial Level)

The Group continuously improves energy structure, energy-consuming equipment, and energy information management, promoting the low-carbon development of factories.

• Low-carbon energy structure

YOFC gradually reduces the use of fossil fuels and vigorously develop renewable energy. The Group increases the proportion of renewable energy in the plant and optimizes the plant's energy structure layout by actively purchasing green power, participating in green power transactions and implementing distributed photovoltaic projects.



Case: Broadex Technologies, a subsidiary of YOFC, explores photovoltaic power generation for clean production

Broadex Technologies, a subsidiary of YOFC, actively taps into the area of new energy power generation, with an installed capacity of rooftop photovoltaics of 177.32 kW and a grid voltage of 380 V. This year, the photovoltaic power generation is about 180,000 kWh.



This year, the photovoltaic power generation is about

180,000
kWh

• **Efficient energy use**

YOFC prioritizes energy saving and efficiency improvement, and continues to explore energy-saving potential of energy-production equipment. Targeted energy-saving technical transformation plans are developed and implemented for production systems, chilled water systems, air conditioning systems and other production auxiliary systems.

Case: Project for replacing oil-free compressed air station's heatless suction dryer with micro-heat suction dryer

This year, we replaced the heatless suction dryers used in the oil-free compressed air station with micro-heat suction dryers, which increased the amount of air drawn in. Micro-heat suction dryers can save 10% of regenerated air consumption compared to heatless suction dryers, saving approximately 1.14 million m³ of compressed air per year.



Saving approximately

1.14million m³
of compressed air per year.

Case: Project for frequency conversion transformation of secondary chilled water pumps

We installed frequency conversion units for secondary chilled water pumps, thereby reducing the current for running the equipment and the power consumption. This year, we saved about 507,000 kWh of electricity through this project.



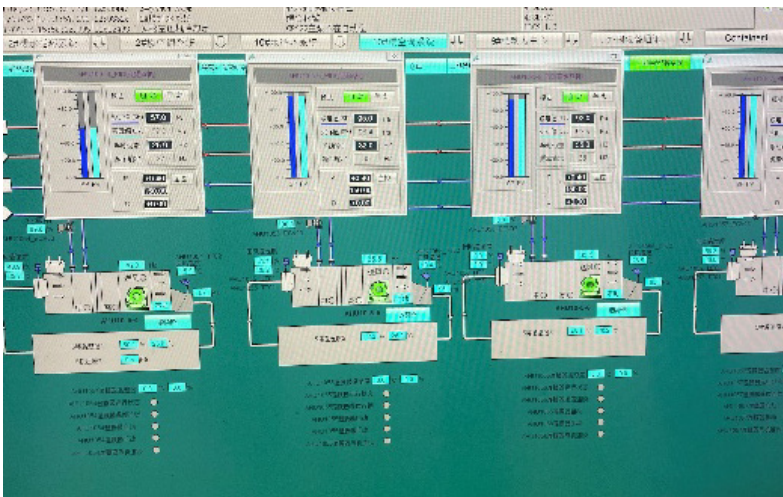
This year, we saved about

507,000

kWh of electricity through this project.

Case: Project for upgrading air conditioning systems in YOFC Qianjiang

This year, YOFC Qianjiang upgraded its air conditioning systems, including 50 variable-frequency constant pressure air supply units in total. We saved 4.55 million kWh of electricity in total, a reduction of approximately 36% compared to the total consumption before upgrading.



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compared to the total consumption before upgrading.

- **Intelligent green management**

The Group has established an information management system with the goal of reducing energy and carbon emissions. Using the Internet of Things, big data and other advanced technological means, the Group has formed an intelligent energy consumption management system. By doing so, the Group has achieved comprehensive management of the energy consumption and carbon emission process, including online monitoring of plant equipment and facilities, and analysis and dynamic optimization of energy consumption in production, effectively improving energy efficiency and reducing carbon emissions.

Case: YOFC Qianjiang saved energy with intelligent management technologies

Using intelligent management technologies, YOFC Qianjiang adopted the M intelligent cloud control system for its central air-conditioning system, thereby supplying power based on demand and load and minimizing energy consumption. YOFC Qianjiang used this system for the refrigeration station energy-saving renovation project. We saved about 7 million kWh of electricity through this project, achieving an overall energy efficiency rate of 20.9%.



We saved about **7 million kWh** of electricity through this project, achieving an overall energy efficiency rate of **20.9%**.

Green Production

The Group always complies with laws and regulations of the places where the Group operates, and provincial, municipal and local regulatory requirements, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*. We continue to improve the management mechanism for saving water and the management of wastes such as wastewater and waste gas. We also develop practical plans to promote resource conservation and environmental protection.

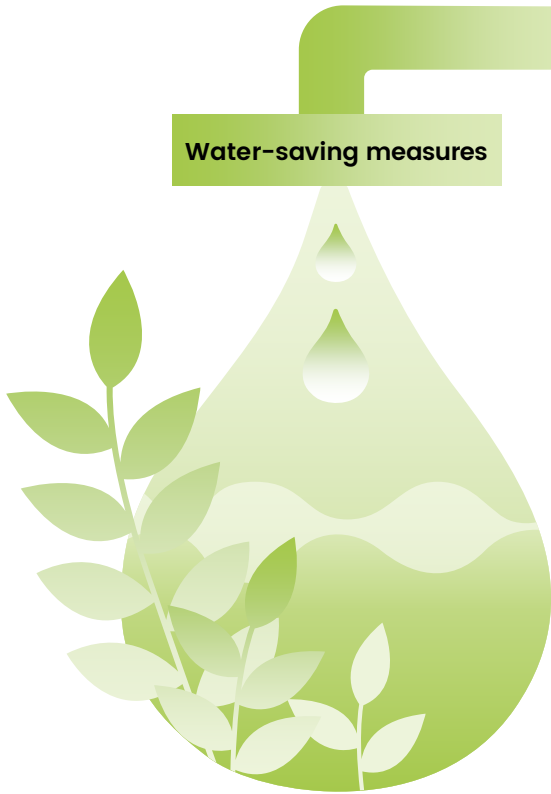
Water Management



| Water Resource Commitments and Targets | 2023 Work Progress | Descriptions of 2024 Goals |
|---|--|--|
| As water scarcity becomes a critical global issue, we are committed to improving product design and manufacturing processes, maintaining operational control over water usage, and continuously increasing water resource efficiency. | In 2023, Wuhan headquarters and Science Park phase I reused approximately 99% of water, with a total reuse volume of about 99.43 million tons and a recycled water utilization volume of about 110,000 tons. | We aim to maintain the effective operation of existing water-saving facilities and measures, continuously explore water-saving potential, achieve efficient water resource circulation, and avoid exceeding planned water usage. |



The Group has been adhering to the principle of “saving and spending” for water conservation. We continuously strengthen water usage management, reduce the consumption of water resources in the production and office processes using water-saving equipment, water-saving system transformation, and production process optimization, and continuously improve the utilization rate of water resources.



Water-saving measures

Equipment maintenance

Regularly inspect and maintain water-using equipment, pipeline facilities and water-using appliances to prevent the running, bubbling, dripping and leaking of water and the uncontrolled running water;

Online monitoring

Monitor the water supply pipeline network in real time through the online monitoring platform;

Water recycling

Recycle water used in existing processes and reclaimed water to enhance the reuse rate of industrial water;

Performance assessment

Strictly adhere to the government’s annual water use plan and control and incorporate water resource costs as a department assessment indicator, to motivate each department to save water and reduce waste.

Case: Project for recycling sprayed water in the fresh air system

This year, we optimized the sprinkler drainage system of the fresh air system to enhance the reuse rate of industrial water. The sprayed tap water in the fresh air system was treated and overflowed into the rooftop cooling water pool in the refrigeration station for recycling, enhancing the reuse rate of industrial water. This project is expected to save about 36,000 m³ of tap water every year.



This project is expected to save about

36,000m³

of tap water every year.






