

# 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)

# 2021

## 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**YOFC**  
Smart Link Better Life.

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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 2021. It is recommended to read in conjunction with the “Corporate Governance” chapter in the *2021 annual report of Yangtze Optical Fibre and Cable Joint Stock Limited Company* to help readers understand our practices and performance in the field of environment, society and governance.

## SCOPE OF REPORTING

Period covered by the report: 1 January 2021 to 31 December 2021.

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 with reference to 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, the Global Reporting Initiative (“GRI”) Standards and the *Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No.1 – Standardised Operation* (the “SSE”) 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 25 March, 2022.

### ACCESS TO THE REPORT

The simplified Chinese version of this report is available on SSE ([www.sse.com.cn](http://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](http://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

The year 2021 marks the start of the “14th Five-Year Plan,” a year in which the world is witnessing unprecedented change, a year in which China is reviving its economy after the pandemic and accelerating its development, a year in which the optical communication industry’s digitalisation process is speeding up, and investment in communication network infrastructure in various countries is accelerating, and a year in which it is entering a new growth phase.

Success belongs to the most persevering. As a global leader in the optical communication industry, YOFC not only strengthens innovation and continues to supply the market with new technologies and products but also accelerates the establishment of the “two-wheel drive” development model, which means we will cooperate with the upstream and downstream of the industry chain to promote high-quality development in the new era, to experience, grow, help, overcome and surpass together throughout times. Meanwhile, we are deeply aware of the importance of product responsibility, climate change, low-carbon economy, employee care and development, and social welfare in promoting sustainable development. In this regard, we are duty-bound to be an outstanding corporate citizen.

**Deepening technological innovation and building new momentum for development. We focus on the “trinity” development strategy of innovation, brand and quality, take independent innovation as the core, actively develop diversified businesses while consolidating traditional advantageous products, vigorously lay out new technology directions, and deepen digital transformation.** In 2021, we strengthened the development of optical fibre preform technology, ultra-low attenuation G.654. E optical fibre, multi-core optical fibre, FTTR solutions, terminal gigabit optical interconnect products, special optical cable and other areas of research. We developed a full range of scenarios and the “Bay” optical fibre brand family of excellent quality. Through this, we foster our brand advantages through technological innovation to help promote the application of “double gigabit” and “5G”.

**Developing circular economy and helping to achieve carbon neutrality.** We actively respond to the national goal of Carbon peaking and Carbon neutrality, adhere to the tenet of “energy-saving and low carbon, scientific management, green and sustainable development”, pay close attention to climate change, actively promote the work of carbon inventory and product carbon footprint verification. Through a series of green innovation practises such as helping the construction of green communication network, promoting green production methods, exploring green recycling economy, we strive to be the pioneer of green development in the “double carbon” era. In 2021, Yangtze Optical Fibre and Cable Qianjiang Co., Ltd and Yangtze Optical Fibre and Cable Lanzhou Co., Ltd was selected on the list of green manufacturing announced by the Ministry of Industry and Information Technology of China.

**Constructing a talent platform and enhancing team cohesion.** We are committed to continuously optimising the talent training system, creating a diversified workforce, protecting the rights and interests of employees, building a growth platform, and realizing the unity of company value and employee value. We regard the promotion of economic and social common development as the ultimate goal of the enterprise, and work hand in hand with employees to build the future.

## MESSAGE FROM MANAGEMENT

Sharing the fruits of development and creating prosperity with the community. While the enterprise is developing and growing, we have never forgotten to feed back to the society and regard striving for a better life for people as our responsibility. In 2021, we actively responded to the national rural revitalisation strategy, promoted economic growth through material revitalisation, and paired assistance. We also contributed to public welfare and community construction, practising corporate responsibility and commitment with solid actions.

2022 is a critical year for implementing the “14th Five-Year Plan”. We will stick to our primary intention and mission, grasp the historical development opportunities, deepen collaborative innovation, join hands with upstream and downstream partners in the industry in building a sustainable ecosystem, create a new development pattern of the domestic and international dual cycle, continue to write a new chapter of high-quality development, and promote the construction of a strong manufacturing country and a strong network country.

Yangtze Optical Fibre and Cable Joint Stock Limited Company  
Zhuang Dan  
Executive Director and President  
25 March, 2022

## 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 take full charge of supervision and management of the related ESG issues with the help of The Audit Committee, it is also responsible for supervising and coordinating the management of ESG-related risks, evaluating the ESG performance, 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 compliant operation, empowering intelligent manufacturing, low-carbon development, employee care, and serving people's livelihood, have been disclosed in this report.

In 2021, in conjunction with the company's development strategy, the Group set environmental goals related to business operations, detailed in the "Practicing Green, Low-Carbon Development" section. The Board of Directors will review and discuss the progress of the goals on a regular basis.

# 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

## 1.1 ABOUT YOFC

YOFC is a leading global provider of optical fibre preforms, optical fibres, cables and integrated solutions. YOFC mainly produces and sells all kinds of communicational optical fibre preforms, optical fibres, optical fibre cables, and different optical transceivers, special optical fibres, active optical cables, submarine cables, and RF coaxial cables and accessories. We have complete services and solutions regarding system integration and engineering design. Providing a variety of products and solutions for the world's telecommunications industry and other industries (e.g., Public utility, Transportation, Oil & Chemistry and Medication, etc.), YOFC has offered quality products and services to over 70 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



## 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE





### 1.2 ESG STRATEGY

Adhering to the corporate mission of “Smart Link Better Life”, the Group integrates ESG into its corporate strategy and operation management and sticks to technological innovation to pursue outstanding quality. By providing quality products and services and fulfilling corporate citizenship responsibilities, the Group endeavours to create better value for customers, employees and society. In 2021, we will continue to explore and practise the idea of sustainable development and continue to promote a sustainable development governance model aligning with YOFC characteristics based on our business situation and corporate position.

# 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

## Joined the United Nations Global Compact

The Group officially joined the United Nations Global Compact on May 20, 2021. The Company has expressed a determined intent to abide by the Ten Principles of the United Nations Global Compact (“UNGC”) concerning human rights, labour, environment and anti-corruption, making them part of the Company’s strategy, culture and routine operations, and incorporating these requirements into management’s decision-making process. Our next objective is to require our partners involved in the value chain to align their strategies and operations with the Ten Principles of the UNGC.

<div style="text-align: center;">  </div> <h3 style="text-align: center;">Human Rights</h3> <p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.</p>	<div style="text-align: center;">  </div> <h3 style="text-align: center;">Labour</h3> <p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle 4:</b> The elimination of all forms of forced and compulsory labour;</p> <p><b>Principle 5:</b> The effective abolition of child labour; and</p> <p><b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.</p>
<div style="text-align: center;">  </div> <h3 style="text-align: center;">Environment</h3> <p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</p>	<div style="text-align: center;">  </div> <h3 style="text-align: center;">Anti-corruption</h3> <p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

## Awarded EcoVadis Gold Rating

The Group has been awarded the gold medal in the EcoVadis Sustainability Rating for 2021, and is one of the top 5% of all companies worldwide rated by EcoVadis, the world’s largest provider of corporate sustainability ratings.



# 1. CREATE FUTURE WITH DIGITAL POWER AND 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 DIGITAL POWER AND OPTICAL FIBRE

## Communication with stakeholders

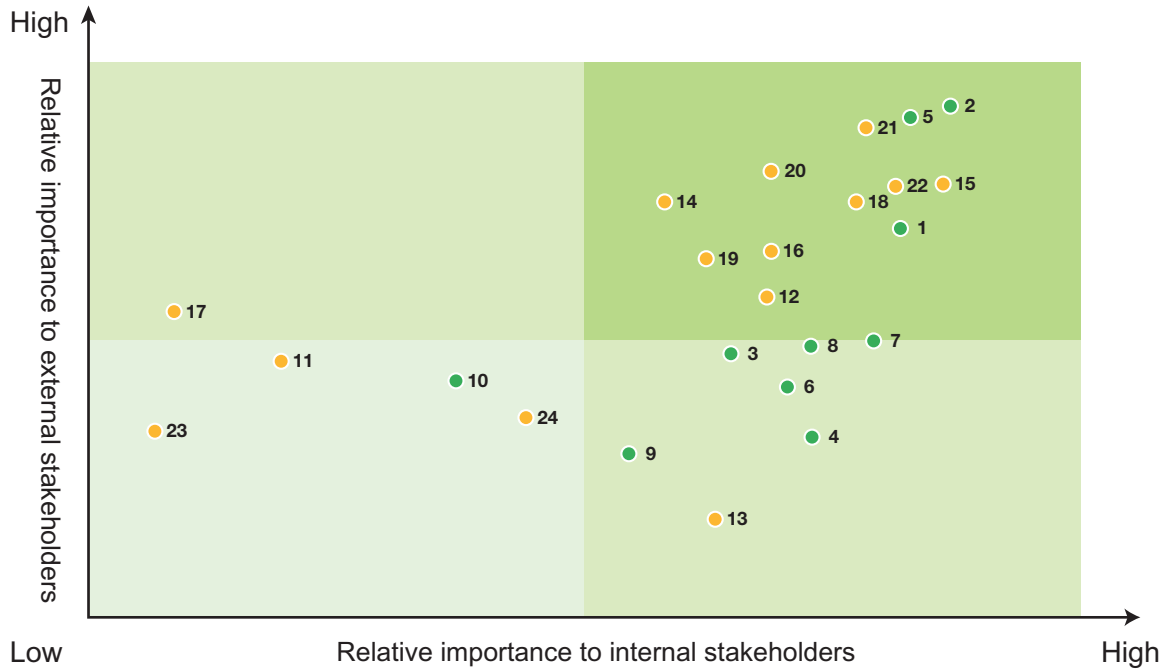
Stakeholders form an integral part of the Group's sustainable development management. Based on our actual business characteristics, we have identified major stakeholders, including shareholders and investors, government and regulators, employees, suppliers, customers, media, non-governmental organisations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

# 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

## Materiality matrix

Materiality analysis is an important mean of the Group’s sustainability management, including but not limited to stakeholder questionnaires, customer enquiries, media interactions. The Group timely communicate with stakeholders and careful study the national policies and industry dynamics. The Group screens the material topics shown the following matrix according to the communication results obtained from key stakeholders and discloses relevant information in detail according to the materiality assessment matrix.



