

長飛光纖光纜股份有限公司

YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY

(於中華人民共和國註冊成立的股份有限公司)

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

(STOCK CODE 股票代號: 601869.SH 06869.HK)

2022

環境、社會
及管治報告

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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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 2022. It is recommended to read in conjunction with the “Corporate Governance” section in the 2022 *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 2022 to 31 December 2022.

Organisations 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”).

BASIS OF PREPARATION

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* contained in Appendix 27 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 Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operation* published by the SSE.

PRINCIPLES FOR PREPARATION

Materiality, quantification, balance 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.

CONFIRMATION AND APPROVAL

This report is approved by the Board of Directors on 31st, March, 2023.

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.

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MESSAGE FROM MANAGEMENT

Looking back, 2022 was a year of both significant challenges and exciting progress. Despite complex international landscape, this year, the Communist Party of China (CPC) convened its 20th National Congress and China embarks on a new journey to modernisation benefiting 1.4 billion people, opening a path for rejuvenation unprecedented in human history. In this context, the information communication industry became booming driven by the market tailwinds and strong momentum in the fields of new infrastructure construction, new-generation information technology and digital economy.

In the context of ever-evolving environment in 2022, the second year of our 14th Five-year Plan, YOFC never swayed from our strategic path and continued to create value for the community, customers, partners and other stakeholders. Based on the sustainable development strategy of responsible operation, smart connectivity, green development and harmonious ecology, we strive to contribute to global sustainable development.

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 quality culture, and actively undertake corporate responsibilities. We also have a compliance red line in many ways, and optimise our internal management system, ensure information security, strengthen management of intellectual property brands, and build a strong defence line against corruption and degeneration.

Adhering to innovation-driven development and focusing on digital + intelligent manufacturing: The report of the 20th CPC National Congress proposed to move faster to boost China's strength in cyberspace and digital development, and move the manufacturing sector toward higher-end, smarter, and greener production. At present, the scale of China's industrial Internet industry has seen a steady growth, providing a strong support to the digital transformation of industry and high-quality development of economy. YOFC will further study and implement the important instructions of General Secretary Xi Jinping and guiding principles of the 20th CPC National Congress and proceed with the innovation-driven development strategy. In the 14th Five-year Plan period, we will build a core system for intelligent manufacturing, build an advanced "cross-industry + cross-field" industrial Internet platform in China, and promote co-development of 5G + industrial Internet. In addition, we will focus on digital and intelligent manufacturing, to promote upgrading of industrial Internet and pursue high-quality industrial development with partners.

Developing the low-carbon economy and facilitating green transformation: Against the goals of carbon peak and carbon neutrality, we pioneer sustainable development and green transformation of the optical communications industry by taking a series of innovative practices, such as assisting in establishment of green communication network, promoting green production and exploring green circular economy. In 2022, YOFC has been granted Green Factory qualification at national level and YOFC (Shenyang) was awarded Green Factory at provincial level in Liaoning Province. Moreover, we were the first batch to obtain the green power trading certificate, which supports the efforts towards the goal of accomplishing carbon peaking and carbon neutrality.

MESSAGE FROM MANAGEMENT

Building a harmonious society and promoting an integrated business ecology: YOFC cannot make every progress and every breakthrough without every YOFC employee's hard work and dedication. Talent is a solid foundation for high-quality development. In this respect, we ensure employees' rights & interests, care for their health & safety, and work together with them for a sustainable development and a better future. Apart from this, we always keep our corporate social responsibility in mind and are committed to creating a bright future for all. In 2022, we continued our effort to respond to the national rural revitalisation strategy, and provided material support and targeted assistance, contributing to improving people's wellbeing. The Group is also committed to building a sustainable supply chain, to jointly building a business model for the coordinated development of economy, environment and society, and to creating a healthy and sustainable industrial ecology.

As an industry-leading enterprise, we forge ahead and advance with the times despite an uncertain macro environment ahead. Moreover, we unceasingly transcend ourselves in optical fibre and cable field, diligently promote sustainable development of the industry and shoulder the responsibility of building our self-reliance and strength in science and technology. Going forward, let us work together to embark on a new journey in 2023!

Yangtze Optical Fibre and Cable Joint Stock Limited Company
Zhuang Dan
Executive Director and President
31st of March, 2023

BOARD STATEMENT

The Board values environmental, social and governance (“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.

The Group performs materiality assessment on Environmental, Social and Governance issues regularly. The specific evaluation process and results are detailed in the ESG Strategy subsection of the annual ESG report and reviewed by the Board of Directors. The Board of Directors of the Group assessed the potential impact and opportunities of ESG issues on the Company’s overall strategy and reviewed the materiality assessment results of ESG issues. The Board of Directors has understood the Company’s ESG-related issues and confirmed the current ESG-related management policies and ESG management concepts. The details of the Company’s important ESG issues, such as responsible operation, smart connectivity, green development, harmonious ecology, have been disclosed in this report.

In 2022, the Group reviewed and updated the environmental goals related to business operations, detailed in the “GREEN DEVELOPMENT” section. The Board of Directors will review and discuss the progress of the goals on a regular basis.

1. CREATE FUTURE WITH OPTICAL FIBRE

1.1 ABOUT YOFC

YOFC is a global leading provider of optical fibre preforms, optical fibres, optical fibre cables and integrated solutions. YOFC mainly produces and sells all kinds of communicational optical fibre preforms, optical fibres, optical fibre cables and different types of optical transceivers, specialty optical fibres, active optical cables, and submarine cables, RF coaxial cables and accessories, etc. based on customer's needs. YOFC is also equipped with some solutions and services such as system integration, communication engineering design and solutions. Providing a variety of different products and solutions for world's telecommunications industry and other industries (e.g. Public Utility, Transportation, Oil & Chemistry and Medication etc.), YOFC has offered its products and services to over 90 countries and regions around the world.

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.



Corporate Culture of YOFC

Mission of YOFC: Smart Link Better Life

Vision of YOFC: To Be the Leader in Information Transmission and Smart Links

Core Values of YOFC: Client Focus, Accountability, Innovation and Stakeholder Benefits

We incorporate the concept of sustainable development into corporate culture, face customers, and provide high-quality, green, low-carbon products and services. We give back to society, practice corporate responsibility and responsibility with practical actions, deepen technological innovation, and create a new driving force for green development. Build a sustainable development ecosystem with upstream and downstream partners.

1. CREATE FUTURE WITH OPTICAL FIBRE



1.2 SUSTAINABLE DEVELOPMENT STRATEGY

As a member of the United Nations Compact Organization, YOFC begins with the Group's core values, combines its core competitiveness with the demands and expectations of stakeholders, follows the industry's development trend, positions the four aspects of responsible operation, smart connectivity, green development, and harmonious ecology as important strategic directions of sustainable development, and is committed to sustainability development.



YOFC Sustainable Development Strategy

1. CREATE FUTURE WITH OPTICAL FIBRE

ESG Governance Framework

We fully integrate ESG management into the Group’s strategic decision-making process to effectively manage ESG risks. The Group has fully considered the status quo of ESG governance, applicable laws and regulations, opinions of stakeholders, and the Group’s corporate culture, and has established a governance structure with clear responsibilities, and clarified the responsibilities and authorities, decision-making procedures and reporting mechanisms among different levels.

The Group has established a systematic ESG governance structure at the governance, management and executive levels. As the highest responsible and decision-making body of the ESG management system, the Board of Directors assumes full responsibility for the group’s ESG strategic planning, goals, information disclosure and major issues. The Board of Directors authorizes the Audit Committee to comprehensively supervise and manage ESG-related matters; the ESG Working Group is responsible for promoting the planning and implementation of ESG matters and regularly reports the progress of the work to the Audit Committee.



1. CREATE FUTURE WITH OPTICAL FIBRE

Communication with stakeholders

Stakeholders form an integral part of the Group's sustainable development management. Based on our actual business characteristics, we have identified major stakeholders, including shareholders and investors, government and regulators, employees, suppliers, customers, media, non-governmental organisations (NGOs) and communities. The establishment of a continuous effective communication mechanism enables us to be timely informed of the expectations and demands of stakeholders and formulate reasonable ESG implementation plans and goals accordingly.

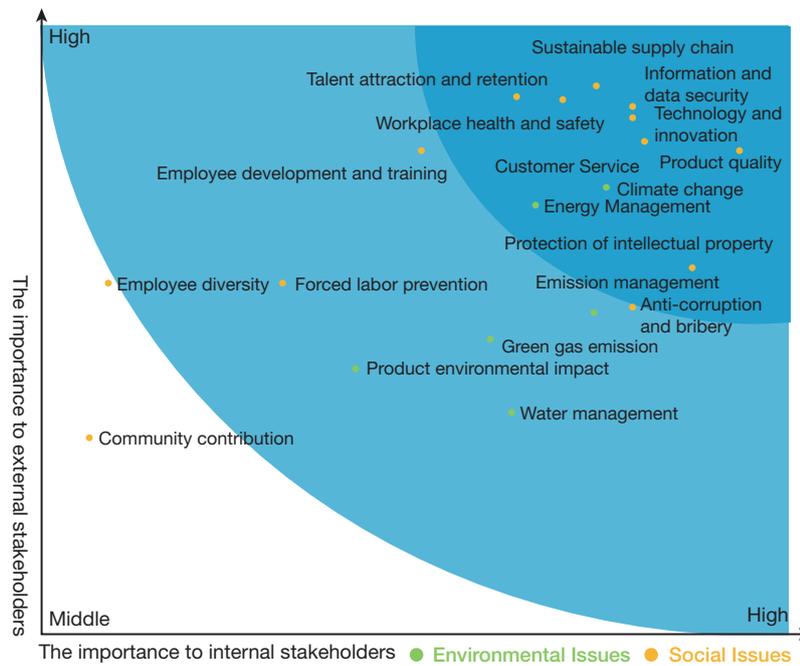
Stakeholders	Issues Concerned	Ways of Communication
Government and regulators	<ul style="list-style-type: none"> • Compliance operation • Protection of intellectual property rights • Conservation of energy and reduction of consumption • Stability of product quality 	<ul style="list-style-type: none"> • Policy consultation • Event reporting • Site inspection • Information disclosure • Meeting with government agencies
Shareholders and investors	<ul style="list-style-type: none"> • Anti-corruption • Conservation of energy and reduction of consumption • Stability of product quality • Stability of employees • Impact of climate change on business 	<ul style="list-style-type: none"> • Annual general meeting/extraordinary general meeting • Investor meeting • Result presentation • Press release/announcement • Investor hotline
Employees	<ul style="list-style-type: none"> • Diversified background of employees and equal opportunities • Safe and comfortable working environment • Employee development and training 	<ul style="list-style-type: none"> • Interview with employees • Internal journal • Employee hotline • Employee satisfaction survey
Suppliers	<ul style="list-style-type: none"> • Environmental and social performance requirements for supplier access • Anti-corruption and Integrity Promotion 	<ul style="list-style-type: none"> • Site investigation • Supplier Questionnaire • Supplier training • Phone interviews
Customers	<ul style="list-style-type: none"> • Protection of customers' information and privacy • Customer service and channels of communication • Stability of product quality 	<ul style="list-style-type: none"> • Customer satisfaction survey • Customer service platform/hotline • Company website, social media interaction
Media and NGOs	<ul style="list-style-type: none"> • Environmental and social performance • Compliance with labour laws • Customer service and channels of communication • Product quality • Protection of intellectual property rights 	<ul style="list-style-type: none"> • Social media • Press conference and release • Seminars • Industry forum • Academic/technological exchanges
Communities	<ul style="list-style-type: none"> • Domestic wastewater treatment and emission reduction • Charity work • Contribution to the community 	<ul style="list-style-type: none"> • Press release/announcement • Public welfare activities • Volunteer activities • Complaint hotline

1. CREATE FUTURE WITH OPTICAL FIBRE

Materiality matrix

We timely communicate with stakeholders, conducting substantive issue assessments to identify ESG issues that are important or relevant to the company and stakeholders. We regularly understand the demands of stakeholders through various channels, including special questionnaires. 175 ESG stakeholder questionnaires were returned to identify ESG issues that are important to the company and stakeholders in the current business environment. Based on the results of the substantive issue identification and analysis, we have defined the content of this report to help stakeholders better understand a company’s ESG performance. We identified 19 material issues, of which “product quality” was identified as the most important by internal stakeholders and “sustainable supply chain” was identified as the most important by external stakeholders.

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

1. CREATE FUTURE WITH OPTICAL FIBRE

1.3 LEADING THE INDUSTRY

The Group has attained nine management system certifications. The management system certifications include TL 9000 telecom industry 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 and integration of informatisation and industrialisation management system. In 2022, we bagged multiple certificates, including ISO 50001: 2018 EnMS certification, and AAA level integration management system evaluation.



Evaluation certificate of YOFC AAA level integration management system evaluation

The Group played an active party in the formulation of product and technology standards in the domestic and international communication industry, and promoted the industrial development. This year, YOFC got involved in the setting and revision of 24 international or industrial standards, namely an international standard (presiding over revision), 4 international standards (participating in setting), 4 industrial standards (participating in revision), 11 industrial standards (participating in setting), an industrial standard (presiding over revision) and 3 industrial standards (presiding over setting). We promote the exchange and integration of the whole industry, participate in and organise all kinds of exchange activities in the industry, partners with various famous universities at home and abroad to carry out industry-academia-research cooperation, so as to further enhance the technological innovation capacity and international academic influence of Chinese optical fibre and cable enterprises.

1. CREATE FUTURE WITH OPTICAL FIBRE

YOFC exhibited the latest achievements on the China 5G + Industrial Internet Conference

In November 2022, YOFC attended the 2022 China 5G + Industrial Internet Conference. On the conference, YOFC exhibited products & solutions related to digital and intelligent manufacturing, 5G connection, data centre and optical fibre sensing, as well as exploration & achievements in “5G + industrial Internet”. During the conference, Dr. Zhuang Dan was invited to attend the main forum of “Enabling high-quality development of all trades” and delivered a keynote speech titled “Light the future of intelligent manufacturing with Guangyun platform”, to introduce our exploration & practice from intellectualisation to digitisation.



Exhibition of “Light the future of intelligent manufacturing with Guangyun platform”

YOFC Presents “BRIGHTS” at World Optical Fibre & Cable Conference 2022

World Optical Fibre & Cable Conference 2022, a premier event in the global optical fibre and cable sector, was held in Milan, Italy on 7-9 November 2022. Many telecommunications service providers (TSPs), optical fibre and cable manufacturers, as well as upstream and downstream players across the global industry chain joined in the influential event. As a global leader in optical communication, YOFC didn’t miss the global event this year. On November 8, Zhuang Dan, Executive Director and President of YOFC was invited to share his insights into the industry development at the leadership panel session with top executives representing Corning Inc. and Prysmian Group.