Wastewater discharge management

| Description of 2023 Goals | Goal Completion Status | Description of 2024 Goals |
|--|--|---|
| In 2023, the goal for wastewater pollutant emissions from YOFC's Wuhan headquarters is to control within the set target values while ensuring they do not exceed the emission standards. | In 2023, environmental monitoring reports from each quarter showed that pollutant emissions from wastewater at YOFC's Wuhan headquarters were all within the target range. | In 2024, the goal for wastewater pollutant emissions from YOFC's Wuhan headquarters remains to control within the following target values while ensuring they do not exceed the emission standards. |

| Pollutants | Units | Internal Control Value | Emission Standards |
|-----------------------|-------|------------------------|--------------------|
| F- | mg/L | 16 | 20 |
| COD | mg/L | 300 | 500 |
| BOD | mg/L | 150 | 300 |
| Ammonia nitrogen | mg/L | 20 | 45 |
| Total phosphorus | mg/L | 3 | 8 |
| Suspended solids | mg/L | 80 | 400 |
| Animal and plant oils | mg/L | 10 | 100 |

We strictly comply with applicable laws and regulations on wastewater treatment and corresponding national standards. We continuously improve our performance in wastewater discharge by optimizing our wastewater discharge management capabilities and upgrading our wastewater treatment facilities. This year, we installed online facilities to measure the fluorinon concentration in both treatment station of fluorine-containing wastewater and the main outlet of the plant, further strengthening the wastewater management.

Our drainage system has been designed according to the principle of water-sewage diversion and rainwater-sewage diversion. Domestic sewage is treated by the buried domestic sewage treatment units, and production wastewater is treated by the sewage treatment stations. After the pre-treatment, the domestic sewage and production wastewater are mixed and discharged into the municipal sewage pipeline network in a standardized manner and flow into the local municipal sewage treatment plant.



Wastewater treatment measures

We have installed an online monitoring system linked to the local environmental protection agency at the main outlet. We monitor indicators of water at the main outlet on a quarterly basis, and report the results to the local environmental protection regulator to ensure that the discharge meets the standards.

Case: Project for using reclaimed water from domestic sewage in the south plant

The domestic sewage treatment system in the south plant adopted a process combining the membrane bio-reactor (MBR) technology and the activated sludge method, improving effect of treating impurities and pollutants in the sewage. Wastewater discharged after the system upgrading can be directly reused without secondary processing due to the fact that its indicators outperform those specified in the Grade I discharge standards. Treated wastewater from the main outlet of the south plant can make up the circulating water in the cooling tower, effectively reducing the tap water consumption and the same amount of wastewater discharge. This year, we saved about 48,000 m³ of water through this project.



This year, we saved about **48,000m³** of water through this project.

Waste Gas Management

| Description of 2023 Goals | Goal Completion Status | Description of 2024 Goals |
|---|--|---|
| To control the emissions of waste gases from YOFC's Wuhan headquarters within the set target values while ensuring they do not exceed emission standards. | According to the environmental monitoring reports for each quarter of 2023, the emissions of pollutants from waste gases at YOFC's Wuhan headquarters were all controlled within the target range. | To control the emissions of waste gases from YOFC's Wuhan headquarters within the following target values while ensuring they do not exceed emission standards. |



| Pollutants | Units | Internal Control Value | Emission Standards |
|--------------------|-------------------|------------------------|--------------------|
| Cl ₂ | mg/m ³ | 30 | 65 |
| HCl | mg/m ³ | 50 | 100 |
| Particulate matter | mg/m ³ | 40 | 120 |

The Group continues to strengthen control measures during the operation period to ensure the compliance emission of waste gas. Waste gases discharged by the Company mainly include acid waste gas like chlorine, hydrogen chloride, and particulate matter. We ensure that all waste gases are treated and discharged in accordance with the Grade II emission standards set out in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).



Waste Management

| Description of 2023 Goals | Goal Completion Status | Description of 2024 Goals |
|---|---|---|
| In 2023, YOFC is committed to strengthening the monitoring, management and environmentally sound treatment of waste, including the reduction of waste generation at source and the reduction of the impact of waste on the environment. | In 2023, all discharges of waste AT YOFC are disposed of in a reasonable and environmentally sound manner in accordance with regulatory requirements. | In 2024, YOFC is committed to strengthening the monitoring, management and environmentally sound treatment of waste, including the reduction of waste generation at source and the reduction of the impact of waste on the environment. |

The Group strictly abides by national and local laws and regulations. The Group’s main wastes include general industrial waste, domestic garbage, sludge and hazardous waste.



Waste treatment measures

Solid waste

For general industrial solid waste and sludge, we transport them to material recovery units for treatment or recycling and use 20%-30% of solid waste for waste-to-energy generation;

Domestic garbage

We have designated collection points and centralized recycling sites and hand them over to third-party companies for recycling and disposal;

Hazardous waste

For hazardous waste containing organic waste solvents, waste acids and waste packaging materials, we have set up temporary storage site for hazardous waste based on their types and regularly hand them over to qualified third parties for compliant disposal.

Case: YOFC was on the list of the first “zero-waste factories” in Wuhan

YOFC was selected as one of the first demonstration units of “zero-waste factories” by Wuhan Municipal Bureau of Economy and Informatization and Wuhan Municipal Ecology and Environment Bureau. The Group adheres to the principle of reducing waste at source, in-plant recycling, green and low-carbon development, in an effort to minimize the landfill volume of wastes and the environmental impact of solid waste.



Noise Management

We identify the impact of noise from daily operations on the surrounding environment, consider noise as an important environmental impact factor and achieve an environmentally-friendly operation through various noise reduction measures. Under the premise of ensuring that the noise at the plant boundary meets the Class 3 and 4 criteria set out in the *Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008)*, we continue to enhance our noise management.

The Group strictly implements the "Three Simultaneous"⁵ management system for new projects, takes effective protective measures at the stages of new equipment investment, equipment renovation, and project design, and strives to achieve comprehensive noise reduction in engineering operations. This year, we regularly identified the highest noise sources and engaged third-party professional noise management companies to develop noise hazards prevention plans.

⁵ Simultaneous design, simultaneous construction, simultaneous use

Green Office

YOFC advocates for a simple and moderate, green and low-carbon, civilized and healthy office, and incorporates the concept of green office, energy conservation and carbon reduction into daily work. Through promotion, we guide employees to start small and continuously improve their awareness of energy conservation and environmental protection, so that they can reduce the waste of resources and practice the concept of conservation, becoming low-carbon practitioners.

We promote paperless office and implement the product lifecycle management system to enable paperless design and review, thereby reducing paper consumption. Meanwhile, we set a unified temperature standard for the air conditioning system and strictly control the time when air conditioners are turned on and off, to reduce the power consumption of air conditioners. This year, we implemented a LED lighting renovation project to save energy. We replaced traditional LED lights in some production areas with high-efficiency ones by introducing ultra-high-efficiency LED tube technology, saving about 150,000 kWh of electricity.

YOFC launched energy conservation initiatives to all employees during National Energy Conservation Publicity Week in 2023 and carried out activities related to energy conservation and emission reduction both online and offline to create a good green office atmosphere.



Energy conservation publicity week event



Saving about

150,000

kWh of electricity.

Green Products

The Group pays attention to environmental protection in the design and development of new products. By considering product materials, structure, technology, and construction, we are committed to creating green products.

The Group substantially considers environmental protection, resource conservation, safety and health, circular and low-carbon and recycling promotion in the procurement stage. In the selection of raw materials, we give priority to the procurement and use of energy-saving, water-saving, material-saving and other raw materials, products and services that are conducive to environmental protection, such as giving priority to the selection of wood with a shorter growth cycle such as American shirts, fragrant shirts, palm fir and spruce as optical cable reels to practice green procurement.

Based on the ISO 14067 standard, we have conducted research on the carbon footprint of the product's entire lifecycle, accounting for greenhouse gas emissions at all stages from raw material production to final disposal of the product, and for the analysis of the carbon footprint results at all stages, we thoroughly explore the opportunities for emission reduction and continuously reduce the carbon footprint of our products.

This year, we continued to explore new technologies, equipment and processes to improve resource efficiency and to reduce our carbon footprint in the production of optical fibres. In 2023, the carbon footprint of single-mode fibre production decreased by approximately 9.5% compared to 2022.



The carbon footprint of single-mode fibre production decreased by

9.5%

compared to 2022.

Case: New 5G micro-cluster optical cables developed by YOFC with reduced carbon footprint throughout their lifecycle

The Group has developed the 288-core micro-cluster optical cables, which fall into the new 5G category. They have a high density, are small in size, and require only two-thirds of the reel size of traditional optical cables with the same number of cores. As a result, they can save the space for transportation and storage, effectively reducing transportation costs and carbon emissions. They have features such as thin diameter, light weight and small bending radius. They are faster to install than traditional optical cables, with a lower loss in construction. Specifically, the material loss is less than 3%, reducing material costs.



The material loss is less than

3%

The Group actively utilizes technological innovation and synergies to reduce carbon emissions in the production of optical fibre products and achieve green manufacturing. Our products are used in new energy, buildings, tunnels, oil exploration and other fields, contributing to coordinated carbon reduction across the industrial chain.