Environmental Category		Social Category	
● 1 Exhaust gas treatment and emission	● 6 Management of non-hazardous wastes	● 11 Diversity of employee backgrounds and equal opportunities	● 18 Customer service and communication channels
● 2 Emission of greenhouse gases	● 7 Treatment of domestic wastewater and reduction of discharge	● 12 Staff stability	● 19 Intellectual property guarantee
● 3 Hazardous solid waste disposal	● 8 Water consumption	● 13 Safe and comfortable working environment	● 20 Stability of product quality
● 4 Use of materials	● 9 Use of packaging materials	● 14 Staff development and training	● 21 Customer Information and Privacy Protection
● 5 Energy conservation and consumption reduction	● 10 Impact of climate change on business	● 15 Compliance with labour laws	● 22 Anti-corruption
		● 16 Environmental and social performance requirements for supplier access	● 23 Contribution to the Community
		● 17 Evaluate suppliers' environmental and social performance	● 24 Charity work

# 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

## 1.3 LEADING THE INDUSTRY

The Group has attained eight management system certifications and 139 product 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. The product certifications mainly include Tyre product certification, special power communication equipment network access license, telecommunications equipment network access license, EU CE certification, EU Construction Product Regulation (CPR) certification and the United States UL certification, Brazil National Communications Administration (Anatel) certification.

The Group actively participates in formulating product or technical standardised documents to continuously promote the development of the communication industry at home and abroad. In 2021, The International Telecommunication Union (International Telecommunication Commission, ITC) 60794-1-219 standard was proposed and drafted by experts from YOFC and was officially approved and released. We have participated in a number of new proposals. In the China Communications Standardisation Association, YOFC has officially released 14 national and industry standards hosted or participated in. 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 DIGITAL POWER AND OPTICAL FIBRE

### Cooperating with Partners in Technical Exchange Activities

In 2021, YOFC's national key laboratory convoked well-known university professors, young scholars and group R&D teams to hold dozens of technical lectures and project meetings, aiming to promote the interaction and technical communication between young researchers. In May 2021, assisted by the Group's national key laboratory and Shanghai Qianghua Industrial Co., Ltd., China Electronics Materials Industry Association took the lead to held the 10th Council and Technical Exchange Conference of the First Session of the Optical Fibre Material Industry Technology Innovation Strategic Alliance.

### Participating in the Technical Conference of China Communications Standards Association

In 2021, there were 64 personnel in total participated in the Transmission Network and Access Network Technology Working Committee ("TC6") convened by the China Communications Standards Association (CCSA), the general meeting of TC6 and working group meetings involving WG1 transmission network, WG2 access network, home network, WG3 cable and WG4 optical device.

### Displaying New Achievements in Integration of 5G + Industrial Internet

In 2021, YOFC's national key laboratory convoked well-known university professors, young scholars and group R&D teams to hold dozens of technical lectures and project meetings, aiming to promote the interaction and technical communication between young researchers. In May 2021, assisted by the Group's national key laboratory and Shanghai Qianghua Industrial Co., Ltd., China Electronics Materials Industry Association took the lead to held the 10th Council and Technical Exchange Conference of the First Session of the Optical Fibre Material Industry Technology Innovation Strategic Alliance.



### Participating in Global Optical Fibre and Cable Conference, Embracing Industry Development Opportunities



The 7th edition of the World Optical Fibre and Cable Virtual Conference 2021, a premiere event in the global optical fibre and cable sector, was held online from 16 to 18 November 2021, bringing together numerous telecom operators, optical fibre and cable manufacturers and upstream and downstream enterprises across the global industry chain.

As a leading company in the global optical communications industry, the Group participated in the global event for the seventh consecutive year. At the conference, Zhuang Dan, the Executive Director and President of the Group, delivered a keynote speech themed "Embrace Opportunities in the Gigabit Era and Rise to the New Cycle of Optical Industry", and had a panel discussion with his counterparts from well-known international firms including Corning Inc. and Prysmian Group on development trends of the industry and how to navigate them.

# 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

## 1.4 PUBLIC RECOGNITION

As a leading company in the global optical communications industry, the Group focuses on the sustainable development of enterprise, economy, society and 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.



China Quality Award Nomination



Won the "Listed Enterprise of the Year" for six consecutive years



The social responsibility report was included in the A rating of the "Thousand Excellent Corporate Social Responsibility Report" by the Ministry of Industry and Information Technology



The 4th New Fortune Best IR Hong Kong Stock Company



## 1. CREATE FUTURE WITH DIGITAL POWER AND OPTICAL FIBRE

### Other main awards YOFC won in 2021

- Awarded the honour of Top ten Intelligent Benchmarking Factories in Wuhan organised by the Bureau of Economy and Information Technology
- Won the 2021 Industry Leading Award for Communication Product Technology and Solution Application
- Voted as an Excellent Chinese Optical Cable Supplier in 2021 by cctime.com
- Selected as a Class A Product Supplier of China Telecom
- Selected as one of the first supply chain innovation and application model enterprises in China
- Listed in the Best Chinese Employers in 2021 by zhaopin.com as a top ten in Wuhan
- Awarded the 2021 Top ten Most Competitive Optical Fibre and Cable Enterprises in China, the 2021 Top ten Most Competitive Optical Fibre and Cable Enterprises of the World and the 2021 Top ten Enterprises with the Most Competitive Brand in China's Optical Communication Market by the Asia-Pacific Optical Communications Committee and the Network Telecom Information Research Institute
- Won the Jinzizhu Award • Enterprise Contributing to Promotion of Industrial Progress in 2021 organised by the Communications Industry Press(<http://www.ccidcom.com/>), and the YOFC FTTR wiring solution and the G.654.E optical fibre technology solution for ultra-long-distance optical communication for UHV power transmission projects, and the Excellent Products and Technology Solutions in 2021.
- Won the Influential Enterprises of ICT Industry in 2021 award initiated and organised by the CWW (<http://www.cww.net.cn/>), and its G.654.E optical fibre technology solution for ultra-long-distance optical communication for UHV power transmission projects, and the 2021 ICT Excellence Solution of the Year.
- The case that YOFC's full-process digital supply chain was selected for the deep integration and innovation development of logistics industry and manufacturing industry was selected as a finalist case of 2021 Logistics Industry and Manufacturing Integration Innovation and Development Work Conference
- Included in the 15th Communication Industry Lists, mainly including the equipment provider list of Top 100 Communication Equipment Technology Service Providers, and Model Enterprises in Enhancing and Supplementing the Industrial Chain, Competitive Enterprises, Competitive Products and Technology Solutions and other special lists
- YOFC's product Youyuan triple-clad ytterbium-doped optical fibre was awarded the 2021 Most Competitive Optical Communication Products by ICCSZ (<http://www.iccsz.com/>)

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

Attaching great importance to compliant operation, the Group has laid a solid foundation for sustainable development by enhancing risk management and control, establishing an anti-corruption management system, reinforcing information security protection, implementing intellectual property rights management, regulating supply chain management and focusing on brand protection.

### 2.1 RISK MANAGEMENT AND CONTROL

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 Company operates following national laws and regulations.

### 2.2 INTEGRITY BUILDING

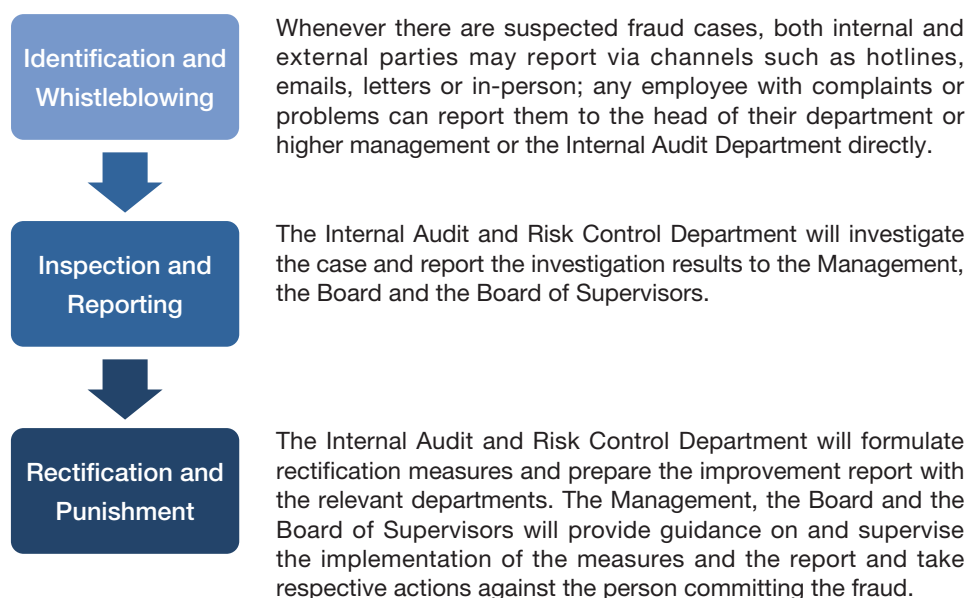
Adhering to the principle of firmly resisting corruption and fraud, the Group strictly abides by the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations, and formulates the *Regulations on Management of Anti-Fraud, Whistle Blowing and Complaints*, the *Code of Professional Ethics for Senior Management*, the *Code of Conduct for Managers* 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.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

### 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.



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

In 2021, YOFC has a total number of 2 concluded employee corruption lawsuits, and the relevant persons involved have been transferred to the public security organs for handling in accordance with national laws and regulations.

### 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. We hold anti-fraud training covering the Board and all employees every two years. In 2021, we carried out various compliance activities such as induction training on compliance for new staff, anti-fraud training for management, and internal anti-fraud investigation to implement the publicity and supervision of anti-fraud and anti-commercial bribery, enhance the awareness of integrity and self-discipline of employees, and prevent the occurrence of corruption and corruption. At the same time, we conducted an anti-fraud training covering all directors.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

### Case: *Holding onto Integrity and Preventing Micro-corruption* briefing session by the management

In 2021, the Group organised manager assistants and above to participate in the “*Holding onto Integrity and Preventing Micro-Corruption*” briefing session, where we comprehensively explained the existence and harmfulness of “micro-corruption”, emphasised the abiding determination to enforce strict enterprise discipline and combat corruption in all its form, and advocated a corporate culture of operation with integrity.

### 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 2021, the Group had no lawsuits regarding unfair competition and monopoly.

## 2.3 INFORMATION SECURITY

The Group always adheres to the information security policy of “safety first, precaution crucial, dual emphasis on management and technology, comprehensive prevention”, and strictly complies with the laws and regulations such as the *Cybersecurity Law of the People’s Republic of China* in combination with the requirements of information security management system (ISO27001:2013) to practically implement information security measures and enhance management level of information security.

In 2021, the Group implemented strict control on network behaviours and strengthened software compliance management to effectively avoid information safety risks caused by infringement and unauthorised access. We implemented isolation on production network, office network and equipment network to achieve control under the principle of least privilege; launched concentrated printing and adopted multi-node distributed structure to enhance information security level and IT management; and upgraded anti-virus system and reinforced terminal security management. Meanwhile, we promoted the combination between information security protection and specific business, continuously improved and standardised the use of customer information from the internal and achieved full life cycle management of orders from customer filing to information deletion after verification through building a customer relationship management system (the “CRM” system).