World Optical Fibre & Cable Conference 2022

1. CREATE FUTURE WITH OPTICAL FIBRE

Exchanges & activities attended in 2022

- The 47th Optical Fibre Communication Conference & Exhibition (OFC)
- FTTH Council AP Webinar
- The 24th China Expressway Informatisation Conference
- OptiNet China Conference 2022
- National Science and Technology Fair (NSTF) 2022
- The 41st Annual Conference on Communication Lines of China Institute of Communications (CIC) in 2022
- 2022 High-level Forum of China Association of Communication Enterprises
- Forum on China – ASEAN Technology Transfer and Collaborative Innovation
- 2022 ICF Conference
- 2022 CRU Conference
- 2022 China International Import Expo in Shanghai
- Signing Ceremony of Strategic Cooperation Agreement between YOFC and HGTECH
- F.ODN International Online Promotion Conference
- Special Exchange Meeting for RCEP National Science and Technology Cooperation of Conference on Overseas Chinese Pioneering and Developing in China
- 2022 China 5G + Industrial Internet Conference
- Signing Ceremony of Strategic Cooperation Agreement between YOFC and China Unicom
- Opening Ceremony and Seminar of GDUT – YOFC Joint Innovation Laboratory
- In-depth Cooperation and Exchange Meeting between YOFC and Changjiang River Industrial Investment Group Co., Ltd.
- FIBER Talk Webinar
- Signing Ceremony of Strategic Cooperation Agreement between YOFC and Maxphotonics
- 2022 “National Science and Technology Week” activities
- Signing Ceremony of First Green Power Trade in Hubei

1. CREATE FUTURE WITH OPTICAL FIBRE

1.4 PUBLIC RECOGNITION

As a leading company in the global optical communications industry, the Group focuses on the sustainable development of the enterprise together with the economy, society and the environment. Through activities concerning constant innovation, energy conservation and emission reduction, internal management performance improvement and active engagement with public activities, the Group is highly recognised by all sectors of society.

Major Awards obtained in 2022

- “Enterprises with outstanding contributions to economic development of Optics Valley”
- “Industrial Internet Identification Innovation and Application Competition (Central) - Gold Award”
- “A device and method for optical fibre preforms fabrication through VAD” won the “Silver Award of the 23rd China Patent Award”
- Selected as 2021 excellent suppliers of China Mobile (grade A)
- Selected as 2021 product suppliers of China Telecom (grade A)
- “Contribution award for supply support in 2021”
- “Partner award for rural revitalisation in 2021”
- “Contribution award for disaster relief in 2021”
- Selected as “2022 Best-practice cases – models of globalisation in 2022” by China Business Network
- “50 good companies in 2022 – excellent development award”
- “Listed Enterprises of the Year 2022”
- The “Industrial chain digital platform based on 5G+ industrial Internet identification analysis” was selected as “Typical application cases of 2022 China 5G+ Industrial Internet Conference”
- Ten benchmark cases of “5G” lighthouse application was selected as the “2022 Communications Industry Golden Zizhu Award”
- Selected as the “First Recognized 5G Fully Connected Factory” in Hubei Province
- The project of “order quick delivery control ability” was selected as the pilot of integrated development of new-gen IT and manufacturing in 2022.
- Active optical cable (AOC) of consumer electronics type was selected as a single champion product (7th batch) in the manufacturing industry

1. CREATE FUTURE WITH OPTICAL FIBRE

Major Awards obtained in 2022

- Selected as the first batch of single champion enterprises in manufacturing industry (optical fibre and cable)
- Selected for the Program of Cultivating Leading Scientific and Technological Enterprises in Hubei Province
- Selected into the List of Service Providers for Digital Transformation in Manufacturing Industry in Jiangxi Province
- “Enterprises with outstanding contributions to economic development of Optics Valley in 2021”
- Selected into in the List of Top 100 High-tech Enterprises in Hubei Province in 2021
- Won the “Best Employer Award 2021 – Top 10 in Wuhan” by Zhaopin
- Awarded “2022 ICT (Information Communication Technology) Industry Influential Enterprise”
- The “G.652 fibre technology solution” won the “2022 Best Optical Communication Technology Innovation”
- The “MaxBand® WideBand OM5 Multimode Fibre” won the “2022 Best Optical Communication Technology Innovation Product”
- The “refined energy management platform based on industrial Internet identification resolution” won the “2022 Best Industrial Internet Platform”

2. RESPONSIBLE OPERATION

2.1 COMPLIANCE OPERATION

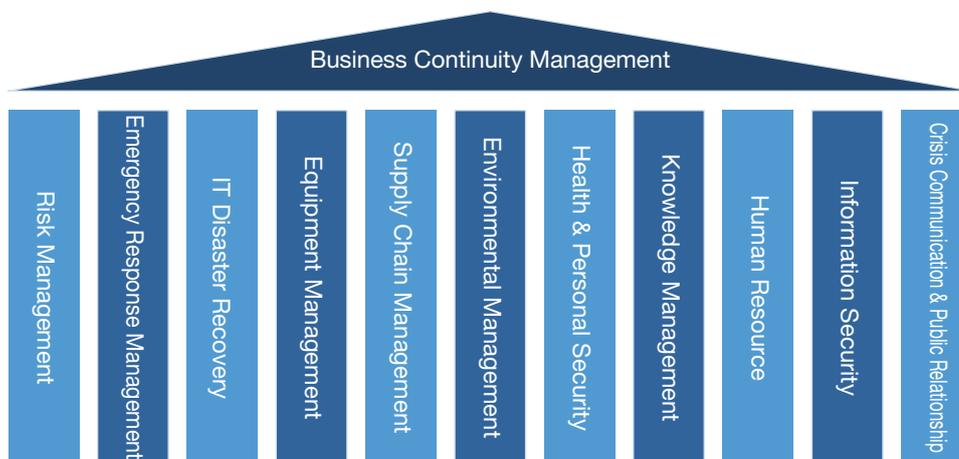
The Group strictly complies with laws and regulations such as the *Company Law of the People's Republic of China* and the *Securities Law of People's Republic of China* and relevant regulations such as the *Corporate Governance Code* set out in Appendix 14 to the *Rules Governing the Listing of Securities* of the Hong Kong Stock Exchange, the Group has constantly optimised its internal management system and has strengthened its key controls and improved its capabilities in prevention and control over significant risks.

The Group has developed comprehensive risk management policies, established a risk management system, and set up a multi-level management and control system consisting of the Audit Committee, internal audit department and functional business departments. By identifying and evaluating our operation risks, the Group has formulated corresponding measures for management and control to ensure stable and compliant operation. Meanwhile, we pay close attention to the changes in state laws, timely upgrade our systems, and optimise our business model accordingly to ensure that the Group operates following national laws and regulations.

2.2 BUSINESS CONTINUITY

In recent years, the frequent occurrence of natural disasters and man-made accidents has caused the disruption of various businesses to society, led to the decline of the global economy, and significantly increased the uncertainty and risk of the organizational environment. At the same time, in today's highly internationalized social division of labour, the Group's procurement, manufacturing, logistics, and services must rely on extensive collaboration with third-party manufacturers, professional institutions, and partners, making business continuity management critical.

In 2022, we constructed a business continuity management system in accordance with the requirements of ISO 22301 business continuity management system and the Group's current situation. By establishing management organizations and processes, key elements of business continuity (BCM) are integrated into Group's daily operation, including BCM and emergency plan formulation, staff BCM trainings and drills, organizational BCM management improvement, emergency management enhancement, ensuring effective management of daily management risks.



YOFC Business Continuity Management System

2. RESPONSIBLE OPERATION

2.3 QUALITY ASSURANCE

As a leading company in the global optical communication industry, adhering to the quality concept of Continual Improvement, The Pursuit of Excellent Quality, the Group conducts quality control according to requirements higher than the average industry standards. We took the lead in signing the *Product Quality Self-discipline Convention in Optical Fibre and Optical Cable Industry*, the first self-discipline convention for product quality in China's optical fibre and cable industry. Based on high standards and high requirements for quality, we promote the high-quality development of China's optical fibre and cable industry.

Quality management

The Group implements total quality management in four aspects: quality planning, quality control, quality assurance and quality improvement in accordance with the systematic approach of the management system. By the end of 2022, the Group had established more than 1,600 quality management systems of various types, reviewed and revised relevant documents including management manuals, management procedures, operating instructions or technical specifications every year, implemented management system requirements into various business processes such as research and development, procurement, production, delivery and after-sales, and implemented whole-process quality monitoring using quality information management systems to ensure that products, processes and services to meet the needs of users.

We always implement strict quality management standards and continuously improve our quality management process. The Group has established a complete quality supervision mechanism and set up the Group's Innovation Centre's testing laboratory and Operational Quality Centre Quality Department, ensuring that all quality business activities are under control. We conduct internal audits of our operations every year, rectify the deficiencies and risks exposed by the audits, track and verify the problems in order to continuously improve the quality management of the company. In addition, the company will revise, decompose and assess the quality objectives of the company every year based on the performance of previous years, and rectify the non-compliance items to ensure the healthy operation of the company's quality management system.

In 2022, there was no major recall of products for safety and health reasons.

2. RESPONSIBLE OPERATION

Quality culture

The product quality depends on the commitment and efforts of all employees. To constantly cultivate the quality culture of the Group and strengthen the quality education of staff, we conduct quality activities in various forms such as training and competitions, enhancing their quality management ability and quality competence. In 2022, we continued to carry out quality activities by job level and content, provided new employees with training on the basic knowledge of the management system, provided quality personnel with advanced training on quality tools. We led more than 50 core professionals to participate in quality tool training on Measurement System Analysis (MSA) and Failure Mode and Effects Analysis (FMEA) to further enhance the professional capability of applying quality tools within the company. At the same time, in order to improve the quality management of product line suppliers, we organized training on supplier quality management within the company. Employees from different departments have substantially improved their abilities in related quality management through a series of activities.



Supplier quality management training

2. RESPONSIBLE OPERATION

2.4 CUSTOMER SERVICE

With customer satisfaction as the core of business development, the Group responds to customer needs promptly, takes every effort to provide customers with high-value services, and has won the respect of the market and customers with customised customer support service solutions. We take multiple measures to guarantee proper customer service.

By the end of 2022, the Group received 131 complaints about products and services. We assigned special personnel to follow up and deal with them in accordance with relevant procedures, maintained continuous communication with customers to meet their reasonable demands and provide them with high-quality services. Customer complaint satisfaction reached 100%.

Establishment of effective communication channels

Effective communication channels enable us to obtain customer feedback in a timely manner and to adjust service approaches according to plans to enhance service quality and optimise service process. Through channels such as client visits, technological communication, production and delivery, after-sales service, follow-up calls to customers and assessment follow-up, we monitor our products and services during and after sales and promptly identify problems and deficiencies for improvement.

Establishment of a sound service support system

We effectively respond to customers' request and efficiently handle customers' problems with the support from sales and technical personnel around the globe. Our service teams commit to responding within 24 hours and resolve customers' service request within 48 hours. 7×24 service hotline is available for receiving customer feedback and responding to customers' needs any time.



YOFC customer service system

Establishment of a transparent closed-loop handling mechanism for customer feedbacks

We handle complaints in strict compliance with the requirements of our *After-sales Service Process* to ensure that customers' comments and complaints are properly handled. For the after-sales service teams, we have established a responding system, reporting system, training system and performance appraisal system to achieve optimal control over various after-sales services, thereby ensuring timely and efficient processing of complaints and making improvements on products and services accordingly.

2. RESPONSIBLE OPERATION

Case: Factory acceptance test of G.654.E optical cable products was completed successfully

In 2022, leading domestic telecommunications enterprises began to purchase G.654.E optical cables produced by YOFC, which have been widely used in domestic main line network. During the reporting period, operators conducted 7 factory acceptance tests of the main line optical cables and all these tests were successfully completed as all technical specifications of the optical cables were met as required.



Acceptance tests of the G.654.E optical cables

Case: The after-sales service of optical cable products was well received by customers

The leading domestic telecommunications enterprise uses our G.654.E optical cable products. YOFC continuously tracks relevant single-disc test, fusion test and distribution of optical cables, and dispatches technical personnel to provide guidance on site in a timely manner. In early June, as the G.654.E main line project of Guangxi Telecom kicked off, after-sales personnel went to Guilin warehouse as soon as possible to work with China Telecom, the supervision party and construction party to exchange guidance on the test methods and construction requirements of G.654.E optical cable. We guided the deployment and test process of optical cables during the subsequent construction process. Our service was highly praised by China Telecom. We were selected as “2021 product suppliers of China Telecom” (grade A for outdoor/indoor optical cable).



YOFC was selected as 2021 product suppliers of China Telecom (grade A)



G.654.E Cable

2. RESPONSIBLE OPERATION

2.5 INFORMATION SECURITY

The Group always adheres to the information security policy of “safety first, precaution crucial, dual emphasis on management and technology, comprehensive prevention”, to practically implement information security measures and enhance management level of information security.

The Group strictly complies with laws and regulations such as the *Cybersecurity Law of the People’s Republic of China* and the *Information security technology — Baseline for classified protection of cybersecurity*. We have established an information security leadership group as the highest management organ responsible for information security work, and the president of the Group is the head of the information security leadership group. There are information security team, network security team and software application team under the leadership group to ensure the compliance of information security work. We have established an overall information security system to achieve comprehensive protection of digital information at all levels. We take active prevention strategies to monitor, warn and respond to the emergency, implementing dynamic information security strategies and establishing more effective and targeted protective measures according to external threats and internal risks.

Information security management principles of YOFC	
Management and technology	Management and technical measures are combined to achieve effective security protection.
Comprehensive governance	Through comprehensive and integrated information security assurance work, enhance the information security governance capability of YOFC.
Continuous operation	Continuously run the information security system and improve the information security level of the enterprise.
Grading and domaining	Implement grading protection measures for the information systems and take control of comprehensive network through the division of network security domain.

2. RESPONSIBLE OPERATION

The Group is committed to building an efficient information security defense mechanism to minimize the loss of information leakage. In the event of a leak of the Group's sensitive information, each department will immediately take remedial measures and report in writing to its supervisors, describing the specific circumstances of the incident and remedial measures, and strives to reduce the losses caused by the leakage incident. In addition, our information security platform reviews data information and conducts exit audits for employees in important positions to minimize the risk of data leakage and safeguard the information security of the Group.

The Group attaches great importance to the protection of user privacy and security. We have formulated the *Terminal Management Regulations* and set up a strategy implementation team to manage and deploy personal privacy security and information security work. The Group stipulates that any department or individual shall not, without authorization, talk about, release or disclose any sensitive information of the Group in any public platform, public occasion or office place in any way, and shall not use the sensitive information of the Group for other commercial purposes, so as to effectively implement the management of information security.

The Group continued to implement strict network behavior control and strengthen software compliance management to effectively avoid information security risks arising from infringement and unauthorized access. We deployed a new situational awareness system to our headquarters and some subsidiaries to improve information security and IT management capabilities, upgraded our anti-virus system, strengthened terminal security management, conducted information security diagnostics for the Group's subsidiaries, and covered data encryption and decryption systems in a comprehensive manner to safeguard data and users' privacy within the Group.

The Group continuously promotes information security to enhance information security protection awareness of all employees and third parties. We regularly push information security knowledge through the official mailbox and WeChat, and release a mandatory information security curriculum on online training platforms for all employees. In addition, we require third parties and partners to also participate in the Group's regular information security propagation and training, and to sign confidentiality agreements.

