

2021 Sustainability Report



Braided channel of Tuotuo River, the source of the Yangtze River
YUTO takes action to protect Sanjiangyuan

Green Eco-friendly Low-carbon

Shenzhen YUTO Packaging Technology Co.,Ltd.

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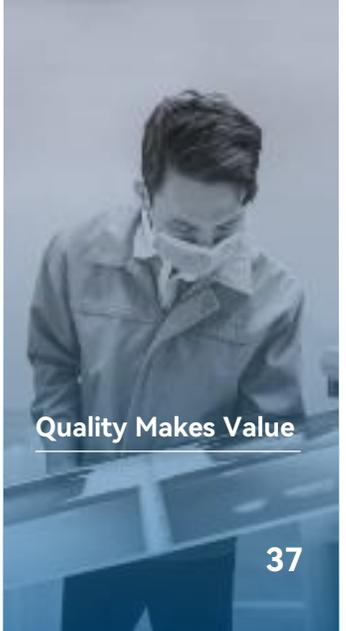
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About the Report

Shenzhen YUTO Packaging Technology Co., Ltd. (hereinafter referred to as “YUTO”, “the Company” or “we”) is pleased to release its 2021 Sustainability Report (“the Report”), which provides a comprehensive explanation of YUTO’s practices and performance in sustainability this year.

Reporting Scope

The Report is an annual report covering the results of the Company’s and its subsidiaries’ efforts in sustainable development from January 1, 2021 to December 31, 2021. In order to enhance the comparability and completeness of the Report, some of the contents are reported with appropriate timeline extension.

Unless otherwise specified, the reporting scope of performance indicators in this Report covers the Company’s main business, including paper-based fine packaging, packaging ancillary products, and eco-friendly plant fiber products, etc., including all entities consolidated into the Company’s consolidated financial statements.

Unless otherwise specified, the Report is presented in CNY (Chinese Yuan) as the currency unit.

Reporting Standards

This Report has been prepared in accordance with the “Core” option of Global Reporting Initiative (GRI) Reporting Standards (hereinafter referred to as “GRI Standards”), and with reference to the United Nations Sustainable Development Goals (SDGs). An index to the content of the GRI Standards is included at the end of this Report for quick reference.

Confirmation and Approval

This Report was issued upon approval by the Board of Directors of the Company on April 25, 2022. The Board of Directors undertakes to monitor the content of the Report, and ensures that it does not contain any false or misleading statements, and is responsible for the truthfulness, accuracy and completeness of the content.

Clarification

Items	Refers to	Clarification
Yibin YUTOECO	refers to	Yibin YUTO Eco Packaging Technology Co., Ltd.
Haikou YUTOECO	refers to	Haikou YUTO ECO Packaging Technology Co., Ltd.
Guangxi YUTO	refers to	Guangxi YUTO Packaging Materials Co., Ltd.
Shenzhen Longgang Branch	refers to	Shenzhen YUTO Packaging Technology Co., Ltd. Longgang Branch
Xuchang YUTO	refers to	Xuchang YUTO Printing and Packaging Co., Ltd.
Chengdu YUTO	refers to	Chengdu YUTO Printing Co., Ltd.
India YUTO	refers to	YUTO Printing & Packaging (India) Pvt. Ltd.
Vietnam YUTO	refers to	Vietnam YUTO Printing and Packaging Co., Ltd.

Access to the Report

The electronic version of this Report is available for viewing and downloading on www.cninfo.com.cn, the designated information disclosure website of Shenzhen Stock Exchange, or the official website of the Company (<https://www.szyuto.com>). This Report is available in both English and Chinese. In case of inconsistency between the simplified Chinese and English versions, the simplified Chinese version shall prevail.

Chairman's Message



Wang Huajun

Chairman of the
Board & President of YUTO

“

The sustainable development of YUTO is a strategic effort that should be carefully planned. It is of great importance to enhance communication with our key customers at home and abroad, promote the Company's social image, and advance the long-term development of the Company's operation.

”

The year 2021 marks the 5th anniversary of YUTO's listing on the Shenzhen Stock Exchange (SSE) and the 20th anniversary of China's accession to the World Trade Organization (WTO). Under the national policy of “carbon peak and carbon neutrality” and the goal of “common prosperity”, we have incorporated sustainable development into our strategic planning and are committed to achieving coordinated development of economic, environmental and social efficiency and creating long-term values for relevant stakeholders. The concept of sustainable development coincides with our vision of **“Being committed to becoming a domestic leading and international well-known printing and packaging enterprise trusted by clients, dedicated by employees and esteemed by society”**.

To gain customer trust, we must adopt a long-term development strategy of being **“green, eco-friendly, and low-carbon”**. We are committed to vigorously developing eco-friendly packaging, and promoting the upgrading of intelligent manufacturing. As the global industries are entering a new cycle of green transformation, we have responded to the new needs of our customers and established the brand “YUTOECO”, focusing on the research and development of new eco-friendly materials and the design and production of eco-friendly products to offer reliable green products and outstanding services for our customers. We have further practiced green and low-carbon production and operation, actively explored the use of clean energy and digital intelligent manufacturing technology, and devoted ourselves to improving lean production efficiency and reducing carbon emissions and environmental impact.

Over the years, YUTO has gone through thick and thin with our employees, working together to achieve win-win cooperation. We are committed to creating a diverse and equal work environment, establishing a comprehensive talent training system and a broad career development platform to help employees realize their personal ideals and values. We have accelerated the digitalization of human resources management, aiming to improve work efficiency and human resource effectiveness. We have also provided diversified benefits and activities for our employees, and paid attention to their personal development and physical and mental health. We hope that everyone can achieve work-life balance.

We are practicing social responsibility through concrete actions, **“together with you”**, and seeking to become a company respected by the whole society. We are committed to raising social awareness of environmental protection by participating in a number of large-scale environmental protection initiatives based on our professional expertise. We have continued to reward the society by carrying out public welfare activities in the fields of education, medical care and cultural development, aiming to care for the growth of children and youth, enhance the development of education, medical care and technology, and promote social harmony and progress. We are concerned about the public, and have proactively lent a helping hand in the face of public crises such as epidemics and floods, and worked together with people to overcome difficulties. Moreover, we have participated in rural revitalization, helped the poor and alleviated them out of difficulties, and sped the pace of achieving common prosperity.

In the next five years, YUTO will further deepen its sustainability governance and grow into a pioneer and leader of sustainable growth and trust in the industry. We will continue to move forward with the times, and forge ahead.



About YUTO

Founded in 2002 and listed on the Shenzhen Stock Exchange (stock code: 002831) in 2016, YUTO has covered multiple business segments and business areas, including cultural creativity, new materials, intelligent equipment and advanced manufacturing. As an integrated solution provider of high-end packaging, the Company is committed to providing customers with “innovative solutions for creative design and R&D, integrated solution for product manufacturing and supply, and multi-regional operation and service solutions”.

While specializing in providing paper-based packages for consumer electronics, cosmetics, health-oriented products, upmarket cigarettes, wines and luxuries, YUTO has also diversified its business by actively developing products which range from high-end anti-counterfeiting packaging, biodegradable products, plant fiber products, to anti-glare films and personalized cloud packaging. At present, YUTO has established more than 80 subsidiaries and has set up production and service centers in many key cities in China, as well as in Vietnam, India, Indonesia, Thailand, the United States and Australia to provide the global customers proximity service, with key customers including Microsoft, Samsung, Lenovo, Xiaomi, LV, GUCCI, Dior and other world-famous brands. In 2021, the Company’s revenue reached about 14.85 billion yuan, with an average sales growth of 22.85% in the past three years.

YUTO has always taken “adhering to indigenous innovation and maintaining technology leadership” as its core strategy. We have set up various R&D departments which have garnered fruitful results, among which more than 1,000 industry-leading technologies and independent intellectual property rights provide rich creativity and strong technology support for the sustainable development of the Company.

As YUTO’s business continues to grow and develop, we have been awarded many honors, such as “National High-Tech Enterprise”, “National Printing Demonstration Enterprise”, “National Key Cultural Export Enterprise”, the National Green Factory, the 1st Place of “China’s Top 100 Printing and Packaging Enterprises” (for three consecutive years), “China’s Top 500 Private Manufacturers”, “Guangdong’s Top 500 Manufacturers”, “Guangdong Provincial Famous Brands”, “Shenzhen’s Top 500 Enterprises”, “Shenzhen’s Top 100 Industrial Enterprises”, and “Shenzhen’s Top 100 Cultural Companies”, etc.

Going forward, YUTO will promote the adoption of Industry 4.0-based Intelligent Manufacturing in its production bases all over the world, jointly deploy personalized printing service mode to meet individualized printing needs by giving full play to the R&D results in new materials, intelligent equipment and advanced manufacturing and striving to build the Company into a domestically leading and internationally renowned innovative technology conglomerate.

2021

The Company’s revenue reached about

14.85 billion CNY

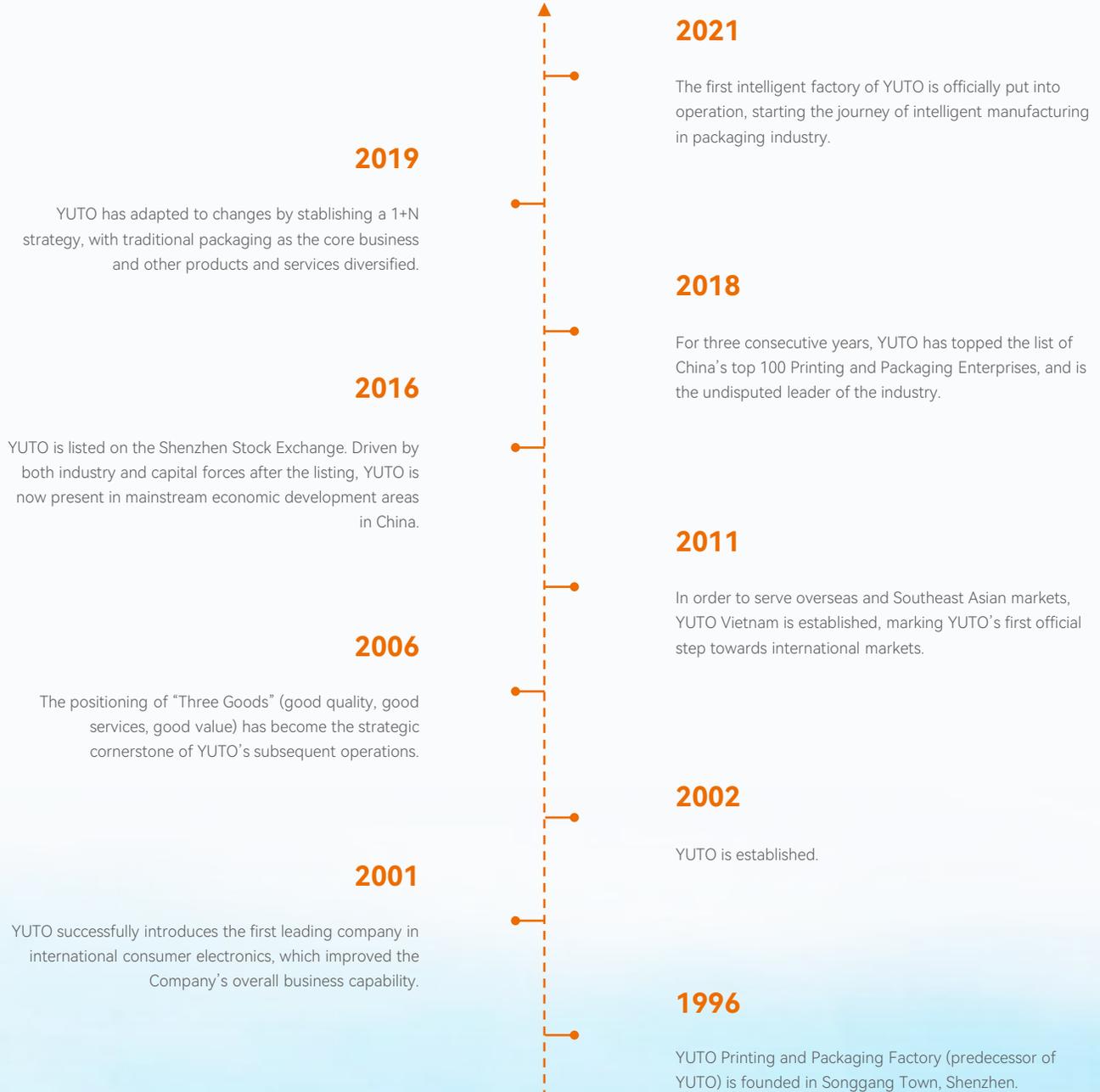


Average sales growth in the past three years

22.85%



Development Milestones





YUTO Culture



Mission

Focusing on the printing and packaging market, YUTO creates perpetual values for clients by providing cutting edge products and services.



Vision

Committed to becoming a domestically leading and internationally well-known printing and packaging enterprise, trusted by clients, dedicated by employees and esteemed by society.

Core Values



Client Orientation

Value Employee Dedication

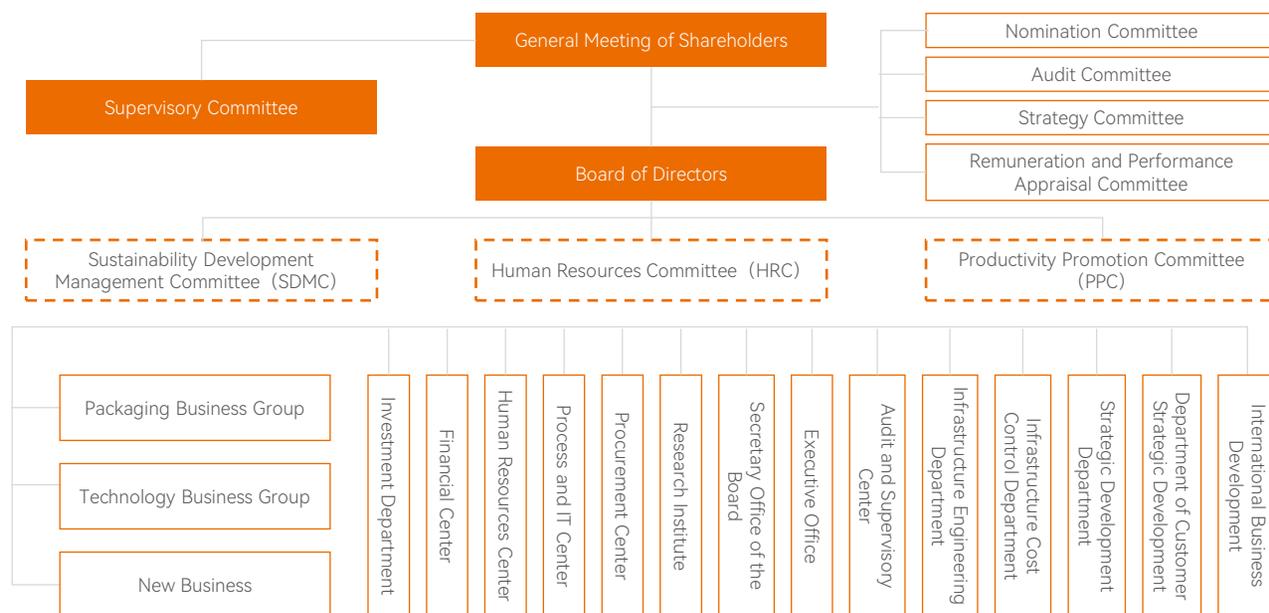
Innovative Creation

Win-Win Cooperation



Corporate Governance

YUTO and the directors, supervisors and senior management of the Company strictly comply with *the Company Law of the People’s Republic of China*, *the Securities Law of the People’s Republic of China*, as well as the laws and regulations stipulated in relevant documents, such as *the Code of Corporate Governance for Listed Companies in China*, *Stock Listing Rules of the Shenzhen Stock Exchange*, *the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 1 – Standardized Operation of Listed Companies on the Main Board*, issued by China Securities Regulatory Commission. The Company also follows relevant provisions of *Articles of Association* to continuously improve the corporate governance structure, enhance internal management, promote the standardized operation of the Company and improve the level of governance.