The Group continuously promotes information security to enhance information security protection awareness of all employees. 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.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

### 2.4 RESPONSIBLE SUPPLY CHAIN

The Group is committed to 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 built a complete supplier corporate social responsibility (“CSR”) management system with reference to the ILO MNE Declaration, the Sustainable Development Guidance by JAC, ISO 26000 Social Responsibility and Social Accountability SA 8000.

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 as well as building a green supply chain.

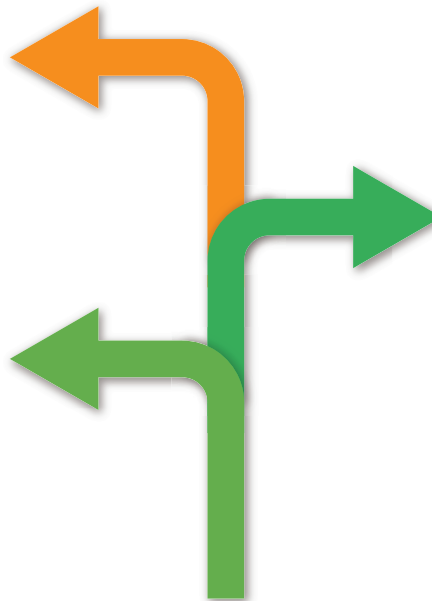
We adhere to the concept of continuous improvement and continuously improve and strengthen supply chain management. In 2021, we will carry out in-depth optimisation and improvement from the aspects of supply chain information management, supplier management, logistics management and other dimensions:

#### Supply chain digital 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 **02**

- Promote transformation projects that implement “supplier management optimisation” to establish and standardise systems including strategic procurement management, procurement risk management, and excellent supplier management to offer specific guidance to suppliers.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

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

By region	2021 number of suppliers
China	260
Japan	1
Asia Pacific (Except China and Japan)	5
Europe	3
North America	1
Total	270

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 data of YOFC Wuhan headquarters.

### Supplier Introduction and Assessment

In the process of supplier introduction and assessment, the Group have put in place control measures including business assessment, qualification investigation, on-site review and product assessment.

#### Business assessment

During the procurement and supplier introduction process, the Group prioritises suppliers who have contributed to COVID-19 prevention and control and society and specifically requires that some product suppliers cooperate with YOFC's related classified green and environmental protection evaluation and undertake related social responsibilities.

#### due diligence

For suppliers passing the business assessment, the Group preliminarily evaluates their environmental and social responsibility risk and requires that the suppliers sign the Code of Conduct for External Suppliers, the Green Environmental Protection RoHS 2.0 Commitment of Suppliers, the Green Environmental Protection REACH Commitment of Suppliers, the Integrity Commitment of Suppliers, and complete the Social Responsibility Questionnaire for External Suppliers.

#### On-site review

The Group conducts comprehensive on-site management reviews on suppliers and sets up a special review on suppliers' social responsibility per relevant standards. The factors for consideration include child labour, forced labour, health and safety, freedom of association and collective bargain, discrimination, working hours, salary and benefits and management system. And the Group establishes red-line clauses to practically ensure that the suppliers comply with our responsible procurement standards. We work to improve our social responsibility management for suppliers by encouraging the suppliers to continuously adopt internationally recognised industrial standards and the best practises.

#### Product assessment

We launch the certification to the suppliers' products for suppliers passing on-site review. In addition, the Quality, Production and Technology Departments conduct collective verification to make sure our products comply with technical specifications, production process and health and safety requirements.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

*The Code of Conduct for External Suppliers* defines the required code of conduct on social responsibility that suppliers should comply with, including four aspects: “Labour rights and interests”, “Health and safety”, “Environmental protection” and “Business ethics”. This year, the Group conducted a social responsibility questionnaire survey among 78 new suppliers and on-site review concerning quality, environmental safety, and social responsibility performance of 42 suppliers. All new suppliers have signed the code of conduct for external suppliers.

Labour rights	Health and safety	Environmental protection	Business ethics
<ul style="list-style-type: none"> <li>• Child labour</li> <li>• Working hours</li> <li>• Salary and benefits</li> <li>• Fair and equal treatment</li> <li>• Freedom of association, right to appeal</li> <li>• Free choice of occupation</li> </ul>	<ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Living conditions</li> <li>• Emergency preparedness</li> <li>• Safety rules</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental permits and reports</li> <li>• Product environmental protection requirements</li> <li>• Prevent environmental pollution</li> <li>• Energy conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Honesty and integrity</li> <li>• Intellectual property</li> <li>• Privacy</li> <li>• Responsible mineral sourcing</li> </ul>

Code of Conduct for External Suppliers

### Daily supervision

We regularly implement a supervision and review system for suppliers, including re-evaluating their contractual performance on environmental and social responsibility. For non-conformities found in the audit, we guide suppliers to identify common problems, analyse root causes of the issues, take targeted corrective measures, and implement closed-loop management. In addition, the Company regularly carries out CSR training courses for procurement staff and social responsibility performance teams to enhance employees’ management capability and their sense of responsibility.

## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

### Performance-based rewards and punishments system

We have established a supplier performance evaluation, reward and punishment management system to conduct a performance evaluation of suppliers from the perspectives of cost, quality, delivery, service, etc. We categorise their performance based on excellence, good, passed, and to be improved. The supplier performance results serve as an important reference for promoting continuous improvement of suppliers, are associated with the supplier cooperation mechanism, and are used in supplier bidding, auditing, rewards and punishments, and other links. We will increase the purchase share under the same conditions for outstanding suppliers with good performance and prioritise providing business cooperation opportunities. For suppliers with poor performance, especially those who violate the social responsibility red line requirements, we require a deadline to rectify and reduce the purchase share or cooperation opportunities. We will also terminate the partnership for suppliers that seriously violate the red line requirements.

### Green procurement

The Group integrates social responsibility assessment standards into the supplier's review and management process. At the same time, based on the green product design concept of the whole life cycle evaluation, 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, resource conservation, safety and health, low-carbon recycling and promoting recycling. 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. We replace traditional diesel-driven forklifts with electric drives in the factory to reduce the use of traditional energy to transform environmental protection in resources. We set clear technical requirements for fibre optic reels, packaging cartons, etc., to promote material recycling.



## 2. RESPONSIBLE GOVERNANCE AND COMPLIANT OPERATION

### 2.5 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 *Work Procedures of Intellectual Property*, the *Changes in Initiation Process of R&D Projects and the Patent Application Process*, so as to standardise intellectual property management.

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 timely and preventing new products from infringing upon others' property rights 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). Legal proceedings and reporting are targeted when effectively protecting intellectual property rights.

### 2.6 BRAND PROTECTION

The Group strictly comply 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, behaviors and functions 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. In 2021, the Group had no affairs concerning violation of related marketing, including advertisement, promotion and sponsorship, regulations and voluntary rules.

### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

The Group always adheres to the concept of “customer first, quality focus, people-oriented, innovation and development”. Through continuous consolidation of quality foundation, we have carried out technological innovation and intelligent manufacturing and provided quality customer service to 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 life cycle 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*.

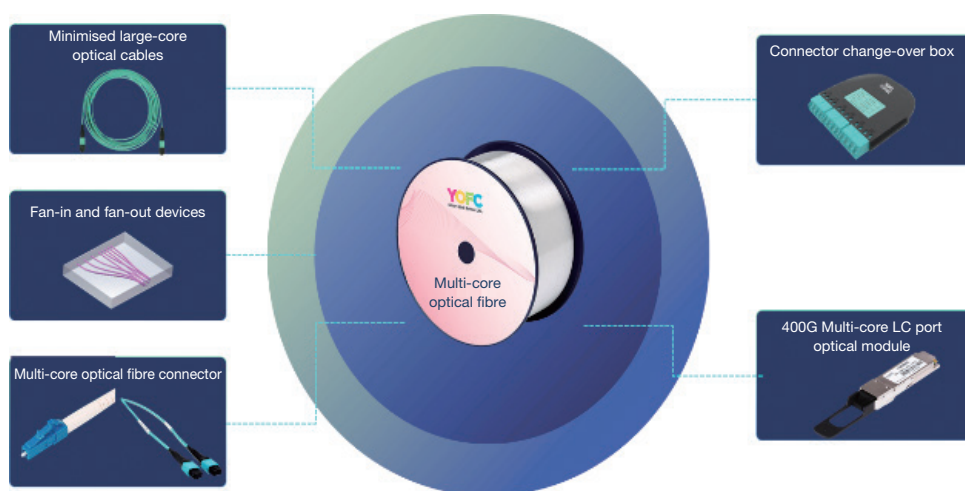
The Group has built an efficient R&D system and established an R&D platform with the national key laboratory centre and R&D centre as the main body to assist in R&D innovation. Our production covers the whole series of optical fibres and cables, and we have the longest industry chain in the sector. We 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. As of 31 December 2021, we have a total of 893 authorised and valid Chinese patents, including 473 invention patents and 94 overseas authorised patents. In 2021, we won the Excellence Award in the 22nd China Patent Award Selection and the Golden Award in the 1st Hubei Patent Award Selection.

### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

#### Case: Filling the gap in the domestic market of multi-core optical fibre

The Group's Basic R&D Department has taken the lead in manufacturing 8-core optical fibre in China, which has been used by data centres, filling the gap in the domestic market of multi-core optical fibre. The multi-core optical fibre solutions for data centres improve the connection density as much as possible by reusing multi-core optical fibre and relevant devices, which unleashes its great potential in technology upgrading and total cost saving. Meanwhile, the Group has actively cooperated with the partners in various areas of the industry and accelerated the optimisation of related plans and experiments to achieve win-win results.