2. RESPONSIBLE OPERATION



Information Security Preach



Information Security Awareness Training

 <p>长飞信息安全宣贯之勒索病毒...</p> <p>2.1K 人已学习 可获学分 4.5</p> <p>风险管理 学习课程 ></p>	 <p>长飞集团对外宣传管理宣贯</p> <p>2K 人已学习 可获学分 22</p> <p>风险管理 学习课程 ></p>	 <p>信息安全-Wi-Fi安全篇</p> <p>1.9K 人已学习 可获学分 4</p> <p>风险管理 学习课程 ></p>	 <p>Wi-Fi安全篇</p> <p>1.9K 人已学习 可获学分 2.5</p> <p>风险管理 学习课程 ></p>
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Online Training Platform

The Group is committed to constantly strengthening internal protection of information security, and obtained ISO27001 for information security management system and certification of integration of information and industrialization. Our major business systems have also been certified to Level 2 of information system classified security protection.

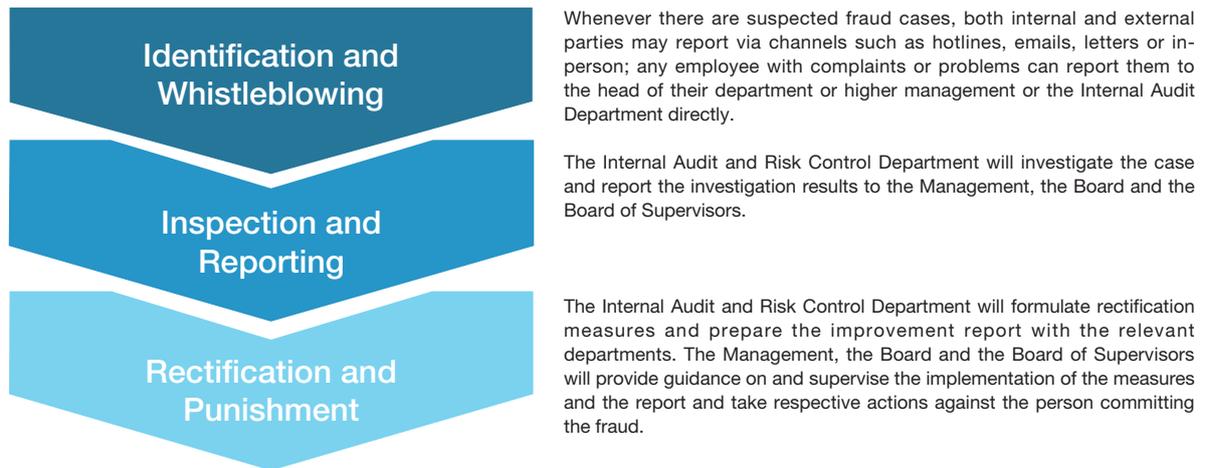
2.6 INTEGRITY BUILDING

Adhering to the principle of firmly resisting corruption and fraud, the Group strictly abides by 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, and formulates the *Regulations on Management of Anti-Fraud, Whistle Blowing and Complaints*, the *Code of Professional Ethics for Senior Management*, *Code of Conduct for Managers*, *Code of Integrity Management for Employees*, *Code of Business Conduct for YOFC employees* and other internal regulations and policies in a bid to build a solid defence line against corruption and degeneration.

We have established a multi-level management system and mechanism and implemented segregation of duties in key areas such as approval of capital payment, support of engineering projects, human resource deployment, and material procurement to prevent corruption and fraud risks. For personnel recruited or promoted in key positions, the Group vigorously investigates their educational background, work experience, criminal and fraud records and keeps the investigation transcripts in files.

Procedures for handling fraud cases

In respect of combating fraud, we have also established comprehensive management processes with policies and procedures based on identification and whistleblowing, investigation and reporting and rectification and punishment measures.



The process of combating fraud

2. RESPONSIBLE OPERATION

We strictly implement whistleblowers protection measures and prohibit any retaliation. We will seriously deal with those who violate the regulations and disclose the information of the whistleblowers or take retaliation against the whistleblowers. If it constitutes a criminal act, we will transfer it to the appropriate judicial authority and prosecute its criminal responsibility.

In 2022, no concluded legal cases regarding corrupt practices had occurred.

Integrity culture building and communication training

We actively advocate a corporate culture of honesty and integrity, increasing employees' awareness of integrity by preparing employee manuals, providing anti-bribery and anti-corruption training courses, and carrying out integrity culture-building activities. In 2022, we carried out various compliance activities such as induction training on compliance for new staff, anti-fraud training for management, internal anti-fraud investigation, training on conflict of interest declaration and held anti-fraud training covering the Board and all employees to promote anti-fraud and anti-commercial bribery culture, raise the awareness of integrity and self-discipline of employees and prevent the occurrence of corruption issues.

Anti-unfair competition

We encourage and maintain fair competition in business, oppose violations of the principle of good faith in market transactions and the generally recognised business ethics, and oppose the behaviour of taking the competitive advantage of others through unfair means, so as to protect the legitimate rights and interests of operators and consumers and contribute to building a harmonious market. In 2022, the Group had no lawsuits regarding unfair competition and monopoly.

2.7 INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are the significant core competencies of enterprises. In strict accordance with laws and regulations 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 formulated internal management systems related to intellectual property protection, such as the *YOFC Group Research and Development (R&D) Management Process*, the *Patent Application Process*, *Intra-Group Patent Transfer Process* and *Core Patent Management Measures* so as to standardise intellectual property management.

2. RESPONSIBLE OPERATION

In order to strengthen the intellectual property management in the R&D process of internal projects, the Group has established an intellectual property management system and set up required procedures for patent assessment and application in R&D projects, registering and protecting the intellectual property rights of the products in the early R&D stage of new products. Meanwhile, the Group regularly conducts risk analysis on potential intellectual property rights infringement (including infringing others' patents or being infringed by others' products) and makes patent risk analysis reports in project establishment, mid-term inspection, acceptance and other processes, preventing new products from infringing upon others' property rights. In addition, legal proceedings and reporting are targeted to effectively protect our intellectual property rights. This year, in order to improve the company's overall patent level and achieve high-quality patent output, we carried out four patent trainings for R&D personnel, including patent point mining, patent exploration, patent award application, high-quality patent case analysis, high-quality patent output and other special sharing and training.

2.8 BRAND PROTECTION

The Group strictly complies with the Advertisement Law of the People's Republic of China, the Trademark Law of the People's Republic of China and regulations of relevant authorities, such as the Ministry of Industry and Information Technology, and has also formulated rules and regulations such as the Brand Management Regulations, the Brand Development and Management Manual, the YOFC Exhibition Management Process and the Writing Standards for YOFC Product Manual to regulate the use of trademark and brand image. Along with external and internal promotion activities in multi-channels to convey our service purposes, righteous behaviours to the public and enhance the corporate image.

We have built a promotion information management system and specified the process for external publicity with a sound brand promotion management mechanism established to ensure that the information released complies with the Group's information disclosure principles and promotion strategy. This year, we updated and released the Brand Guidelines VI Manual, which details the requirements and specifications for the use of brand logos and has carried out comprehensive publicity throughout the company to ensure compliance with advertising regulations and other relevant regulations in the process of brand and product promotion. In 2022, the Group had no affairs concerning violation of related marketing, including advertisement, promotion and sponsorship, regulations and voluntary rules.

3. SMART CONNECTIVITY

The Group always adheres to the concept of “customer first, quality focus, people-oriented, innovation and development”. We have carried out technological innovation and intelligent manufacturing to lead the intelligent development of the industry and promote the enterprise’s high-quality development.

3.1 INTELLIGENT INNOVATION

The Group insists on the innovation-driven approach, continuously conducts technological innovation and intelligent manufacturing, taps into the area of new optical fibre and special optical fibre cables, accelerates collaborative industrial innovation, and promotes the deployment and upgrading of optical networks with more new products and services, dedicating to promoting the development of optical communication industry and contributing to the development of science and technology for the nation.

Research and Development Innovation

In order to strengthen controls over the Group’s internal R&D projects, the Group has standardised full lifecycle management of scientific research and innovation projects in accordance with innovative R&D management system including the *R&D Management Procedures*, the *Initiation Process of R&D Projects* and the *Changes in Initiation Process of R&D Projects*.

The Group has built an efficient R&D system and established an R&D platform with the national key laboratory centre and R&D centre as the main body to assist in R&D innovation. Our production covers the whole series of optical fibres and cables, and we have the longest industry chain in the sector. We are also one of the few companies that master the PCVD (Plasma Chemical Vapour Deposition), VAD (Vapour Axial Deposition), OVD (Outside Vapour Deposition) and also one of the three companies in the world that master the production techniques of ultra-low loss single-mode fibres for the next generation of telecommunications, and OM5 multimode optical fibres with high bandwidth for the next-generation data centres.

This year, we made a greater investment in the R&D activities to improve product performance and assist in the low-carbon operation, we also won the Silver Award of the 23rd China Patent Award. As of 31 December 2022, we have a total of 976 authorised and valid Chinese patents, including 590 invention patents and 103 overseas authorised patents, with 284 research staff.

3. SMART CONNECTIVITY

Case: R&D of optical and semiconductor quartz materials

The Group conducts in-depth research on the property of optical homogeneity and successfully develops the production process of low-hydroxyl and high-gloss quartz materials, and realises industrial production of YOFC's optical quartz product. Meanwhile, the Group dives into how the optical processing of glass works and overcomes the process difficulties of high-precision processing to achieve the industrialisation of precision optical machinery processing of YOFC's optical quartz ingots. We have also prepared the photomask substrate for semiconductor with a high geometry level and ultra-smooth surface without defects. And a domestic leading optical quartz detection platform has been also launched along with a standardised product testing program. Thanks to research on process and equipment, we have the ability to independently design thermal processing equipment and develop large-size slot sinking machine tools and other equipment. YOFC has made great innovations in the R&D, production and testing of optical and semiconductor quartz materials, which effectively guarantee its product quality, thus promoting the further development of the optical communication industry.

Case: Space Division Multiplexing (SDM) solution for next-generation data centres

YOFC has taken the lead in manufacturing 8-core and 4-core optical fibre, which has been used by data centres, filling the gap in the domestic market of multi-core optical fibre for data centres. Space Division Multiplexing (SDM) solution for next-generation data centres incorporates multi-core optical fibre, multi-core optical fibre optical transceivers, high-density connectors and fan-in and fan-out devices. Together with the Everpro and SUNSTAR, we conducted the multi-core fibre optical laboratory transmission test. The bit error rate of multi-core optical fibre transmission is not significantly different from that of conventional optical fibre. At the same time, YOFC exchanged insights on multi-core optical fibre data centre solutions with Internet customers, to solve high-density connectivity problems in the data centre. These problems are of wide interest to customers in the industry and the responsive solutions receive their unanimous recognition.

3.2 INTELLIGENT MANUFACTURING

The waves of digital transformation have made computing power an important driving force to promote the digital development of economy and society. As China fully launches the "Eastern Data and Western Computing" project in 2022, the new demands for computing power networks are generated. YOFC is committed to empowering industries with digital + intelligent manufacturing. Therefore, we define the "technological innovation and digital transformation" as our five pillar strategies and take the lead in practising production management driven by "5G+ industrial Internet", to explore the road of intelligent manufacturing and digital transformation.

3. SMART CONNECTIVITY

Case: Digital application of “5G + Guangyun industrial Internet platform”

By application of core technologies of “5G + Guangyun industrial Internet platform”, YOFC realises digital manufacturing of optical fibre preforms, optical fibres and cables. We use 5G, AI, image analysis, auto control, AR/VR and other diversified applications in quality inspection, remote equipment control, equipment fault diagnosis and production site inspection of optical fibres and cables. The full operation of knowledge data model and the ability to analyse industrial Internet big data have comprehensively levelled up the digital management and supported the industry digitalisation.



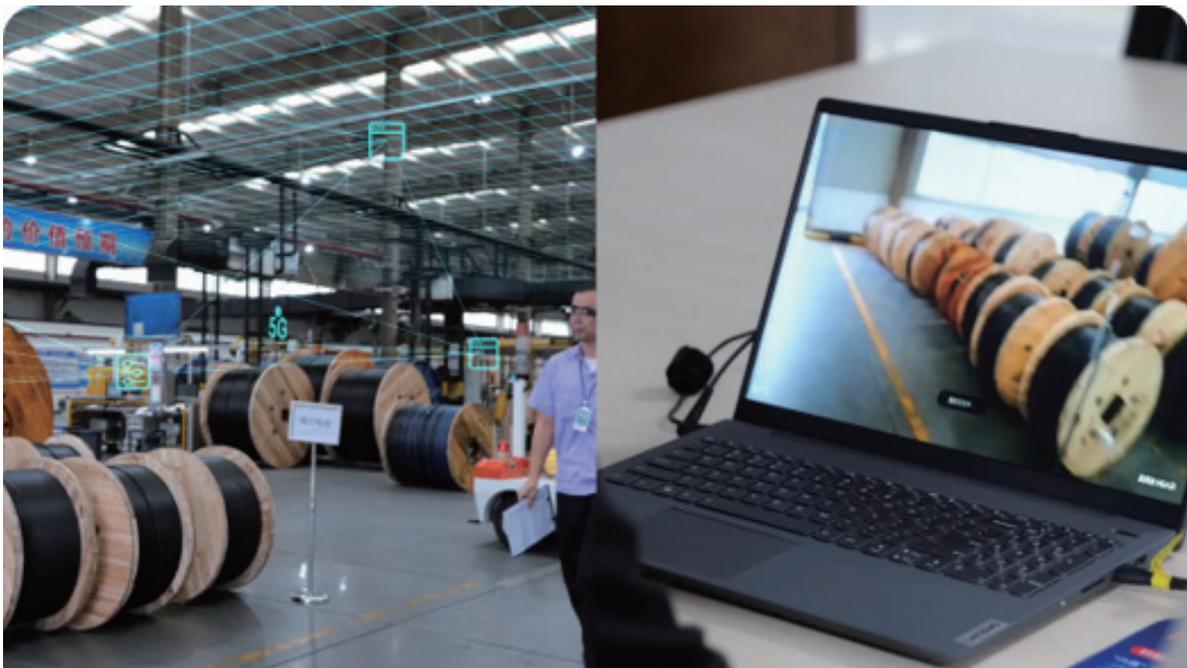
5G Machine Vision Quality Inspection

3. SMART CONNECTIVITY

Case: YOFC intelligent manufacturing digital solutions

As the first batch of intelligent manufacturing pilot enterprises in China, YOFC has developed a 5G + smart factory solution leveraging its technical advantages in intelligent manufacturing, optical transmission and optical sensing. This solution is developed based on all-optical network (AON) and used in multiple application scenarios, with identifier resolution as the link and IIoT platform as the core. In joint innovation with China Mobile and China Telecom, we use 5G network to carry out AR random sampling, unmanned transportation and AI intelligent verification. Based on 5G network, production data will be sent back to customer supervision platform in real time, realizing remote real-time visualization of production and manufacturing, monitoring of the whole process of production process data and traceability of the whole process of production product information.