Corporate Governance Structure

The General Meeting of Shareholders of the Company enjoys the decision-making rights as stipulated in laws and regulations and the *Articles of Association*, and exercises the right to decide on major matters such as operation policies, fund raising, investment and profit distribution in accordance with the laws.

The Company elects members of the Board of Directors in strict accordance with the laws of the People’s Republic of China, including *the Company Law of the People’s Republic of China*, and the selection and appointment procedures stipulated in the *Articles of Association*; the number and composition of the Board of Directors are decided according to the requirements of laws and regulations and the *Articles of Association*. The Board of Directors of the Company has established the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Performance Appraisal Committee to provide professional advices and references for the decisions made by the Board of Directors. All members of the Board of Directors are able to carry out their work in accordance with *the Company Law of the People’s Republic of China*, *the Rules of Procedure of the Board of Directors and the Working System of Independent Directors of the Company* and other laws and systems, and attend the board meetings and shareholders’ meetings in a punctual, conscientious and responsible manner. They also actively participate in relevant trainings and get familiar with relevant laws and regulations.

Among the existing seven members of the Board of Directors, three of them are independent directors (including one female director). Independent directors constitute the majority of the Nomination Committee, the Audit Committee and the Remuneration and Performance Appraisal Committee, and matters involving the responsibilities of the committee are submitted to the Board for consideration after being approved by the designated committee, which better facilitates the independent directors to play their roles.



The Supervisory Committee of the Company is accountable to the General Meeting of Shareholders, supervises the decision-making procedures and resolutions of the Board of Directors and the operation of the Company in accordance with the laws, and effectively supervises the members of the Board of Directors, managers and other senior management of the Company in performing their respective duties in a lawful and compliant manner. All members of the Supervisory Committee are able to perform their duties effectively, with integrity, diligence and due diligence, and the convening, voting and information disclosure procedures of the Supervisory Committee comply with relevant regulations.

The Company's managers and other senior management personnel have clear responsibilities and are able to perform their duties in strict accordance with the *Articles of Association* and various management systems, and diligently carry out the resolutions made by the Board of Directors.

In addition, YUTO's Board of Directors has formulated an employee stock ownership plan covering employees at multiple levels to fully mobilize the enthusiasm and creativity of employees through the establishment of a long-term incentive mechanism, to balance the long-term development of the enterprise with the interests of shareholders and employees, and to promote the long-term, sustainable and healthy development of the Company. The employee stock ownership plan is submitted to the General Meeting of Shareholders for approval after the Supervisory Committee and independent directors of the Company verify the plan and express their opinions on the list of stock holders, with such criteria as whether it is conducive to the sustainable development of the Company and whether there are circumstances detrimental to the interests of the Company and all shareholders; and the plan will be approved and implemented by the General Meeting of Shareholders. The holders listed on the employee stock ownership plan shall elect a management committee through the holders' meeting, which will supervise the day-to-day management of the employee stock ownership plan and exercise the holders' rights on behalf or authorize the management entities to exercise the holders' rights.

Honors and Awards

Annual Awards and Awarding Organizations

China's Top 500 Private Manufacturers 2021

--awarded by All-China Federation of Industry and Commerce

International Credible Brand

--awarded by the Federation of Shenzhen Industries

China's Top 100 Printing and Packaging Enterprises 2020

--awarded by China Packaging Federation

Benevolence Enterprise Bringing Social Sector to Fight against Poverty

--awarded by Dahua Yao Autonomous County Committee of the Communist Party of China
The Government of Dahua Yao Autonomous County

Bisheng Printing Technology Progress Award

--awarded by the Printing Technology Association of China

Top 100 Cultural and Creative Enterprises of Shenzhen (2020-2021)

--awarded by the Culture, Sports and Tourism Administration of Shenzhen Municipality

The 2nd Shenzhen Top 100 Brand Enterprises

--awarded by Shenzhen Association of Promoting City Development with Quality

The 5th Shenzhen Industry Award

--awarded by Shenzhen Industry Association Shenzhen Press Group

Shenzhen Advanced Manufacturing Industry in Socialist Demonstration Zone Top Cow Award

--awarded by Shenzhen Electronic Equipment Industry Association
Shenzhen Intelligent Equipment Industry Association

Certifications and Certification Bodies

National Industrial Design Center

--certified by the Ministry of Industry and Information Technology of the People's Republic of China

Guangdong Green Printing and Intelligent Packaging Engineering Technology Research Center

--certified by the Department of Science and Technology of Guangdong Province

Shenzhen Qualification of Enterprise Vocational Skill Level

--certified by Shenzhen Identification and Guiding Office of Vocational Skills

Green Product Certification for Delivery Packaging of the first batch

--certified by General Administration of Market Supervision
Administration State Post Bureau

Organizational Engagement and Cooperation

China Association for Public Companies

Shenzhen Enterprise Federation

China Packaging Federation

Shenzhen Public Companies Association

Shenzhen Association of Promoting City Development with Quality

Shenzhen Industrial Design Association

Shenzhen Bao'an Sino-German (Europe) Industrial Development Cooperation Alliance

Dive for Love's Partner of the Year 2021

Public Companies Association of Bao'an District, Shenzhen

Shenzhen Packaging Profession Association

Environmental Protection Industry Association of Bao'an District of Shenzhen

Shenzhen Printing Association

Shenzhen Patent Association





Story of Responsibility:

YUTOECO – Green Life for Everyone

In recent years, the acceleration of global warming and the spread of COVID-19 have posed great challenges to enterprises, bringing far-reaching impacts on people's lives and work. In 2021, the 26th United Nations Climate Change Conference was held, and carbon reduction policies from countries have become clearer. Enterprises play an indispensable role in achieving carbon emission targets; while COVID-19 and other emergency events of public crisis have placed greater demands on enterprises' internal governance and sustainable operation.

YUTO understands that in a changing economic and social environment, only by embracing an innovative, low-carbon and diversified business model can we embrace a sustainable future. In this context, YUTO's eco-friendly brand, YUTOECO, which focuses on eco-friendly packaging and sustainable development, came into being. Since its establishment in 2020, the brand has been committed to exploring R&D of cutting-edge technologies for sustainable new materials and the design and production of eco-friendly products, providing clients with integrated solutions of eco-friendly packaging and providing the best quality products in environmental protection and promoting the green development of the packaging industry.

Eco-friendly R&D

YUTOECO adheres to the principle of “turning waste into treasure, efficient use of natural resources” and integrates energy-saving and efficient production mode seeking coexistence with nature into all stages of product, such as raw material selection, design and manufacturing, and gradually upgrades ecological and environmental protection on the basis of product performance and appearance. Our products are made from high-quality bagasse and bamboo pulp, which can be degraded into organic fertilizer in 90 days under the natural environment. The products are made from nature and will be back to nature, so that users can better experience the value and significance carried by the products themselves.

YUTOECO has set up a YUTOECO R&D Institute to focus on the R&D of new technologies, materials and related products in environmental field. We have always been exploring more efficient, eco-friendly packaging solutions and constantly making new breakthroughs in the R&D of core technologies. Yibin YUTOECO has obtained 12 patents for inventions and utility models, which have facilitated automation and production of qualified products, and reduced energy consumption during production. In the future, YUTOECO will continue to accelerate the pace of innovation and enhance the environmental competitiveness of the Company.

Eco-friendly Business Layout

Based on the development strategy of YUTOECO, we have gradually expanded our business scope and set up production bases in a number of provinces and cities, promoting the upgrading of local green industries and developing green economy. For example, Haikou YUTOECO is located in the High-tech Zone, focusing on eco-friendly tableware products. Haikou YUTOECO will become a leading international industrial base for plant fiber products, leading the development of eco-friendly packaging industry and contributing to the policy of ban on plastic packaging in Hainan Province and the development of local green economy. Guangxi YUTO has a production base for bagasse raw materials, extending the Company’s industrial chain to the front end, enhancing its advantages in industrial chain and pricing power in the product market, and ensuring the excellent environmental attributes of our products.

So far, YUTOECO has completed the integrated layout mode covering the whole industrial chain, from the control of upstream raw materials to the production and delivery of plant fiber products. In the future, we will continue to strengthen YUTO’s business capability through innovative product R&D and comprehensive production layout.





Environmental Volunteering

YUTOECO has actively organized and participated in environmental protection activities, and played our professional expertise in environmental protection publicity, raising the awareness of stakeholders in environmental protection. In 2021, we organized the welfare campaign on the theme of “Safeguarding Sanjiangyuan (the Three- River-Source area)” in collaboration with relevant parties to contribute to the ecological and biodiversity conservation of Sanjiangyuan.

Promoting Waste Management and Circular Economy

In mid-July 2021, YUTOECO joined hands with Unilever’s Omo, the China Packaging Federation, GREENRIVER and many leading companies in the industry to launch the initiative of “Safeguarding Sanjiangyuan”. The event took place in Sanjiangyuan. It brought together the Yushu Prefecture government, industry experts, upstream and downstream industry chains of packaging industry, well-known media, volunteers who had long been committed to the ecological protection of the Yangtze River and clients to form an industry closed loop. The objectives of the event were to conduct research on local packaging waste, and promote knowledge on the classification of plastic packaging and its impact on the environment. The participants visited the source of the Yangtze, Yellow and Lancang rivers to conduct a garbage survey and pick up garbage in some sections of the river, to understand the varieties and distribution of garbage and the consequent pollution, and to promote the recycling of plastic packaging. The event aimed to promote the iterative upgrading of green packaging and the recycling of plastic waste, to have packaging play a better role in the closed loop of the circular economy, and to raise consumers’ awareness of environmental protection and scientific understanding of green packaging.



Campaign on Safeguarding Sanjiangyuan

TED × Shenzhen - Yang Xin, the spokesperson for YUTOECO, calls for protection for Sanjiangyuan

In April 2021

Yang Xin, the spokesperson of YUTOECO, attended the annual TED × Shenzhen conference, where he shared the story about his relationship with the Yangtze River and the environmental protection projects such as “Junk for Food” and “Protecting the Bar-headed Goose” implemented to safeguard the Yangtze River, calling for the public to participate in the ecological protection of Sanjiangyuan. In the future, we will continue to invest resources to promote deeper and broader ecological conservation of the green rivers.



Drinking water while thinking of its source - Education Activities on Nature for Primary and Secondary Schools in Sanjiangyuan

In the next stage, we plan to recruit and train local volunteers as lecturers to go to schools in the Yangtze, Yellow and Lancang River basins, using the Sanjiangyuan wildlife picture books as teaching materials, pictures and videos of Sanjiangyuan as classroom materials to provide nature education to local youth and train them to become young teachers on the nature of Sanjiangyuan, so as to achieve the purpose of educating children on nature, making them “understand, love and protect Sanjiangyuan”.



Sanjiangyuan Wildlife Picture Book

(This picture book is sponsored by YUTO)



Cooperation and Communication on Environmental Protection

On July 22, 2021, YUTOECO and MULTIVAC, a world's leading packaging equipment and complete line supplier, reached a strategic partnership to create more cutting-edge sustainable and innovative solutions on eco-friendly food packaging, and to bring products for the trend of plastic reduction and de-plasticization packaging to the Chinese and even global markets.



YUTOECO and MULTIVAC reached a strategic cooperation

In July, YUTOECO participated in the PACKCON (China Packaging Container Expo) with its latest products and many classic solutions, covering catering food, fresh fruits and vegetables, instant food and products in other social and industrial areas. The products we promoted were both environmentally friendly and functional, providing new ideas for environmental innovation in the packaging industry, and were highly recognized both inside and outside the industry.

YUTOECO's exploration of sustainable development has never stopped, and we always want to bring innovative ideas to life. We will provide high-end eco-friendly catering solutions and plant fiber packaging to the market, relying on our advantages in techniques, materials and scaled production, create a strong engine for industrial upgrades to green production with innovative products and persistent investment, promote the solution of environmental protection issues and create infinite possibilities for a healthy life.