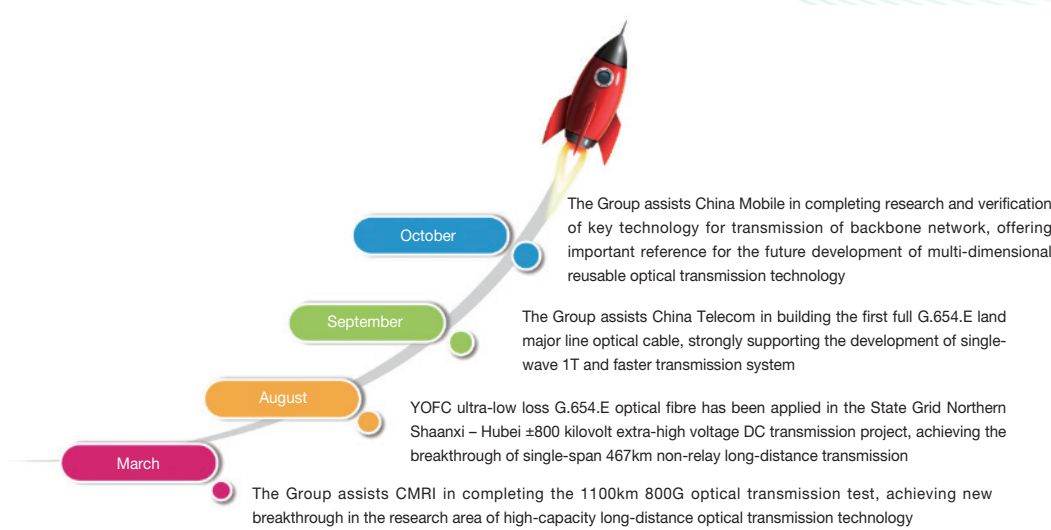
#### Case: Optical Fibre Composite Overhead Ground Wire for extra-high voltage projects

With the establishment of extra-high voltage projects, traditional communication lines cannot satisfy the development needs in the new era, so we have developed optical fibre composite overhead ground wires (OPGW cable) with long span and multiple cores, on the basis of the OPGW cable commonly used in the electricity area. The upgraded OPGW cables make use of the existing towers to fully exert the dual function of communication optical cables and ground wires, not only promoting the development of electrical power communication network, but also bringing about significant social and economic benefits.

#### Innovation application

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, thus adding momentum to the development of optical communication industry and drive overall technical progress in this regard.

### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING



#### Case: The breakthrough in single-span none-relay long-distance transmission

YOFC ultra-low loss G.654.E optical fibre has been applied to the State Grid Corporation of China’s extra-high voltage projects again. The State Grid Corporation of China’s ±800 kilovolt ultra-high voltage DC transmission project linking Northern Shaanxi with Hubei has been in operation, enabling direct connection between the energy base in Northern Shaanxi and the load centre in Central China by directly distributing green power energy in Northern Shaanxi to Hubei. The project has adopted the YOFC’s FarBand(R), a breakthrough product realising 467km single-span non-relay long-distance transmission and an enabler of the high-quality development of extra-high voltage project’s communication technology.

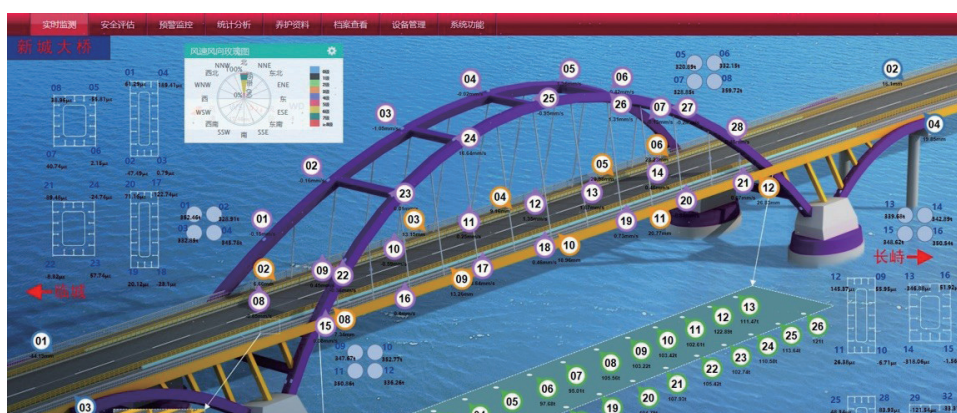


Picture obtained from CCTV13 news

### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

#### Case: Assisting in multi-item structural health monitoring

In 2021, the optical fibre sensing and DTS systems developed by the Group achieved the product development, delivery, installation and trial run and intelligent monitoring system application of railway sedimentation and mountain vibration velocity monitoring on Hunan and Guangxi railway, multi-parameter monitoring of bridge structural health of Changjiu expressway of new-generation national transportation control network and intelligent transportation demonstration project, and CNOOC high-temperature high-pressure oil water and gas environmental monitoring under oil wells, and breakthrough of new FBG sensing products in the market.



#### Intelligent manufacturing

In combination with our technological advantages in optical communication and optical fibre sensing, we have launched the 5G+All-optical industrial Internet solution, which realises all-optical connections from the cloud data centre, workshop and edge layer to device. Besides, we have established intelligent manufacturing demonstration projects such as YOFC Qianjiang intelligent industry and the digital plant in the YOFC Science and Technology Park, realising a new smart manufacturing model of optical fibre preform, optical fibre and optical cable. The manufacturing plant can help improve productivity and energy utilisation by more than 20% and 40%, respectively, realising prominent economic and social benefits and continuously promoting the technological advancement of the optical fibre and cable industry. In April 2021, the related case of the Group was listed in the Cases for Intelligent Plants by the *Ministry of Industry and Information*, which is the only case in both China's optical communication industry and Hubei Province.

#### Case: The first intelligent supervising manufacturing project in China was successfully carried out

From 2020 to 2021, we had assisted customers in carrying out the first intelligent manufacturing project in China. The quality management system on digitalisation and intellectualisation throughout the life cycle was built based on collaborative industry chain practice of our own intelligent manufacturing management mode, industrial Internet and blockchain, taking into account customers' pain points. Through whole-process coordination of the industry chain, we have assisted customers from telecommunication companies in achieving quick supply of goods, reduction in slow-moving inventory, risk traceability, high inventory turnover and whole-process digital visualisation, promoting the digitalised transformation of enterprises.

### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

#### 3.2 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, also signed the *Quality Convention with Suppliers* with the representatives of suppliers. Meanwhile, we strictly abide by the *Safety Production Law of the People's Republic of China* and other laws and regulations, and effectively prevent the occurrence of safety and health incidents. Based on high standards and high requirements for quality, we promote the high-quality development of China's optical fibre and cable industry.

##### 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 2021, we carried 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, and organised activities such as the QC team achievement presentation competition for front-line production employees and the commendation of outstanding internal auditors. Employees from different departments have substantially improved their abilities in related quality management through a series of activities.



### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

#### 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 2021, the Group has established more than 1,600 quality management systems of various types, including management manuals, management procedures, work instructions or technical specifications and other related documents. Implement the management system requirements into each business link such as R&D, procurement, production, delivery, after-sales and recycling, and use the quality information management system to implement the whole process of quality monitoring to ensure that products, processes and services meet the needs of users.

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. In 2021, the Group set a total of 158 quality goals, which are decomposed, monitored and assessed internally; a total of about 500 quality processes of various types are monitored, with a focus on the closed-loop situation of the process; a total of quality inspections related to multiple raw materials and products are implemented more than 5,400 times, minimizing product quality risks. We conducted an internal audit on quality for two months, made rectification focusing on the deficiencies and risks identified, and accomplished follow-up and verification on relevant problems to continuously improve quality management. In addition, the company continuously improves the product recycling process and provides a strong product after-sales service guarantee.

In 2021, there was no major recall of products for safety and health reasons.

#### Case: Received the Nomination Award in the 4th China Quality Award

In 2021, the Group was awarded its second Nomination Award of China Quality Award after 2015, the only manufacturing organisation in Hubei Province.



### 3. FOCUS ON LEADING EDGE AND EMPOWER INTELLIGENT MANUFACTURING

#### 3.3 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.

As of 31 December 2021, the Group received 71 complaints about products and services, all of which had been properly handled in a timely manner. 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. 100% satisfaction of customer complaint resolution.

##### 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. 7x24 service hotline is available for receiving customer feedback and responding to customers' needs any time.



##### 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.



## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

The Group actively responds to the national goals of Carbon Peaking and Carbon Neutrality, adheres to the consistent principle of “Energy Conservation, Low Carbon, Scientific Management, Green Sustainable Development”, remains true to our original aspiration and upholds the mission with the core values of Customer-centric, Accountability, Innovation and Stakeholder Benefits. We actively identify and adapt to social development trends to demonstrate our responsibility as a corporate citizen. Striving to be a pioneer of green development in the “dual carbon” era, we have launched a series of innovative schemes that feature green and low-carbon development, such as the deployment of green communication networks, promotion of clean production methods, optimisation of internal green operation management, and creation of low-carbon green products, and actively participated in the pilot project of carbon emission trading in Hubei Province. In 2021, the Group’s subsidiaries Yangtze Optical Fibre (Qianjiang) Co., Ltd. and Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. were selected into the Green Manufacturing List announced by the Ministry of Industry and Information Technology of the People’s Republic of China and were officially recognised as National Green factories.

### 4.1 CLIMATE CHANGE

The Group is well aware of the challenges brought by environmental and climate change risks to our daily business and operations, proactively identifies risks and opportunities therein, and actively responds to stakeholders’ concerns, including the government, customers, investors, and the market. At the same time, we continue to expand our investment in green manufacturing, strengthen energy conservation and emission reduction, and actively explore new energy areas such as offshore wind power to help achieve the national goals of “Carbon Peaking and Carbon Neutrality”.

#### **Risks and opportunities associated with climate change**

While practising the green and low carbon operation, we analyse our risks and opportunities that may potentially arise from climate change, assess their effects and develop response strategies in the context of climate change scenarios.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

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

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

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

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

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

### Carbon emissions

**Greenhouse Gas Emissions Target:** We strive to reduce greenhouse gas emission intensity by 50% by 2028 from a 2021 base year, and strive to achieve carbon neutrality by 2055.

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

The Group has formulated relevant management policies for GHG emissions, and constantly strengthened the monitoring and management of GHG generated directly or indirectly from daily operations, actively participated in the carbon emission rights trading organised by local authorities and given full play to all functions to promote the green and low carbon development of the Group.

We conduct annual monitoring on carbon emissions from production. The major indicators inspected include the consumption of electricity, heat, fuel, industrial protective gas in the process of production. We identify the direct and indirect sources of GHG emissions across the plant and determine the emission boundary. The energy management personnel from all subsidiaries work together to establish a detailed statistical ledger for internal GHG emissions.