Case: Xiamen North Railway Station's efforts for green operation by using YOFC's special optical fibre cables

YOFC is making a deep dive into the field of special optical fibre cables. We applied special optical cables that can absorb sunlight to Xiamen North Railway Station, the first railway station in China to use an intelligent optical fibre system. Xiamen North Railway Station has installed sunlight absorbing machines to track the direction of the sun and transmit sunlight to underground spaces through optical cables for lighting. The station is expected to save 720,000 kWh of electricity annually, which means the reduction of 565 tons of carbon emissions.



The station is expected to save

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electricity annually.

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565 tons of carbon emissions.



Circular Economy

The Group adheres to the 3R (Reduce, Reuse, Recycle) principle of circular economy. At the stages of product manufacturing, packaging, and waste disposal, we use a variety of methods, such as recycling and reuse, to reduce waste and improve resource efficiency.

Green Package

We are committed to designing and using green packaging to continually reduce packaging waste. This includes reducing packaging materials and choosing sustainable packaging materials.



Packaging Material Reduction

- We actively advance the reduction of packaging materials and use processing techniques through which packaging materials can be easily disassembled or separated to meet the needs of packaging recycling. This year, we updated our packaging technical specifications to specify that the number of packaging layers should not exceed three, which not only meets product packaging protection requirements but also reduces packaging waste.
- We have moved from the main application of 25- and 50-kilometer optical disks to 75-kilometer disks, reducing our use of ABS plastic by 50% without compromising production capacity.



Recyclable Packaging Material

The Group continues to explore green packaging and prioritizes the use of non-toxic, non-harmful, environmentally-friendly and single-material based packaging materials. We have adopted various measures for the procurement, transportation, usage reduction, recycling and reuse of packaging materials to minimize negative environmental impacts and maximize resource utilization throughout the lifecycle of packaging products (including raw materials selection, product design and manufacturing as well as final disposal).

- We reuse optical disks used during storage and transportation. The optical disk reuse rate of 2023 reached 78%.
- While reducing excessive packaging, we are actively increasing the use of green and recyclable packaging. Our plastic optical disks made from recycled plastics can be reused multiple times. This reduces our use of approximately 30,000 optical disks per month.
- We continue to optimize the recycling of wood disks. When cutting and returning to the warehouse, we remove the nails from the sealing boards and recycle them to reduce the use of wood.
- We replace some of the cardboard boxes used for packaging optical fibres with sustainable recycled plastic bins, and reuse them after recycling.

Recovery and Recycling

We continue to explore ways to conserve resources in production, improve resource efficiency, increase the recycling and regeneration of materials, so as to convert waste into resources and promote the common growth of economic and environmental benefits.

Case: Equipment head lubricant recovery system optimization project

The Group continues to optimize the recycling of raw materials used in production. We added collection and filtration equipment to recover equipment head lubricant used as a protective medium in optical fibre production. We also added collection equipment to recover the lubricant used in the twisting process. They can save us 5 tonnes of lubricant a year.



They can save us

5

tonnes of lubricant a year.





Case: Project for waste heat recovery of air compressors in the compressed air station

We installed waste heat recovery units for 3 air compressors at the compressed air station in YOFC Wuhan headquarters. The units collect the waste heat contained in high-temperature oil and gas generated from the oil-injected air compressors through heat exchange. The heat collected is used for heating in air conditioning systems to reduce the steam consumption. This year, we saved about 670 tonnes of steam through this project.



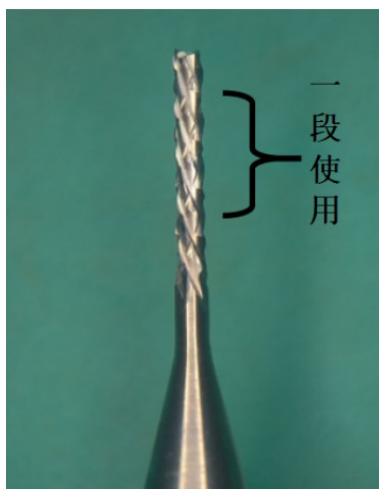
This year, we saved about

670

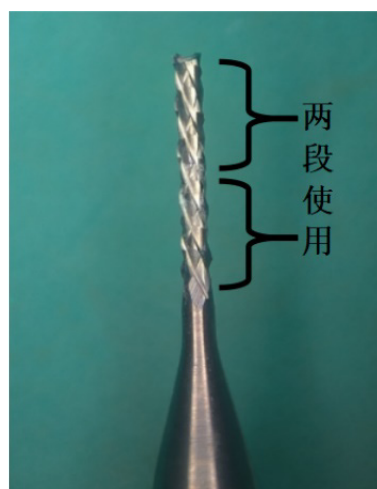
tonnes of steam through this project.

Case: Improvement of the service life of PCB milling cutters

In the process of cutting PCBs for the ONU (Optical Network Unit) product line, we have adjusted the cutting depth for the milling cutters, and now the face of the cutter is divided into two usable sections. In this way, we extend the life of the cutters by 40%.



Usage before change



Usage after change



We extend the life of the cutters by

40%

Promoting a Shared Future

Our company is committed to building a harmonious value chain and constructing an inclusive ecosystem. We adhere to the concept of "people-oriented" and continuously promote the development of a sustainable supply chain. We actively fulfill corporate social responsibility and work hand in hand to create a better future for human life.

Related SDGs:

| | | | | |
|---|---|---|---|--|
| 1 NO POVERTY  | 4 QUALITY EDUCATION  | 5 GENDER EQUALITY  | 8 DECENT WORK AND ECONOMIC GROWTH  | |
| 10 REDUCED INEQUALITIES  | 11 SUSTAINABLE CITIES AND COMMUNITIES  | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  | 17 PARTNERSHIPS FOR THE GOALS  |



People-Centric Approach

Employees are the foundation of sustainable development and the key to core competitiveness for enterprises. We highly value and respect the contributions of each employee, creating conditions for their personal growth and providing a broad platform for development. Embracing the principles of equality and diversity, we strive to create a healthy, inclusive work environment for employees, continuously enhancing their satisfaction and sense of belonging.

Our company strictly complies with national and local labor 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*. We have established regulations and systems, including *Recruitment Management Regulations*, *Employee Performance Management Processes*, *Attendance Management Systems*, and *Departure Management Procedures*, to standardize the management of employee employment, leave, compensation benefits, resignation, and promotion.

Employment

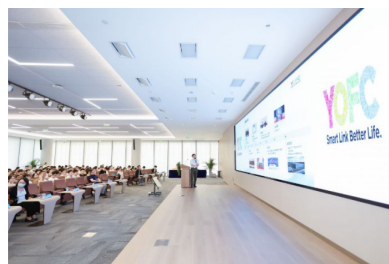
We advocate for an equal and diverse employment philosophy, treating employees of different races, nationalities, genders, religious beliefs, and cultural backgrounds fairly. We respect employees' rights to freedom of association and collective bargaining in accordance with the law. We conduct regular human rights training for security personnel to ensure respect for human rights in their work. At the same time, we firmly oppose the use of child labor or forced labor. In the year 2023, no illegal or irregular employment practices such as discrimination, child labor, or forced labor occurred in our company.

Case: YOFC Conducts Campus Recruitment Activities to Attract Outstanding Graduates

We continue to conduct campus recruitment activities to build a high-quality talent pool. This year, we held a campus recruitment Open Day event for recent graduates, interacting with students from across the country through offline presentations and online live broadcasts, allowing more graduates to learn about YOFC. Approximately 300 students and teachers actively participated in this event.



2024 Campus Recruitment Open Day Event



Approximately

300 students and

teachers actively participated in this event



Employee Compensation and Promotion

Our company adheres to the principle of "position-based grading, salary-based grading, matching of personnel and positions, and easy adjustment of positions and salaries." We have established a position value and competency-based job level and personnel matching management system and compensation system, aiming to provide employees with comprehensive and competitive compensation and benefits.

We provide diversified career advancement channels for employees in different professional positions, including management channels, professional channels, and skill channels. Detailed qualification requirements are set for various promotion channels, providing clear guidance and references for employee development direction, promotion, and job changes. Employees can choose different opportunities for promotion and career development based on their own career advancement channels.

We continue to implement employee incentive policies to fully mobilize employees' enthusiasm and creativity, promote their career development, and achieve a win-win situation for personal development and organizational goals.

The successful development of overseas business and the achievement of goals benefit from the unremitting efforts of overseas employees. We provide overseas allowances and optimize commercial insurance and other benefits for overseas employees, encouraging them to participate in overseas business construction, fully mobilizing their work enthusiasm, and enhancing their sense of identity and belonging.