Sustainability Management

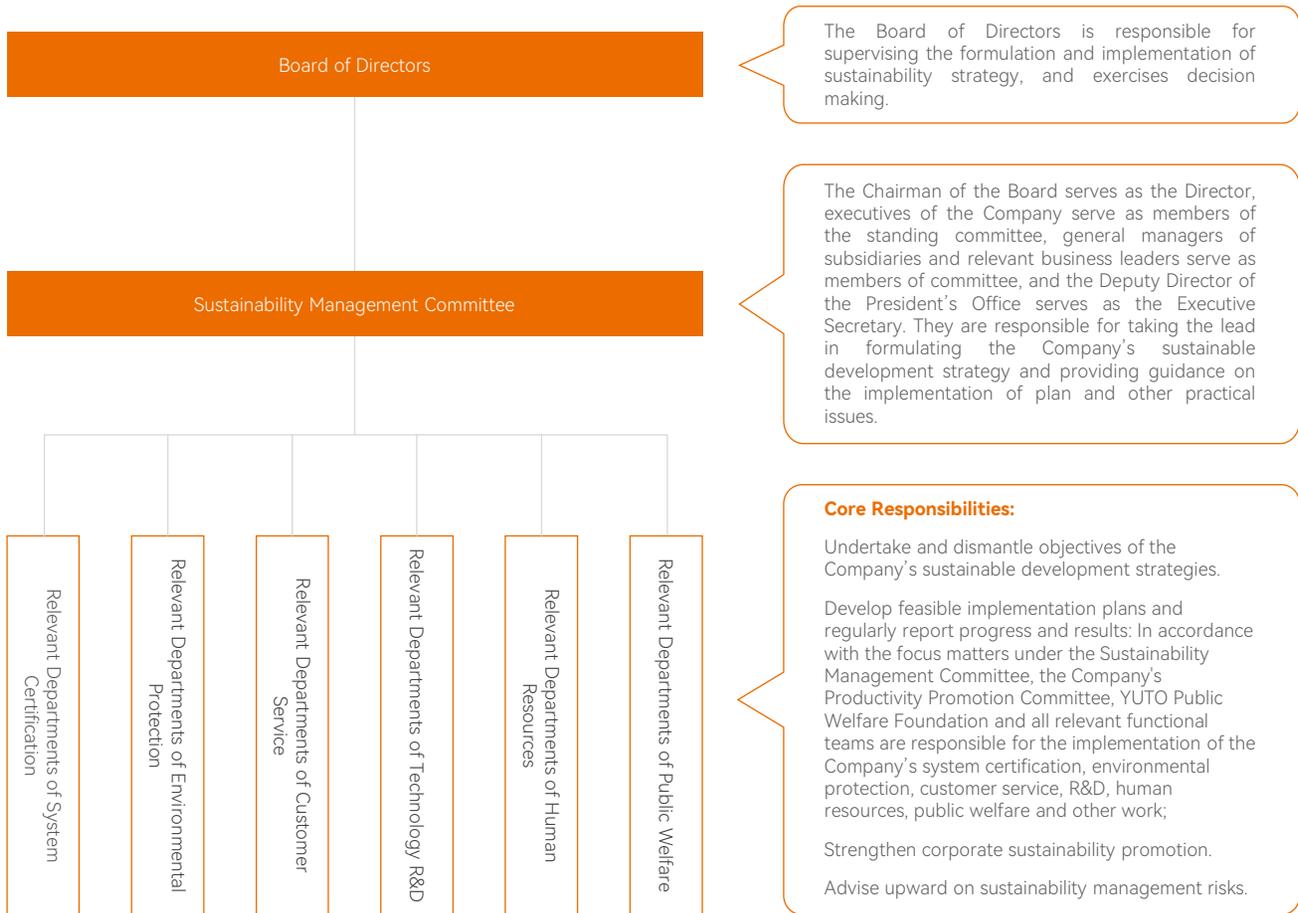
YUTO adopts a development strategy of being a “green, eco-friendly and low-carbon” technology enterprise, and “insists on technological innovation, develops intelligent manufacturing, improves resource efficiency, creates excellent eco-friendly products and practices low-carbon operation”, which is the mission and vision of the Company’s sustainable development. The Company actively performs environmental and social responsibilities, and advocates sustainable development.





Sustainability Governance Structure

A strong sustainability governance structure lays an important foundation for sustainability management. YUTO has established a top-down, three-tier sustainability governance structure to support sustainability management. The Board of Directors, with the assistance of the Sustainability Management Committee, oversees the sustainable development of the Company and its subsidiaries. The Sustainability Management Committee updates strategic objectives and action plans on a quarterly basis in accordance with the Company’s sustainability vision, and oversees the execution and output of each department focusing on specific items. Relevant departments are responsible for implementing the tasks assigned by the Sustainability Management Committee, and reporting and providing feedback to the Sustainability Management Committee on a regular basis.



Sustainability Governance Structure

Sustainable Development Strategy

YUTO believes that business strategy must be integrated with the idea of sustainable development in order to achieve the goal of sustainable operation in a changing social environment and to create long-term value for the Company and its stakeholders. Taking into account our own business situation, we have set a phased approach to sustainable development, which guides the formulation of the strategic goals of sustainable development and implementation of action plans.



Sustainability Roadmap

In order to achieve sustainability vision and guide the sustainability efforts, in 2021 we established framework of plans for our sustainability goals, combining our business, concerns of market and stakeholders and the expectations of the SDGs to identify the two key areas of sustainability that are most relevant to us at this stage (hereinafter referred to as the “Two Areas”). We have set goals for these two areas, formulated realistic action plans and performance indicators, and designated relevant departments for plan implementation to achieve our goals. In the future, we will continue to review our sustainability performance, monitor the achievement of our goals, improve the framework of plans, and explore the possibilities of sustainable development in more areas.

Among the 17 UN Sustainable Development Goals, we have identified three SDGs that are the most relevant to our business and most likely to be contributive, taking into account our business characteristics and current operations.

Goal 7 Affordable and Clean Energy

We are committed to saving energy and reducing emissions, and we achieved efficient use of energy by installing integrated energy supply systems and promoting lean manufacturing projects. At the same time, we are promoting renewable clean energy and building solar photovoltaic power plants to produce green electricity. In the future, we plan to expand the proportion of green power production and use, build additional solar photovoltaic power plants, explore the use of various renewable energy such as biomass and wind energy, and continue to promote lean production projects and the application of eco-friendly equipment in our company and subsidiaries to ensure a continuous and reliable energy supply.

Goal 12 Responsible Consumption and Production

As a responsible company, we have significantly invested in the R&D of eco-friendly products, prioritized the procurement of eco-friendly raw materials, and adopted a variety of superior design solutions to advocate sustainable production models and achieve sustainable management and efficient use of resources. Meanwhile, we have conducted full-cycle sound management on chemicals and three wastes, taking measures to prevent and reduce pollution, recycle and reuse wasted materials to significantly reduce waste and minimize the negative impact of our business on human health and the environment as much as possible. We have also incorporated sustainability information into our reporting cycle, regularly disclosed annual sustainability report to demonstrate our performance in sustainability and strived to build an environmentally friendly company.

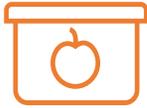
Goal 13 Climate Action

We have continued to monitor the impact of climate change on our business, proactively identified relevant physical and transition risks stability, and taken corresponding measures to monitor and manage carbon emissions. We have reduced carbon emissions by promoting the use of clean energy in suitable production sites and facilitating the building of green factories, reduced the impact of climate change on the sustainability and operation of our business, and responded to the national policy of “carbon peak and carbon neutrality” and the municipal government’s carbon emission verification requirements, to actively address climate change.

Taking the SDGs into consideration, we have identified two areas, and divided each of the two areas into four sub-areas. By reviewing the current status of our sustainable development, we have set targets, and adopted relevant measures to achieve the targets, thus contributing to the long-term sustainable development of the Company.



Key areas of sustainability: Eco-friendly Products and Raw materials



R&D of Eco-friendly Products

- **Goal:** to carry out environmental certification, design and develop renewable, degradable and reduced-packaging products.
- **Current Status:** YUTOECO's plant fiber products have been put into scaled production, with multiple R&D, raw material processing and production manufacturing bases laid out nationwide.
- **Action Plan:** expand the scale production of eco-friendly plant fiber products and strengthen the design and process innovation of lightweight and highly-strengthened paper composites such as plant fiber products.
- **Corresponding chapter:** Green and Intelligent Products Lead to Good Environment



Procurement and Application of Eco-friendly Raw Materials

- **Goal:** responsible raw material procurement.
- **Current Status:** we have procured eco-friendly raw materials such as eco-friendly inks, and included social responsibility assessment in supplier management system.
- **Action Plan:** gradually increase the proportion of eco-friendly raw materials and auxiliary materials procurement; strengthen the sustainability assessment of suppliers and increase the proportion of sustainability index scores.
- **Corresponding chapter:** Partnerships and Coordination for Win-Win Cooperation



Sustainable Forestry and Biodiversity Conservation

- **Goal:** to work with communities and external organizations to improve the sustainability of forests and protect biodiversity.
- **Current Status:** we have organized the event of "Safeguarding Sanjiangyuan" in collaboration with GREENRIVER, etc.
- **Action Plan:** collaborate with communities, environmental organizations and companies to organize more environmental public welfare activities.
- **Corresponding chapter:** Commitment to Public Welfare, Business for Good



Superior Design Solution

- **Goal:** to create special brand features of environmental protection through R&D and design, reduce energy consumption in production and distribution, and reduce environmental impact after use.
- **Current Status:** we have developed and designed more than **4,000** packaging solutions every year, focusing on environmentally friendly materials and automation applications; by 2021, more than 30% of structural designs have met automated production requirements.
- **Action Plan:** improve automation level, reduce the application of non-eco-friendly materials, standardize the R&D specifications and design of different packaging categories, develop innovative packaging structures and functions; and continue to promote the concept of energy-saving and eco-friendly packaging to customers.
- **Corresponding chapter:** Green and Intelligent Products Lead to Good Environment

Key Areas of Sustainability: Climate Change and Resource Management



Climate Change and Carbon Emission Management

- **Goal:** to reduce carbon emissions generated from fuel-driven and purchased electricity and heat, as well as carbon emissions generated from employees' travels through public transportation.
- **Current Status:** we have promoted the application of electronic forklifts in production bases, carried out emission reduction projects, and promoted electronic shuttles for daily commuting, etc.
- **Action Plan:** promote the electrification of business vehicles and shuttles, and increase the proportion of electronic forklifts; reduce employee travels and promote paperless daily work, etc.; and promote carbon emission verification.
- **Corresponding chapter:** [Green and Intelligent Products Lead to Good Environment](#)



Energy Management

- **Goal:** to improve energy efficiency and promote the use of renewable energy.
- **Current Status:** we have established 5 solar photovoltaic power stations to produce green electricity, with a capacity of **5.91** million kWh in 2021; a total of about **2,000** energy-saving and emission reduction lean production projects was carried out in 2021.
- **Action Plan:** in 2022, build 3 additional solar photovoltaic power plants to expand the proportion of green power use; and continue to promote lean production projects.
- **Corresponding chapter:** [Green and Intelligent Products Lead to Good Environment](#)



Water Resource Management

- **Goal:** to improve water efficiency and recycle water resources.
- **Current Status:** we have deployed water recycling facilities in production bases and carried out publicity in administrative office buildings.
- **Action Plan:** transform and optimize projects and equipment that consume large amounts of water and eliminate outdated facilities; promote the building of water recycling facilities; and actively support projects of restoring watersheds and water sources.
- **Corresponding chapter:** [Green and Intelligent Products Lead to Good Environment](#)



Three Wastes Management

- **Goal:** to achieve compliant emission of three wastes (waste water, exhaust gas and solid waste) and automated monitoring.
- **Current Status:** we have built **15** wastewater treatment stations; highly efficient waste gas treatment equipment is available, and waste is entrusted to qualified third parties for treatment, to ensure that wastewater and waste gas are discharged in compliance with standards, and that hazardous waste is reduced.
- **Action Plan:** improve the emission supervision system, increase investment, build more three wastes treatment facilities and improve the purification rate of treatment facilities.
- **Corresponding chapter:** [Green and Intelligent Products Lead to Good Environment](#)



Stakeholder Communication

We are fully aware that having full understanding of the needs and expectations of our stakeholders is an important way to achieve sustainable development. We have actively explored the issues that are of our stakeholders' concern through phone calls, emails, face-to-face meetings, surveys and seminars, and responded to them in a timely manner to achieve common development with stakeholders.

Stakeholders	Expectation and Needs	Response Methods
Governments/Supervisory Institutions	Legal and compliant operation Support for local economy Corporate governance	Compliance with laws and regulations Job creation Information disclosure
Shareholders/Investors	Business performance Compliance with the law Anti-Corruption Risk Management	Improving profitability Information disclosure of listed companies Improving internal policies Improving internal control system
Customers	Product quality Business integrity Service quality Intellectual property rights protection	Guarantee of product quality and safety Customer service center and hotlines Handling inquiries and complaints Fulfillment of confidentiality agreements
Employees	Occupational Health and Safety Rights and interests protection Employee training and education Employee compensation and benefits	Establishment of occupational safety management system Setting up complaint channels Improving talent training system Diversifying employee benefits
Suppliers/Cooperators/Partners	Integrity makes win-win results Adherence to business ethics Sustainable supply chain management	Review and evaluation Regular communication and visits Building a responsible supply chain
Industry Associations/Organizations	Technology R&D and innovation Promoting industry development	Participation in industry organization meetings Industry seminars
Public	Community Welfare Promoting local employment	Participation in welfare activities Participation in community development
Non-profit Organizations/Foundations	Charity	Carrying out charity projects

Materiality Assessment

In order to gain a deeper understanding of the stakeholders' major concerns about the Company's sustainable development and to continuously improve our sustainability management and related information disclosure, we organized a materiality assessment in 2021, combining business development, industry characteristics and national policies environment with stakeholders' expectations. We also conducted a comprehensive assessment and ranking of significant issues in 2021 through communication with stakeholders, feedback and industry analysis.

The 2021 materiality assessment takes the following four steps:

01 Issue Identification

Based on the development of our business, we identified materiality issues with reference to the industry's sustainability management priorities and combined them with the GRI criteria to confirm a pool of materiality issues for 2021.

02 Issue Survey

We invited internal and external stakeholders, including senior management, employees, suppliers, customers and industry associations to participate in the survey in the form of a questionnaire to understand the concerns of stakeholders.

03 Issue Ranking

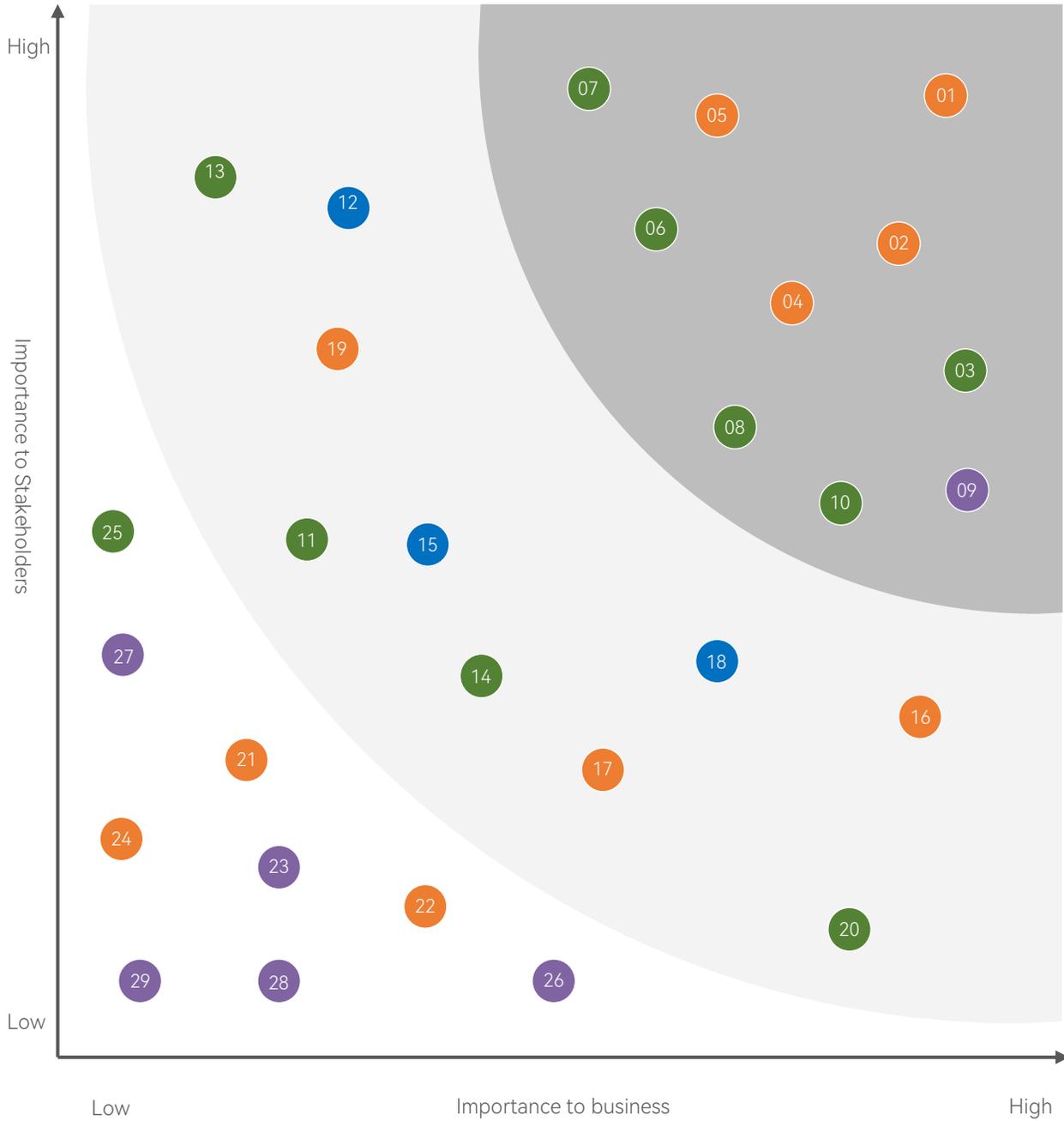
According to the questionnaire survey, we ranked the issues based on two dimensions: importance to external stakeholders and importance to business.