Guided by the concept of “data-driven” and “scenario design”, the solution adopts scenario-based design for the management business and operation process of each module. In the solution, we use the cloud, edge and end architecture based on the industrial Internet platform and establish a business management control system focusing on the two goals of “co-operation on platform and intelligent manufacturing in factory”. This solution has worked well for many enterprise clients, contributing to their digital transformation and upgrading.



AR random sampling

3. SMART CONNECTIVITY

Case: Contributing to “Eastern Data and Western Computing” project based on AON

The “Eastern Data and Western Computing” project is featured by large spatial span of network layout, frequent data transmission and users’ less delay tolerance. The G.654.E optical fibre with large effective area and ultra-low loss is the first choice for 200G, 400G and future Tbit/s ultra-high speed transmission technology. In 2022, YOFC made contribution to China Mobile Research Institute’s achievement in 2 world records of long-haul optical transmission, i.e., 2000km for 800G optical fibre and 200km for 400G few mode fibre (FMF). YOFC’s FarBand ultra-large capacity and ultra-low loss G.654.E optical fibre broken the speed limit and achieved the transmission over 2000km based on the 800G single-channel electric domain and multiple subcarriers, for the first time, which effectively improved the 800G long-distance transmission performance. This ultra-high-speed transmission infrastructure supports the “Eastern Data and Western Computing” project, which is of milestone significance for the layout of the next generation of ultra-high-speed information network.



YOFC G.654.E Optical Fibre

3.3 INTEGRATED SOLUTION

In order to strengthen the application of innovative technology and promote the implementation of innovative results, the Group continuously expands the cooperation with the partners in the upstream and downstream of the optical communication industry chain, and explores cutting-edge technology together with customers, and thus add momentum to the development of optical communication industry and drive overall technical progress in this regard.

Case: Joint innovation laboratory

In December 2022, the Group signed an agreement with China Telecom Research Institute to set up a joint innovation laboratory. China Telecom is an important strategic customer and partner of YOFC. Their cooperation aims to facilitate the formation of an enterprise decision-making think tank, technological innovation engine and product innovation incubator for the Group and branches at provincial level. We, together with China Telecom Research Institute, will give full play to our respective strengths, complement each other's advantages, so as to achieve seamless industry-university-research cooperation. To achieve the goal in core technology research and industrialisation, we will build the joint innovation laboratory as a pilot base and industrialisation base for new technological research achievements.

Sticking to innovation-driven development and customer-oriented concept, the Group will explore and innovate the industry-university-research cooperation model, and open a new chapter for high-quality development.

4. GREEN DEVELOPMENT

With environmental issues such as global climate change becoming increasingly serious, green development has become the consensus of many countries, organizations, enterprises, families and individuals around the world.

The Group is acutely aware that green development is in its own short-term and long-term interest. While insisting on providing high quality products and services to our customers, we deeply integrate the concept of green, low-carbon and sustainable development into our daily production, operation and engineering construction, creating new momentum for business growth from green products and services, reducing production and manufacturing costs and carbon emissions through energy saving and efficiency increasing, and working together with upstream and downstream to promote the green and low-carbon transformation of the industry.

In 2022, to promote the implementation of carbon emission reduction and carbon neutrality targets, YOFC focused on the Group’s strengths and scientifically formulated the “Green Development Action Plan” with carbon management as the core. The plan clearly defines the governance structure of “regulatory level – decision-making level – executive level” and the division of responsibilities. After assessing risks and opportunities, we identified carbon emission reduction and carbon neutrality targets and “Green Development” strategy. We planned three action routes of “Green Operation”, “Green Factory” and “Green Product” and set down corresponding “Management Plan”, “Technology Plan” and “Marketing Plan”, with each company and business module at the executive level responsible for refining and implementing the plan. At the same time, YOFC has established a green development evaluation system to support the implementation and continuous improvement of the plan.



Green Development Action Plan

4.1 GREEN OPERATION

The Group has thoroughly implemented the concept of green and sustainable development throughout its operation and management process, established a green development management system. The Group has continuously explored the management core of green development by conducting systematic reviews on the environmental impact of its own operation process as well as established a quantitative evaluation and assessment mechanism to achieve control at source and continuous improvement. We are also committed to collaborating with upstream and downstream to carry out green procurement which may promote green packaging, green logistics and recycling in the supply chain.

In 2022, YOFC has successfully passed the third-party certification audit of ISO 50001 Energy Management System and the renewal audit of ISO 14001 Environment Management System



Energy Management System Certificate



Environment Management System Certificate

4.1.1 REACT TO CLIMATE CHANGE

The Group is aware of the challenges brought by environmental and climate change risks to our daily business and operations, proactively identifies risks and opportunities therein, and establishes responding measures to actively responds to stakeholders' concerns, including the government, customers, investors, and the market. At the same time, we continue to optimise carbon management measures for climate change adaptation and response to ensure that carbon neutrality targets are met.

4. GREEN DEVELOPMENT

Risks and opportunities associated with climate change

While practising the green and low carbon operation, we analyse our risks and opportunities related to operations and development, assess their effects and develop adaption and response strategies.

		Risks	Responses
Physical risk	Acute risk: Extreme weather such as typhoons and torrential rains	<ul style="list-style-type: none"> Asset losses would arise from damage to plants, office buildings and equipment; Production instability would arise from equipment damage, employees' inability to work and transportation interruption; Extreme weather may affect the transformation of gas necessary for production, which would interrupt the continuity of optical fibre production. 	<ul style="list-style-type: none"> Formulate emergency response plans and continuously improve emergency response mechanisms for natural disasters; Identify possible asset damage and purchase necessary insurance; Establish gas-production companies around optical fibre production bases to increase production stability.
	Chronic risk: Continuous high temperature, drought, etc.	<ul style="list-style-type: none"> Higher temperature requires the Group to purchase more cooling equipment, which would increase operating cost; Employees may not be able to work long in the hot weather, which would affect the operational efficiency. 	<ul style="list-style-type: none"> Develop and apply more energy-efficient cooling equipment; Scientifically arrange production plans, carefully deploy production organisations, and improve operational efficiency.

4. GREEN DEVELOPMENT

		Risks	Responses
Transition risk	Policy and legal risk	<ul style="list-style-type: none"> The government may introduce stricter policies and regulations to mitigate climate change, which would increase our compliance workload or subject us to litigation or claims; Implementation of the carbon pricing mechanism for carbon emissions trading in China would increase the operating costs of the business. 	<ul style="list-style-type: none"> Closely monitor changes in environmental laws, regulations and policies, and respond to them in a timely manner; Actively conduct energy conservation and emission reduction and increase the share of clean energy; Proactively participate in carbon emissions trading, keep abreast of market trends, and develop and implement optimal trading strategies.
	Technical risk	<ul style="list-style-type: none"> Failed investment in R&D of low-carbon technology; Low-carbon technologies are not identified and applied in a timely manner, resulting in the low-carbon shift of products falling behind peers and negative impact on business finances. 	<ul style="list-style-type: none"> Improve our R&D capability of low-carbon technology through such measures as personnel training and retention; Constantly develop and apply low-carbon technology and actively engage in industry cooperation.
	Market risk	<ul style="list-style-type: none"> Failure to effectively meet consumer demand for green low-carbon products; Increasing cost of raw materials and energy. 	<ul style="list-style-type: none"> Actively develop green low-carbon products to meet consumer demand; Promote resource saving; Build an energy information platform and enhance energy management and control capabilities by means of energy monitoring and analytics.
	Reputation risk	<ul style="list-style-type: none"> Negative feedback from stakeholders due to poor performance in climate change and sustainability; Failure to complete carbon compliance properly could result in penalties from government authorities and negative impacts. 	<ul style="list-style-type: none"> Enhance the Group's ability to develop sustainably and actively respond to climate change; Enhance the transparency of management and respond to the concerns of stakeholders; Regularly assess the risk of carbon emissions compliance, continuously track policy changes, actively participate in carbon emissions trading and complete compliance on time.

4. GREEN DEVELOPMENT

Opportunities		Responses
Resource efficiency	<ul style="list-style-type: none"> Supportive policy incentives. 	<ul style="list-style-type: none"> Actively explore and apply new technologies, equipment and processes, improve resource efficiency and reduce energy costs; Identify and act upon government supportive policies and green projects; Strengthen R&D on low-carbon technology, continuously increase the proportion of green low-carbon products; Identify and participate in emerging markets; Promote the development and use of renewable energy.
Products and services	<ul style="list-style-type: none"> Research and development of green low-carbon products; Solutions to climate change within the industry. 	
Market	<ul style="list-style-type: none"> Increased demand for green products arising from changes in users' preferences; Increased demand for integrated energy services. 	
Adaptability	<ul style="list-style-type: none"> Energy substitution and diversification programs; Participating in renewable energy projects. 	

Carbon Emissions Target

Target and Commitment	2022 Work in Progress	Action Plan
We strive to reduce greenhouse gas emission by 50% by 2028 from a 2021 base year of RMB10,000 output value and strive to achieve carbon neutrality by 2055.	In 2022, we launched the Group's carbon inventory project to comprehensively map the greenhouse gas emissions of each of the Group's companies. Through solid and targeted energy saving and carbon reduction efforts, the Group ultimately achieved an 8% reduction in 2022 in greenhouse gas emissions from the base year of RMB10,000 output value, and made steady progress towards the target.	We will continue to promote the implementation of emission reduction and carbon reduction from the three aspects of "Green Operations," "Green Factory," and "Green Product" in strict accordance with the green development action plan to ensure the achievement of carbon emission reduction and carbon neutrality goals.

Note: This target covers YOFC and its subsidiaries disclosed in this report.

4. GREEN DEVELOPMENT

Carbon Management

The Group has formulated *YOFC Carbon Management Procedure*, which stipulates the requirements for YOFC to establish, implement, maintain and carbon emission reduction and carbon neutrality targets. the management procedures of organizational carbon emissions, product carbon footprint, carbon assets, carbon trading, carbon neutrality and carbon disclosure, to provide systematic support for the development of carbon management.

In 2022, we have invited professional consultants to empower the management team at the decision-making and executive levels on carbon management, and organised a number of trainings on carbon management related standards and practical exercises through online and offline methods, with a total of 149 participants, effectively strengthening the awareness of carbon management related personnel on green and low-carbon, and providing detailed guidance for the development of carbon management.



Green Low-carbon Training

4. GREEN DEVELOPMENT

We conduct annual cyclical monitoring of carbon emissions generated from production and operations, mainly including electricity, heat, fuel and industrial protective gases used. We proactively identify direct and indirect emission sources of greenhouse gas within the plant, confirm emission boundaries, organise all Group companies to jointly establish a greenhouse gas emissions statistical ledger, and conduct regular accounting and analysis based on the ISO 14064-1 standard, in order to explore the scope for emission reduction in the production and operation process and continue to make progress towards our carbon reduction targets. This year, the environmental protection investment is 19.316 million yuan in Wuhan headquarters.

Greenhouse Gas	Unit	2022
Total Direct Greenhouse Gas Emission (Scope 1 & Scope 2)	Tonnes(CO ₂ equivalent)	364,710
Direct Greenhouse Gas Emission (Scope 1)	Tonnes(CO ₂ equivalent)	50,279
Indirect Greenhouse Gas Emission (Scope 2)	Tonnes(CO ₂ equivalent)	314,431
Greenhouse Gas Emission Intensity	Tonnes(CO ₂ equivalent)/ ten thousand output value	0.20

Note:

1. 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).
2. In 2022, the Group carried out a carbon assessment according to ISO 14064-1:2018 *Standard and Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*. The GHG inventory primarily includes carbon dioxide, methane and nitrous oxide.
3. During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

4. GREEN DEVELOPMENT

4.1.2 ENERGY MANAGEMENT

Energy consumption is the most significant emission source of carbon emission for the Group. We are committed to ensure the implementation of energy saving policy by constantly improving energy management, promoting the implementation of energy saving technology, and enhancing energy efficiency in the whole process, so as to help achieve the carbon emission reduction and carbon neutrality targets.

We strictly follow the laws and regulations such as *Energy Conservation Law of the People's Republic of China*, *Administrative Measures for Industrial Energy Conservation*, *Measures for the Administration of Energy Conservation of Major Energy-Consuming Entities*. In 2022, according to the requirements of *Plan for Green Development of Industry during the '14th Five-Year Plan'* and *Action Plan for Industrial Energy Efficiency Improvement*, we updated procedure documents for energy management and controlling, such as *Energy Management Manual*, *Energy Management Regulation*, *Controlling Procedure for Energy Monitoring, Measurement and Analysis* and *Controlling Procedure for energy standard, Performance Parameter, Target and Indicator*, so as to classify the responsibilities of all departments and to standardise the whole process of energy management.

Energy Target

Target and Commitment	Target Progress Review	2023 Target
As the largest component of total greenhouse gas emission, energy consumption is our most important focus about low carbon development. To support the achievement of the carbon emission target, we will continue to improve energy utilization efficiency in manufacturing operation.	In 2022, we reduced energy consumption in our operations by promoting energy-saving renovation projects and digital intelligence management of production. Compared to 2021, energy intensity reduced by 2% in 2022.	In line with achieving the greenhouse gas emission target proposed by the Group, we continue to strengthen energy use management and continuously reduce energy consumption through energy-saving technology improvement, rational energy use and employee participation.

In the aspect of energy management, the Group continually improves energy management by informational technology and proactively purchases clean resources to substitute coal and fuel resources, so as to implement energy saving and emission reduction and to promote green low-carbon operation.

4. GREEN DEVELOPMENT

We improve energy management in the whole process of production and operation according to the requirement of energy management system. By continually improving the staffing rate and management requirement of energy measurement facilities, we conducted self-audit of energy measurement and successfully passed 2022 audit.

Type of Energy	Unit	2022
Total direct energy consumption	MWh	219,883.45
Unleaded gasoline	litres	87,776.96
Hydrogen	cubic meters	465,141.14
Propane	cubic meters	151,186.57
Diesel	litres	106,284.49
Liquefied petroleum gas	kg	2,553.00
Natural gas	cubic meters	20,026,804.03
Total indirect energy consumption	MWh	554,082.65
Purchased steam	MWh	23,104.11
Purchased electricity	MWh	530,978.54
Total energy consumption	MWh	773,966.10
Energy consumption intensity	MWh/ten thousand output value	0.41

Note:

1. 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).
2. During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

4. GREEN DEVELOPMENT

4.1.3 WATER MANAGEMENT

Water Target

Target and Commitment	Target Progress Review	2023 Target
With water scarcity becoming a major issue around the world, we are committed to improving our product design and manufacturing processes, maintaining operational control over water use, and continuously improving water resource utilization rates.	We installed a wastewater recycling system in 2022 to achieve wastewater recycling and effectively save approximately 23,000 tons of water resources.	<p>We always adhere to scientific and rational water use, take improving water resources utilization rate as the core, establish long-term management mechanisms for water conservation and realize efficient recycling of water resource.</p> <p>In 2023, we plan to further improve the reuse rate of water resources by implementing the reclaimed water reuse project.</p>

The Group has been adhering to the principle of “saving and spending”. We continuously strengthened water usage management, reduced the consumption of water resources in the production and office processes through the use of water-saving equipment, water-saving system transformation, and production process optimization, and continuously improved the utilization rate of water resources. In 2022, we will strictly adhere to the government’s annual water use plan and control and incorporated water resource costs as a department assessment indicator. In response to the water conservation initiative, many subsidiaries and product lines identified water resources usage in existing processes as well as planned and implemented water-saving projects to improve relevant processes.