In 2021, we launched the Group's energy management project and formed a special project team to conduct a comprehensive review of the current status of energy and carbon emission management in companies of the Group based on ISO14064-1:2018 standard and to analyse and certify energy consumption statistics over the years to improve the authenticity, accuracy and objectivity of the Group's overall energy and carbon emissions statistics.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

Greenhouse gas	Unit	2021
Total emissions (Scope 1&2)	tonnes (CO <sub>2</sub> Equivalent)	318,099.57
Direct emissions (Scope 1)	tonnes (CO <sub>2</sub> Equivalent)	35,313.84
Indirect emissions (Scope 2)	tonnes (CO <sub>2</sub> Equivalent)	282,785.73
Greenhouse gas emission intensity	tonnes (CO <sub>2</sub> Equivalent)/ ten thousand output value	0.22

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 2021, the Group carried out carbon assessment according to ISO 14064-1:2018 Greenhouse gases- Part 1: Specification with 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. Greenhouse gas balances are presented in carbon dioxide equivalents, according to the Average Carbon Dioxide Emission Factors of China's Regional Power Grid in 2011 and 2012" released by the National Climate Strategy Centre and the emission factors specified in 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement) by The Intergovernmental Panel on Climate Change.
3. In 2021, the Group continued to improve the coverage of greenhouse gas statistics and newly included propane, liquefied petroleum gas, emissions of the production process in the statistics.
4. During the reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

### 4.2 RESOURCES OPTIMISATION

The Group is committed to achieving sustainable development through resources optimisation. We strictly follow the laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, *Circular Economy Promotion Law of the People's Republic of China*, *Administrative Measures for Industrial Energy Conservation*, *Administrative Measures for Energy Efficiency of Key Energy Users*. Based on the policies above, we have formulated relevant rules and regulations for resource optimisation to strengthen the Group's resource management and effectively implement control measures of energy and water resources.

In 2021, we took several approaches such as energy restructuring, better implementation of information-based management and optimisation of energy-saving and consumption-reducing production processes to improve the utilisation of energy and water resources and achieve cleaner production. At the same time, we have introduced green concepts into product design and the use of packaging materials in an effort to minimise the negative impact on the environment in our daily production and operation and promote the Group's green and low-carbon development.

#### Energy management

**Energy target:** Energy consumption, which accounts for the largest proportion of our total greenhouse gas emissions, is our most important focus in low-carbon development. In order to reach the Group's carbon emission targets, we will continue to improve energy efficiency during production and operation.

In terms of energy management, we apply information-based management to continuously improve our energy management and use clean energy instead of traditional coal-fired energy, so as to effectively implement energy conservation and emission reduction measures and practise green and low-carbon operations.

To achieve the goal of energy conservation and emission reduction, we have adopted a series of measures to save energy and reduce consumption throughout the process of production and operation, assessed the total energy consumption performance for main product lines, and improved the allocation and management of energy measuring instruments according to the requirements of *GB 17167-2006 General Rules for Allocation and Management of Energy Measuring Instruments for Energy Users*. At the same time, we have built the information-based Production Guarantee Platform with energy management as the core to dig deeper into the energy-saving potential of the Company and realise centralised and flat dynamic monitoring and digital management of energy transmission, distribution and consumption.

In order to contribute to the low-carbon economic development of society, we use renewable and clean energy in our production operations. In 2021, we actively procured clean energy, about 211 million kWh of the industrial electricity is generated by hydropower, reducing carbon emissions by about 110,000 tonnes compared to procuring electricity from coal-fired power plants.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

Type of Energy	Unit	2021
Total direct energy consumption	MWh	138,501.70
Unleaded gasoline	litres	115,206.12
Hydrogen	cubic meters	381,076.40
Propane	cubic meters	175,274.89
Diesel	litres	63,654.87
Liquefied petroleum gas	kg	480.00
Natural gas	cubic meters	13,271,332.00
Total indirect energy consumption	MWh	489,744.30
Purchased steam	MWh	22,800.91
Purchased electricity	MWh	466,943.39
Total energy consumption	MWh	628,246.00
Energy consumption intensity	MWh/ten thousand output value	0.42

Note:

1. The Group continued to expand the scope of energy consumption statistics, incorporating propane, hydrogen, and liquefied petroleum gas into the scope this year.
2. 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) and actual consumption of gasoline, diesel, hydrogen, natural gas, liquefied petroleum gas, purchased electricity and purchased steam.
3. During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

### Case: Building a green factory to help achieve the “Double Carbon” target

We are promoting green manufacturing and building green factories to help achieve the goals of “Carbon Peaking and Carbon Neutrality” in industrial manufacturing. “YOFC (Qianjiang) Co., Ltd. and YOFC (Lanzhou) Co., Ltd.”, as “National Green Factories”, have integrated green concepts into factory construction since their establishment.

YOFC (Qianjiang) Co., Ltd. is the world’s largest single intelligent manufacturing plant of optical fibre preform and optical fibre. Since its establishment, the Company has vigorously developed green and intelligent manufacturing in the optical fibre preform and optical fibre industries. With the concept of “promoting circular economy”. We have recycled the by-products from the salt chemistry industry and the production of optical fibre preforms to achieve efficient, environmentally friendly and low-cost operation. YOFC (Qianjiang) Co., Ltd. boasts advanced production processes and has realised industry-leading energy consumption for main production equipment. By deploying necessary environmental protection and safety facilities, the Company has also achieved effective management of energy consumption.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

As one of China's leading regular cable factories that own a complete product portfolio covering various specifications with the most advanced production technology, YOFC (Lanzhou) Co., Ltd. always highlights green development. It implements green manufacturing in an all-around manner, optimises production by improving quality and efficiency and reducing costs to realise cost-saving, high-end green development, and creates a modern factory that is green, energy-saving and environmentally friendly. Energy-efficient lighting fixtures are used in all the buildings in the factory, while natural lighting is utilised to the full extent in the production workshops. An intelligent control system is installed for automatic brightness adjustment in all areas to maximise energy savings for lighting systems. At the same time, the Company continues to optimise the process flow and achieve energy saving and consumption reduction through a renovation project related to the heating of the curing oven in the colouring workshop and the extruder in the sheathing workshop. The Company continues to promote technological innovation and reform. With the Manufacturing Execution System ("MES") as the core, the Company successively introduces and independently develops information management systems and sets up a data centre to collect data of the production process, which are visualised to realise a 100% numerical control rate in the production line. Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. has effectively improved production efficiency and product quality by enhancing digital and intelligent manufacturing levels, further driving the Company's transformation to a high-quality green manufacturing path.



### Case: YOFC refrigeration and process water system optimisation project

In 2021, we launched the YOFC refrigeration and process water system optimisation project, by which we adjusted the outlet water temperature of the chilled water, effectively reduced the operating power of the chiller and water pump and helped reduce electricity consumption in the plant area by about 1.27 million kWh through optimising the working conditions of the refrigeration system in winter.

### Case: Elimination of old fixed frequency equipment energy saving and emission reduction project

YOFC Guangheng Communication Technology Co., Ltd. actively promotes energy conservation and emission reduction and takes advantage of new technologies and frequency conversion equipment to save energy. For newly purchased equipment, energy-saving frequency conversion technology is preferred, saving about 15-20% of energy compared to the original equipment. In 2021, the factory will gradually phase out the old fixed-frequency equipment, and now all of them have been replaced with variable-frequency equipment.



## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

### Case: Frequency conversion transformation project of drawing tower circulating water system

YOFC (Tianjin) Co., Ltd. carried out the frequency conversion transformation project of the drawing tower circulating water system this year, changing the original power frequency operation to inverter control, thereby reducing power consumption and improving power consumption efficiency.

### Water resource management

**Water Target:** As water scarcity becomes a critical issue globally, we are committed to improving our product design and manufacturing processes, maintaining operational control over water use, and continually improving water use efficiency.

The Group has been adhering to the principle of “saving and spending”. With Wuhan plant recognised as a provincial Water-saving Enterprise in 2020, we continuously strengthened water usage management 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.

We carry out regular water balance tests, deep dive into the water-saving potential and use innovative technical means including electronic inspection, remote monitoring and alarm pushing to detect and deal with abnormalities such as water running, water bubbling, water dripping and water leaking on time to safeguard the integrity of water supply networks.

In 2021, during the production of preforms division of YOFC prepared improvement plans to reduce water consumption in processing and equipment cleaning, respectively.



#### Process design

- Reduce the amount of corrosion cleaning by reducing product contamination during processing;
- Reduce the consumption of single batch of water by using separate pre-treatment for pollution;
- By optimising the water washing procedure of the equipment to achieve internal circulation, thereby reducing the consumption of water resources.



#### Equipment cleaning

- By optimising the structural parts of the cleaning equipment, the processing capacity of a single batch is increased, thereby reducing water consumption.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

Water usage	Unit	2021
Water consumption	cubic meters	1,356,998.03
Water consumption intensity	cubic meters/ ten thousand output value	0.90

Note:

1. During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.
2. All the water used by the group comes from municipal pipe network, there is no issue in obtaining sourcing water source.

### Green products

Adhering to the concept of green design, the Group procures quality raw materials and designs better products to reduce environmental pollution, cut down energy consumption, promote product recycling, and strive to be more environmentally friendly based on the green and low-carbon attributes of optical fibres. We have more than a hundred products and raw materials that passed the EU RoHS 2.0 test. Two outdoor optical cable products have been included in the fifth batch of green products selected into the green manufacturing list announced by the Ministry of Industry and Information Technology due to their superior environmental, resource, and product attributes. At the same time, we have carried out product carbon footprint verification for our optical fibre and cable products based on ISO14067:2018 Greenhouse Gas Products Carbon Footprint Quantification Requirements and Guidelines to assess the environmental impact of our products throughout their life cycle, seek green improvement solutions at the product design level, enhance the eco-friendliness of our optical fibre and cable products, and contribute to the green building of national communication networks.

### Packaging materials

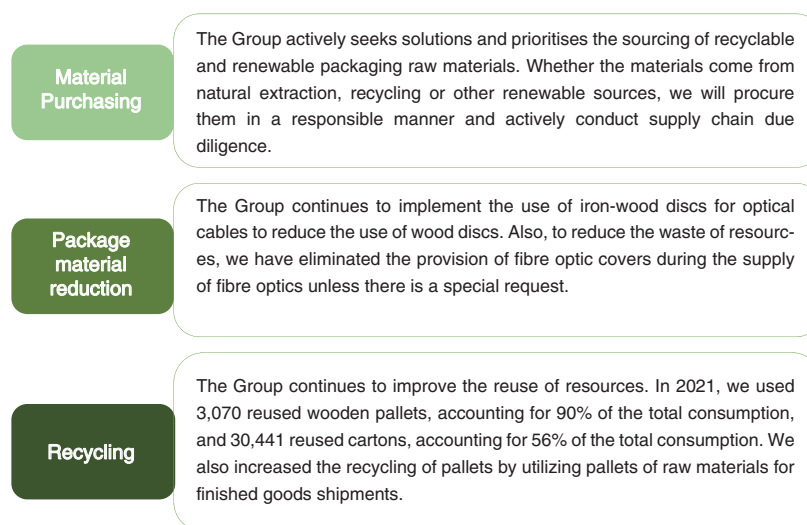
In the process of transformation to a green supply chain model, the Group has adopted various measures for the procurement, transportation, usage reduction, recycling and reuse of packaging materials to minimise negative environmental impacts and maximise resource utilisation throughout the life cycle of packaging products (including raw materials selection, product design and manufacturing as well as final disposal), and realise the unification of social and economic benefits. This year, we replaced some of the cardboard boxes used for packaging optical fibres with sustainable recycled plastic bins and worked with our suppliers to develop plastic containers with higher recycling rates to reduce paper usage and save wood resources. In addition, we changed the packaging and transportation of optical fibre discs from carton packaging to optical fibre shipping trucks to reduce the use of packaging cartons. In 2021, we reduced the use of 2,083 cartons.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

### Recycling

The Group promotes the recycling of resources in various forms such as replacement, recycling and reuse. We have launched a trade-in program where every four scrapped optical fibre discs or optical fibre protective covers can be traded for one new disc or optical fibre disc foam, respectively. In 2021, we completed the trade-in for a total of 5,124 scrapped optical fibre discs and about 12,000 scrapped optical fibre protective covers.