04 Review and Disclosure

The Company's senior management reviewed the materiality issues and ranking, determined the disclosure priorities for this report, and prepared the 2021 Issue Materiality Matrix.



The matrix and ranking of the Company's materiality issues for 2021 are as follows:



- Environmental Protection
- Employment
- Operating Practice
- Social Contribution

Environmental Protection	Employment	Operating Practice	Social Contribution
03 Procurement and Application of Eco-friendly Raw Materials	09 Prohibition of Child Labor and Forced Labor	01 Intellectual Property Rights Protection	12 Participation in Community Activities (e.g. in the environmental protection field)
06 Wastewater Discharge Management	23 Occupational Health and Safety	02 Customer information and privacy protection	15 Policy Response and Community Involvement
07 Eco-friendly Product R&D	26 Employee Welfare and Care	04 Product Quality	18 Support for Fighting Epidemics
08 Energy Management	27 Employee Diversity and Equal Participation	05 Research and Application of New Techniques	
10 Water Resources Management	28 Employee Recruitment and Team Building	16 Information Disclosure	
11 Gas Emission Management	29 Employee Training and Development	17 Customer Satisfaction and Complaint Management	
13 Sustainable Forestry and Biodiversity Conservation		19 Compliance Marketing and Promotion	
14 Hazardous Waste Management		21 Anti-Corruption Management Mechanism	
20 Climate Change and Carbon Emission Management		22 Anti-unfair Competition	
25 Non-hazardous Waste Management		24 Supply Chain Environmental and Social Risk Management	

In 2021, our internal and external stakeholders identified issues in the areas of operating practices, such as intellectual property rights protection, product quality, and research and application of new techniques, and issues in the areas of environmental protection, such as procurement and application of eco-friendly raw materials, wastewater discharge management, and R&D of eco-friendly products, as the most important issues in terms of sustainable development. To respond to the concerns and expectations of our stakeholders, we will focus on the management methods and annual performance in the following sections. At the same time, we regularly evaluate the management methods of each issue through internal and external audits, performance assessment, stakeholder communications, and establishing grievance mechanisms, and will make reasonable adjustments when necessary to ensure the effectiveness of each management measure.



Green and Intelligent Products Lead to Good Environment

YUTO is concerned about the environment and nature, and committed to green and sustainable development. The Company fully considers green factors in product development, includes the concept of environmental protection into the whole process of manufacturing, and achieves the sustainability value of packaging from raw materials and design. At the same time, we actively advocate green manufacturing and green office, improve the building of relevant systems, and take the initiative to practice energy conservation and emission reduction through effective resource and three wastes management measures to reduce the negative impact on the environment. In addition to meeting compliance requirements, we are committed to promoting the building of green factories and intelligent production bases, carrying out whole-lifecycle carbon emission verification, actively responding to climate change and taking practical actions to protect the environment.

Green Products

In order to implement the philosophy of green products and accelerate the application of green products, YUTO has built or is planning to build several eco-friendly packaging production bases in Kunshan, Dongguan, Yibin, and Haikou in China; Vietnam and other areas to develop eco-friendly packaging of various categories, to effectively reduce energy consumption and pollution brought about by the packaging materials, to practice the green low-carbon idea by using eco-friendly and raw materials and reduced packaging, etc. while ensuring the aesthetics and functionality of products. Meanwhile, the Company has also worked with relevant industry associations, well-known universities and enterprises to develop industry standards, and jointly advance standardized, scaled, green and sustainable development of the packaging industry.

Eco-friendly Packaging Products

YUTO is actively exploring eco-friendly packaging, and has built an expert team for environmental protection and eco-friendly packaging solutions to provide environmental protection solutions for catering, beverage, food, retail and industrial plant fiber packaging, using reduced-packaging design, eco-friendly inks and other measures to reduce “white pollution” caused by petrochemical materials, thus promoting the green upgrading of the industry.



Eco-friendly plant fiber packaging

Eco-friendly plant fiber packaging is mainly made of bagasse, bamboo pulp and other plant fibers, with good shockproof, impact-proof, anti-static, waterproof and oil-proof effects. It is **100%** compostable, and can be widely used to replace disposable tableware. YUTO has built an industrial base for eco-friendly packaging products in Haikou, producing plant fiber products and high-end paper packaging. It has actively responded to the national policy of de-plasticization, and was awarded the national demonstration base for de-plasticization, leading the industrial development with green and sustainable environmental protection philosophy.



Biodegradable packaging

Our biodegradable packaging uses polylactic acid, starch and other biodegradable materials, which can be completely degraded in the soil after being discarded and composted for 6 months, reducing the pollution to the environment. It is widely used in tableware, shopping bags, food cling film, express packaging bags and many other types of products.



Creative reduced packaging

We apply reduced-packaging to the whole lifecycle of packaging products, try to use lightweight, thin-walled, high-strength cardboard and biodegradable materials to achieve plastic-free packaging, and some of the packaging can be directly reused to save resources; the structure is designed with reasonable collage, using self-sealing bottom design, one-piece-of-paper forming and other techniques to reduce waste generation; the appearance is designed in simplicity, compactness and light weight to reduce material consumption. Our R&D team designs creative and eco-friendly boxes with only one sheet of corrugated paper, without adhesives, but using a very small amount of bio-based soy ink, which helps increase the utilization rate of paper to 98%.



Our eco-friendly packaging products have obtained multiple green product certifications home and abroad, including the DIN CERTCO¹ of EU, OK Compost² of EU, Environmental Labeling Products of China, and Green Products of China .

¹DIN CERTCO is a certification organization of German RWE and is entitled to grant "DIN-Geprüft" and "Seedling"compostable certification to products that meet relevant standards.

²OK Compost is compostable certification by TÜV AUSTRIA, a certification organization authorized by the European Bioplastics Association.



Superior Design Solution

Based on the ideas for sustainable development, such as green and reduced-packaging products, low energy consumption, low carbon emission and high efficiency, easy to degrade, easy to recover, recycle and reuse after sale, YUTO continues to develop and innovate product packaging forms, structures and functions, reduce product energy consumption and carbon emissions, and create eco-friendly packaging brand features. In the future, we will increase our investment in R&D and design to provide more superior design solutions and products that are both beautiful and functional, and of energy saving, low consumption, environment-friendly and recyclable.

Plant Fiber Ice Cream Packaging

This ice cream packaging is an innovative and eco-friendly packaging specially designed by YUTOECO. The entire ice cream inner tray, from the body to the lid, is made of natural plant fiber, without any plastic content. Also, the information on the box lid is printed with UV eco-friendly materials, without the need for a sleeve, reflecting the design concept of reduced packaging.



Magic Box Packaging

Magic Box is a green packaging designed for Light-Emitting Diode (LED) lamps; the base of the packaging inner tray can be turned into a stand, and the envelope can be turned into a creative and exquisite lampshade, which is both exquisite and reusable. Meanwhile, the packaging material is made of naturally degradable materials, echoing the concept of green, recyclable and reduced packaging. The product won the **German iF Design Awards** of 2021 and the **Gold Award of MUSE Design** of 2021.



Living Milk Packaging Box

The product features zero-adhesive sealing boxes, using multi-layer snap design to keep the outer box beautiful while preventing random opening. After the milk is finished, the creative inner tray can be turned into a double-layer storage box, which is exquisite and practical. The packaging material can be recycled, which is environment friendly and reduces the consumption of resources and energy, complying with the goal of sustainable development. The product won the **German iF Design Awards** of 2021 and the **Silver Award of MUSE Design** of 2021.

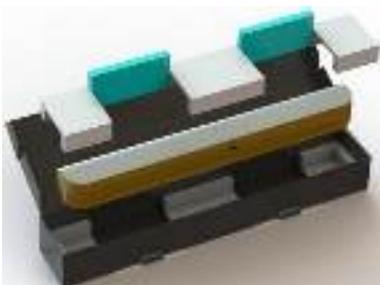


Dark tea of ancient trees in Alpine Packaging

Dark tea of ancient trees in Alpine adopts eco-friendly and cheap corrugated paper, making a tea-mountain shape by overlaying to demonstrate the original landscape of ancient tea trees. The packaging is simple and pollution-free, emphasizing the tea itself. Meanwhile, the tea-mountain-shaped base can be reused for placing a small bonsai, which provides good consumer experience and can significantly enhance brand effect. The product won the **German iF Design Awards** of 2021.

Flamingo X Packaging

The Flamingo X project's pull-out packaging design is based on the plastic-free requirement, removing the film window. In order to better protect the product, the box is made into a partially snapped pull-out joint to better display the product. The inserted structure holds the items, and enhances the support effect to improve the weight capacity. The outer and inner box components are made of cardboard, which is easy to manufacture, of low cost and recyclable.



ROKU Packaging

Following the design concept of reduced packaging and environmental protection, we design "U"-shaped cushion liner structure and insert lock structure to fix the product and provide effective buffering; we use snap design, for which a snap is for locking, while unbuckling is to open it, without any further tools to load and open the box. As the packaging has no plastic components, no tear strip paste, it costs less in production, and can be loaded faster; it's 100% recyclable, reducing the waste of resources from the source.



Eco-friendly Raw Material Layout

We understand that raw materials are a crucial part of the R&D and production of eco-friendly products, as they are beginning of the product's life cycle. In addition to procurement from certified third-party suppliers, we are also vigorously promoting the R&D projects on eco-friendly raw materials and the building of raw material production bases. We have worked with the Technical Institute of Physics and Chemistry, CAS to develop paper-based materials, which replace plastic film, and worked with Suzhou Kingswood Printing Ink Co., Ltd to develop plant-based printing inks to replace the original petroleum-based or semi-petroleum-based inks. We have also set up sugarcane pulp board factories in Laibin, Guangxi Province and other places to ensure sufficient supply of raw materials.

In the future, we will focus on the R&D of renewable, degradable and reduced packaging, improve the performance of materials such as renewable paper and biodegradable plastics, increase the proportion of eco-friendly raw materials used in packaging, develop eco-friendly and multi-functional paper packaging adhesives and coatings (which are oil resistant, waterproof, anti-bacterial and fresh-keeping, etc.), and increase the variety of new bio-based packaging materials and their industrialized applications.

Promotion of Industrial Development

We have actively participated in industry exchanges and formulation of industry standards, such as the preparation of General Requirements for Green Paper Takeaway Packaging, to promote the green and sustainable development of the printing and packaging industry,

High-end Dialogue on Four-Party Cooperation Model

The Celebration of the 40th anniversary of China Packaging Industry and 2021 Packaging Industry Summit was held in December 2021, YUTOECO participated in the high-end dialogue of the four-party model, namely, "China Packaging Federation + Internet platforms + catering merchants + packaging enterprises". In the event, YUTOECO shared demonstration cases, and discussed the pain points of Xibei in using eco-friendly packaging, such as the incompatibility between eco-friendly materials and ingredients, and the relatively high cost.

Mr. Ma Haoran, Vice President of Marketing of YUTO, said that eco-friendly packaging sector should gather concerted efforts from all parties, and he suggested that we should work with the catering merchants from the front-end R&D and design to solve the pain points in terms of functionality. YUTOECO has a team of experts in equipment and production process, and is capable of making more innovations in materials and production process to close the gap between eco-friendly tableware and traditional tableware. Regarding the procurement of small quantities, YUTOECO can reduce costs by cooperating with the Internet platforms to establish a centralized procurement platform.

In the high-end dialogue, all parties concerned expressed the common ground of mutually beneficial cooperation, and the willingness to draw on each other's strengths and work closely to promote the sustainable development of catering delivery service. YUTOECO undertook an important mission in the demonstration cases, and will also play an important role in the future four-party cooperation model.



Green Manufacturing

YUTO attaches great importance to the resource consumption and emission during manufacturing process, and strictly complies with *the Law of the People's Republic of China on Environmental Protection, Law of the People's Republic of China on Prevention and Control of Air Pollution, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, Law of the Socialist Republic of Vietnam on Environmental Protection, Law of India on Environmental Protection*, and other laws and regulations of the countries and regions where it operates. We have formulated and implemented a series of internal systems such as the Guidelines for the Management of Waste Gas Emissions and Guidelines for the Management of Wastewater and Rainwater to integrate the concept of sustainable development in the whole process of production and operation. We are committed to reducing resource consumption in manufacturing process, managing waste water and gas emissions to meet relevant emission standards and to reduce waste, reducing the negative impact on the environment, and building a resource-saving and environment-friendly enterprise by actively improving the building of environmental management system and achieving ISO 14001 environmental management system certification, ISO 50001 energy management system certification and other environmental certifications.

Resource Management

We strictly comply with *the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on the Promotion of Clean Production*, and other laws and regulations of countries and regions where we operate business. We have formulated and implemented a series of internal systems such as the Energy System Management Manual, the Energy Target, Indicator and Program Control Procedures and the Energy Conservation Management System, set energy targets and indicators, supervised each subsidiary to actively implement energy conservation and consumption reduction projects, promoted the use of renewable energy, and continuously improved our resource management capabilities.

Building of Green Factory

Since 2019, we have been carrying out the building of green factories featuring energy conservation. We designed and constructed the factories according to national codes of energy-saving building, such as using new energy-saving wall materials; we required all new plants to apply solar photovoltaic systems, and built solar power generation facilities on the roofs or open spaces of production bases. We have ensured the economical operation of energy-consuming equipment, chosen energy-saving equipment, and continued to renovate existing equipment with high energy and material consumption. Furthermore, we have optimized our processes to reduce energy consumption and material waste in the production. In October 2020, our headquarter base was awarded the national "Green Factory".