In 2022, we comprehensively strengthened water management, the water balance test was carried out in accordance with the requirements of the *General Rules for Enterprises Water Balance Test* and passed the review of relevant competent departments. regularly inspected and maintained water-using equipment, pipeline facilities and water-using appliances, and monitored the status of the water supply pipeline network in real-time through the online monitoring platform to ensure that the operators could respond in a timely manner in case of abnormalities, effectively reducing the water waste caused by water running, water bubbling, water dripping and water leaking. At the same time, we have built several sets of water recycling systems through technical transformation to improve the utilization rate of water resources.

4. GREEN DEVELOPMENT

Case: Wastewater recovery and recycling project

This year, we installed a wastewater recovery and recycling system to collect and deliver the wastewater discharged from pure water preparation system to the cooling water tower of the building for recycling as cooling water, thus achieving the purpose of wastewater recovery and recycling. It is expected to save about 23,000 tonnes of water per year.



Wastewater recovery and recycling system

Water usage	Unit	2022
Water consumption	cubic meters	1,763,844.75
Water consumption intensity	cubic meters/ ten thousand output value	0.93

Note: During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

4. GREEN DEVELOPMENT

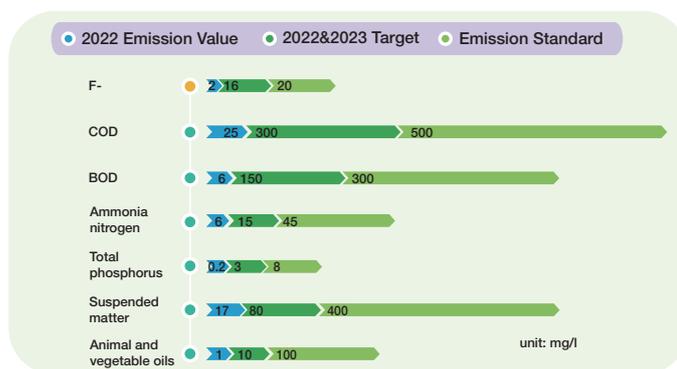
4.1.4 EMISSION MANAGEMENT

The Group always complies with laws and regulations, 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 Solid Waste Pollution Prevention*, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Environmental Impact Assessment*. We exercise strict control over all types of pollutants throughout production and operation and evaluate compliance at least once a year. In strict accordance with the ISO 14001 Environmental Management System, we implement emission management, set up management procedures such as solid waste control procedures and noise control procedures, and carry out compliance management and close monitoring of pollutants and wastes throughout production.

Wastewater Discharge Target

2022 Target	Target Progress Review	2023 Target
In 2022, the sewage discharge pollutants of YOFC Wuhan headquarters will be controlled within the following target values under the condition that they do not exceed the discharge standards.	In 2022, YOFC Wuhan Headquarters continued to optimize sewage treatment facilities, strengthen sewage discharge concentration control, and we restrict the concentration within the limit showing below, thus we have achieved the goal.	In 2023, the sewage discharge pollutants of YOFC Wuhan headquarters will be controlled within the following target values under the condition that they do not exceed the discharge standards.

4. GREEN DEVELOPMENT



We strictly comply with applicable laws and regulations on wastewater treatment and corresponding national standards. We have also set an internal discharge standard higher than the national standards for key pollutants involved in the environmental detection report. We continuously improve our performance in wastewater discharge by upgrading our wastewater treatment facilities and optimising our wastewater discharge management capabilities. This year, our drainage system was designed according to the principle of water-sewage diversion and rainwater-sewage diversion. Domestic sewage was treated by the buried domestic sewage treatment units, and production wastewater was treated by the sewage treatment stations. After the pre-treatment, the domestic sewage and production wastewater are mixed and discharged into the municipal sewage pipe network via the standardised sewage outlet and flow into the local municipal sewage treatment plant. We installed an online monitoring system linked to the local environmental protection agency at the main outlet. We monitored the main outlet on a quarterly basis, and reported the results to the local environmental protection regulator to ensure that the discharge meets the standards.

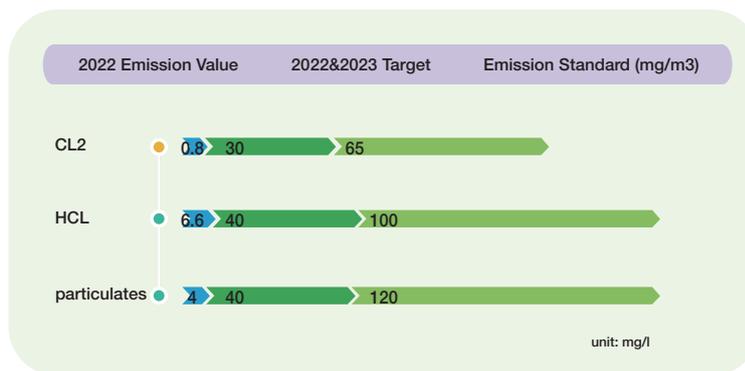
Wastewater Discharge	Unit	2020	2021	2022
Wastewater Discharge Amount	m ³	441,660.46	515,621.38	601,066.79

Note: During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

4. GREEN DEVELOPMENT

Gas Air Emission Target

2022 Target	Target Progress Review	2023 Target
In 2022, the exhaust gas emissions of YOFC Wuhan headquarters will be controlled within the following target values under the condition that they do not exceed the emission standards.	In 2022, YOFC Wuhan Headquarters continued to optimize waste gas treatment facilities, strengthen control over the concentration of waste gas emissions, and we restrict the concentration within the limit showing below, thus we have achieved the goal.	In 2023, the exhaust gas emissions of YOFC Wuhan headquarters will be controlled within the following target values under the condition that they do not exceed the emission standards.



The Group continued to strengthen control measures during the operation period to ensure the compliance emission of exhaust gas. In 2023, the Wuhan headquarters of YOFC set an emission target stricter than the local emission standard.

4. GREEN DEVELOPMENT

Waste Reduction Target

2022 Target	Target Progress Review	2023 Target
In 2022, YOFC is committed to strengthening the monitoring, management and harmless treatment of waste, including reducing the generation of waste at the source, reducing the impact of waste on the environment, and better classifying and transferring waste.	We reduced the generation of waste organic solvents by improving the manufacturing process, which allowed us to use a small amount of isopropanol. Simultaneously, through technical research, we eliminated the discharge of chlorine-containing waste on some process levels.	In 2023, YOFC is committed to strengthening the monitoring, management and harmless treatment of waste, including reducing the generation of waste at the source, improving the yield of finished products, and reducing the impact of waste on the environment, to better classify and transfer waste.

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. The Group's main wastes include general industrial solid waste, domestic garbage, sludge and hazardous waste. For general industrial solid waste and sludge, we transport them to material recovery units for treatment or recycling and use the waste that should be landfilled (20% to 30%) for waste-to-energy generation; for domestic waste, we have designated collection points and centralised recycling sites and hand them over to third-party companies for recycling and disposal; 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.

Type of non-hazardous waste	Unit	2022
Domestic garbage	Tonnes	385.67
Industrial solid waste	Tonnes	1,536.48
Sludge	Tonnes	504.46
Total non-hazardous waste disposal	Tonnes	2,426.61
Non-hazardous waste disposal intensity	tonnes/million output value	0.13

Note: During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

4. GREEN DEVELOPMENT

Type of hazardous waste	Unit	2022
Waste organic solvents	Tonnes	102.10
Waste acid	Tonnes	260.04
Waste activated carbon	Tonnes	15.18
Waste packaging materials contaminated by chemicals	Tonnes	132.48
Other hazardous waste	Tonnes	24.10
Total hazardous waste disposal	Tonnes	533.90
Hazardous waste disposal intensity	tonnes/million output value	0.03

Note: During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

Noise Emission

We identify the impact of noise from daily operations on the surrounding environment, consider noise as an important environmental impact factor and achieve a friendly operation through various noise reduction measures. In 2022, we continued to improve the level of noise management, strictly implemented the “Three Simultaneous”¹ management system for new projects, took effective protective measures at the stages of new equipment investment, equipment renovation, and project design, and strived to achieve comprehensive noise reduction in engineering operations.

4.1.5 GREEN PROCUREMENT

The Group takes full consideration of resource conservation, safety and health, low-carbon recycling and promoting recycling at the procurement stage. YOFC has added environmental assessment standards in the supplier’s audit and management process, requires the supplier to sign the “green environmental commitment letter,” strictly adheres to the latest regulatory requirements of the European Union’s RoHS and REACH, and reduce the environmental impact with practical actions. We give priority to those procurement used raw materials, products and services that are energy-saving, water-saving, and resources saving, fully considering every aspect of environmental protection, for example, we prefer to use imported woods with shorter growth cycles such as Douglas fir, sweet fir, palm fir, spruce as optical cable reels and poplar to promote the sustainable development of materials.

¹ Simultaneous design, simultaneous construction, simultaneous use

4. GREEN DEVELOPMENT

4.1.6 GREEN OFFICE

YOFC advocates for a simple and moderate, green and low-carbon, civilized and healthy office, incorporates the concept of green and low-carbon into the design and management of the office, and guides employees to continuously improve their awareness of energy conservation and environmental protection through publicity and education activities, and take the lead in saving every kilowatt-hour of electricity, Every drop of water, every piece of paper, actively strive to be the propagandist, leader and supervisor of green office.

YOFC launched energy conservation initiatives to all employees during National Energy Conservation Publicity Week in 2022 and carried out energy conservation publicity events both online and offline to create a good green office atmosphere.



Energy conservation week publicity event

Case: Green Low-carbon energy-saving design at the headquarters building of YOFC

During the design phase of YOFC Headquarters Building, the concept of green and low carbon was introduced. Inside the building, we installed an all-air air conditioning system. During the transition season, the air conditioning system uses purified outdoor air as a natural cooling source, significantly reducing the refrigerator's electrical load. We chose a double-layer curtain wall system for the building's exterior wall, which effectively prevents direct sunlight from entering the building and effectively reduces building energy consumption. We installed solar energy collectors on the building's roof to provide hot water for the employees' activity area. Furthermore, in order to encourage employees to use new energy vehicles, we have included 120 new energy vehicle charging piles in the design of parking spaces, accounting for 20% of the total, and we have reserved the long-term power distribution demand of charging piles in advance. New charging piles will be added in the future based on the number of new energy vehicles for employees.

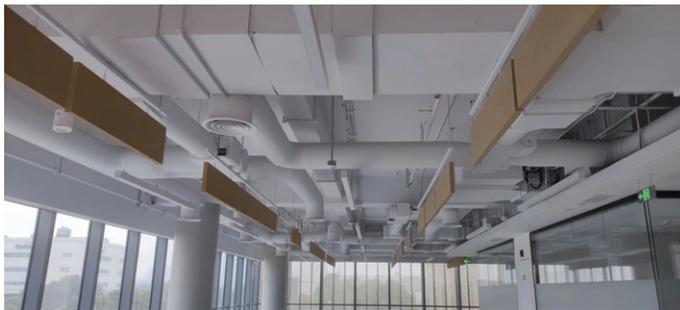
4. GREEN DEVELOPMENT



Charging piles for new energy vehicles



Solar panels



All-air air conditioning system

4. GREEN DEVELOPMENT

4.2 GREEN FACTORY

YOFC has actively promoted the green manufacturing mode at the factory and the construction level of green intelligent chemical plants through implementing “low-carbon energy structure”, “efficient energy use”, and “intelligent green management”.

The implementation of a green manufacturing system is a crucial step to implement the concept of green development and the strategy of manufacturing power in the industrial field. YOFC places a high value on green manufacturing, actively pursues green production mode transformation, green factory establishment, and is committed to lead the green transformation and sustainable development in the industry.

Case: YOFC was included in the national green manufacturing list in 2022

YOFC was selected as the green factory in the national green manufacturing list in 2022 for its outstanding performance in such evaluation metrics as harmless raw materials, clean production, waste recycling, and low-carbon energy. Simultaneously, YOFC(Shenyang) was selected as the green factory in Liaoning Province’s green manufacturing list for 2022. The Group has continuously invested in the construction of green factories in recent years, and its subsidiaries YOFC(Qianjiang) and YOFC(Lanzhou) were the first to be named in the list of national green factories in 2021. Up to now, the Group has become the enterprise whose production base has been selected as the national green factory most in the industry, fully demonstrating our green manufacturing strength.



YOFC



YOFC(Shenyang)

4. GREEN DEVELOPMENT

4.2.1 LOW-CARBONIZATION OF ENERGY STRUCTURE

YOFC continues to improve the level of equipment electrification and intelligence, gradually reducing the use of fossil fuels and actively purchasing green power, increasing the proportion of renewable energy in the plant, optimizing the plant's energy structure, and eventually realizing the complete replacement of clean energy through participation in green power transactions and the construction of distributed photovoltaic projects.

Case: YOFC became the first batch to obtain the “green power trading certificate” in China

On 26 April 2022, Hubei Province held the first green power trading signing ceremony, and YOFC got successfully enrolled in the first batch to obtain the “green power trading certificate” in China. This certificate refers to the certificate for an enterprise to purchase and use green energy electricity in the electricity market, which is jointly certified by the power trading department and the carbon emission trading verification department to ensure the clarity and uniqueness of the ownership of the green attributes of green electricity such as user information, trading volume, electricity type, source power plant and equivalent carbon dioxide emission reduction. This event means the integration of electricity and carbon trading. It marks a big move toward an electric-carbon synergy, which is meaningful to achieve carbon peaking and carbon neutrality goals.



The “green power trading certificate” in Hubei province

4. GREEN DEVELOPMENT

4.2.2 EFFICIENT ENERGY USE

YOFC prioritizes energy savings and efficiency improvement, and the Group continues to explore the energy-saving potential of production equipment. Targeted technical transformation plans are developed and implemented for production systems, HVAC systems, process cooling water systems, compressed air systems, lighting systems, and other production auxiliary systems.

Case: Refrigeration station energy-saving renovation project

In 2022, we completed a comprehensive energy-saving transformation of the plant area's refrigeration station, which included the orderly upgrade of energy-efficient equipment, frequency conversion transformation of equipment, installation of energy-saving regulating devices, and the establishment of an intelligent computer room group control system, the Group automatically adjusts the frequency of chilled and cooling water pumps and the chilled water output flow of the refrigeration unit in real-time with an automatic control program according to the end heat load, so as to enhance the comprehensive COP of the whole refrigeration station, reaching more than 20% of power saving rate.