This year, we have also continued to carry out the recycling of optical fibre discs and completed the trade-in for a total of 9,155 optical fibre discs throughout the year.



Type of packaging materials	Unit	2021
Paper	Tonnes	1,151.69
Plastic	Tonnes	1,551.04
Metal	Tonnes	123.79
Wood	Tonnes	14,244.91
Total	Tonnes	17,071.43
Intensity	tonnes/ten thousand output value	0.01

Note:

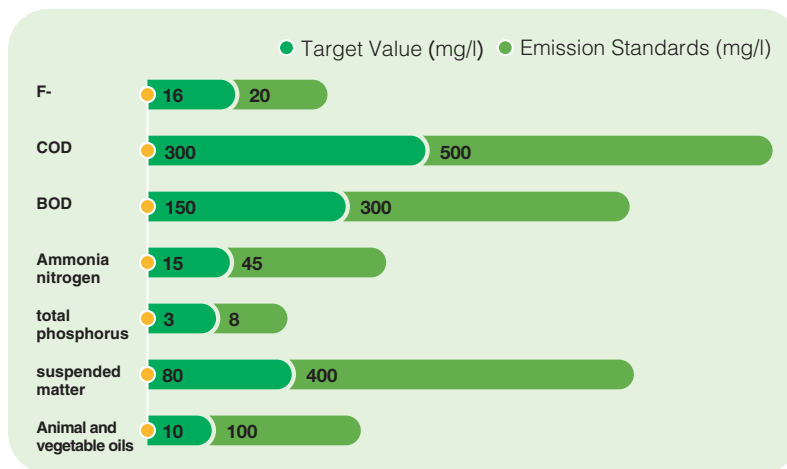
During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

### 4.3 EMISSION MANAGEMENT AND CONTROL

The Group always complies with laws and regulations, 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 the 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 the production.

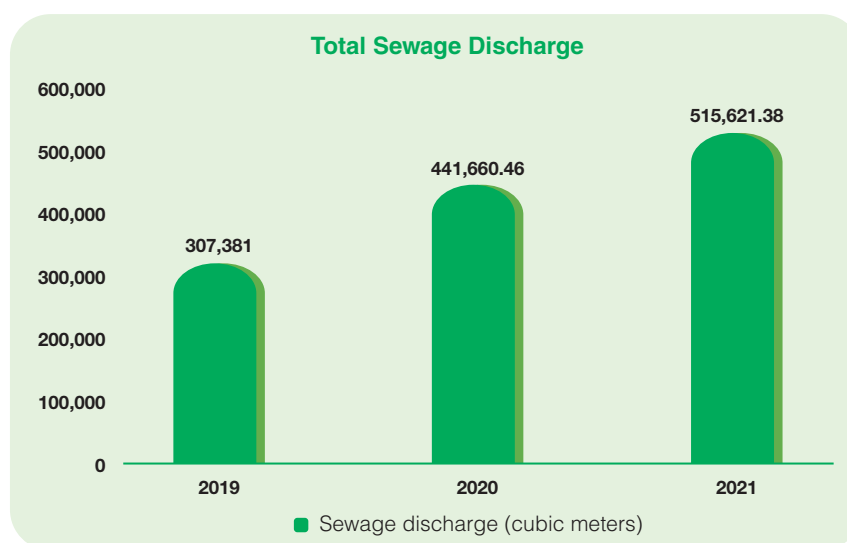
**Wastewater discharge target:** In 2022, the sewage discharge pollutants of YOFC Wuhan headquarters will be controlled within the following target values under the condition that they do not exceed the discharge standards.



## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

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 through upgrading our wastewater treatment facilities and optimising our wastewater discharge management capabilities.

Wastewater Discharge	Unit	2021	2020	2019
Wastewater Discharge Amount	m <sup>3</sup>	515,621.38	441,660.46	307,381.00

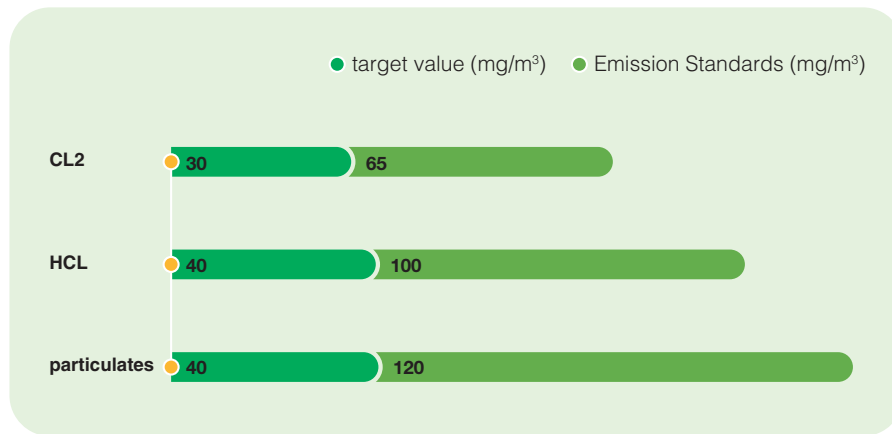


Note:

During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

**Air emission 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.



During the operation period, the Group continues to strengthen management and control measures to ensure the compliance of exhaust gas emissions. In 2021, the Wuhan headquarters of YOFC has set an exhaust emission target that is higher than the local emission standard.

**Waste reduction 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.

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%) as raw material for a waste-to-energy generation; for domestic waste, we have designated collection points and centralised recycling sites and hand them over to third-party companies authorised by the Urban Management Department for recycling and disposal; for hazardous waste containing organic waste solvents, waste acids and waste packaging materials, we have set up dedicated recycling sites based on their types and regularly hand them over to qualified third parties for compliant disposal.

## 4. GREEN AND LOW-CARBON DEVELOPMENT PATH

We also try our best to minimise the generation of hazardous waste during production and operation. We have eliminated the use of isopropanol through technological improvement in the production process, which greatly reduces the generation of organic waste solvents. Currently, after years of research and development, we achieved a technological breakthrough in the OVD process in 2021 to eliminate the discharge of chlorinated waste.

Type of non-hazardous waste	Unit	2021
Industrial solid waste	Tonnes	701.70
Domestic garbage	Tonnes	315.31
Sludge	Tonnes	151.26
Total non-hazardous waste disposal	Tonnes	1,168.27
Non-hazardous waste disposal intensity	tonnes/ten thousand output value	0.08

Note:

During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. Some smaller subsidiaries have not been included in the statistics for the time being but will be when applicable.

Type of hazardous waste	Unit	2021
Waste organic solvents	Tonnes	48.66
Waste acid	Tonnes	218.43
Waste activated carbon	Tonnes	19.39
Waste packaging materials contaminated by chemicals	Tonnes	100.03
Total hazardous waste disposal	Tonnes	386.51
Hazardous waste disposal intensity	tonnes/ten thousand output value	0.02

Note:

During this reporting period, two new subsidiaries were incorporated into the scope of environmental data disclosure compared to 2020. 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 2021, we continued to improve the level of noise management, strictly implemented the “Three Simultaneous”<sup>1</sup> 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.

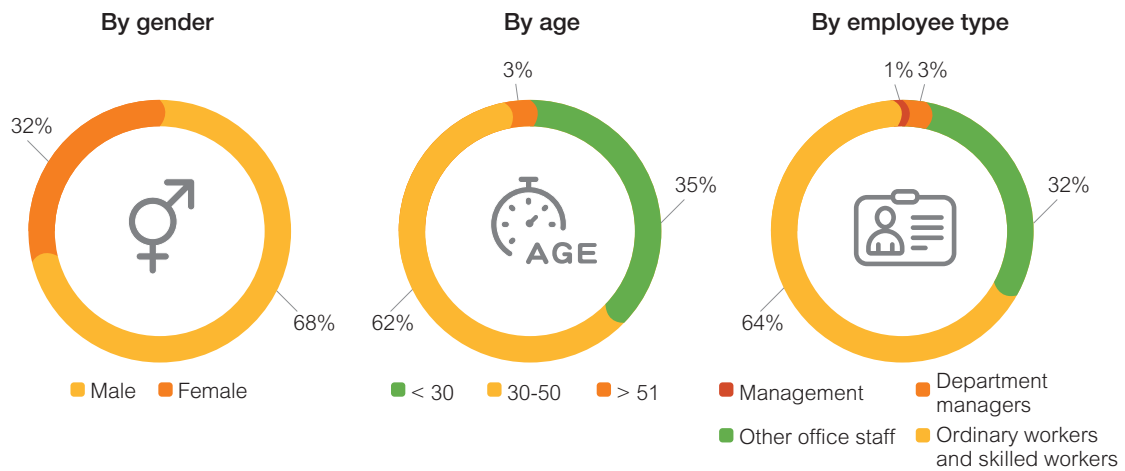
<sup>1</sup> Simultaneous design, simultaneous construction, simultaneous use

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

Employees are our critical driving force for our sustainable development. We respect and protect the legitimate rights and interests of employees, implement the principles of fairness and diversity in employee recruitment, create a healthy and comfortable work environment for our employees, strive to solve the most concerned real-life problems of our employees, create conditions for and provide a broad platform for the development of employees and build a bright future with employees jointly.

### 5.1 EMPLOYMENT

The Group strictly complies with applicable laws and regulations related to labour and employment in countries and places we operate, such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*. The Group has formulated such rules and policies as the *Recruitment Management Requirements*, *Staff Performance Management Procedures*, *Attendance Management System*, and *Resignation Management Procedures* and Documents to regulate the 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 employees of different races, nationalities, genders, religious beliefs and cultural backgrounds equally 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 2021, there was no discrimination, child or forced labour and other illegal employment acts within the Group.



## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

We have established an effective communication mechanism and 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 2021, we introduced a professional third-party research institution to comprehensively measure employees' satisfaction with the enterprise by applying scientific and objective fit survey methods. For problems raised by employees in the survey results, we will formulate and implement a special action plan for continuous improvement under the supervision and track of records.

### Staff Profile

Indicator		2021
Total number of employees		6,888
By gender	Female	2,190
	Male	4,698
By employee type	Management	65
	Department managers	229
	Other office staff	2,170
	Ordinary workers, skilled workers	4,424
By age	< 30	2,411
	30-50	4,239
	> 50	238
By region	Mainland, China	6,593
	Hong Kong, Macau and Taiwan, China	2
	Overseas	293
Turnover rates (%)		11.94
By gender (%)	Female	6.97
	Male	12.78
By age (%)	< 30	26.89
	30-50	9.28
	> 50	0

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.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### 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.

The successful development of the Group’s overseas business and its objectives are indebted to the ongoing efforts of our overseas employees. In 2021, we continued to increase overseas allowances for overseas employees, optimise benefits such as commercial insurance to safeguard the interests of overseas employees, and fully motivate overseas employees to work, thus encouraging employees to participate in overseas business expansion.

### 5.2 TRAINING DEVELOPMENT

In line with the training concept of “All Staff”, “Targeted”, “Planned”, “Life-cycle”, “Tracking”, the Group has formulated the *Training Management Procedures*, *Staff Training Credits Management Procedures*, *Special Training Management Procedures* and other regulations on training management, which clarify the responsibilities of training management, types of training, training needs and plans, training implementation, application of training results, training resources and other management rules to ensure the efficient operation of the staff training mechanism.

We pay attention to the integration and development of every employee, set up targeted training courses for employees at different levels and positions, and carry out diversified training programmes such as training for new hires, leadership training and training for talent pool using face-to-face learning, online learning, practical curriculum and other training methods; organizing the Integration Plan for transfer employees helps employees to deeply understand the policies, systems, rules, processes, key projects and other content of the business module, and complete the transfer transition. We encourage all staff to participate in the training plan, carry out the training under the assessment system throughout the career cycle and continuously improve the talent development plan.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### Case: Lectures Given by Senior Executives – Trainings on Strategy Implementation

Centering on four core topics of strategic management, business human resource management, cadre management and marketing management and four special topics of digital supply chain and procurement, project-based organisation operation, process-based organisation construction and product management, we have designed eight courses for employees, which are taught by senior executives focusing on business scenarios and designing practical guidance so as to improve employees' business capabilities and stimulate their enthusiasm for work.



### Employee Training Performance Summary

Index		2021
Average training time (Hour)		33.5
By gender (Hour)	Female	36.4
	Male	32.9
By employee type (Hour)	Management	42.5
	Department managers	43.6
	Other office staff	38.7
	Ordinary workers, skilled workers	25.8
Proportion of trainees (%)		100
By gender (%)	Female	100
	Male	100
By employee type (%)	Management	100
	Department managers	100
	Other office staff	100
	Ordinary workers, skilled workers	100

Note:

1. The statistical scope of training hours and promotion of trainees are the Wuhan headquarters of YOFC. The training content includes internal training and external online and offline training.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### 5.3 HEALTH AND SAFETY

The Group strictly complies with the relevant laws and regulations, including *Work Safety Law of the People's Republic of China*, *Special Equipment Safety Law of the People's Republic of China*, and *Fire Protection Law of the People's Republic of China*, formulates internal rules and regulations and establishes sound health and safety management systems, to provide standard guidance for employees' occupational health and safety management. In addition to a comprehensive safety and security system, the Group has set up a Safety and Environmental Protection Committee, 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. At the same time, in order to further improve safety and health management, we regularly carry out internal inspections, engage a third-party certification institution to provide audit and accept supervision inspections from government functional departments.

#### Production Safety

The Group attaches great importance to production safety, targets related to production safety have been set, actively conducts employee safety training to enhance employees' safety emergency response capabilities, and promotes equipment upgrades and technical improvements for safety. According to JHA Analysis (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. In 2021, in order to reduce occupational hazards and flammable and explosive objects in the workshop, production departments eliminated the use of isopropyl alcohol and replaced it with alcohol to clean the preforms. While safeguarding the effectiveness of the cleaning, we reduced the safety and health risk of employees.

#### 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 2021, the Group achieved all assessment targets with high performance.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### Safety Production Goals and Completion Status

Safety Incident	Target	Actual Completion in 2021
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 2019	0
	Work-related fatalities in 2020	0
	Work-related fatalities in 2021	0
Fatality rate due to work	Annual fatality rate related to work in 2019	0
	Annual fatality rate related to work in 2020	0
	Annual fatality rate related to work in 2021	0
Work injury lost days	Workdays lost due to work-related injuries in 2021	38

Note:

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

### 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.

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. We ensure prompt response, decisive handling, effective rescue, and timely reporting of disastrous events or accidents to minimise casualties and property losses.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### Occupational Health

We strictly abide by the relevant laws and regulations of the regions of the world in where 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*, we regularly conduct special inspections on occupational health very year, promptly investigate and implement corrective measures for potential safety hazards that may cause occupational disease. 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, conduct occupational health check-ups regularly, and provide comprehensive protection for occupational health and safety of employees.

### Regular Control over COVID-19

During the regular prevention and control over COVID-19, the Group promptly revises the epidemic prevention plan and adjusts the organisational structure of epidemic prevention to provide organisational guarantee for the implementation of various epidemic prevention policies. As the top person in charge of the organisational structure of epidemic prevention, the president makes active arrangements according to relevant requirements, which are subdivided and then implemented by various business departments, leading all employees to battle for effective epidemic prevention and control with prudence, driven by strong social responsibility and professional dedication spirit. In alignment with the improved epidemic prevention system, we exercise management over all three types of personnel entering the factory (namely, YOFC employees, non-YOFC resident employees within the factory and outsiders), so as to achieve epidemic prevention and control with no dead corners.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### 5.4 COMMUNICATION AND CARE

The Group regards employees as the wealth for development, pays great attention to the rights and interests of employees, and enables employees to feel the care and warmth of the YOFC family. 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.



#### Staff Benefits

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.

We actively build a heart-warming workplace to create a diverse leisure activity platform for employees and help them balance work and life. In 2021, we held employee activities such as YOFC's Spring Festival Gala Evening, Salesperson skills competition, labour skills competition for production and forklift employees, Employee Sports Competition, Female Employee Flower Arrangement, Creative Cake DIY Activities and Care Activity for YOFC Employees' Children to arouse enthusiasm and vitality and enhance employees' sense of belonging and collective cohesiveness.

## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

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. 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.



YOFC's Spring Festival Gala Evening

### Case: Caring Activity for Employees' Children – “YOFC Second Generation”

The activity aims to enrich the spare time life of employees' children. We continue to strengthen the communication between the Company and employees and enhance the cohesion of employees. Moreover, it helps increase the sense of belonging, participation and happiness of employees, maintain the friendly relationship between the Company and employees and encourage the YOFC Second Generation to radiate the strength of struggle and build a blueprint for growth.





## 5. BEING PEOPLE-ORIENTED, GROWING UP TOGETHER

### Female Employees' Rights and Interests

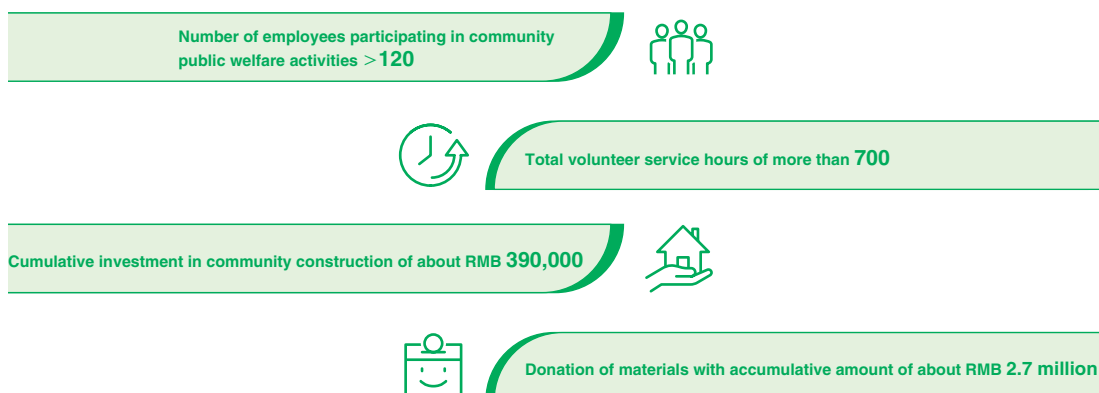
The Group attaches great importance to caring for female employees. We carry out special activities on International Women's Day every year and distribute festival gifts to female employees, maternity room built. In order to further protect the legal rights and special interests of pregnant employees, 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 leave for female employees and breastfeeding leave of one hour per day for female employees with babies under one-year-old. In 2021, the Group actively responded to the requirements of the governments' family planning regulations and policies and issued the up-to-date maternity leave standards to increase the maternity leave by 60 days other than the leave days stipulated by the state.



Creative Cake DIY Activities

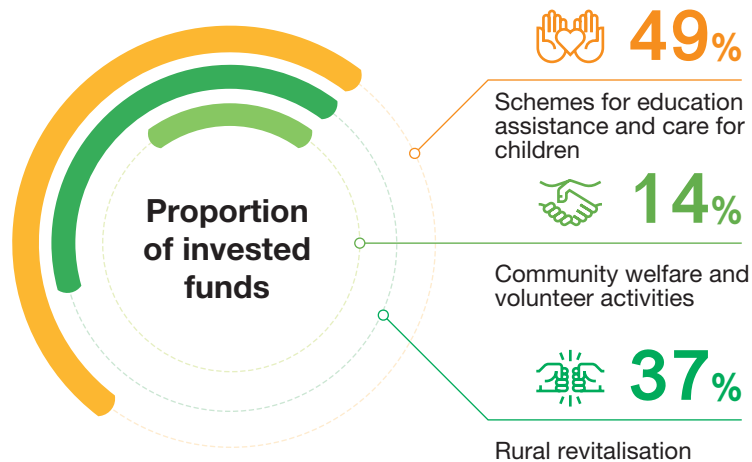
## 6. WORK TOGETHER TO BUILD COMMUNITIES AND SERVE PEOPLE'S LIVELIHOOD

Being 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. Acting upon the state's call, the Group takes rural revitalisation as its responsibility and promotes rural economic development through material revitalisation and targeted assistance. Furthermore, the Group continues to carry out education assistance schemes and takes practical actions to solve children's difficulties, which deliver the charitable spirit among the society and build up strength for the future.