Headquarter of YUTO Awarded

National "Green Factory"





Solar Photovoltaic Power Generation

So far, we have built 5 solar photovoltaic power stations, with a power generation capacity of **5.91** million kWh in 2021. In the future, we plan to build **3** additional solar PV power plants in 2022, with an estimated **13** million kWh of electricity generation; by 2025, we expect to build more than **10** solar PV power plants. In addition, we are also acquiring green power through purchasing green power certificates. In 2021, the cumulative green power usage totaled **15.91** million kWh.



Solar Power Panels in Production Base

Integrated Energy Supply System

The new production base has taken energy saving and environmental protection into consideration at the initial stage of design, and built an integrated energy supply system, using high-voltage liaison and low-voltage power distribution technique, equipped with high-efficiency energy-saving air conditioning system, high-efficiency air compressor room system and intelligent network control platform, while adopting a series of technologies including waste heat recovery, heat and energy storage, electric heat storage, water storage and cooling, etc., to realize energy consumption control and management. The production base has continuously promoted energy saving and emission reduction, and provided efficient energy supply for each production and manufacturing section in the base, reducing operation costs and avoiding wasted resources.

Lean Production Projects

We have carried out a number of lean manufacturing transformation projects to continuously improve our production technology, workflow and production management. At the same time, we have put lean production management into practice and conducted exchanging activities on lean production, calling on employees to participate in promoting energy-saving and efficiency-enhancing sustainable production methods.

Intelligent temperature control system for central air conditioning

The printing workshop and the gift box workshop need to ensure long-term constant temperature, so they are equipped with high-power air conditioners. However, it is not easy to control the air conditioners in the workshop, and they are often turned on to 20°C in summer, causing serious equipment load and waste of electricity. By adding intelligent temperature controllers, we could effectively control the temperature of the workshops within the standard range to ensure product quality and employee health while saving energy.



Improvement of central vacuum air pump

The post-printing workshop of the Instruction Manual Production Center and Gift Box Production Center provides air pumps for each equipment, but the air pumps are noisy, and the heat generated by the air pumps cannot be distributed, resulting in large air conditioning load and energy waste. We improved the air pump, installed the central vacuum screw rod machine, arranged the vacuum air duct, installed galvanized iron pipe and pressure reducing valve, which have greatly saved the air compressor blowing air flow, effectively reduced the noise and improved the workshop environment.



Centralized supply system of printing ink

The printing system used to have manual ink supply, which is labor-intensive, and the ink volatilization is not good for employees' health and easy to cause environmental pollution. YUTO has adopted centralized ink supply system, which is safe and reliable, using automatic conveying device; operation of adding ink is easy, improving efficiency and reducing the waste of ink caused by manual scraping; the manufacturer can recycle the ink drums, reduce the generation of hazardous waste and avoid the risk on environmental protection.



Automatic cleaning system for printing presses

The manual cleaning of blankets in the printing process is inefficient, with long downtime, and generates solid and liquid waste, for example, car washing cloth. Gift box production center independently developed automatic cleaning device for blankets of printing machine, with manual work no longer needed. Printing machines can be automatically cleaned with multiple groups at the same time, saving 50 to 100 minutes of cleaning per day, and saving cleaning auxiliary materials; and the volatile organic compounds emissions tend to be zero.



Communication on lean production

YUTO actively participates in lean production related activities, combining internal training on lean production with external exchange meetings to continuously empower the Company in lean production. At the same time, we have built a communication and sharing platform and knowledge center to promote the participation of all employees in lean production, so that they can share experiences and create a lean culture for the Company.



Having "Advanced Leaner Special Training Camp"



Participation in the 2nd Greater Bay Area Industrial Engineering Improvement Conference



Three Wastes Management

YUTO has established a professional technical team for the treatment of “three wastes” (waste water, exhaust gas and solid waste) with industry-leading technical experience and achievements, and continued to explore the possibility of sustainable development using approaches such as zero waste to landfill on the basis of ensuring legal and compliant emissions. We have set targets for the management of “three wastes” at each functional level and broken down the targets for the departments, requiring them to formulate a plan for the management of “three wastes”, with contents including waste reduction measures, responsible departments and persons in charge, etc. At the same time, we regularly review the effectiveness of our emission reduction measures by setting and tracking performance indicators such as waste reduction volume, monitored frequency of industrial exhaust gas emission and compliance rate, so as to achieve the three wastes management targets.

In 2021, the Company did not have any environmental pollution accidents and was not punished by any relevant administrative authorities.

Wastewater Discharge Management

As of December 31, 2021, we have built 15 wastewater treatment stations at our production bases nationwide. Subsidiaries without their own wastewater treatment stations use the stations at their industrial production bases to reduce and recycle wastewater through oxidation, de-acidification, coagulation, Upflow Anaerobic Sludge Blanket (UASB), and sand carbon filter, so as to ensure that all treated wastewater meets the discharge requirements at the domestic and regional levels where we have business operation. The wastewater treatment facilities are managed by designated environmental protection department and full-time personnel. The headquarter base and Shenzhen Longgang Branch have completed the installation of wastewater online monitoring system and entrance guard & CCTV system for wastewater treatment facilities, and networked with relevant government platforms to monitor wastewater discharge factors in real time, ensuring the discharge can meet relevant standards. Every six months, a professional third-party institution will test the wastewater quality and issue a test report to continuously track the wastewater treatment results.

Exhaust Gas Emission Management

The main sources of exhaust gas are VOCs (Volatile Organic Compounds) emitted from printing inks, adhesives and organic solvents, generator exhaust and canteen fumes. Our system management department takes the lead in identifying and evaluating the exhaust gas sources known to us every year and forms the Exhaust Gas Emission Source List, which is revised when there are changes in the emission sources. Meanwhile, all production bases have been covered with waste gas treatment facilities, which conduct gas collection via hoods, and then treat the emitted gas with activated carbon adsorption and desorption, catalytic combustion or zeolite rotor and Regenerative Thermal Oxidizer (RTO) technologies. Some of the subsidiaries have launched the waste gas online monitoring system to monitor waste gas factors in real time and ensure that the treated exhaust gas meet relevant standards.

Solid Waste Management

Waste is mainly divided into two categories, which are hazardous waste and general solid waste. Among them, hazardous waste is managed by designated staff, collected uniformly and entrusted to qualified institutions for treatment, while general solid waste is sorted and packaged for recycling by qualified recycling suppliers; all food waste generated by the canteen is handed over to qualified third-party treatment organizations designated by the government to avoid environmental pollution. We conduct trainings and study workshops on laws and regulations and related procedures for new employees and managers for waste collection and transfer, to ensure the orderly waste management.

On the basis of compliance, we have continued to promote the zero waste to landfill project in order to achieve waste reduction, harmless waste treatment and resource reusing. At present, our two production bases in Suzhou and our Shenzhen Longgang branch have obtained the ZWP-UL2799A ECVP Zero Waste Classifications. Our headquarter base, India YUTO and Chengdu YUTO production bases are also actively planning to participate in the certification.

Noise Management

We pay attention to controlling the noise impact on the surrounding environment and employees' health during production and operation, and conduct noise testing on a regular basis at each production base. Our system management department is responsible for identifying and evaluating the noise emission sources at the factory boundary, formulating and updating the List of Noise Sources at the Factory Boundary in a timely manner, and conducting noise control in strict accordance with relevant standards.

Intelligent Manufacturing

We are committed to promoting intelligent manufacturing and building intelligent factory production bases, and have gradually established and improved intelligent manufacturing factories in Shenzhen, Xuchang, Dongguan, Wuhan and other production bases. Among them, Xuchang YUTO is our first intelligent manufacturing industry demonstration park, and the production base is scientifically planned from the top design to the entire plant planning, reasonably laid out for traffic of people, vehicles, logistics and business; its workshop adopts automated production line, which is independently developed, assembled and tested before it is formally launched. With the powerful transmission and collection capability of 5G network with large bandwidth, low latency and wide connectivity, it realizes real-time transmission of business data, automatic equipment collection, real-time system accounting and full-process monitoring of images in the production base.

In 2021, Xuchang YUTO built a unified and fast-responding intelligent manufacturing command center, which is connected to the industrial LED digital screen and the security light system to grasp the overall achievement of Key Performance Indicator (KPI) of the factory in real time, and identify abnormal alarm information and inform the relevant persons to deal with it in time. In addition, the intelligent factory takes the Manufacturing Execution System (MES) as the upper center, interconnects with equipment downward and collects abnormal data in time, connects with Enterprise Resource Planning (ERP) upward, and covers all business data in real time from customer order management, material procurement, personnel onboarding, equipment monitoring and unmanned material distribution management, quality control, etc. It generates relevant reports in real time according to different business and management levels, and achieves paperless management throughout the process. At the same time, intelligent warehousing and logistics system is widely used in the production base, using robot dispatching system, Automated Guided Vehicle (AGV), Warehouse Management System (WMS), MES and other multi-system business integration and interconnection, to achieve automated in and out of the warehouse, single-floor and cross-floor automatic distribution, and realize the whole process of unmanned light-off operation in the finished product warehouse.



Dashboard of Situation Command Center



Forklift AGV

In the future, we plan to deploy a digital real-time monitoring platforms and intelligent manufacturing workshops in major production bases around the world to greatly enhance our production and delivery capabilities. We aim to use digital solutions to realize dynamic management of production bases, equipment interconnection and remote monitoring, real-time control of energy consumption, etc., and continuously upgrade and optimize the systems to strive to build a leading intelligent manufacturing industrial park in the global printing and packaging industry.



Green Office

YUTO adhered to the idea of green development, raised employees' awareness of energy saving and environmental protection in daily work, continued to improve all aspects of the green office, managed the use of water and electricity in the office area with a combination of inspection and self-check, and actively promoted office automation and networking to reduce resource waste.



Saving Water and Electricity

- Urge employees to turn off unnecessary lights and arrange security personnel to inspect on electricity saving, and replace incandescent lamps with energy-efficient ones whenever possible.
- Reduce electricity consumption and standby energy consumption of electronic office equipment. Reasonably use computers, printers, copiers, scanners, fax machines and other electrical equipment, and turn off the power at the end of the day to prevent standby.
- Reasonable setting of air conditioner temperature, and close doors and windows when air-conditioner is on.
- Reasonably adjust the number and configuration of electric water dispensers in office buildings, control the time of using and reduce ineffective electricity consumption.
- By posting slogans in pantries and bathrooms, we urge employees to save water and to report water leakage of facilities and equipment for repair in time.



Saving Office Resources

- Actively promote paperless office, try to use electronic documents, and communicate with each other via emails and other e-messages to reduce paper consumption.
- Streamline documents, assign working tasks by means of meetings instead of issuing paper documents; if paper documents are indeed needed, set the printing quantity precisely and avoid reprinting and overprinting.
- Reduce unnecessary travels, and replace offline meetings with online meetings.



Office Waste Management

- Ensure separate collection, regular transfer and proper disposal of office waste.
- Set up classified recycling bins, and post slogans to distinguish between recyclable and non-recyclable waste.
- Carry out waste classification training to guide employees to recycle garbage.

Climate Change Resilience

With frequent occurrence of extreme weather events such as droughts and floods, climate change has gradually become a major issue of common concern from the government and the public. YUTO pays close attention to the impact of climate change on our business, so we have taken the initiative to identify related risks and take corresponding measures to manage our own carbon emissions and those of our value chain, so as to reduce its impact on the sustainability and smooth operation of our business, help implement the national policy of “carbon peak and carbon neutrality” and actively cope with climate change.



Identification of and Response to Climate Change Risks

YUTO identifies and evaluates the climate risks that have a comparatively high impact on and relevance to our business. These climate risks include the physical risks brought by extreme weather and the transformation risks brought by low carbon economy. Extreme weather such as typhoons and rainstorms can cut off electricity and lead to water and power outages or equipment damage at production sites, which have potential impacts on the delivery schedule. In order to cope with the corresponding risks and effectively protect the safety of employees and properties, the Company has formulated emergency response plans for extreme weather, conducted daily inspections and early warning, and prepared emergency anti-disaster materials.

In terms of transformation risks, the carbon pricing policy and carbon emission limit related to low carbon economy will indirectly lead to cost increase; while poor management of carbon emission may bring legal and litigation risks and affect reputation. In order to properly manage carbon emissions, the Company has developed and continuously improved its internal system for energy conservation and emission reduction, monitored energy conservation and consumption reduction efforts during production and operation, and promoted online meetings and paperless measures in daily work to integrate sustainable climate management concepts into the Company’s risk management philosophy.



Carbon Emission Management and Reduction

We have monitored and controlled carbon emissions during production and operations, and estimated the composition of emissions and reduction potential to lay the foundation for quantifying carbon reduction targets. Meanwhile, we have actively carried out energy saving and emission reduction projects, promoted the use of clean energy in suitable production bases and actively promoted the building of green factories.

Our headquarter base and Shenzhen Longgang Branch have actively responded to the Shenzhen government’s carbon reduction initiatives, established reliable channels of data collection and public disclosure, and regularly monitored and reported greenhouse gas emissions from production operations and daily work, of which the greenhouse emissions should be within the boundary, according to Shenzhen’s carbon emission verification requirements. Since being included in the government’s carbon emission control list in 2016, we have fulfilled carbon emission verification compliance and reduced carbon emissions at an average annual carbon intensity reduction rate of 2.64%. From 2016 to 2021, the industry benchmark carbon intensity was 0.978, while our headquarter base and Shenzhen Longgang Branch’s compliance carbon intensity were reduced from 0.547 to 0.368, which is much lower than the industry benchmark carbon intensity. We continued to explore various emission reduction actions, to ensure the fulfillment of carbon compliance and to practice carbon emission reduction responsibilities. In addition, we have organized carbon emission control team to attend relevant trainings conducted by Shenzhen Emissions Exchange and governmental departments every year to improve understanding of carbon emission verification and carbon emission reduction related theories and practices.



Our Commitment

We have established an emergency organization system for climate risk management, and have incorporated climate change and carbon emission management into our sustainable development goals and framework of plans. Looking ahead, YUTO, as a responsible corporate citizen, will keep a close watch on business-related climate change risks, conduct timely assessment and management, and seek opportunities among risks, thus turning challenges into motivation, improving risk resilience and facilitating the sustainability and smooth operation our business.



Quality Makes Value

YUTO adheres to the idea that “**quality is life and dignity**” to ensure quality management and that “**doing our best to meet customer needs**” to provide customer services. By providing high-quality products and services, we continue to create values for customers and strive to be a domestically leading and internationally renowned packaging enterprise.