Energy-saving reconstruction equipment at the refrigeration station

4.2.3 INTELLIGENT GREEN MANAGEMENT

The Group has created 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 achieved comprehensive monitoring of the energy consumption and carbon emission process, digital and intelligent management of plant equipment and facilities, optimization of energy use in various production steps, and the formation of a full-process energy consumption and carbon emission management system, effectively improving energy efficiency and lowering carbon emission levels.

Case: YOFC facility operation management and energy saving

We aimed to strengthen the operation control of plant facilities and explored the possibilities of energy conservation and emission reduction in the process of operation management, based on energy consumption data analysis results. During the 2022 heating season, we implemented comprehensive energy-saving measures for the plant's heat exchange station, as well as optimized and adjusted the heat exchange station's opening and closing times. The heating system's annual steam consumption was reduced by 4%. During the 2022 refrigeration season, we dynamically tracked the periodic changes in the plant area's cooling load and effectively reduced the annual power consumption of the cooling system by implementing a series of measures such as using the automatic control system to adjust the operation of the refrigerator and the air conditioning system, turning off the air conditioning system in non-essential areas at night, and appropriately increasing the cooling temperature, effectively reducing the annual electricity consumption of refrigeration system 820,000 degrees.

4.3 GREEN PRODUCT

In response to the requirements of the Action Plan for the Green and Low-Carbon Development of the Information and Communication Industry (2022-2025), YOFC seized the opportunity of the green industry's and digital economy's rapid development, by launching green products, and building a green all-optical neural network for the gigabit era, covering all aspects of all-optical parks, data centers, urban rail transit, industrial applications, FTTR, and smart home appliances.

4. GREEN DEVELOPMENT

Case: YOFC assisted the completion of Baihetan – Zhejiang UHV Project

As an important carrier of optical transmission, YOFC plays a vital role in the transmission distance and transmission capacity of the power information and communication system. On 15 November 2022, Baihetan-Zhejiang ± 800 -kilovolt ultra-high-voltage (UHV) direct current power transmission project was completed, which is an important channel for the “West-to-East Power Transmission Project”, and is expected to transmit more than 30 billion kWh of electricity per year after it is put into operation. By then, the clean electricity generated by Baihetan hydropower station will be transmitted to thousands of households along this energy artery. The consumption of clean hydropower will reduce coal consumption by 10.57 million tons and carbon dioxide emissions by 19.19 million tons. This is critical to promote clean, low-carbon and efficient use of energy, and thus realise the national energy strategy and the carbon peaking and carbon neutrality goals.



Baihetan – Zhejiang UHV Project

4.3.1 GREEN DESIGN

The Group pays attention to environmental protection in the design and development of new products, protects the environment through product materials, structure, technology, and construction, saves resources, and is committed to creating green and ecological products. Based on the ISO14067 standard, we conducted research on the carbon footprint of the product’s entire life cycle, 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 explored the opportunities for emission reduction and made contingency plans.

Case: Full-sealing project of the drawing tower

In 2022, in order to reduce the carbon footprint in the production and transportation of optical fibre, while reducing the energy consumption of fresh air supply, YOFC promoted the full-sealing project of drawing tower, which effectively increased the strength of the optical fibre and the utilisation efficiency of fibre discs, reduced optical fibre breakpoint, as well as raise the average disc length by 12%, thus effectively promoting the recycling of products, and improving the loading rate during transportation.

4. GREEN DEVELOPMENT

Case: UV-LED curing project

Based on blue LED technology, UV-LED replaces traditional mercury arc lamps in the curing process after the fibre coating, which can significantly reduce energy consumption and production costs by about 60%. As at the end of 2022, YOFC has adopted the UV-LED curing method instead of the traditional mercury lamp curing method for 30 tower lines, the carbon footprint in the production process has been significantly reduced.

4.3.2 GREEN PACKAGE

In the product packaging design stage, YOFC has comprehensively considered the requirements of product transportation safety and green packaging. In the process of transformation to a green supply chain model, the Group has adopted various measures for the procurement, transportation, usage reduction, recycling and reuse of packaging materials to minimise negative environmental impacts and maximise resource utilisation throughout the lifecycle of packaging products (including raw materials selection, product design and manufacturing as well as final disposal), realise the unification of social and economic benefits, and maximize resource utilization efficiency. We replaced some of the cardboard boxes used for packaging optical fibres with sustainable recycled plastic bins, and reused them after recycling, which is low-carbon, safe and healthy.

Type of packaging materials	Unit	2022
Paper	Tonnes	1,400.27
Plastic	Tonnes	1,995.08
Metal	Tonnes	418.40
Wood	Tonnes	22,282.08
Other packaging materials	Tonnes	19.90
Total	Tonnes	26,115.73
Intensity	tonnes/ten thousand output value	0.01

Note: During this reporting period, six new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2021. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

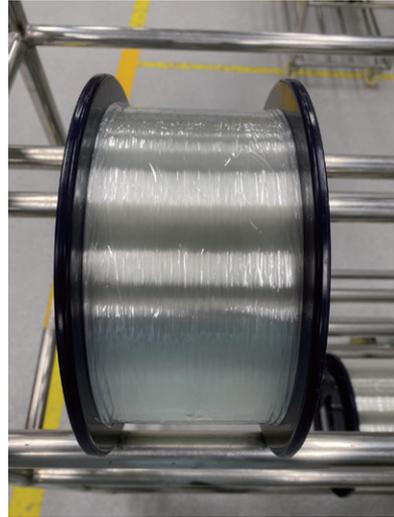
4. GREEN DEVELOPMENT

Case: Reduction of optical fibre protective covers project

In 2022, YOFC vigorously promoted the project of reducing the use of optical fibre protective covers by wrapping protective film around the optical fibres when they are packaged into storage to ensure that they are not damaged during subsequent transportation. The project effectively reduced the use of optical fibre protective covers by approximately 50%.



Traditional Protective Film
Package with Protective Cover



Protective Film Package

4.3.3 CYCLING USAGE

The Group is fully aware of the growing problem of resource scarcity. The Group realizes resource recycling in various forms such as recycling and reuse during the stages of product manufacturing, packaging, and waste disposal to avoid and reduce waste generation. Our optical disk reuse rate reached 86.27% in 2022. At the same time, we use raw material pallets for finished product delivery, which improves pallet recycling.

Case: YOFC helium recovery system optimisation project

In 2022, in order to further improve the helium recovery rate during optical fiber manufacturing YOFC launched the YOFC helium recovery system optimisation project, which adjusted the helium recovery mode from a regional centralised mode to a decentralised single-tower mode. The project also improved helium recovery efficiency by 15% by bringing down the lower limit of helium extraction and automatically adjusting the amount of gas extracted at different helium recovery concentrations, helping the optical fibre division to reduce its annual helium.



Single-tower Helium Recovery System

5. HARMONIOUS ECOLOGY

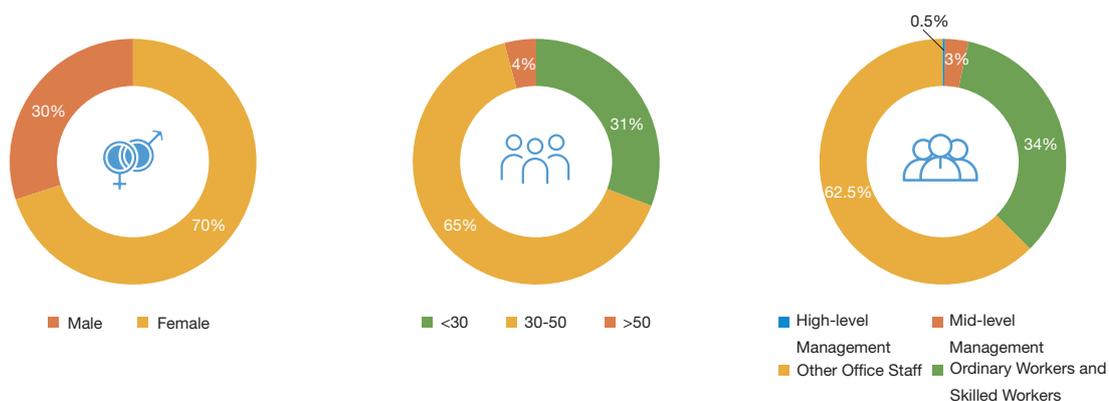
The Group is committed to building a harmonious society and promoting an integrated business ecology, we care about staff development, actively undertake corporate social responsibility, and continue to build a sustainable supply chain.

5.1 BEING PEOPLE-ORIENTED

Employees are our critical driving force for our sustainable development. We value and respect the efforts of every employee, and adhere to a philosophy of equality and diversity, creating conditions for personal growth and providing a broad platform for development. We are committed to creating a healthy and comfortable work environment for our employees and continuously improving the happiness of employees. We strive to solve the most concerned and practical problems of employees at the first time, building a bright future with employees jointly.

5.1.1 EMPLOYMENT

The Group strictly complies with applicable laws and regulations related to labour and employment in countries and places we operate, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. The Group has formulated internal rules and policies as the *Recruitment Management Requirements*, *Staff Performance Management Procedures*, *Attendance Management System*, *Staff Resignation Management Procedures* and other documents to regulate employment management, leave, compensation and benefits, termination, promotion and development, recruitment requirements, working hours, dismissal and so on.



Advocating equal and diversified employment philosophy, we treat each employee fairly without discrimination based on races, nationalities, genders, religious beliefs and cultural backgrounds, and respect employees' rights to freedom of association and collective bargaining under the law. We regularly carry out human rights training for security personnel to ensure that their behaviours are reasonable and appropriate. At the same time, we strictly prohibit the use of child or forced labour and have formulated relevant policies and preventive measures. For example, rigorous identification and monitoring measures are taken during the recruitment process. Once violations related to child labour and forced labour are found, we will strictly deal with them in accordance with relevant laws and regulations as well as company requirements. In 2022, there was no discrimination, child or forced labour and other illegal employment acts within the Group.

5. HARMONIOUS ECOLOGY

We have established an effective communication and feedback mechanism. We have set up a dedicated service line for the reception to deal with employees' complaints and opinions promptly and take employees' suggestions as the basis for management improvement. In 2022, we continued to introduce a professional third-party research institution to comprehensively measure employees' satisfaction with the enterprise by applying scientific and objective fit survey methods. We will analyze the highlights and problems of employee management and formulate and implement a special action plan for continuous improvement under supervision and track of records.

Staff Profile

Indicator		2022
Total number of employees		8,216
By gender	Female	2,438
	Male	5,778
By employee type	High-level Management	37
	Mid-level Management	242
	Other office staff	2,794
	Ordinary workers, skilled workers	5,143
By age	< 30	2,535
	30-50	5,343
	> 50	338
By region	Mainland, China	7,789
	Hong Kong, Macau and Taiwan, China	10
	Overseas	417
Turnover rates (%)		5.61
By gender (%)	Female	4.64
	Male	5.78
By age (%)	< 30	11.71
	30-50	4.49
	> 50	0.00

5. HARMONIOUS ECOLOGY

Note:

1. During the reporting period, the statistical scope of the number of employees includes the Wuhan headquarters of YOFC and its subsidiary manufacturing subsidiaries.
2. During the reporting period, the statistical scope of the turnover rates only includes the Wuhan headquarters of YOFC. With efforts to continuously improve the data collection management process, the statistical scope will be expanded, covering the 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.
3. Employees by region are divided according to the regions where the company operates.

Employee Remuneration and Promotion

Acting upon the philosophy of “determine the level by position, determine the salary by grade, match personnel and positions, determine different salaries for different positions”, the Group has established an employment and compensation management system where employees are graded and placed based on their competence and the requirements of the position. In addition, the Group is committed to providing employees with comprehensive and competitive remuneration and benefits.

We have provided diversified career promotion channels for employees and set five major positions, such as management, technology, sales, operation and function. Meanwhile, we have set up detailed qualification requirements for different types, which provide clear guidance and reference for the development direction, promotion and job changes of employees.

In order to fully mobilise the enthusiasm and creativity of employees, we continue to implement employee incentive policies to promote employees’ career development and achieve a win-win situation for personal development and organisational goals. We carry out annual personnel and position matching and promotion, and salary adjustment to motivate high-performance employees and key R&D talents. At the same time, we actively develop and implement sales incentive policies and provide sales incentives for different business units, which effectively drive business growth. In 2022, the Group implemented a micro incentive policy to reward employees for outstanding initiatives in their daily work, giving them timely and continuous motivation and recognition. This initiative is intended to break down departmental barriers and create a positive and effective synergistic work atmosphere.

The successful development of the Group’s overseas business and its objectives are indebted to the ongoing efforts of our overseas employees. In 2022, we continued to increase overseas allowances for overseas employees, optimised benefits such as commercial insurance to safeguard the interests of overseas employees, and fully motivated overseas employees to work, thus encouraging employees to participate in overseas business expansion.

5.1.2 TRAINING DEVELOPMENT

Employee growth and development can effectively stimulate creativity and dedication, helping the long-term development of enterprises. In line with the training concept of “All Staff”, “Targeted”, “Planned”, “Life-cycle”, “Tracking”, the Group has formulated the Training Management Procedures, *YOFC Course System Management Procedures*, *YOFC Internal Lecturers Management Procedures*, *Regulations on YOFC Financial Support for Employees’ Further Training* and other regulations to ensure the efficient operation of the staff training mechanism.

The Group provides equal and excellent development space and personalized learning opportunities for employees in different positions and strives to achieve a win-win situation of synergistic development between the enterprise and employees. We provide rich training resources for employees and set up targeted training maps for employees at different levels and positions, to clarify the mandatory courses to be completed for professional capacity enhancement. We carry out diversified training programmes such as training for new hires, leadership training and training for talent pool by using face-to-face learning, online learning, practical curriculum and other training methods. We organize the “Integration Plan” for transfer employees to help them deeply understand the policies, systems, rules, processes, key projects and other content of the business module, and complete the transfer transition. We encourage the participation of all employees, implement training programs, and use training records and the assessment of training content as one of the bases for employee job qualification certification, performance evaluation and promotion.

Case: Training for Talent of Key Positions

We focused on key positions critical to the company’s strategic development, identified the hierarchical positioning and transfer requirements of various key positions, designed their job competency models and medium and long-term training programs, and defined five special training programs for talent pools, expatriate and expert personnel; grassroots managers; high-performing managers, and middle and senior managers, with training covering three major dimensions: leadership improvement, business management training and business practice coaching. In 2022, we organized and implemented 5 special classes, offered 43 courses, and organized 206 participants.

5. HARMONIOUS ECOLOGY

Employee Training Performance Summary

Index		2022
Average training time (Hour)		22.99
By gender (Hour)	Female	26.86
	Male	22.30
By employee type (Hour)	High-level Management	12.37
	Mid-level Management	42.37
	Other office staff	20.56
	Ordinary workers, skilled workers	24.00
Proportion of trainees(%)		100
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

Note:

1. The statistical scope of training hours and promotion of trainees is the Wuhan headquarters of YOFC.
2. 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%.