Caring of Overseas Employees

Training and Development

Employee growth and development can effectively stimulate creativity and dedication, we continue to provide our employees with a wealth of training programmes and re-education resource opportunities, so that they can realize their own values, progress together with the company and achieve long-term development.

The Group adheres to the training concepts of "universal" "targeted" "planning" "the whole process", "tracking". The Group has formulated *Training Management Regulations, Course System Management Regulations, Internal Lecturer Management Regulations, Regulations for Subsidizing Employees' Further Education and Learning*, etc., developing a training system with YOFC characteristics to provide comprehensive and diversified training resources for the staffs.

We continue to provide employees with a learning path that matches their development characteristics through face-to-face teaching, online learning, and practice:

| Professional training | Newcomer training | Leadership training | Transfer training |
|--|---|---|---|
| For the professional needs of different levels and positions, we have designed targeted learning paths for our employees to help them improve their required professional abilities; | We organize employees to learn the necessary skills and work norms, so that they can become familiar with the company's business processes as soon as possible, and at the same time understand the company's culture and values; | we have built a leadership course system and formulated detailed training plans and contents to provide conditions for the cultivation and enhancement of employees' personal leadership ability; | For employees who have changed jobs, we have organized an "integration program" to help them fully understand the policies, systems, rules, processes and key items of the business modules, so that they can make a smooth transition. |

Case: Establishment of Talent Development

In 2023, YOFC continued to optimize the talent development system, refining the training plans for cadres and reserve talents, and formulated the Chuying Plan. The Chuying Plan is aimed at high-potential reserve talents and incumbent grassroots cadres and experts to enhance their comprehensive abilities and cultivate high-performance teams. This plan includes online learning courses, offline lectures, completion of topic guidance, and topic research.

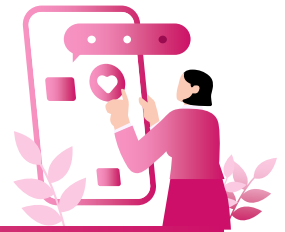
Additionally, we encourage all employees to participate in training resources and incorporate their participation in training and course assessment results into employee job qualification certification, performance evaluation, and promotion assessment processes, enhancing the importance employees place on training.

Our company encourages employees to continue their education by providing various forms of support such as tuition reimbursement and subsidies. Educational projects include but are not limited to Master of Business Administration, Doctor of Engineering, and joint training master's degree programs. Additionally, we regularly conduct talent inventories for company management cadres and key talents in various functional areas to identify the current abilities of personnel and streamline the succession pipeline. Based on the identification results of talent inventories, we formulate training and development plans.

Health and Safety

The company strictly adheres to relevant laws and regulations in the operating areas such as the *Occupational Safety and Health Law of the People's Republic of China*, the *Special Equipment Safety Law of the People's Republic of China*, and the *Fire Protection Law of the People's Republic of China*, establishing a comprehensive health and safety management system to provide standardized guidance for employee occupational health and safety management.

Additionally, we continually strengthen communication and cooperation with government departments, industry associations, and other external organizations to promptly understand and grasp relevant laws, regulations, and standards related to safety production, ensuring that the company's production activities comply with national requirements. We conduct internal inspections regularly, engage third-party certification bodies for reviews, and accept supervisory inspections from government functional departments to further improve health and safety management.



Product Safety Management

The company attaches great importance to production safety, setting up related safety production goals, actively conducting employee safety training to enhance their emergency response capabilities, and promoting equipment safety upgrades and technological improvements.

We have established systems related to employee labor safety protection, standardizing aspects such as labor protection supplies, physical examinations, training, work-related injuries, fire safety, and emergency plans. A Safety and Environmental Protection Committee has been established, led by the President and Senior Vice President of the company, forming a dual-director responsibility system to promote the implementation of employee safety and health protection work. Additionally, we select personnel with professional knowledge and management capabilities to serve in safety management positions, ensuring the practical implementation of safety production work. We regularly assess and improve compliance with employee health regulations, labor safety protection-related systems, and management systems.

- **Risk Assessment:** Using the Job Hazard Analysis (JHA) method, we conduct regular identification and assessment of hazards, formulate control measures, and update departmental hazard lists within one week for new or expanded projects and safety incidents, organizing related personnel training.
- **Reward and Punishment System:** We strictly enforce a safety production reward and punishment system, rewarding units and individuals with outstanding safety production performance and penalizing those whose safety production work is inadequate, continuously improving the company's safety production level. According to the *Safety and Environmental Performance Evaluation Management Regulations*, we have set multiple evaluation indicators, including "days of lost time due to injuries per million work hours" and "number of accidents below level five per million work hours." In 2023, the company achieved all evaluation targets.
- **Emergency Response:** We continuously improve the safety emergency response system to enhance our ability to control emergencies. The company has formulated three levels of emergency plans, including the *Comprehensive Plan*, *Special Case Plan*, and *On-Site Emergency Response Procedures* to effectively respond to various safety emergencies, fully guaranteeing the safety of employees' lives and property, and regularly updating emergency plans.

In 2023, the company established an industrial park leader institution. We have appointed leaders in each industrial park, responsible for undertaking the group's safety goals, promoting the landing of safety standardization work, and directly reporting related work to the group's Safety Committee. Industrial park leaders coordinate safety production work within the park, are responsible for investigating and rectifying safety hazards, and organize quarterly inspections of hazard sources.

Case: Milestone of "One Million Work Hours Without Safety Accidents" at YOA

As a company with global influence, YOFC strictly adheres to local laws and regulations in its operations, ensuring the safety of production in local parks and the health of employees. YOA has implemented measures such as continuous safety education and visual standard operating procedures to strengthen employee production safety management. In 2023, YOA achieved the milestone of "one million work hours without safety accidents."



This year, YOFC maintained Level II safety standard construction and passed the re-evaluation and obtained certifications such as ISO 45001 Occupational Health and Safety Management System.



Safety Awareness Training

The group attaches great importance to the optimization of the safety emergency response system and the enhancement of employees' safety awareness, regularly conducting special drills and safety emergency training.

Conducting safety month activities to enhance employee health protection awareness :

During Safety Month, we disseminate safety-related video cases to employees through various channels such as workshop group meetings, employee canteens, and WeChat work groups to promote safety awareness among employees. At the same time, we organize safety knowledge competitions, hazard inspections, and other activities, promote new regulations and requirements such as the New Safety Law, cultivate employees' red line awareness, improve their safety skills, and create a good atmosphere of "no safety, no production."



Increasing employee experiences in handling safety issues through on-site emergency drills :

- **Fire drills:** We regularly conduct emergency drills for chemical spills, fire evacuation, emergency rescue, etc. We conduct monthly fire safety drills and at least two annual fire safety drills covering all employees to ensure rapid response, decisive handling, effective rescue, timely reporting, and minimize casualties and property losses in case of disasters or accidents.
- **First aid training:** We regularly conduct specialized employee safety emergency training and drills, such as AED operation, on-site rescue concepts, CPR, and trauma bandaging.

Employee Health

We strictly comply with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Measures for the Administration of Occupational Health Examinations*, organizing regular health examinations for employees to enhance their understanding of their own physical conditions and help them discover and address health issues.

In terms of occupational disease prevention and control, we conduct regular occupational health inspections every year, promptly investigate and implement measures to rectify hazards that may cause occupational diseases, set up protective facilities for unavoidable occupational hazards, and provide labor protection supplies for relevant positions. We continuously strengthen occupational disease prevention and control work, requiring employees who are exposed to occupational hazards to pass occupational health assessments before taking up their positions. Meanwhile, through the transformation of intelligent production technology, we improve the working environment, reduce occupational hazards, and risks of accidents, forming a closed-loop occupational health management system. This year, no occupational disease cases have occurred in the Group.

This year, we continue to improve measures to ensure the health and safety of employees, minimizing potential risks to employee health in the workplace to the greatest extent possible.

- We have updated the safety production responsibility objectives, incorporated considerations of major occupational hazard detection points and setting targets, requiring responsible departments to actively complete noise control and renovation.
- We have connected to the government's online monitoring system for workplaces, serving as one of the first pilot projects, dynamically controlling occupational hazards such as noise and dust.
- We continue to strengthen the protection of employees' mental health, adding content on mental health knowledge to the training materials for new employees, enhancing employees' awareness of mental health.



Communication and Care

The group regards employees as valuable assets for driving development, actively undertakes employer responsibilities, and pays close attention to employees' voices and needs. We continuously improve employee welfare policies and systems, deeply understand employees' real needs and thoughts through diverse internal communication methods and feedback channels. Meanwhile, we actively organize various employee activities, striving to enhance employees' work-life experience within the group, allowing employees to feel the care and warmth conveyed by the YOFC family.