Ensure Product Quality

YUTO takes quality as the cornerstone of the Company's development, and strictly complies with *the Product Quality Law of the People's Republic of China*, *Measures for the Supervision and Management of Quantitative Packaging Commodities* and other relevant national and regional laws and regulations. We have developed and implemented internal systems such as Quality Performance Management System, Non-conforming Product Control Procedures and Environmental Protection Project Delivery Organization Rules, strictly controlled product quality, and implemented whole-process quality assurance and control programs to develop high-quality products from product planning to operational delivery.

The Company continues to strengthen the quality management of production process. We have introduced system control points in the production process, such as the quality of the first piece, routine inspection, final quality control/outgoing quality control (FQC/OQC) and laboratory testing; we built the bill of material (BOM) system, engineering sampling system, mold and sample management system, etc. to improve the mechanism and quality of new product development. We have also constantly improved the supply chain system, and planned for supplier introduction, evaluation, incoming quality control (IQC) and information platform for improvement and feedback on incoming inspection, so that we can procure high-quality raw materials to ensure our product quality.

We have set unified inspection standards according to product categories, strictly identified and controlled non-conforming products; all products are recorded and traceable. Once abnormal quality is found, the Quality Department is responsible for marking and isolating non-conforming products, which will be further reviewed, judged before being remade, and only after they pass quality inspection, can they be delivered. We will also review the loopholes of the process starting from the point where the problem occurred, and timely improve relevant procedures. We have incorporated quality assessment into the performance appraisal of departments and relevant persons in charge, and set up quality boards on site and organized regular quality summary and analysis meetings to ensure delivery of quality products.

YUTO continues to establish and improve the quality management system. We have obtained ISO 9001 Quality Management System, FSSC 22000 Food Safety Management System, IECQ HSPM QC080000, G7 Standardized Printing Management System, etc. We have gained good reputation from domestic and international customers for our excellent product quality, and played a leading role in the printing and packaging industry in Shenzhen and even in the country.

In 2021, the Company did not have any violations involving the health and safety impact of products and services.





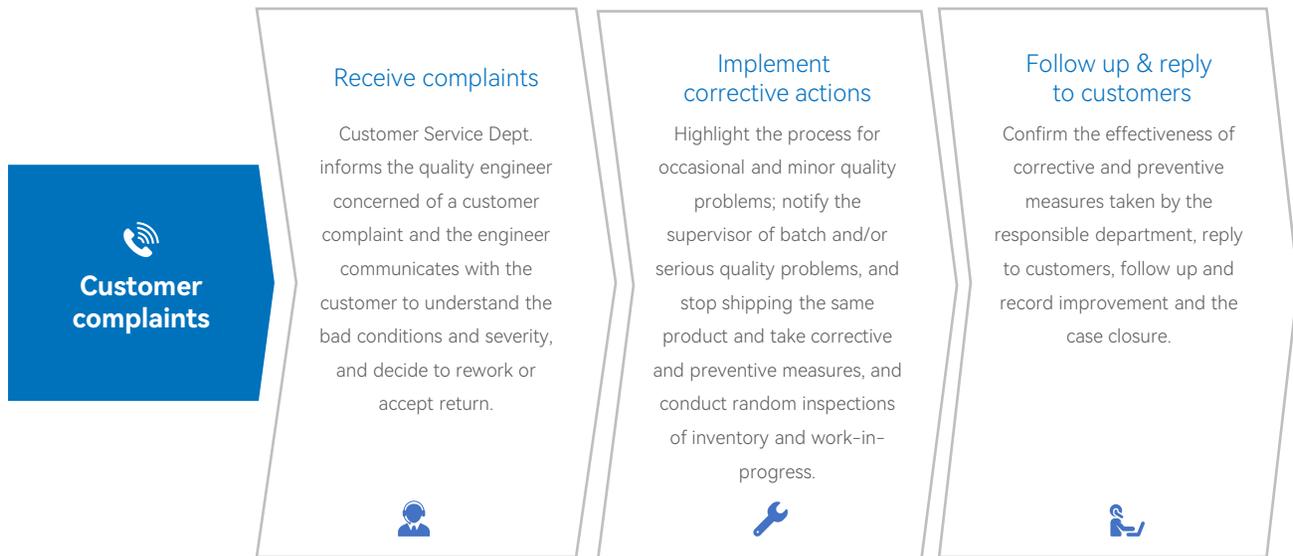
Quality Customer Service

YUTO has always been customer needs-oriented, maintained smooth and frequent communications with customers through multiple channels and actively responded to customer demands. We are committed to providing the optimum service experience and creating values for customers.

Response to Customer Needs

Adhering to the service concept of “putting customers first” all the time, YUTO has established and continuously improved the mechanism of interaction and communication with customers. In doing so, the Company has conducted technical exchanges and discussed cutting-edge trends with customers through quarterly business review meetings and other means on a regular basis to analyze shortcomings and make continuous improvement, and has gradually realized the service upgrade from product matching to strategical matching. We have also established an “iron-triangle” service team to respond quickly to meet customers’ differentiated demands in various aspects such as design, manufacturing and delivery.

The Company has established an after-sales customer complaint management system with a standardized customer complaint handling process, while performing closed-loop management of customer complaints, improvement and prevention:



Customer Satisfaction Survey

In order to effectively manage customers’ expectations and requirement and continuously improve the products and service levels, YUTO has collected customers’ opinions and evaluations in six areas including design, technology, sampling, quality, quotation and delivery by conducting regular customer satisfaction surveys. For the issues that customers are not satisfied with, we analyze the reasons and formulate remedy suggestions, and each of relevant business departments is responsible for formulating and implementing relevant corrective and preventive measures.

Intellectual Property Management

Innovation is the first of our driving forces to lead the business development. YUTO regards intellectual property protection as an important measure to ensure the vitality of enterprise innovation. In order to standardize our work in this regard, we comply with *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and *Law of the People's Republic of China Against Unfair Competition*. In addition, we have formulated and implemented Patent Management Measures, Measures for Management of Intellectual Property-related Documents, Notice on Comprehensive and Unified Management of Trademark and Copyright and other internal systems, to clarify the responsibilities of each functional department in the process of managing, implementing, supervising and coordinating the intellectual property management work, encourage and mobilize the enthusiasm of employees to make invention and creation, so as to ensure the smooth technological innovation, production and operation.

The Company has implemented strict measures on R&D confidentiality and further standardized the patent, trademark and copyright management system by establishing intellectual property management systems, patent data retrieval library and other intelligent management tools. For innovative technology research, we advocate and motivate employees to actively apply for patent protection, and reward inventors at the application and authorization stages respectively.



Intelligent Property Management System

YUTO fully respects the intellectual property rights of others while guaranteeing and safeguarding its own intellectual property rights. Our Employee Code of Business Conduct requires employees to recognize and appropriately use other companies' trademarks when conducting business activities, ensuring that their trademarks are used in accordance with the trademark license agreement reached with the trademark owner concerned.

We also actively provide company-wide (including subsidiaries) patent and trademark/copyright knowledge training for technical departments and business departments to raise employees' awareness of intellectual property protection and legal use of intellectual property.

Protection of Customer Rights and Interests

YUTO has strictly complied with the laws and regulations of the countries and regions where it operates, including *the Advertisement Law of the People's Republic of China*, *the Cybersecurity Law of the People's Republic of China* and *the Personal Information Protection Law of the People's Republic of China*. The Company has also formulated and implemented internal systems such as Information Management System, Employee Code of Information Security, Data Security Management System, and Confidentiality Agreement, in order to ensure that marketing activities are legal and compliant while product labeling is true and accurate, maintain the Company's internal information security, protect customers' privacy security and their rights and interests to the greatest extent.

Compliant Marketing & Labelling

YUTO has strictly complied with the laws and regulations of the countries and regions where it operates, including *Advertisement Law of the People's Republic of China* to ensure that product labeling is true and effective and contains accurate information of ingredients and safety, eliminate exaggeration or false advertising, carry out compliant and honest marketing, and effectively maintain customers' legal rights and interests.

In 2021, YUTO did not have any violations or lawsuit cases involving product labeling, service information and marketing.



Safeguarding Information Security

In order to safeguard information security, YUTO has established a sound information security management system to ensure that important systems are set up in accordance with the national computer level protection requirements, which have passed the evaluation of Level 2 cybersecurity classified protection (hereinafter referred to as “level protection”). In 2021, we introduced a new generation of firewall project connecting the firewall to the cloud security library across the Company, and uniformly formulated security management strategies and monitored security events. Every year, we carry out information security attack and defense drills, conduct “penetration tests” on important core systems, identify loopholes and weak links in the system and implement necessary reinforcement. We also perform vulnerability scanning on all business systems, deploy antivirus software and update security patches on all terminals. In the process of business development, we back up all of the core and important data off-site, conduct data verification checks on a weekly basis, as well as regular backup and recovery drills to improve data security.

Protecting Customers’ Privacy

In order to ensure the security of customer information, the Company has established a standardized customer data management platform and adopted a hierarchical authorization management mechanism for customer data. [In 2021, we took the following measures in the protection of customer information and privacy:](#)



Signing non-disclosure agreement

We signed non-disclosure agreements with our employees to protect customer privacy systematically; personnel of outsourced organizations who may have access to classified workplaces are also required to do so.



Hierarchical data management

Data management follows the principles of hierarchy and minimization, and only the people in charge have the access to relevant customers’ information.



Network Isolation

We performed strict network isolation by isolating computers involving customer privacy from production workshops, and prohibit the computer s’ access to the network or communication with other hosts.



Confidential documents management

File encryption system is adopted for relevant electronic documents involving customer privacy, which cannot be opened in a non-encrypted environment; authority control is performed on the emails of relevant personnel involving customer privacy at work.



Confidentiality management in workshops

Strict access control and security inspection were performed in the workshops, and unauthorized personnel are not allowed to enter. It is forbidden to bring electronic devices with storage and shooting functions into the offices and workshops.

We conduct information security-related training for employees on a monthly basis and release information security knowledge and information security videos from time to time; conduct quarterly publicity and training on confidentiality and privacy security knowledge, explain privacy protection measures and privacy leakage cases, etc., in order to raise employees’ awareness in information security and customer privacy protection.



Training on Information security and privacy protection

In October 2021, YUTO provided a training on information security and privacy security for key positions in various departments, which focused on information security identification and protection, personal privacy protection, company secrets and customer privacy to improve employees’ awareness of information security and privacy protection as a whole.

[In 2021, the Company didn’t receive any of substantiated complaints related to violations of customer privacy and loss of customer data.](#)

Working Together With One Mind and Purpose

Talents are YUTO's most valuable asset and the key factor for our success. At YUTO, we are committed to building a young, professional, international team of talents. We respect and care for employees, and provide them with more development opportunities and display platforms, allowing them to keep learning, make innovation and creation, and realize their self-value.

We adhere to the core values of “**Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation**”. To realize these values, we try to recruit more talents, provide employees with customized empowerment programs and multi-channel development platforms to ensure the continuous development of their careers and make the best of their capabilities. We enable them to work in a healthy and pleasant environment, and advance the common progress of both employees and YUTO.





Employees' Rights Protection

YUTO attaches great importance to the protection of employees' rights and interests, makes continuous efforts to improve the employee management system and is committed to creating an equal and diverse working environment. For this end, we have formulated and implemented internal systems such as the Recruitment Management Measures and Labor Contract Management Regulations to standardize compliance in the management of recruitment, anti-discrimination and employees diversity.

Compliant Employment

We adhere to the principle of "fairness, openness and impartiality", strictly abide by the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Labor Contract Law of India* and other laws and regulations of the countries and regions where we operate to carry out employment work. We have formulated and implemented the Emphases on Legal Employment Management, which contain proper and effective rules concerning compliant employment. We have also signed labor contracts with employees on an equal and voluntary basis, followed "equal pay for equal work", and paid social insurance premiums in accordance with the law to ensure that the employees' rights and interests are fully protected.

We forbid the employment of child labor by checking and confirming the identities of applicants and employees in important procedures such as the recruitment, on recruitment site, through personnel system control and regular inspections by the human resources department, and prevent and eliminate the employment of employees under the legal working age. We strictly prohibit forced labor by formulating various systems and taking necessary measures. In particular, it is clearly stipulated in the labor contract that a standard working hour system is 8 hours a day and 40 hours a week. We have also formulated and implemented the Rules on Employee Attendance Management, which makes clear the employee overtime application process. We organize employees to read and understand the rules and ensure that employees understand and abide by the relevant regulations. If the extra working hours are needed due to the needs of production and operation, we will make consultation with the trade union and employees and pay wages higher than the normal criteria according to regulations. We strictly abide by the relevant national regulations on statutory holidays and festivals, ensuring that employees can enjoy reasonable rest and vacation time. **In 2021, the Company did not find any violations related to child labor or forced labor.**

As of December 31, 2021, the total number of employees at YUTO stood at **22,116**, of which the number and percentage by gender, age group, employee rank, region, employment contract and employment type are given below:

Categories	Number of employees	Percentage (%)
Number of employees by gender		
Male	13,155	59.48%
Female	8,961	40.52%
Number of employees by age group		
Under 30	13,329	60.27%
30-50	8,701	39.34%
Above 50	86	0.39%
Number of employees by employee rank		
Senior management	162	0.73%
Medium management	689	3.12%
Ordinary employees	21,265	96.15%
Number of employees by region		
China (including Hong Kong, Macao & Taiwan)	19,005	85.93%
Overseas	3,111	14.07%
Number of employees by employment contract		
Permanent	21,103	95.42%
Temporary	1,013	4.58%
Number of employees by employment type		
Full-time	22,116	100.00%
Part-time	0	0
Total	22,116	

Based on local conditions and being market-oriented, we recruit talents in an all-round and diversified manner, and attract high-potential talents through campus recruitment and social recruitment. In 2021, the Company was included in the first production and education integration enterprise development and cultivation list in Guangdong Province, thanks to our long-term and in-depth school-enterprise cooperation with domestic colleges and universities to cultivate talents in printing. In order to attract more outstanding graduates to join YUTO, the Company's campus recruitment program team went to well-known universities to actively conduct presentations and interviews. In 2021, a total of 163 graduates were recruited on campus, injecting new vigor and vitality for YUTO's ongoing development.



Campus Recruitment Posters

2021

Graduates recruited on campus

163



As of December 31, 2021

The total number of employees at YUTO

22,116



Presentations

Equality and Diversification

We promise that any of our employees will not be discriminated nor receive any differential treatment due to their gender, age, race, marital status, and religious faith, etc. In order to support the rapid development of the business, the Company is committed to building a diverse and inclusive talent team, continuously optimizing the structure of employees, and promoting the diversity of employees' gender, age, region, and educational background, etc.



Employee Training and Development

At YUTO, we firmly believe that the development of the Company is closely related to the ability of employees and that training is the best gift for employees. The Company has established a complete set of training management systems such as the Personnel Training Management System and Internal Trainer Management Measures, and set up a talent training program system covering all positions from senior executives to new employees, aiming to improve employees' professional knowledge reserves and management level and to provide professional talent support for enterprise development. In 2021, the Company offered training for about 8,349 people in total.