5.1.3 HEALTH AND SAFETY

The Group strictly complies with the relevant laws and regulations, including the *Work Safety 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*, establishes sound health and safety management systems, to provide standard guidance for employees' occupational health and safety management. In 2022, based on a comprehensive safety and security system, the Group revised the organization structure of the Safety and Environmental Protection Committee and established a dual director responsibility system for the legal person the president, where the Group's president and senior vice president serve as the committee's leadership to promote the implementation of employee safety and health protection.

5. HARMONIOUS ECOLOGY

At the same time, in order to further improve safety and health management, we regularly carry out internal inspections, and engage a third-party certification institution to provide audits and accept supervision inspections from government functional departments.

Production Safety

The Group attaches great importance to production safety, sets targets related to production safety, actively conducts employee safety training to enhance employees' safety emergency response capabilities, and promotes equipment upgrades and technical improvements for safety. The Group has passed the certification of safety standardization level 2, occupational health and safety management system and environmental management system. We have maintained the operation of each system, and established policies related to labor safety and security of employees according to the requirements of each system, such as labor protection supplies, medical examination, training, work injury, firefighting, emergency plan and so on. According to JHA (Job Hazard Analysis), we identify and evaluate hazard sources at a certain time every year and formulate control measures to ensure that hazard sources are in the controllable range. In case of any newly identified risks such as recent renovation and expansion projects and production safety accidents, we will add them to the department hazard list within one week and organise training for relevant personnel.

Improvement of system construction

We maintain the normal operation of ISO14001 environmental management system and ISO45001 occupational health and safety management system and attain the related certification, and ensure the construction of safety standardisation level 2 is up to standard and passes the re-evaluation.

Actions for production safety

With the promulgation and implementation of the New Production Safety Law, we revise a number of management documents such as the *Safety Production Responsibility System*, carry out six activities including online knowledge competition, safety oath and hidden danger identification for the production safety month, and publicise and implement the requirements of new regulations and systems, to improve the safety awareness and skills of employees.

Safety and environmental performance assessment

We increase the investment in production safety, and cooperate with IT department and third party institutions to set up YOFC exclusive safety and environmental management system – YOFC Guard to further improve the health and safety of employees. At the same time, we have issued the *Safety and Environmental Performance Assessment Management Regulations* and set a number of assessment indicators, including "lost days due to work injury per million working hours" and "number of accidents below grade 5 per million working hours". In 2022, the Group achieved all assessment targets with high performance.

Production Safety System

5. HARMONIOUS ECOLOGY

Safety Production Goals and Completion Status

Safety Incident	Target	Actual Completion in 2022
Work-related fatalities	0	0
Major fire accidents	0	0
Explosion accidents	0	0
Major acute industrial mass poisoning	0	0
Occupational disease incidence	0	0

In the past three years, the number and rate of work-related fatalities and lost workdays due to work-related injuries in this episode are as follows.

	Index	Data
Work-related fatalities	Work-related fatalities in 2020	0
	Work-related fatalities in 2021	0
	Work-related fatalities in 2022	0
Fatality rate due to work	Fatality rate related to work in 2020	0
	Fatality rate related to work in 2021	0
	Fatality rate related to work in 2022	0
Work injury lost days	Workdays lost due to work-related injuries in 2022	14.5

Note:

1. 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.
2. The number of work injury lost days covers the Wuhan headquarters of YOFC.

Safety Emergency and Training

The Group has formulated rules and regulations such as *YOFC Comprehensive Plan*, *Fire Emergency Plan and Emergency Handling Procedures* to provide standardised guidance for effectively coping with various safety emergencies and comprehensively safeguarding employees and property.

5. HARMONIOUS ECOLOGY

The Group regularly holds safety month activities and carries out safety training using promoting recent video cases through workshop group meetings, staff canteen and WeChat working group. Moreover, the Group organises employees to take an oath of safety month, conducts safety knowledge competition, cultivates employees' awareness of the red line, and creates a good atmosphere of "Production Safety". Every year, we formulate annual drill plans and conduct emergency drills about chemical leakage, fire escape, and emergency rescue, arranging fire safety drills once a month on average, and guaranteeing a frequency of covering the entire staff at least twice a year. We ensure prompt response, decisive handling, effective rescue, and timely reporting of disastrous events or accidents to minimise casualties and property losses.

Occupational Health

We strictly abide by the relevant laws and regulations of the regions of the world in which we operate, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Measures for the Administration of Occupational Health Examination*. According to these requirements, we regularly conduct special inspections on occupational health every year, and promptly investigate and implement corrective measures for potential safety hazards that may cause occupational disease. We set up protective facilities for occupational hazards that cannot be eliminated, and configure labor protection supplies for relevant positions. At the same time, we transform positions with occupational hazards by using intelligent production technology, continuously improving employees' environment and reducing the risk of occupational disease and safety accidents. For employees exposed to occupational disease hazards, we require staff to go on duty only after passing the occupational health assessment, provide each position with appropriate labour insurance supplies. We regularly organize occupational health check-ups for all employees so that they can identify, concern and manage their own health problems in a timely manner.

5. HARMONIOUS ECOLOGY

5.1.4 COMMUNICATION AND CARE

The Group regards employees as the wealth for development. We have active employer responsibility and pay great attention to the rights and interests of employees. We constantly optimise employee welfare policies and systems and understand the true thoughts of employees through various internal communication and feedback channels to keep improving employees' experience of working and living in the Group, so that our employees can feel the care and warmth of the YOFC family.

Staff Benefits

The Group takes the needs of employees as the orientation, effectively protects the rights and interests of employees, and enhances the sense of identity and belonging of employees. In addition to paying social insurance and housing funds according to the laws and regulations, we also provide supplementary commercial insurance and union medical mutual insurance for employees. Employees are entitled to paid annual leave, work meals, shuttle buses, health check-ups, home leave, holiday benefits, and other regularly organized group activities. At traditional Chinese festivals, we also provide welfare gifts to our employees and apply for medical mutual insurance of the labor union system. During the hottest period of the summer, we purchased 55,295 pounds of watermelons and carried out a "Summer Cooler" campaign in the company's cafeteria to protect our employees from the summer heat and to put our care into practice.



"Summer Cooler" Campaign

5. HARMONIOUS ECOLOGY

At the same time, we truly care for the employees in difficulties. When an employee is hospitalised, and an employee or an employee's immediate family member passes away, we will conduct on-site visits to show our sympathy and provide pensions for employees whose immediate family members have died. For the employees eligible for serious illness assistance, we will actively apply for serious illness subsidies from the superior trade union, give our warm care to employees and overcome difficulties together with employees. The Company conducted a survey on YOFC's employees who could not return home during the Spring Festival, and organised activities in early January to show our care for them. The Group does care for its hard-working employees and delivers humanistic care and shares the benefits from its growth and development with all employees.



Caring Activities for Overseas Employees

5. HARMONIOUS ECOLOGY

We pursue to create a heart-warming workplace and a diverse leisure activity platform for employees to help them balance work and life. In 2022, we held employee activities such as YOFC's Spring Festival Gala Evening, salesperson skills competition, the 22nd Youth Post Expert Labour Skills Competition, Employee Sports Competition, the 7th Air Volleyball Competition of YOFC, Staff Fishing Activity, Solicit Opinion on Mascot of YOFC, Care Activity for YOFC Employees' Children and Blind Date for Young Staff to arouse enthusiasm and vitality and enhance employees' sense of belonging and collective cohesiveness.



The 7th Air Volleyball Competition of YOFC

Case: Celebrating Indonesia's National Day

August 17 is an important holiday marking the 77th anniversary of Indonesia's independence. For Indonesian citizens, Independence Day is a day full of meaning and worth celebrating. In order to celebrate this day, the YOFC Indonesia International team held a NasiKunyit Styling Contest and set up prizes.

On that day, all departments of YOFC Indonesia actively participated in this event. Each department worked together to make exquisite NasiKunyit and took turns to show and introduce their own works and their symbolic meaning.

5. HARMONIOUS ECOLOGY

This event not only celebrated the 77th anniversary of Indonesia's independence, but also strengthened communication among employees, enhanced team cohesion and promoted cultural integration.



Awarding Session



Group Photo

Female Employees' Rights and Interests

The Group attaches great importance to caring for female employees. We build mother-infant rooms for employees and carry out special activities on International Women's Day every year and distribute festival gifts to female employees, maternity room built. In order to further protect the legal rights and special interests of pregnant employees, we especially sign and issue the Special Collective Contract on Protection of Female Employees' Rights and Interests of Yangtze Optical Fibre and Cable Joint Stock Limited Company to provide antenatal leave, and prenatal check-up leaves for female employees and breastfeeding leave of one hour per day for female employees with babies under one-year-old. In 2022, the Group actively responded to the requirements of the government's family planning regulations and policies and issued up-to-date maternity leave standards to increase maternity leave by 60 days other than the leave days stipulated by the state. We also added parental leave and elderly care leave to protect the rights and interests of our employees.

Focusing on the Growth of Employees' Children

In the summer of 2022, seven children of YOFC employees enrolled in the internship program organized by the Group's HR Center to experience the working environment of their parents.

5. HARMONIOUS ECOLOGY

The seven-day internship program gave the children a full understanding of the company's overall situation and was very rewarding. They not only involved in HR related work, but also participated in different outreach activities during the experiential internship period. We invited external senior English teachers from Australia to lead them to learn business English and design international interview scenarios for them to simulate and practice. In addition, the children also participated in the reception activities of external exchange between the school of international education of Huake International College and YOFC at the same time. Through corporate culture inculcation, work arrangement and social activities, the children of the employees have a higher perspective. Through this activity, YOFC also takes the social responsibility of caring for employees and helping their children to develop comprehensively, and draws closer to them.



Internship program for YOFC children

5.2 SUSTAINABLE PROCUREMENT

The Group is committed to building a sustainable supply chain. We maintain close communication and cooperation with supplier partners in the field of sustainable development, to jointly build a business model for the coordinated development of economy, environment and society, and to create a healthy and sustainable industrial ecology. We have implemented a comprehensive supplier corporate social responsibility (CSR) management system based on the *United Nations Global Compact's 10 Principles*, the *Code of Conduct for Responsible Business Alliances (RBA)*, the *Joint Audit Cooperation (JAC) Supply Chain Sustainability Guide*, the *ISO26000 Social Responsibility Guide*, the *SA8000 Social Responsibility Standard*, and other internationally recognized standards.

We uphold the concept of continuous improvement and continuously improve and strengthen the level of supply chain management. We have established a group procurement and supplier management policy to guide the standardized implementation and implementation of the group's procurement management business. In 2022, we continued to carry out in-depth optimization and improvement from the dimensions of supply chain information management, supplier management, logistics management and so on:

Supply chain management

01

- Achieve comprehensive transparent, information and digital management during the supply chain process
- Establish, optimise and integrate customer relationship management system, supplier relationship management system, logistics system, storage management system, enterprise resource management system and financial system.

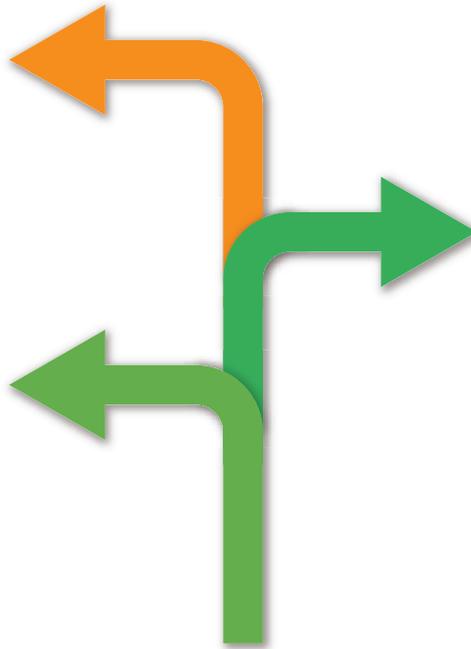
Supply chain logistics management

03

- Establish complete supply chain logistics system, achieve integration of production plans, sales orders, logistics control, warehouse inquiry, invitation for bids and order tracking.
- Build up port warehouses, and finish encasement of goods at professional spots to reduce unpredictable logistics risk. Implement warehouse entry at specified time to shorten storage period and save storage resources.

Supplier management

- Promote transformation projects that implement "supplier management optimisation" to further optimise and standardise procurement policy and supplier management policy, to provide clearer guidelines for suppliers



supply management system

This year, we implemented active governance of the current situation of procurement business, analysed and summarized the current situation of procurement business through questionnaire surveys, implemented improvement and optimization in multiple dimensions, and improved the level of procurement management. At the same time, in order to support the group's internationalization and diversification strategies, we have further optimized the standardized management of the supply chain and expanded the management coverage. We have promoted the online or trial operation of the information technology system of a number of domestic and overseas subsidiaries, established the general procurement process of the group, which covers all suppliers of products and/or services, and completed the bilingual of the group's main procurement and supplier management policy documents.

Meanwhile, we attach great importance to supplier capability building. By deepening cooperation with suppliers, we embed key elements of sustainable development within its supplier's full life cycle management process, including supplier introduction, assessment, daily supervision, performance evaluation and rewards and punishments, to reduce supplier environmental and social risks. We advocate and require supply chain members to jointly abide by environmental protection, labor human rights, business ethics, health and safety guidelines, etc., and sign the integrity commitment to build a green supply chain.

5. HARMONIOUS ECOLOGY

The distribution and quantity of the Company's suppliers are as follows.

By region	2022 number of suppliers
China	266
Japan	1
Asia Pacific (Except China and Japan)	5
Europe	3
North America	1
Total	276

Note:

1. The number of suppliers by region is divided according to the place of registration of the supplier.
2. The number of suppliers refers to the data of YOFC Wuhan headquarters.

5.3 PUBLIC WELFARE

As a responsible corporate citizen, the Group actively performs corporate social responsibilities, keeps going deep among the masses and participates in community welfare and volunteer activities. We purchase and provide material help to the needy groups in society and care about the life of the people practically; during the epidemic, we send coolness to the medical staff and volunteers doing nucleic acid test in the surrounding communities and contribute our share.