Employee Communication

We firmly believe that employee satisfaction and happiness are the solid foundation for the company's development. We have established effective employee communication and feedback mechanisms to address employees' complaints and opinions promptly, using employees' suggestions as the basis for management improvement. Through scientific and objective fit surveys, we comprehensively measure employees' satisfaction with the company, analyze the highlights and problems of employee management, formulate, and implement special action plans, and ensure the progress and implementation of improvement actions.

Employee Welfare and Activities

The group always prioritizes employees' needs, effectively safeguards employees' rights and interests, and enhances employees' sense of belonging and identity. In accordance with legal requirements, we pay the "five insurances and one fund" for employees and provide supplementary commercial insurance and union medical mutual aid insurance. Employees in the group can enjoy benefits such as paid annual leave, work meals, shuttle services, regular medical examinations, family visit allowances, holiday benefits, and a variety of colorful group activities. During traditional Chinese holidays, we also provide carefully prepared welfare supplies to enhance employees' work happiness.

Case: "Summer Coolness Delivery" Activity

During the hot summer of 2023, the group launched the "Summer Coolness Delivery" activity, purchasing 32,560 kilograms of watermelons to provide employees with coolness and relief from the heat, continuing to ensure heatstroke prevention and cooling measures for employees.



2023 "Summer Coolness Delivery" Activity



Purchasing

32,560 kilograms

of watermelons



At the same time, we genuinely care for employees in difficult situations. For employees who are seriously ill and hospitalized or for employees or their immediate family members who have passed away, we organize colleagues to visit them and provide condolence payments to the families of deceased employees, expressing the company's care. For employees eligible for critical illness assistance, we actively assist them in applying for assistance from the higher-level labor union to overcome difficulties together.

We are committed to building a positive and healthy workplace environment, helping employees balance work and life better through providing diverse leisure activities platforms, injecting passion and vitality into the collective, enhancing employees' sense of belonging and collective cohesion, and promoting unity and cooperation.

In 2023, we conducted various employee activities, including:



Occupational Skills Category

"Hubei Has Exceptional Skills" Competition, Youth Job Skills Labor Skills Competition;

Sports Category

Fun Sports Games, Basketball Competition, Marathon Event, Hiking Competition, Volleyball Competition, Staff Fishing Activity

Interactive Category

YOFC Employee Children Care Activity, University Open Day, 2024 Annual Conference, Zongzi Making Activity.



YOFC 11th Sports Meeting and 6th Fun Sports Meeting



Celebratory Hike Race for YOFC's 35th Anniversary



Optics Valley Marathon Event



Fibre Optic Cable Skills Competition



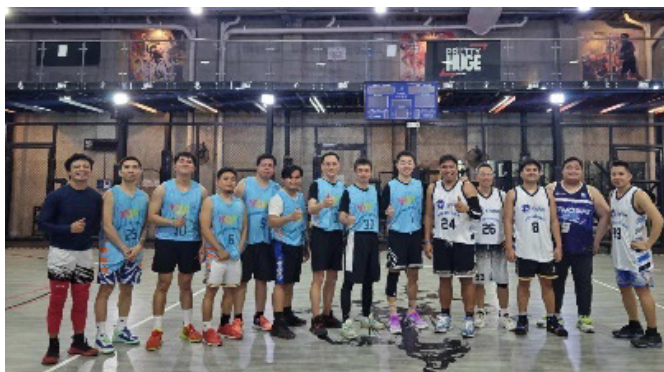
2024 Annual Conference



Broadex Technology Zongzi Making Activity

Case: YOFC Philippines Company Basketball Friendship Match

On November 30, 2023, YOFC Philippines Company held a "Basketball Friendship Match," upholding the spirit of "friendship first, competition second." Athletes engaged in friendly exchanges on the court, sparking enthusiasm. This basketball friendship match enriched employees' leisure activities, enhanced employee communication, and promoted team cohesion.



Female Employee Rights

The group attaches great importance to caring for female workers, setting up lactation rooms for female employees, and organizing special activities for International Women's Day every year.

To protect the rights and interests of pregnant female employees, the group has specifically formulated and issued the *Female Employee Rights Protection Special Collective Contract*, providing maternity leave, prenatal examination leave.

On International Women's Day in 2023, the group distributed feminine hygiene products to all female employees as holiday condolences and organized creative canvas bag DIY activities to showcase the artistic creativity of female employees, enhancing their happiness and sense of belonging.



Canvas Bag DIY Activity



Caring for the Growth of Employees' Children

The group holds “YOFC second Generation” experiential internship activities every year, helping employees' children broaden their horizons, strengthen the connection between parents and children, and care for the growth and development of employees' children. In the summer of 2023, children of YOFC employees participated in the group's HR center-organized “YOFC Second Generation” experiential internship program, where they fully understood their parents' work environment and experienced the company's corporate culture. They visited Wuhan headquarters' modern office building to learn about the company's culture, visited the workshop to understand the production process of prefabricated rods, and were divided into three internship groups to experience different positions. In addition, children experienced playing the ancient African instrument, the Djembe drum, experiencing cross-cultural communication through music.



“YOFC Second Generation” Experiential Internship Activity

Sustainable Procurement

The group has established a comprehensive supplier management mechanism, strengthened supply chain risk control, and jointly built a value chain ecosystem of cooperation and mutual benefit. We are also committed to building a sustainable supply chain, integrating green and low-carbon requirements into the upstream of the industrial chain, jointly constructing a business model of coordinated development of economy, environment, and society, and creating a sustainable industrial ecosystem.

Supplier Management

We attach importance to supply chain management and implement a full lifecycle management mode for suppliers. From supplier admission, review, to exit, we conduct rigorous risk control to ensure the orderly and stable operation of the supply chain.

During the supplier admission stage, YOFC requires new suppliers to sign *External Supplier Code of Conduct*, assessing their qualifications and capabilities, conducting on-site reviews and credit evaluations, and examining various qualifications such as ISO certification, operational qualifications, and manufacturing capabilities to ensure the quality, safety, and environmental protection of suppliers, and promote the sustainable development of the supply chain.

During the supplier assessments stage, we conduct regular daily reviews and quality reviews of suppliers. In terms of daily reviews, we conduct regular reviews of suppliers to ensure compliance with the group's requirements. In terms of quality assessments, we conduct quality inspections based on the quality risk level of suppliers, request rectification from suppliers that do not meet quality requirements and improve the performance of suppliers in terms of quality.

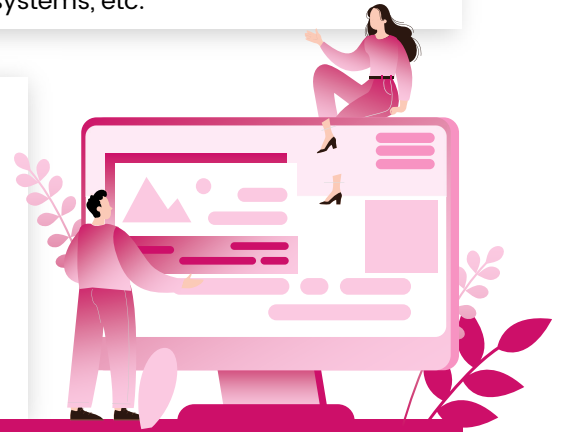
During the supplier assessment and exit stage, the group implements performance assessment and evaluation of suppliers from multiple dimensions such as cost and delivery. For excellent suppliers with good performance, we increase their procurement share under the same conditions and prioritize providing business cooperation opportunities. For suppliers with poor performance, we require them to correct errors and eliminate impacts within a certain period, reduce procurement shares or business cooperation opportunities, and consider terminating cooperation with suppliers that seriously violate red line requirements.

Digital Supply Chain Management

- Have achieved comprehensive transparency, informatization, and digitization management of the supply chain process.
- Built, optimized, and interconnected customer relationship management systems, supplier relationship management systems, logistics transportation systems, warehouse management systems, enterprise resource management systems, financial systems, etc.

Supply Chain Logistics Management

- Established a comprehensive supply chain logistics management system, integrating production planning, sales orders, logistics control, warehouse inquiries, tender dispatching, and order tracking.
- Established port warehouses, where goods are packed at professional locations to reduce unforeseen logistics risks. Goods are warehoused according to specified times to reduce port storage periods and save port storage resources.



Sustainable Supply Chains

YOFC is committed to building a green and efficient supply chain system, fully leveraging the leading role of core enterprises in the supply chain to drive sustainable development throughout the supply chain.