Complete Talent Echelon Training System

On-the-job leadership training

- Rising Tiger (Tenglong) Program: leadership training for current general manager and directors
- Flying Tiger (Feilong) Program: Leadership training for current managers
- Crouching Tiger (Qianlong) Program: leadership training for medium and grassroots section chiefs
- General management courses: regular management course training

High-potential executives

- Dagger Company: high-potential general manager training class
- Invincible Battalion: high-potential manager training class
- New Cadre Regiment: high-potential employees and section chiefs training class

Professionals training

- Training and practices on automaton
- What marketing managers should know and be able to do
- PM training practices
- Apprenticeship for key-position talents
-

“YUTO High-potential Candidates” training

- Formulated the YUTO High-potential Candidates Management System, Candidates Mentor Management System and other systems to standardize the training and management process of “YUTO High-potential candidates” recruited on campus, improved their understanding and application of corporate culture and business standards through a series of training, and helped newcomers quickly adapt to jobs
- Implemented the YUTO High- Mentor Candidates System to help them fully understand job responsibilities and requirements, improve professional skills, understand and practice corporate culture, and complete their integration and transformation of workplace roles.

Training for high-potential executives- “Dagger Company” empowerment training program

In order to support the achievement of our strategic goals, we carry out the “Dagger Company” empowerment training program for our middle and senior executives. The training content includes self-study of basic knowledge of management and operation, role recognition and job rotation training, etc., to train a steady stream of high-potential managers for the company. In 2021, we completed two “Dagger Company” training program, and some of the trainees have been promoted after the training.



“YUTO High-potential Candidates” training

In order to help “YUTO High-potential Candidates” quickly understand and integrate themselves into the Company and become future key management force, we set up a YUTO High-potential Candidates integration development program, and enable them to quickly adapt to the environment, improve business capabilities and achieve professional development by taking a series of actions such as induction training and entry-level integration. In 2021, a total of 510 high-potential candidates participated in the training.



Key Soft Skills Popularization Training – Financial Communication Skills Enhancement Course

We attach great importance to the systematic training of skilled talents. We regularly organize professional skills training on various business lines to improve professional quality. In 2021, the Company organized a total of 77 people from the financial department to participate in the communication skills enhancement course to strengthen their communication skills, which played a positive role in further improving the professional ability of the financial line.



Furthermore, YUTO has established an overall solution for employee learning and development to guide and motivate employees of various business departments and subsidiaries to keep learning for continuous growth. Each of business cluster groups and subsidiaries of the Company has set up a learning and development team to offer training programs for different types of employees on a regular basis depending on the needs of business development. In 2021, under the guidance of the overall solution framework for employee learning and development, various talent training and development programs were carried out in an orderly manner. In particular, the training course provided by the Technology Business Cluster lasted up to 119 hours, covering a total of 4,384 employees.

As the Company’s internal and external stakeholders pay more attention to sustainable development issues such as environmental protection, occupational health, diversity and integration, business ethics and others, while taking into account the needs of YUTO’s sustainable development strategic goals, we plan to carry out professional training related to sustainable development for all employees. Through general training and related activities, employee engagement has been raised and their awareness of sustainable development has also been further enhanced.



Training on Six Sigma (international workshop)

In order to better serve international customers, in 2021, YUTO’s Packaging Business Cluster held Six Sigma (international) training workshop to help employees quickly gain an in-depth understanding of customer needs, enhance the professional ability of marketing and customer service personnel, and further improve service quality.



Training on delivery technology capabilities

In 2021, YUTO’s Packaging Business Cluster held training on delivery technology capability to standardize pre-printing, printing, post-printing and other operational processes, and improve delivery efficiency and product quality. A total of nine courses were offered in this training, with 867 trainees participating, and the average satisfaction score of the courses stood at 98.05 points.



Young managers training camp

In order to strengthen the development of youth managers, YUTO’s Technology Business Cluster launched a program of young managers training camp, where a total of nine courses were offered, including team management, customer satisfaction and supply chain knowledge. It contributes to the further improvement of the comprehensive quality and ability of young managers. More than 1,930 participants received the training.



Product engineer training

In 2021, YUTO’s Technology Business Cluster provided special training for product engineers. The training consisted of 24 courses, covering new product R&D, product introduction and the whole process of product testing, in order to further consolidate product engineers’ understanding of the Company’s product quality requirements. 1,449 people participated in this training, with the average satisfaction score reaching 93.38 points.



Employee Performance and Promotion

YUTO has always been committed to creating a broad career development platform for the employees. We select and appoint outstanding talents on the principles of openness, fairness and impartiality to stimulate their potential. We have formulated and implemented the Employee Performance Management Measures and other guiding documents to establish an effective performance management system, while continuously improving the process settings and performance evaluation methods and giving more rewards to outstanding talents, in order to achieve the common development of both the organization and employees.

YUTO's performance management system consists of the following four parts:

Target setting

The strategy committee formulates the annual development strategy and business goals

Performance execution and assistance

In the performance execution work, the superiors actively guide and assist the subordinates

Performance evaluation

Conduct objective and impartial evaluation of employees' performance and contribution

Communication & feedback

Communicate the performance, feedback and evaluation with employees

We adhere to the principle of "recruiting talents widely, and making the best of talents", aiming at "expanding employee development channels, leading employees to improve their abilities, and enabling the clear matching of talents and positions". We have built a dual growth channel model for employees, from the two perspectives of professional abilities and management. Talents are selected according to the principles of fairness, openness and impartiality in a scientific manner so as to provide more opportunities for employees' career development.

We have established systems such as Evaluation of Post Qualifications, Online Evaluation of Cadre Leadership and Promotion Mechanism for Professional Talents to standardize the process and specific requirements for talent promotion to ensure the fairness and objectivity of the promotion evaluation mechanism. We evaluate and select key talents with long-term outstanding performance, remarkable contribution or ability and potential, complying with YUTO values and displaying a strong sense of responsibility. We also give policy preference in promotion, salary adjustment, talent training, and medium and long-term incentives to fully unlock the potential of key talents.

We have made a key position succession plan to potential successors for our future sustainable development, and guide the direction for the employees' sustainable development and growth. In 2021, a total of **263** employees above the ordinary staff were promoted, of whom **6** were promoted as the general manager and director. Among those who were promoted, managers accounted for **11.8%** and **8.7%** for the section chiefs.

Employment Communication and Care

YUTO cares about how the employees work and live wholeheartedly. We have built diversified communication channels and encouraged employees to make reasonable demands through various forms such as the trade union, special dialogue sessions, brainstorming sessions, employee interviews and team building activities. In 2021, in order to formulate a reasonable employee welfare improvement plan, we conducted an employee satisfaction survey within the Company and major subsidiaries, in terms of nine aspects, namely, team building, working environment, meal management, accommodation management, traffic management, health management, risk protection, employee caring and ongoing learning and growth. The survey took the form of questionnaires, employee interviews and field research to fully understand employees' true comments on the Company's operations. We performed quantitative analysis of the survey results, summarized common problems and made improvement plans, and required all of the departments and major subsidiaries to strictly implement improvement measures. Based on the survey results, the Company and its major subsidiaries have invested about 10 million yuan in improving their welfare, focusing on improving the dormitories, canteens, and working environments that employees are concerned about, so as to ensure that employees can work in a comfortable environment.

At the same time, we care for female employees through various channels. We have established the Women’s Federation of YUTO Industrial Park, and regularly organized a number of activities to care for women and children, such as celebrating Women’s Day, lectures on domestic violence prevention, parent-child tours, and free diagnosis, to ensure the physical and mental health of female employees. In addition to the statutory prenatal check-up leave, maternity leave and breastfeeding leave for female employees in accordance with the laws and regulations, we also allow female employees to enjoy pregnancy leave and set up mother-and-baby rooms to give considerate care to female employees in need.



We are committed to creating a happy, healthy and harmonious working and living environment. We organize and carry out a number of leisure and entertainment activities, such as sports leisure activities, holiday/festival celebration, Women’s Federation group building activities and Company’s anniversary celebration etc., to enrich employees’ daily life, provide employees with exclusive benefits, improve the quality of life and happiness of employees, and strengthen the team cohesion.



2021 Teacher’s Day Celebration Activities

In order to enhance the sense of honor and achievement of in-house lecturers and tutors, and create a good atmosphere for teaching and mentoring, we organized a series of activities to celebrate the Teachers’ Day in 2021. The activities consisted of two parts: thanking in-house lecturers and tutors, and empowering in-house lecturers. While expressing gratitude to lecturers and tutors, it promotes the soft skills of lecturers and tutors.

The Ninth “The Voice of YUTO” Show

In order to enrich the employees’ life and explore their talent and skill, we have organized “ The Voice of YUTO”, a large-scale singing performance at production base for nine consecutive years, in order to encourage employees to boldly show themselves, cultivate their sentiments in the pleasant singing, and cope with the routine work and daily life with full spirit and a more positive attitude.





Occupational Health and Safety

YUTO pays great attention to the occupational health and safety of its employees and strictly abides by the laws and regulations of the countries and regions where it operates, including *Work Safety Law of the People's Republic of China*, *Fire Control Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, *Regulations on Safety Management of Hazardous Chemicals* and *Law of Socialist Republic of Vietnam on Work Safety and Hygiene*. We have formulated the Work Safety Management System and Occupational Health Management System based on the ISO 45001 occupational health and safety management system, implemented safety management in various operational activities, and laid emphasis on the improvement and training of employees' safety awareness.



Work Safety

In terms of organizational structure, we have set up a Work Safety Management Committee (hereinafter referred to as the "Safety Committee") at our headquarters. The Safety Committee is responsible for formulating standard procedures for safety inspections and driving the implementation of rectification measures. The Safety Working Group under the Safety Committee is responsible for the daily implementation of safety work, as well as the guidance, supervision, inspection and training of each subsidiary in this regard. The Safety Working Group conducts safety inspections in each subsidiary on a regular basis and supervises the implementation of rectification work. It reports the progress of safety inspections to the Safety Committee at the end of each month, confirms the next work plan, continues to investigate and address hidden dangers, and effectively follows up on problems.

YUTO has established a complete set of safety management systems to strictly ensure fire safety, production line safety, chemical safety, equipment and facility safety, etc., to ensure the continuous improvement of the safety management system. Among them, in terms of chemical management, we have formulated internal systems including the Guidelines for Chemical Management, which contained the provisions on the purchase, transportation, storage, use and disposal of chemicals etc., to ensure that all relevant processes of chemicals meet the requirements of the safety management system. In 2021, we increased investment in this regard. For instance, to strengthen the material management and control, the shift from traditional inks to low-VOC inks has been fully completed by the end of 2021. In terms of technology, closed processes are used to replace open processes, for example, printers with centralized ink supply were introduced to further improve the working environment for employees and ensure their health and life safety.

We carry out strict management of work-related injuries and accidents. The Safe Production Management System stipulates the whole handling process of work-related injuries and accidents, and classifies and grades the accidents according to GB/T 6441-1986 Classification of Casualty Accidents of Enterprise Employee. It is stipulated that, when a production safety accident occurs, the emergency plan should be started immediately while it must be reported as soon as possible. In order to implement the main responsibility system for production safety, we have developed a prevention and accountability mechanism for accidents, where the level and principles of punishment for production safety accidents are identified. The Company continues to increase its investment in safe production. In 2021, the expenditure on safe production and environmental protection reached 49.55 million yuan. In addition to meeting daily maintenance and management, we have carried out special safety transformation of machinery and equipment, renewal of fire protection systems in old factories and upgrading of waste gas treatment process.

We continue to strengthen the development of safety culture to ensure the realization of safe production goals. Our headquarters holds "Work Safety Month" activities, including the General Manager-led safety inspections, printing and distributing the Safety Knowledge Brochure, playing safety-themed videos continuously, holding fire drills, and taking photos of potential safety hazards. Each subsidiary also carried out a series of safety activities based on their actual conditions, including Xuchang YUTO's equipment safety special activities, Chengdu YUTO's safety mobilization meeting, special inspection and rectification, and so on.

2021

The expenditure on safe production and environmental protection reached

49.55 million CNY



Publicity in Work Safety Month

In order to improve the safety awareness and ability of employees, we regularly carry out safety training which covers various modules such as chemical management, machinery safety, construction operations, occupational health, fire safety and work-related injury accident analysis. 34,606 front-line employees received the basic training in 2021, helping further raise employees' awareness and attention to production safety. In addition, we also built a safety online learning platform in 2021 in order to improve the main responsibility awareness and professional level among general managers of subsidiaries, heads of functional departments, safety management personnel and special operation personnel through systematic online education and evaluation.

Safe, Clean and Orderly Construction

In order to strengthen the construction safety management of the projects under construction in our production bases, we have formulated and strictly implemented the provisions of the Construction Safety Inspection Standards, established an online approval process for construction operations, and ensured that the construction is approved (put on file) before its commencement. The personnel from suppliers involving dangerous operation are strictly required to wear labor protection equipment and work with certificates; at the same time, we try to do a good job in safety explanation and on-site safety supervision to provide a solid guarantee for safe construction in which the site is kept clean, orderly and in a sanitary condition.

Employee Health

We always regard the employees' physical and mental health as one of the important measures to strengthen the workforce building. Since the COVID-19 outbreak, we have actively responded to the national and local government's epidemic prevention and control policies and measures, and set up an "epidemic prevention and control commanding group" in the headquarters and subsidiaries to make overall planning and deployment of pandemic prevention work, including but not limited to following the epidemic policies, control of employees accessing the production base, distribution and storage of anti-epidemic materials etc. Through regular publicity on epidemic prevention and notification, we remind employees of paying close attention to the COVID-19 evolution and doing a good job in personal protection and health monitoring.

In order to protect the employees' physical and mental health, we provide employees with health examination to help them identify and prevent potential health risks in advance. At the same time, we regularly organize free disease diagnosis to help employees understand their physical and mental health status, learn daily health care knowledge, and improve their awareness and ability to protect their own health.



Free Disease Diagnosis for Employees



Partnerships and Coordination for Win-Win Cooperation

YUTO is committed to creating a mutually beneficial and win-win ecosystem with partners, continuously improving the level of supply chain management and promoting the sustainable development of the supply chain. The Company strictly abides by the laws and regulations of the countries and regions where it operates, including *the Bidding Law of the People's Republic of China* and *the Government Procurement Law of the People's Republic of China*, and constantly improves the supplier management system. We integrate supplier access, evaluation and communication into the perspective of sustainable development, and work with suppliers to improve management levels in terms of quality, environment and social performance.