Performance Table of the Group's Charity Work in 2021 Invested funds (in RMB10 thousand)	
<b>Community welfare and volunteer activities</b>	
Donation activity themed by Salute to Heroes, Care for Veterans	25
Material donations to the vulnerable groups, such as Wuhan Xizang Middle School, Hope Primary School in Hong'an County, Nursing Home in Fozuling Subdistrict, and disabled families and the elderly in Poly Times Community	5
Others: During the epidemic, Cool Summer Activity for medical staff and volunteers for nucleic acid testing in Poly Times community, maintenance and renovation of public facilities in surrounding communities, and tree planting for public benefit	8.7
<b>Rural revitalisation</b>	
Material revitalisation: Purchase of agricultural products from Hefeng County, Enshi	46
Targeted assistance: Visit to poor families	52
<b>Schemes for education assistance and care for children</b>	
YOFC Class, YOFC Scholarship (The No. 1 Middle School Affiliated to Central China Normal University)	100
Scholarship for outstanding university students	30
Donations for "Love 100" education assistance action	1

## 6. WORK TOGETHER TO BUILD COMMUNITIES AND SERVE PEOPLE'S LIVELIHOOD



### 6.1 COMMUNITY WELFARE AND VOLUNTEER ACTIVITIES

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. During COVID-19, we offered supplies for cooling to medical staff and volunteers who perform nucleic acid testing in the surrounding communities, making contributions amidst the fight against the epidemic.

#### Case: YOFC Volunteer Service Team's Care for the Elderly in the Surrounding Communities

On 14 October 2021, the management of the Group led the volunteer service team to carry out charity activity in Poly Times Community and Welfare Home in Fozuling Subdistrict near the Company, joining hands with the surrounding communities to create a harmonious and beautiful environment. The Group's volunteers brought rice, oil and other living materials to 15 special families such as the elderly, the disabled and those who lost their only child in Poly Times Community and living materials such as milk powder and hair clippers to the elderly in Welfare Home in Fozuling Subdistrict, along with sincere wishes for their health.

## 6. WORK TOGETHER TO BUILD COMMUNITIES AND SERVE PEOPLE'S LIVELIHOOD



### Case: Donation Activity Themed on “Salute to Heroes, Care for Veterans”

On December 1, 2021, the Group held a donation ceremony themed by “salute to heroes, care for veterans” at the Hubei Veterans Service Centre, donating materials to the Hubei Veterans Caring Association. As a corporate citizen, the Group is obliged to take the initiative to shoulder social responsibilities and help veterans to solve practical problems within its capacity.



### Case: Urgent Repair of Optical Cables in Disaster Areas in Zhengzhou by YOFCC

In July 2021, the continuous heavy rainfall in Henan has resulted in transmission disruptions to communication base stations in cities including Zhengzhou. In the context that several communication optical cables were damaged and tens of thousands of users' communication services were affected, the Group immediately contacted the operator to confirm the needs for relief materials and organised production bases in Hubei, Gansu, Liaoning, Shanghai, Sichuan, Guangdong and other regions across the country to supply the first batch of cables for disaster relief, with ordinary optical cables of more than 1,500 kilometres by sheath (nearly 80,000 kilometres by core) and butterfly cables of 2,000 kilometres by sheath provided to the disaster areas in Zhengzhou, guaranteeing the emergency communications for flood control and disaster relief.

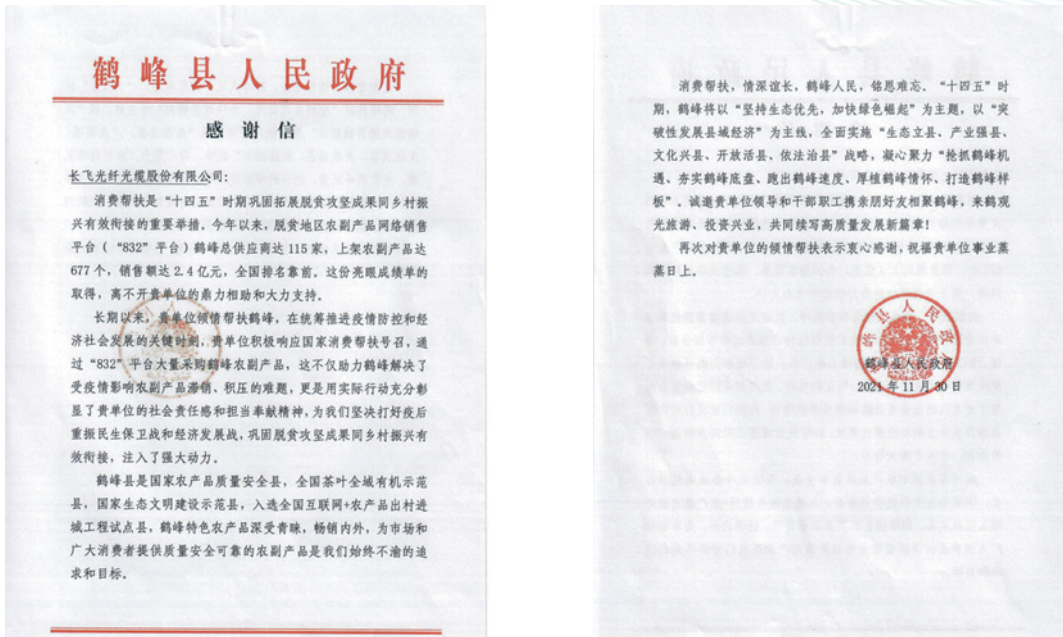
## 6. WORK TOGETHER TO BUILD COMMUNITIES AND SERVE PEOPLE'S LIVELIHOOD



### 6.2 RURAL REVITALISATION

Affected by the epidemic, villagers had suffered many unsold and overstocked agricultural products in Hefeng County, Enshi Tujia and Miao Autonomous Prefecture. 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.

## 6. WORK TOGETHER TO BUILD COMMUNITIES AND SERVE PEOPLE'S LIVELIHOOD



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

### 6.3 SCHOLARSHIPS AND CARE FOR CHILDREN

**YOFC Class:** The Group sponsors the YOFC Class of NO. 1 Middle School Affiliated to 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" programme and cooperated with many well-known universities, hoping to cultivate more potential talents for the communication industry and YOFC. In 2021, we awarded scholarships to outstanding students from 6 universities, including Huazhong University of Science and Technology, Wuhan University of Technology, Nanjing University of Posts and Telecommunications, Chongqing University of Posts and Telecommunications, Beijing University of Posts and Telecommunications and Hainan University.

**Childhood Dreams:** On June 1, 2021 (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

Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (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, prioritise 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
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report (i.e. Materiality, Quantitative, Balance and Consistency)	About this Report
Reporting Boundary	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 this Report
“Comply or Explain” Provisions		
A. Environmental		
A1 Emissions		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	4. Green and Low-Carbon Development Path
A1.1	The types of emissions and respective emissions data.	4.3 Emission Management and Control
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	4.1 Climate Change
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	4.3 Emission Management and Control
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	4.3 Emission Management and Control
A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.1 Climate Change 4.3 Emission Management and Control
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.	4.3 Emission Management and Control

“Comply or Explain” Provisions		
A2 General Disclosure		
	<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>	4.2 Resources Optimisation
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).	4.2 Resources Optimisation
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	4.2 Resources Optimisation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Resources Optimisation
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.	4.2 Resources Optimisation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.2 Resources Optimisation
A3 The Environment and Natural Resources		
	<p>General Disclosure</p> <p>Policies on minimizing the issuer’s significant impact on the environment and natural resources.</p>	4. Green and Low-Carbon Development Path
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green and Low-Carbon Development Path
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 Climate Change
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 Climate Change



## APPENDIX 1 : ESG KPIs INDEX

"Comply or Explain" Provisions		
<b>B Social</b>		
<b>B1 Employment</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.1 Employee Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Employee Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Employee Employment
<b>B2 Health and Safety</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.3 Health and Development
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Health and Development
B2.2	Lost days due to work injury.	5.3 Health and Development
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Health and Development
<b>B3 Development and Training</b>		
	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Training Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2 Training Development
B3.2	The average training hours completed per employee by gender and employee category.	5.2 Training Development
<b>B4 Labour Standards</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.1 Employee Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employee Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employee Employment

“Comply or Explain” Provisions		
B5 Supply Chain Management		
	General Disclosure Policies on managing environmental and social risks of the supply chain.	2.4 Responsible Supply Chain
B5.1	Number of suppliers by geographical region.	2.4 Responsible Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.4 Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.4 Responsible Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.4 Responsible Supply Chain
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 2. Responsible Governance and Compliant Operation	2. Responsible Governance and Compliant Operation 3.2 Quality Assurance
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.2 Quality Assurance
B6.2	Number of products and service-related complaints received and how they are dealt with.	3.3 Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.5 Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	3.2 Quality Assurance
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Information Security

## APPENDIX 1 : ESG KPIs INDEX

"Comply or Explain" Provisions		
<b>B7 Anti-corruption</b>		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	2.2 Integrity Building
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.	2.2 Integrity Building
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.2 Integrity Building
B7.3	Description of anti-corruption training provided to directors and staff.	2.2 Integrity Building
<b>B8 Community Investment</b>		
	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.	6 Work Together to Build Communities and Serve People's Livelihood
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	6 Work Together to Build Communities and Serve People's Livelihood
B8.2	Resources contributed (e.g., money or time) to the focus area.	6 Work Together to Build Communities and Serve People's Livelihood

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	102-3 Location of headquarters	P3
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3. Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	P7
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	102-19 Delegating authority	P6 · P10
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		Topic-specific disclosures	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
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	Topic-specific disclosures	205-1 Operations assessed for risks related to corruption	/
		205-2 Communication and training about anti-corruption policies and procedures	P17-18
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		207-2 Tax governance, control, and risk management	/
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		303-2 Management of water discharged-related impacts	P40
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	Topic-specific disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
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GRI 305: Emissions	GRI 103: Management approach disclosures	Management approach for emissions	P35-36, P43-44
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GRI 306: Waste	GRI 103: Management approach disclosures	306-1 Waste generation and significant waste-related impacts	P45-46
		306-2 Management of significant waste-related impacts	P45-46
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GRI 307: Environmental Compliance	Management approach disclosures	Management approach for environmental compliance	2021 Annual Report
	Topic-specific disclosures	307-1 Non-compliance with environmental laws and regulations	/

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		308-2 Negative environmental impacts in the supply chain and actions taken	P23
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		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P54
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GRI 408: Child Labour	GRI 103: Management approach disclosures	Management approach for child labour	P47
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