Number of employees participating in community public welfare activities >600



Total volunteer service hours of more than 2,300

Cumulative investment in community construction of about RMB620,000



Donation of funds and materials with accumulative amount of about RMB1.63 million

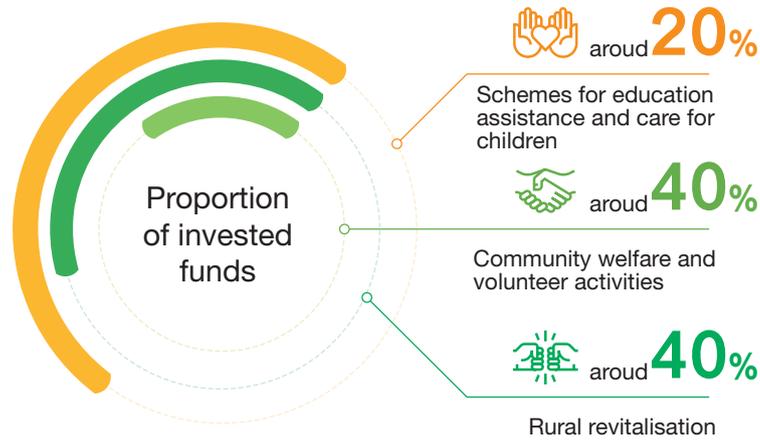
5. HARMONIOUS ECOLOGY

Performance Table of the Group's Charity Work in 2022 Invested funds (in RMB10 thousand)	
Community welfare and volunteer activities	
Care for veterans and donate material to Hubei Veterans Caring Association and Poly Times community on the Army Day	4
Care for the elderly and donate material to Nursing Home in Fozuling Subdistrict and Poly Times community during the Chung Yeung Festival	4
Care for the youth and donate materials such as school supplies and air conditioners to Wuhan Xizang Middle School and Hope Primary School in Hong'an County on the Children's Day	3
Donate caring materials to Hubei Veterans Caring Association in December	50
Donation for the seriously ill children of revolutionary martyrs	1
Rural revitalisation	
Purchase of agricultural products from the poverty-stricken areas of Hubei Province	46
Yanyuan County introduces endowment funds for industrial assistance and construction projects	10
Rural revitalisation demonstration village construction project of Xinfu Village and Xiaoqingfa Village in Tulongshan Town	7.5
Upgrading and renovation of factory facilities in the Arebarin Village of Baren Township	5
Schemes for education assistance and care for children	
YOFC Scholarship	32.8
Total	163.3

5. HARMONIOUS ECOLOGY

5.3.1 COMMUNITY WELFARE

Community welfare and volunteer activities are important for enterprises to perform their social responsibilities. The Group regularly conducts community surveys, provides community services on demand, and establishes a close connection with local communities. We carry out all kinds of charity activities, provide material support to disadvantaged groups, and truly care for people's lives, making contributions amidst the fight against the epidemic.



Case: 2022 Tree-planting Festival: “Planting” trees for green and better life

On the morning of 10 March 2022, in the bright spring time, YOFC Volunteer Service Team carried out tree planting activities in the area of YOFC Science and Technology Park. First, the team learned the knowledge of tree planting to ensure the survival rate; controlled reasonable spacing, and determined the location of trees during planting; then the volunteers divided the labour to dig pits, apply bottom base fertilizer, and get the tree watered; finally, they hanged up the signboard and signed the letter of responsibility. After more than an hour of hard work, a neat row of small peach trees were erected in YOFC Science and Technology Park, full of vitality.

5. HARMONIOUS ECOLOGY

Adhering to the concept of green development, YOFC promotes green manufacturing, builds green factories, and plants trees for a green and better life, thus making greater contributions to the industry and even the country's goal of accomplishing carbon peaking and carbon neutrality.



Digging Pits and Applying Bottom Base Fertilizer



Hanging up the Signboard and Signing the Letter



Enjoy the Results of Responsibility

Case: Thanksgiving charity event of YOFC International (Philippines) Corporation

Thanksgiving Day is a traditional Western holiday, which occurs on 24 November 2022. On that day, the Caring Service Team of YOFC International (Philippines) Corporation went to Tahanan ng Pagmamahal Children's Home in Manila, a facility for the orphaned and carried out charitable and caring activities.

YOFC International (Philippines) Corporation donated necessities including milk, rice, meat, oil, toiletries, and caring materials such as panda dolls. During the event, the children at the facility led by their teachers performed a wonderful dance show. The volunteers of the Caring Service Team also played dance games with the children, giving spiritual and material comfort to the children in practical ways.

5. HARMONIOUS ECOLOGY

On Thanksgiving Day in 2022, YOFC International (Philippines) Corporation organised four charitable and caring activities, two for orphanages and two for retirement homes. In the future, YOFC International (Philippines) Corporation will insist on fulfilling social responsibilities and practising local charitable work while striving to develop its local business.



Charity activities in YOFC International (Philippines)

Case: Caring for veterans

In 2022, the Hubei Veterans Caring Association conferred the title of “Executive Vice-Chairman Unit” and the silk banner for the honour of “Shouldering Responsibility and Warming People’s Hearts, Supporting the Army and Loving the Army” to YOFC, in recognition of the Group’s long-standing efforts to care for and help veterans and the descendants of revolutionary martyrs, as well as assume social responsibilities. In the future, the Group will play a positive role as Vice-Chairman of the Hubei Veterans Caring Association, act upon the spirit of “salute to heroes, care for veterans”, and assume more social responsibilities to make every effort to help veterans and descendants of heroes solve practical problems.



Caring for veterans activity

5. HARMONIOUS ECOLOGY

Case: August 1 Military Day | Condolence to Veterans

On August 1, 2022, volunteers from YOFC went to Poly Times Community to send condolence living materials to 68 retired soldiers, to send them holiday greetings and good wishes, and to thank them for their important contributions to the country and society.



Condolence to Veterans activity

Case: Excellence in Corporate Citizenship | Honoring the Elderly on Double Ninth Festival

On September 25, 2022, on the occasion of the Double Ninth Festival, in order to promote the traditional virtue of respecting and honoring the elderly of the Chinese nation, the leaders of YOFC led the YOFC volunteer service team to carry out social welfare activities in the nearby Poly Era Community and Fozu Ling Orphanage, donating milk and fruits and other living materials to the elderly at home respectively, and building a harmonious and beautiful big home with the surrounding communities.

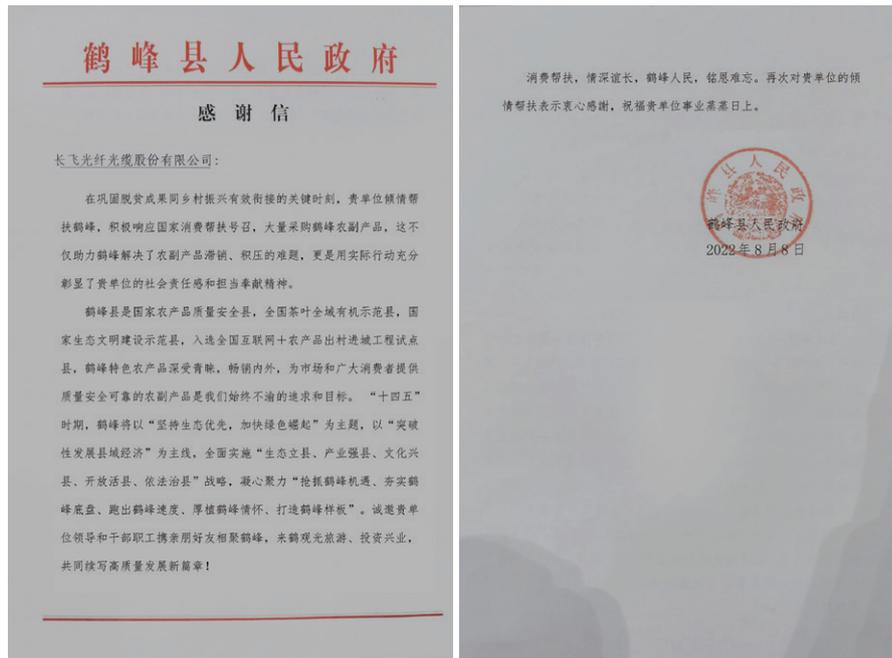


Honoring the Elderly on Double Ninth Festival activity

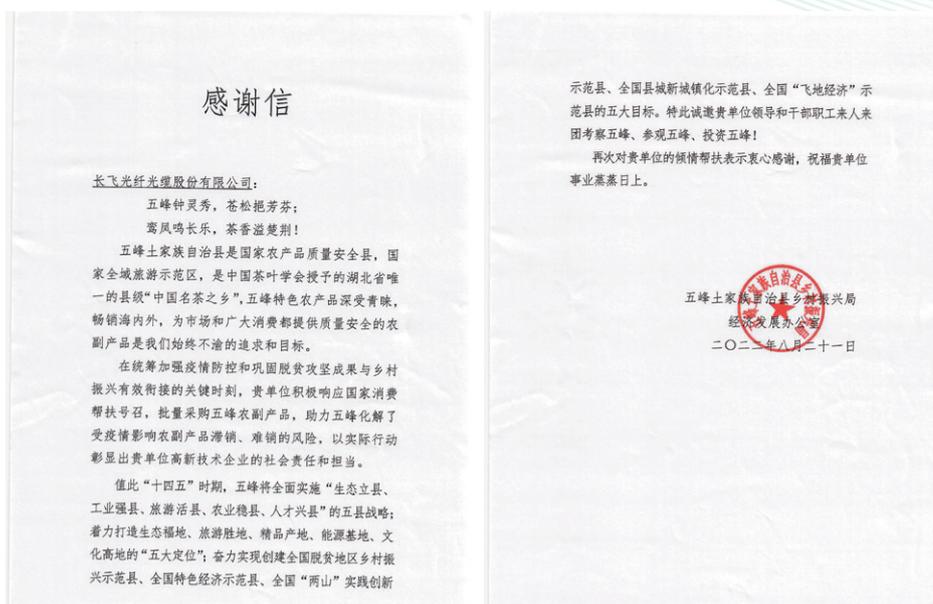
5. HARMONIOUS ECOLOGY

5.3.2 RURAL REVITALISATION

Affected by external reasons, villagers suffered many unsold and overstocked agricultural products in Hefeng County, Enshi Tujia and Miao Autonomous Prefecture and Wufeng Tujia Autonomous County. We actively responded to the state's call, taking rural revitalisation as our responsibility, promoting material revitalization and purchasing a large number of agricultural products from that county to help the villagers overcome their difficulties. We spread care and demonstrated our dedication as YOFC to corporate and social responsibilities.



Thank you letter from the People's Government of Hefeng County, Enshi Tujia and Miao Autonomous Prefecture



Thank you letter from the Economic Development Office of Rural Revitalization Bureau of Wufeng Tujia Autonomous County

5.3.3 CARE FOR CHILDREN

YOFC Class: The Group sponsors the YOFC Class of NO. 1 Middle School Affiliated with Central China Normal University to support teaching and students' development. In 2020, the top scorer of science in the College Entrance Examination of Hubei Province was born in the YOFC Class, which extended the Group's brand in society.

YOFC Scholarship: Since 2001, the Group has launched the "YOFC Scholarship" program and cooperated with many well-known universities, hoping to cultivate more potential talents for the communication industry and YOFC.

Childhood Dreams: On June 1, 2022 (International Children's Day), the Group's management led volunteers to go to Wuhan Xizang Middle School and Huolianfan Luohu Hope Primary School in Hong'an County, respectively to carry out public benefit activities, showing care for children by providing them with milk, school supplies, sports equipment, computers, printers, to encourage them to study hard and give back to the society.

APPENDIX 1 : 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
A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.	About the Report
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.	About the 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>	4.1 GREEN OPERATION
KPI A1.1 The types of emissions and respective emissions data.	4.1 Green Operation
KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	4.1 Green Operation
KPI A1.3 Total hazardous waste produced and, where appropriate, intensity.	4.1 Green Operation
KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity.	4.1 Green Operation
KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	4.1 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.	4.1 Green Operation

“Comply or Explain” Provisions	
A2 Use of Resources	
<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	<p>4.1 Green Operation</p> <p>4.2 Green Factory</p>
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).	4.1 Green Operation
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.1 Green Operation
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Green Operation
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.	4.1 Green Operation
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.3 Green Product
A3 The Environment and Natural Resources	
<p>General Disclosure</p> <p>Policies on minimising the issuer’s significant impacts on the environment and natural resources.</p>	4.1 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.	4.1 Green Operation
A4 Climate Change	
<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	4.1 Green Operation
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.	4.1 Green Operation

APPENDIX 1 : ESG KPIs INDEX

“Comply or Explain” Provisions	
B. Social	
B1 Employment and Labour Practices	
<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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	5.1 Being People-Oriented
KPI B1.1 Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	5.1 Being People-Oriented
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	5.1 Being People-Oriented
B2 Health and Safety	
<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 providing a safe working environment and protecting employees from occupational hazards.</p>	5.1 Being People-Oriented
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.1 Being People-Oriented
KPI B2.2 Lost days due to work injury.	5.1 Being People-Oriented
KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.1 Being People-Oriented
B3 Development and Training	
<p>General Disclosure</p> <p>Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	5.1 Being People-Oriented
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.1 Being People-Oriented
KPI B3.2 The average training hours completed per employee by gender and employee category.	5.1 Being People-Oriented

“Comply or Explain” Provisions	
B4 Labour Standards	
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 preventing child and forced labour.	5.1 Being People-Oriented
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	5.1 Being People-Oriented
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	5.1 Being People-Oriented
B5 Supply Chain Management	
General Disclosure Policies on managing environmental and social risks of the supply chain.	5.2 Sustainable Procurement
KPI B5.1 Number of suppliers by geographical region.	5.2 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.	5.2 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.	5.2 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.	5.2 Sustainable Procurement
B6 Product Responsibility	
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 health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	2. Responsible Operation 3. Smart Connectivity
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.3 Quality Assurance
KPI B6.2 Number of products and service-related complaints received and how they are dealt with.	2.4 Customer Service
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.7 Intellectual Property
KPI B6.4 Description of quality assurance process and recall procedures.	2.3 Quality Assurance
KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.5 Information Security

APPENDIX 1 : ESG KPIs INDEX

“Comply or Explain” Provisions	
B7 Anti-corruption	
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 bribery, extortion, fraud and money laundering.	2.6 Integrity Building
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.	2.6 Integrity Building
KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.6 Integrity Building
KPI B7.3 Description of anti-corruption training provided to directors and staff.	2.6 Integrity Building
B8 Community Investment	
General Disclosure 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.	5.3 Public Welfare
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.3 Public Welfare
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	5.3 Public Welfare

APPENDIX 2: GRI STANDARD INDEX

REPORT STRUCTURE	GRI STANDARD NUMBER
ABOUT THIS REPORT	102-2; 102-3; 102-4; 102-46; 102-49; 102-50; 102-52; 102-53; 102-54
MESSAGE FROM MANAGEMENT	102-31
BOARD STATEMENT	102-14; 102-32
1. CREATE FUTURE WITH OPTICAL FIBRE	
1.1 ABOUT YOFC	102-2; 102-6; 102-16; 102-26
1.2 STRATEGY OF SUSTAINABLE DEVELOPMENT	102-12; 102-15; 102-18; 102-19; 102-20; 102-21; 102-29; 102-31; 102-33; 102-34; 102-40; 102-42; 102-44
1.3 LEADING THE INDUSTRY	
1.4 PUBLIC RECOGNITION	
2. RESPONSIBLE OPERATION	
2.1 COMPLIANCE OPERATION	102-30; 419
2.2 BUSINESS CONTINUITY	
2.3 QUALITY ASSURANCE	416-1; 416-2; 301-3
2.4 CUSTOMER SERVICE	
2.5 INFORMATION SECURITY	418-1
2.6 INTEGRITY BUILDING	206-1; 205-2; 205-3; 419-1
2.7 INTELLECTUAL PROPERTY RIGHTS	417-1
2.8 BRAND PROTECTION	417-3
3. SMART CONNECTIVITY	
3.1 INTELLIGENT INNOVATION	
3.2 INTELLIGENT MANUFACTURING	
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