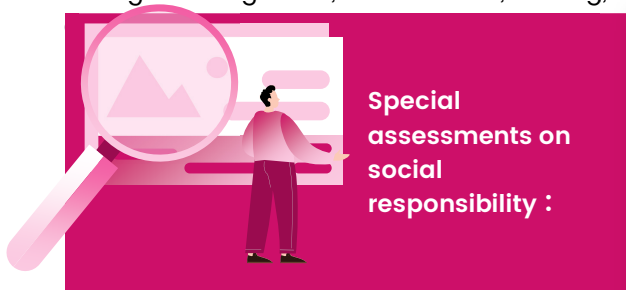
As a member of the United Nations Global Compact (UNGC), we publicly commit to implementing the ten basic principles in human rights, labor, environment, and anti-corruption. Additionally, we refer to the *UN Global Compact's Ten Principles*, the *Responsible Business Alliance (RBA) Code of Conduct*, the *Joint Audit Cooperation (JAC) Supply Chain Sustainability Guidelines*, as well as *ISO 26000 Social Responsibility Guidelines*, *SA 8000 Social Responsibility Standards*, and other internationally recognized standards to establish a complete Corporate Social Responsibility (CSR) management system for supplier enterprises.

The group has integrated the key issues of sustainable development into the entire lifecycle management process of suppliers, aiming to reduce environmental and social risks associated with suppliers. We consider various aspects of suppliers' environmental and social performance during the supplier admission stage:



- Before introducing new suppliers, we require them to sign agreements such as the Supplier Green Environmental RoHS 2.0 Commitment, Supplier Green Environmental REACH Commitment, and Supplier Integrity Commitment, and complete an External Supplier Social Responsibility Survey Questionnaire to clarify the social responsibility standards that suppliers should follow.
- For first-time cooperating suppliers, we conduct inspections of social and environmental risks for all newly introduced suppliers, including filling out the Supplier Environmental Protection Commitment and Conflict Mineral Declaration.
- We impose energy consumption requirements on newly admitted suppliers. For suppliers with higher energy consumption risk levels, we consistently require them to adopt corresponding measures to reduce energy consumption as mentioned in the *External Supplier Code of Conduct* and take corresponding measures to reduce energy consumption, further constraining their environmental practices.

The group continues to promote the management of environmental and social risks in the supply chain through investigations, assessments, training, etc., to strengthen the resilience and stability of the supply.



We have formulated an annual special assessments plan for qualified suppliers and regularly conduct special assessments on social responsibility. Environmental protection assessments indicators include the collection of energy-saving and emission reduction projects and the establishment of energy management systems.



We conduct surveys on greenhouse gas emissions data for qualified suppliers and require them to fill out the *Supplier Greenhouse Gas Data Survey Form* to calculate the energy consumption during the production and transportation processes of products purchased from suppliers.



We conducted training on the development of green supply chains for some core suppliers, raising awareness of low-carbon management and promoting the enhancement of suppliers' sustainable development management capabilities.

Commitment to Public Welfare

As an exemplary enterprise with a sense of social responsibility, the group consistently regards fulfilling corporate social responsibility as its mission and empowers philanthropic development. We actively engage in and promote the development of community philanthropy, integrate technological concepts into youth education support, digital inclusiveness, and other activities. Additionally, we actively respond to the national call for rural revitalization, support the economic development of underdeveloped areas, and convey care and warmth to society.

Performance Table of Charity Work for the Year 2023

Invested Funds
(Unit: 10,000 RMB)

| Community Welfare and Volunteer Activities | |
|---|------------|
| Tree Planting | 2 |
| Donation of living supplies to the Hubei Provincial Association for the Care of Retired Soldiers, and Baoli Shidai Community on the "August 1st" Army Day | 3 |
| Donation of Living Supplies and showing care for the elderly at the Fozuling Nursing Home, and Baoli Shidai Community during the Chongyang Festival | 3 |
| 9.9 Charity Day | 5 |
| Donation activity "Paying Tribute to Heroes and Caring for Veterans" organized by the Hubei Provincial Association for the Care of Retired Soldiers | 113 |
| Rural Revitalization | |
| Purchase of poverty-alleviation agricultural products | 63 |
| Education Assistance and Child Care Program | |
| Donating supplies to children at Wuhan Tibet Middle School and Changxing Primary School in Hong'an County on Children's Day | 3 |
| Total | 192 |

Digital Support for Rural Prosperity

YOFC is committed to applying digital technology to the agricultural sector, aiding in the marketing of agricultural products in impoverished areas and supporting the development of agricultural enterprises. Leveraging technologies such as industrial Internet identification resolution, AI modeling, and intelligent Internet of Things, the group has established a nationwide digital product trading platform to assist local products such as kudzu roots, apples, and Chinese medicinal herbs from impoverished areas in reaching broader markets. We have developed green agricultural product and Chinese medicinal herb traceability and anti-counterfeiting technologies, empowering agricultural product development with technology, aiding rural revitalization, and promoting agricultural modernization.

Case: National Digital Kudzu Product Trading Platform

This year, YOFC developed a traceability mini-program with one code per item, establishing a kudzu product trading platform with national kudzu industry alliance, deeply integrating digital technology with the health industry, empowering the development of the kudzu root industry with technology, enabling farmers to benefit from the digitalization of agriculture, and injecting new energy into agricultural modernization in impoverished areas.

Platform Highlights:

- **Identification Resolution Traceability:** Based on industrial Internet identification resolution, unique QR code identities are assigned to products, helping establish a traceability system for products such as kudzu roots.
- **Digital Cultural Heritage:** Utilizing digital technology to protect, inherit, and promote kudzu root culture, allowing consumers to interact with cultural heritage and traditional culture, enhancing consumer engagement and experience.
- **Industry Digital Services:** Constructing a new type of digital ecosystem for the kudzu industry, realizing online transactions in the kudzu root industry chain market, and enhancing industry competitiveness.

Community Welfare

Community philanthropy and volunteer services are key areas where enterprises actively fulfill their social responsibilities. We organize various charity activities to provide material assistance and warm care to vulnerable groups, showing concern for people's lives through practical actions, and contributing to society. This year, we donated a total of 1.26 million RMB in community philanthropy and volunteer activities.



Donated a total of

1.26million RMB

Case: Emergency Aid to Jing-Ji Region for Restoring Communication

Starting from July 29, 2023, due to the impact of typhoons, extreme rainfall occurred in North China, Huang-Huai and other regions, resulting in severe geological disasters of floods and landslides in multiple areas of Hebei Province and southwestern Beijing, interrupting communications, power supply, and transportation in some areas. YOFC closely monitored the disaster situation and quickly coordinated emergency relief efforts across the country. To provide optical cable supplies, we organized emergency production arrangements, loaded, and shipped overnight, quickly coordinated with communication operators to respond to the needs of the disaster area, fully guaranteed the supply of relief optical cables, and assisted in post-disaster communication reconstruction.



Case: "Salute to Role Models, Care for Veterans" Donation Activity by Hubei Province Association for Caring for Retired Military Personnel

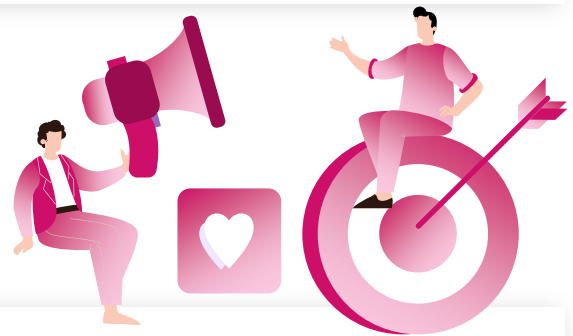
On November 27, 2023, the Hubei Province Association for Caring for Retired Military Personnel held a donation event titled "Salute to Role Models, Care for Veterans," and the group donated materials worth a total of 1.13 million RMB to the association on-site. The association presented YOFC with a plaque reading "Salute to Role Models, Show Care for Veterans," commending the company's outstanding contributions in actively donating love, helping retired soldiers and the descendants of revolutionary martyrs, and fulfilling social responsibilities over the years.



The group donated materials worth a total of

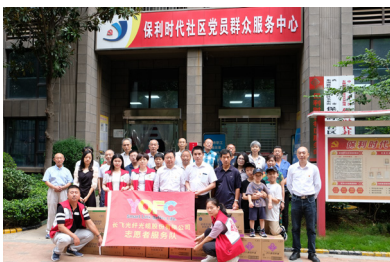
1.13 million RMB to the association on-site

Veteran Care Donation Activity



Case: August 1st Army Day | Caring for Retired Soldiers Fulfilling Social Responsibility

On July 31, 2023, the leadership team of YOFC, along with the company's volunteer service team, conducted a social welfare activity to show care and support for retired soldiers. They distributed care packages consisting of rice, oil, millet, mung beans, black fungus, and other essentials, benefiting approximately 300 retired soldiers. Through this activity, the company conveyed holiday greetings and best wishes to them, expressing gratitude for their significant contributions to the nation and society.



Approximately

300 retired soldiers

benefited from the activity

Visiting and Offering Support to Retired Veterans

Case: Respect for the Elderly Activity on the Double Ninth Festival | Promoting Social Welfare and Building a Better Community

On the ninth day of the ninth lunar month, to promote the traditional Chinese virtue of respecting the elderly, the leadership team of YOFC, accompanied by volunteers, visited nearby communities to conduct social welfare activities. They donated rice, cooking oil, powdered milk, hair clippers, and warm gloves to the elderly residents, demonstrating care and support. This initiative aimed to foster harmony and contribute to the creation of a better community environment.



Volunteer Service for the Elderly on the Double Ninth Festival

Rural Revitalization

The group actively assumes social responsibility, helping poverty-stricken areas broaden sales channels for agricultural products, solving the problem of agricultural product sales difficulties, and creating a good social atmosphere of consumption assistance. This year, we provided a total of 630,000 RMB in support of consumption assistance for farmers.



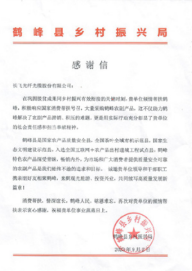
We provided a total of

630,000 RMB

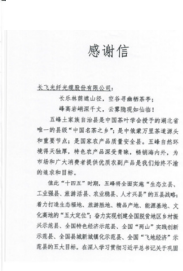
in support of consumption assistance for farmers.

Case: Consumption Assistance for Agriculture by YOFC, Demonstrating Responsibility

Affected by external factors, agricultural and sideline products in Hefeng County, Enshi Tujia and Miao Autonomous Prefecture, and characteristic agricultural products in Wufeng Tujia Autonomous County have experienced large-scale unsalable and backlog issues, resulting in local villagers bearing great economic difficulties. The group actively responded to the national call, took rural revitalization as its own responsibility, promoted the revitalization of material consumption, and purchased local agricultural products totaling 630,000 RMB, helping local areas tide over difficulties, and demonstrating the group's spirit of dedication and responsibility.



Letter of appreciation from the People's Government of Hefeng County, Enshi Tujia and Miao Autonomous Prefecture



Letter of appreciation from the Economic Development Office of the Rural Revitalisation Bureau of Wufeng Tujia Autonomous County

Meanwhile, the Group actively responded to the call for rural revitalization from telecommunications operators, donating to support the rural revitalization and industrial development of Aketao County, Xinjiang, and won the Outstanding Contribution Award for China Mobile's rural revitalization work.



Outstanding Contribution Award for China Mobile's rural revitalization work

Youth Care

The group remains committed to the growth and development of youth, contributing to their healthy development through caring assistance activities. We sponsor the "YOFC Class" and provide YOFC scholarships to contribute to youth education. Additionally, we provide charitable donations to multiple schools, showing care for the growth of disadvantaged children.



YOFC Class:

The group sponsors the "YOFC Class" at the Affiliated High School of Central China Normal University to support teachers' better involvement in teaching and aid in the growth of young students.



YOFC Scholarship:

Since 2001, the group has initiated the "YOFC Scholarship" program, collaborating with several renowned universities nationwide to establish and conduct the YOFC scholarship project, aiming to cultivate more outstanding talents for the telecommunications industry.

Building Dreams for Children

Case: Sharing Love in Children's Education, Continuing Charity

On June 1, 2023 (International Children's Day), management personnel of the group led volunteers to Wuhan Tibet Middle School and Changxing Elementary School in Hong'an County, conducting public welfare activities for children and delivering gifts such as stationery and sports equipment. This charity event marks the 5th consecutive year that YOFC has shown love and warmth to these two schools.



This charity event marks the

5th

consecutive year

that YOFC has shown love and warmth to these two schools.

Case: YOFC Volunteers Visit Wuhan Second School for the Deaf and Mute

YOFC actively responded to the Hubei Women and Children's Development Foundation's call for the 2023 "Spring Bud Plan - Dreaming of the Future" action in Hubei. On September 13, 2023, company volunteers went to Wuhan Second School for the Deaf and Mute to conduct the "Spring Bud for Education, Caring for Girls" charity donation activity, donating 120 suitcases to female students at the school, addressing the pain point of excessive luggage during their travels to and from school, and showing care for the growth of disadvantaged students.





KEY PERFORMANCE INDICATOR⁶

| Category | Indicator | Unit | 2023 |
|-----------------------|--|---|---------------|
| | Greenhouse Gas^{7,8} | | |
| | Total Direct Greenhouse Gas Emission (Scope 1 & Scope 2) | Tonnes (CO ₂ equivalent) | 389,242.73 |
| | Direct Greenhouse Gas Emission (Scope 1) | Tonnes (CO ₂ equivalent) | 59,465.89 |
| | Indirect Greenhouse Gas Emission (Scope 2) | Tonnes (CO ₂ equivalent) | 329,776.84 |
| | Greenhouse Gas Emission Intensity | Tonnes (CO ₂ equivalent) / ten thousand output value | 0.19 |
| | Energy⁹ | | |
| | Total energy consumption | MWh | 806719.79 |
| | Energy consumption intensity | MWh/ten thousand output value | 0.40 |
| Environmental | Direct Energy Consumption | | |
| | Total direct energy consumption | MWh | 222,413.95 |
| | Unleaded gasoline | Litre | 174,986.08 |
| | Hydrogen | m ³ | 674,944.71 |
| | Propane | m ³ | 116,027.01 |
| | Diesel | Litre | 1,611,557.81 |
| | Liquefied petroleum gas | kg | 5,514.00 |
| | Natural gas | m ³ | 20,550,295.73 |
| | Indirect Energy Consumption | | |
| | Total indirect energy consumption | MWh | 584,305.84 |
| Purchased steam | MWh | 41,344.71 | |
| Purchased electricity | MWh | 542,961.13 | |

⁶ In 2023, the environmental data of the Group is calculated according to the control of operations, and the data related to greenhouse gases, energy and water resources cover all the manufacturing bases and platform offices of the Group. The sewage discharge, waste and packaging materials are not included in the statistics for the small manufacturing bases and platform offices, and will be calculated in due time according to the actual situation in the future.

⁷ Based on the characteristics of our business operation, the main greenhouse gas emissions of the Group are direct emission sources (Scope 1) and indirect emission sources (Scope 2).

⁸ In 2023, the Group carried out a carbon assessment and third-party verification according to ISO 14064-1:2018 *Standard and Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*. The GHG inventory primarily includes carbon dioxide, methane and nitrous oxide.

⁹ The total energy consumption is calculated based on conversion factors specified by the national standard of *General Principles for the Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020).

| Category | Indicator | Unit | 2023 |
|---------------|---|---|--------------|
| Environmental | Water usage¹⁰ | | |
| | Water consumption | m ³ | 1,881,905.63 |
| | Water consumption intensity | m ³ /ten thousand output value | 0.91 |
| | Wastewater Discharge | | |
| | Wastewater Discharge Amount | m ³ | 549,533.54 |
| | Waste | | |
| | Type of non-hazardous waste | | |
| | Domestic garbage | Tonnes | 748.00 |
| | Industrial solid waste | Tonnes | 2,103.68 |
| | Sludge | Tonnes | 672.38 |
| | Total non-hazardous waste disposal | Tonnes | 3,524.06 |
| | Non-hazardous waste disposal intensity | Tonnes/million output value | 0.17 |
| | Type of hazardous waste | | |
| | Waste organic solvents | Tonnes | 81.85 |
| | Waste acid | Tonnes | 241.05 |
| | Waste activated carbon | Tonnes | 51.83 |
| | Waste packaging materials contaminated by chemicals | Tonnes | 140.93 |
| | Other hazardous waste | Tonnes | 30.35 |
| | Total hazardous waste disposal | Tonnes | 546.01 |
| | Hazardous waste disposal intensity | Tonnes/million output value | 0.03 |
| | Packaging materials | | |
| | Paper | Tonnes | 1,837.20 |
| | Plastic | Tonnes | 1,831.47 |
| Metal | Tonnes | 577.04 | |

¹⁰ The water sources used by the Group are mainly municipal water supply, and there is no issue in sourcing water that is fit for purpose.

| Category | Indicator | Unit | 2023 |
|------------------------------------|------------------------------------|----------------------------------|-----------|
| Environmental | Packaging materials | | |
| | Wood | Tonnes | 23,468.37 |
| | Other packaging materials | Tonnes | 11.99 |
| | Total | Tonnes | 27,726.07 |
| | Intensity | Tonnes/ten thousand output value | 0.01 |
| Social | Employment¹¹ | | |
| | Total number of employees | person | 8,181 |
| | By gender | | |
| | Female | person | 2,469 |
| | Male | person | 5,712 |
| | By employee type | | |
| | High-level Management | person | 39 |
| | Mid-level Management | person | 218 |
| | Other office staff | person | 2,963 |
| | Ordinary workers, skilled workers | person | 4,961 |
| | By age | | |
| | < 30 | person | 2,033 |
| | 30-50 | person | 5,749 |
| | > 50 | person | 399 |
| | By region¹² | | |
| | Mainland, China | person | 7,207 |
| | Hong Kong, Macau and Taiwan, China | person | 7 |
| Overseas | person | 967 | |
| Turnover rates¹³ | | | |
| Total Turnover rates | % | 5.59 | |

¹¹ During the reporting period, the statistical scope of the number of employees includes Wuhan headquarters of YOFC and its subsidiary manufacturing subsidiaries.

¹² Employees by region are divided according to the regions where the company operates.

¹³ During the reporting period, the statistical scope of the turnover rates only includes Wuhan headquarters of YOFC. With efforts to continuously improve the data collection management process, the statistical scope will be expanded, covering Wuhan headquarters of YOFC and its subsidiary manufacturing subsidiaries. In addition, the turnover rates disclosed in this report refer to the employee turnover rates in Mainland China.



| Category | Indicator | Unit | 2023 |
|----------|---------------------------------------|--------|-------|
| | By gender | | |
| | Female | % | 5.41 |
| | Male | % | 5.62 |
| | By age | | |
| | < 30 | % | 15.15 |
| | 30-50 | % | 3.85 |
| | > 50 | % | 0.46 |
| | Health and Safety¹⁴ | | |
| | Work-related fatalities 2023 | person | 0 |
| | Work-related fatalities 2022 | person | 0 |
| | Work-related fatalities 2021 | person | 0 |
| | Fatality rate due to work 2023 | % | 0 |
| Social | Fatality rate due to work 2022 | % | 0 |
| | Fatality rate due to work 2021 | % | 0 |
| | Work injury lost days ¹⁵ | day | 72 |
| | Training¹⁶ | | |
| | Average training time | Hour | 31.15 |
| | By gender | | |
| | Female | Hour | 30.34 |
| | Male | Hour | 31.31 |
| | By employee type | | |
| | High-level Management | Hour | 9.23 |
| | Mid-level Management | Hour | 35.77 |
| | Other office staff | Hour | 25.99 |
| | Ordinary workers, skilled workers | Hour | 37.00 |

¹⁴ The data on the number of work-related fatalities and work injury lost days is subject to the work-related injury identification of the local social insurance administrative department.

¹⁵ The number of work injury lost days covers Wuhan headquarters of YOFC.

¹⁶ The statistical scope of training hours and promotion of trainees is Wuhan headquarters of YOFC.



| Category | Indicator | Unit | 2023 |
|--------------|--|------------|------|
| Social | Proportion of trainees¹⁷ | | |
| | By gender | | |
| | Female | % | 100 |
| | Male | % | 100 |
| | By employee type | | |
| | High-level Management | % | 100 |
| | Mid-level Management | % | 100 |
| | Other office staff | % | 100 |
| | Ordinary workers, skilled workers | % | 100 |
| | Main products and services complaints | | 118 |
| | Distribution and Quantity of Suppliers¹⁸ | | |
| | By region¹⁹ | | |
| | China | | 301 |
| | Japan | | 1 |
| | Asia Pacific (Except China and Japan) | | 5 |
| | Europe | | 4 |
| | North America | | 1 |
| Total | | 312 | |

¹⁷ The percentage of employees trained in each category is calculated as: Number of employees trained in each category / Total number of employees in that category * 100%.

¹⁸ The number of suppliers refers to the data of YOFC Wuhan headquarters.

¹⁹ The number of suppliers by region is divided according to the place of registration of the supplier.





ESG KPIs INDEX

| Key Performance Indicators | Correspondent Chapters |
|--|------------------------|
| Mandatory Disclosure Requirements | |
| <p>Governance Structure:</p> <p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, priorities and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | Board Statement |
| <p>A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.</p> | About This Report |
| <p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p> | About This Report |
| "Comply or Explain" Provisions | |
| A. Environmental | |
| A1 Emissions | |
| <p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> | Green Operation |
| <p>KPI A1.1 The types of emissions and respective emissions data.</p> | Appendix 1 |
| <p>KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.</p> | Appendix 1 |



| Key Performance Indicators | Correspondent Chapters |
|---|------------------------------------|
| KPI A1.3 Total hazardous waste produced and, where appropriate, intensity. | Appendix 1 |
| KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity. | Appendix 1 |
| KPI A1.5 Description of emission target(s) set and steps taken to achieve them. | Green Operation |
| KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Green Operation |
| A2 Use of Resources | |
| General Disclosure | |
| Policies on the efficient use of resources, including energy, water and other raw materials. | Green Operation |
| Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. | |
| KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Appendix 1 |
| KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Appendix 1 |
| KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them. | Green Products Circular Economy |
| KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Green Operation |
| KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Appendix 1 |
| A3 The Environment and Natural Resources | |
| General Disclosure | |
| Policies on minimising the issuer's significant impacts on the environment and natural resources. | Green Operation |
| KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Green Operation |
| A4 Climate Change | |
| General Disclosure | |
| Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Responding to Climate Change |



| Key Performance Indicators | Correspondent Chapters |
|---|------------------------------|
| A4 Climate Change | |
| KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Responding to Climate Change |
| B. Social | |
| B1 Employment and Labour Practices | |
| General Disclosure | |
| Information on: | |
| (a) the policies; and | |
| (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | People-Centric Approach |
| KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | People-Centric Approach |
| KPI B1.2 Employee turnover rate by gender, age group and geographical region. | People-Centric Approach |
| B2 Health and Safety | |
| General Disclosure | |
| Information on: | |
| (a) the policies; and | |
| (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | People-Centric Approach |
| KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | People-Centric Approach |
| KPI B2.2 Lost days due to work injury. | People-Centric Approach |
| KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored. | People-Centric Approach |
| B3 Development and Training | |
| General Disclosure | |
| Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | People-Centric Approach |
| Note: Training refers to vocational training. It may include internal and external courses paid by the employer. | |
| KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | People-Centric Approach |
| KPI B3.2 The average training hours completed per employee by gender and employee category. | People-Centric Approach |



| Key Performance Indicators | Correspondent Chapters |
|--|--|
| B4 Labour Standards | |
| <p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p> | People-Centric Approach |
| KPI B4.1 Description of measures to review employment practices to avoid child and forced labour. | People-Centric Approach |
| KPI B4.2 Description of steps taken to eliminate such practices when discovered. | People-Centric Approach |
| B5 Supply Chain Management | |
| <p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p> | Sustainable Procurement |
| KPI B5.1 Number of suppliers by geographical region. | Sustainable Procurement |
| KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Sustainable Procurement |
| KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Sustainable Procurement |
| KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Sustainable Procurement |
| B6 Product Responsibility | |
| <p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.</p> | Compliance Management Quality Assurance |
| KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Quality Assurance |
| KPI B6.2 Number of products and service-related complaints received and how they are dealt with. | Quality Assurance |
| KPI B6.3 Description of practices relating to observing and protecting intellectual property rights. | Compliance Management |
| KPI B6.4 Description of quality assurance process and recall procedures. | Quality Assurance |
| KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Compliance Management |



| Key Performance Indicators | Correspondent Chapters |
|---|-------------------------------------|
| B7 Anti-corruption | |
| <p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p> | <p>Compliance Management</p> |
| <p>KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p> | <p>Compliance Management</p> |
| <p>KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> | <p>Compliance Management</p> |
| <p>KPI B7.3 Description of anti-corruption training provided to directors and staff.</p> | <p>Compliance Management</p> |
| B8 Community Investment | |
| General Disclosure | |
| <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p> | <p>Commitment to Public Welfare</p> |
| <p>KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> | <p>Commitment to Public Welfare</p> |
| <p>KPI B8.2 Resources contributed (e.g. money or time) to the focus area.</p> | <p>Commitment to Public Welfare</p> |





GRI STANDARD INDEX

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