As of December 31, 2021

the Company has a total of

3,128 suppliers

the number of which are as follows by region

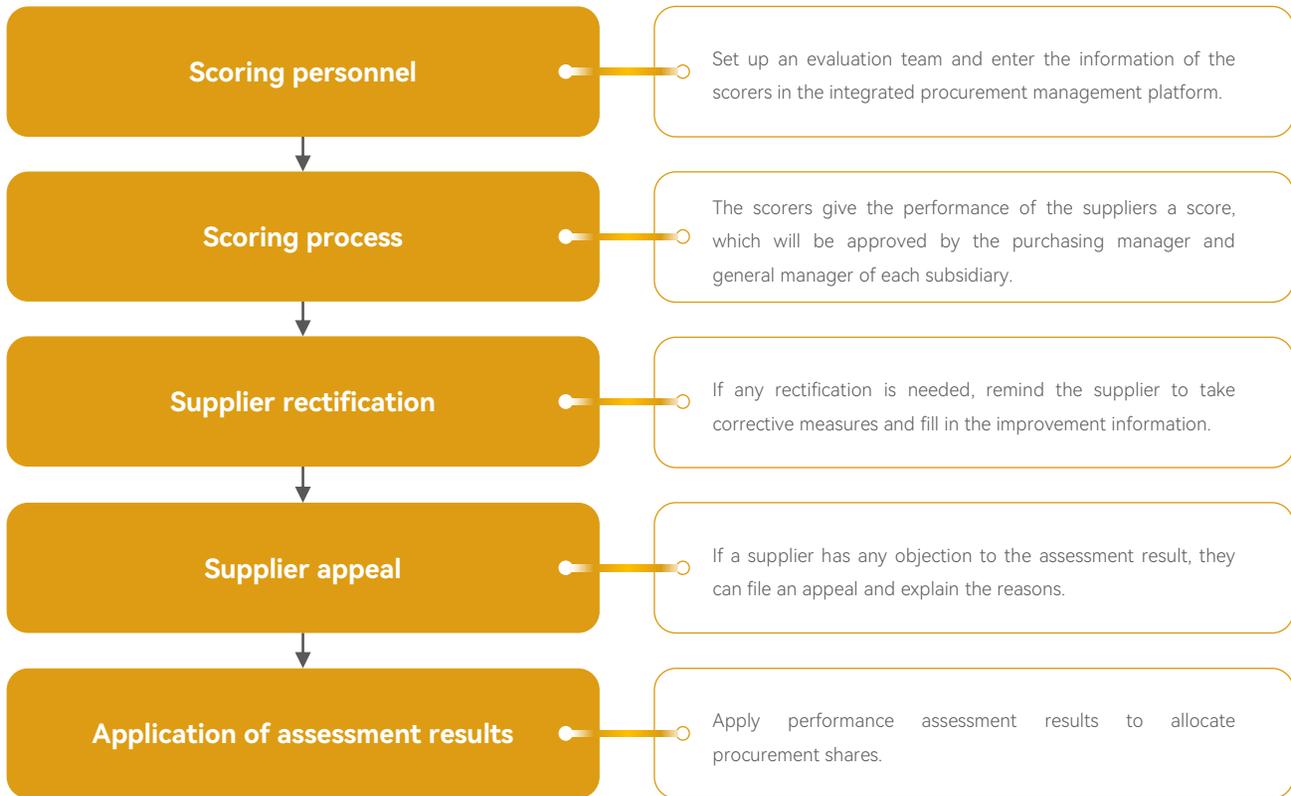
Region	Number	Percentage(%)
China (including Hong Kong, Macao and Taiwan)	2,628	84.02%
Overseas	500	15.98%
Total	3,128	100%

Suppliers Management

YUTO has established a complete suppliers management mechanism and built an integrated procurement management platform. The procurement department cooperates with the system department, quality department and engineering technology department to further strengthen the management of supplier access, evaluation and review. We adhere to the principle of openness and provide suppliers with open, fair and impartial cooperation opportunities, and conduct objective and fair quantitative assessment in accordance with relevant standards. Only suppliers that meet certain score and condition requirements can be approved to be included. At the same time, the Company has formulated the Guidelines on Auditing Supplier On-site to standardize the process of reviewing supplier on-site and requirements, and issued a rectification report on the review results to ensure effective control of the quality of suppliers' products and services during the stage of approved access.

In order to establish a safe and stable supplier chain and ensure that the Company obtains high-quality materials and services in a timely, long-term and stable manner, we have formulated the Guidelines on Supplier Performance Assessment to make scientific and reasonable evaluation and feedback of supply conditions for individual suppliers. We have established a performance assessment team composed of procurement, quality control and engineering departments to regularly conduct performance assessment of suppliers on a five-level scale. The procurement share will be adjusted according to the assessment results.

Supplier assessment procedure



In order to further promote the development of the Company's supplier management towards the goal of standardization, professionalism and internationalization, and raise the overall professional level of the procurement team, we encourage the employees to actively participate in relevant training and obtain professional certification. The Company has formulated the Rules on the Management of Purchasing Qualification Certification for Certified Professional Purchasing Manager and subsidized eligible employees in purchasing positions to study and apply for purchasing qualification certification. At the same time, the Company's procurement center offered a series of professional supplier management training and product professional knowledge training in 2021 to help the employees further improve the supplier management professional quality and management level.



Sustainable Development of Supply Chain

YUTO attaches great importance to the social and environmental risk management of the supply chain and is committed to building a green, healthy, safe, responsible and sustainable supply chain. In the process of cooperating with suppliers, we issued A Letter to Related Parties to clarify the requirements that our suppliers need to meet in terms of quality, environmental protection, labor rights, occupational health and safety, anti-corruption and business ethics, information security and privacy protection. We require cooperative suppliers to sign the Supplier's Quality Commitment, Supplier's Commitment on Confidentiality and Supplier's Statement on Environmental Protection to standardize their integrity and self-discipline behavior. In 2021, we conducted environmental and social assessments on **2,139** suppliers.

For the raw materials procurement, we ensure that the materials comply with the laws, regulations and directives of the places where we operate, including but not limited to the latest RoHS directive, EU cadmium directive, polyvinyl chloride (PVC) ban directive and EU packaging material directive. We have formulated the Rules for Restricted Substances Management, which clarifies the scope of environmental substances whose use is restricted in products; we also require suppliers to provide a third-party testing report for hazardous substances with a validity period of not more than one year to ensure that all products delivered by the Company contain no restricted substances.

We promise not to use conflict minerals, and require suppliers to sign a guarantee against use of conflict minerals. We strictly require suppliers to trace the sources of gold, tantalum, tin and tungsten contained in all of our products, truthfully fill in and submit investigations report about conflict minerals, and promise that the contents provided are true and correct. In order to strengthen the management of upstream conflict minerals, we require suppliers to undertake to establish a complete set of policy on conflict minerals, management system and due diligence framework that comply with relevant directives and guidelines issued by international agency, and require the upstream companies of the suppliers to meet the same standards.

We are active in building a green and sustainable supply chain, drive suppliers to jointly develop and improve the corporate social responsibility management system, and reduce the impact on the ecosystem and the environment. YUTO takes initiative to urge suppliers to invest resources in improving the environment, and we share improvement suggestions on resource use, waste disposal and carbon emission reduction in our daily communication with suppliers.

Communication With Suppliers

The Company attaches great importance to long-term and in-depth cooperation with suppliers. Through regular meetings, supplier investigations and reviews, supplier QBR (Quarterly Business Review) and performance improvement exchange meetings and other communication mechanisms and channels, the Company has established and maintained close and stable connection with the suppliers to enhance the effective exchange of supply chain information and strategic mutual trust. In 2021, YUTO Wine Packaging held meetings with suppliers to negotiate future supply chain requirements and cooperation models, and proposed supply chain goals of mutual trust, communication, and win-win cooperation. In addition, we awarded the suppliers with outstanding performance the Outstanding Supplier Award, Excellent Quality Award, Technology Innovation Award etc., in recognition of their contributions to the development of the Company's wine packaging business in Southwest China.

Going forward, we will deepen cooperation with the suppliers in product, technology, information, environment and social responsibility fulfillment, etc., and establish a strategic relationship featuring long-term trust, common growth and win-win cooperation.

Integrity-based Operation for Lasting Prosperity

YUTO has always adhered to the concept of integrity and stable operation, and strictly conformed to *the Law of the People's Republic of China on Supervision, the Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery* and other laws and regulations of countries and regions where it operates, established and improved anti-bribery, anti-fraud, fair competition systems and control mechanisms to prevent, detect and investigate internal and external corruption, bribery, monopoly or any other fraudulent behavior. We conduct internal audits, prompt fraud risks in a regular and timely manner, and evaluate the effectiveness of internal control. We organize and provide training and publicity on integrity and business ethics, and we are committed to raising employees and partners' awareness of integrity and building a workplace culture based on professional integrity.

In 2021, YUTO did not have any corruption lawsuits against the Company or any of its employees, nor any legal proceedings against unfair competition, antitrust and anti-monopoly practices.

The image shows a close-up of the YUTO logo, which consists of the letters 'YUTO' in a bold, yellow, sans-serif font. The logo is mounted on a grey, textured wall that appears to be part of a modern building facade. To the right of the logo, there is a large glass window reflecting the sky and some architectural details. The overall scene is brightly lit, suggesting a sunny day.



Anti-Corruption Management

YUTO implements effective restrictions and supervision of exercising power at the system and organizational levels. The Company has formulated and implemented a number of internal systems, such as the Anti-Commercial Bribery Regulations, the Regulations on Anti-Fraud and Reporting Mechanism, and the Accountability Management System to standardize business activities and raise employees' awareness of compliance. We designate the Audit and Supervision Center (Audit Department) as the Company's permanent organization for anti-corruption and anti-fraud work, which is responsible for annual evaluation of corruption and other fraud risks, accepting corruption reports, organizing case investigations and issuing handling opinions, and reporting to the Audit Committee and the Board of Directors and accepting its supervision, as well as carrying out the Company-wise, anti-corruption publicity activities.

The Company strictly prohibits any of its employees from violating the regulations to solicit and accept property from partners, as well as participating in entertainment activities arranged by partners or having personal interests with them. In order to strengthen the participation and supervision of internal and external personnel in our integrity construction, we have set up smooth reporting channels to allow whistleblowers to respond to and report violations of professional ethics by the Company and employees through public reporting hot lines, e-mail boxes, etc., or report or expose actual or suspected cases of fraud. After receiving a report, we will conduct a serious investigation in accordance with relevant internal systems, accept, retain and handle reports from all parties in accordance with prescribed procedures, record the entire process in writing, and accept the review and supervision of the Audit Committee and the Board of Directors. We uphold the core principle of whistleblower confidentiality to keep whistleblower information strictly confidential, and punish any action of taking revenge on whistleblowers and witnesses seriously. We hold an anti-fraud briefing at least once a year. Any of employees who violate the regulations will be punished with corresponding internal financial and administrative disciplines in accordance with the relevant regulations of the Company, and those who violate the criminal law will be transferred to the judicial authorities for handling in accordance with the laws.

In order to implement anti-corruption management system effectively and strengthen compliance governance and internal control, we have taken the anti-corruption measures, including but not limited to:

Incorporate fraud risk assessment into enterprise risk assessment

Our management conducts risk assessment at the corporate level, business unit level, and key account level, including the significance and likelihood of fraud risks, false financial reporting, misappropriation of corporate assets and unauthorized or inappropriate revenues or expenses, as well as the corruption or fraud in senior management or the board of directors.

Formulate targeted anti-corruption and anti-fraud measures

We set up different forms of anti-corruption and anti-fraud measures at all levels and departments of the headquarters and subsidiaries, such as approval, authorization, verification, check, division of rights and responsibilities, review of work performance, and protection of company assets and so on.

Strengthen internal control measures in areas with high fraud risk

For high-risk areas where corruption, bribery and other fraudulent behaviors occur, such as false financial reports, management overreaching and procurement, we formulated management systems and drew business flow charts to link risks with control measures and establish effective control mechanism at the source of violations of laws and regulations.

Clean Supply Chain Management

YUTO is committed to creating a fair and just cooperation atmosphere by formulating the Code of Conduct for Business Partners and Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers and other documents to standardize suppliers' code of conduct, establish a good and stable cooperative relationship with them, and promote the development of integrity and honest mechanism in the supply chain.

In 2021, we conducted a key research on the procedures with high corruption risk in the procurement process, and drafted the Code of Integrity for Procurement Personnel based on the research results to further strengthen the management and supervision of legal and compliant procurement. If a supplier or other partner violates the above provisions, we have the right to terminate the sales contract, service contract, engineering contract and other related business, and permanently terminate all future business interactions, including but not limited to sales, services, engineering and other transactions.

In order to ensure the equality and integrity in procurement and create a fair competitive environment, we have established an online bidding and price inquiry platform. During the cooperation with suppliers, we use a dedicated system to replace manual decision-making, so as to prevent human interference. At the same time, we set up functional departments to make key decisions to avoid corruption. In order to ensure the transparency of suppliers' bidding, we require the relevant personnel of the procurement system to inform the bidders of the procurement process, and the procurement results are jointly evaluated by our procurement management committee, to avoid a decision made just by the procurement center.

Business Ethics and Integrity Building

YUTO adheres to building a high-quality and ethical team of talents. We formulated internal systems such as the Business Code of Conduct for Employees and Ten Disciplinary Prohibitions and Penalty Regulations to regulate employees' ethical behavior standards and restrict employees' daily behaviors. In particular, the Company makes relevant regulations on the external business behavior and personal behavior of employees, including establishing healthy and friendly relations with partners, avoiding conflicts of interest, and not engaging in insider trading, etc., and requires employees to sign relevant letters of commitment to ensure that their business behaviors are in compliance with laws and ethics. We incorporate business ethics-related inspections into our daily business supervision, encourage employees to report violations of ethical standards, and continue to strengthen business ethics-related publicity, aiming to raise employees' moral awareness and standards and create an equal and favorable business environment.

In addition, we adopt a hierarchical model to conduct integrity culture training for new employees, potential candidates and overseas managers. The training topics cover anti-corruption, anti-fraud laws and regulations, and integrity and moral education. During the training, we interpret the Company's various rules and regulations, share specific cases of anti-corruption and anti-fraud, and clarify our zero-tolerance principle and corresponding punishment measures for illegal acts. In 2021, in order to deepen each employee's understanding of the Company's integrity system, we delivered a large-scale integrity knowledge contest covering over 1,000 participants from 63 subsidiaries and stimulated employees' enthusiasm for answering questions by displaying the rankings online in real time. Besides, the way of repeated learning was used to strengthen employees' memory and effectively improve employees' awareness of integrity and honesty.



Integrity Culture Training



Commitment to Public Welfare, Business for Good

YUTO always upholds the belief of “**Commitment to and Participation in Public Welfare**”, and devotes itself to a variety of public welfare and charity events with enthusiasm, showing its sense of responsibility with practical actions. We focus on environmental protection, education funding, medical support, cultural building, rural revitalization and other public welfare fields, providing strong support for social harmony and vitality. We have taken active measures to build a strong line of defense against epidemics and floods, and overcome difficulties together with the public; we have encouraged employees to participate in public welfare activities, and become responsible citizens. Looking ahead, we will persistently participate in and promote public welfare, and create a harmonious life and a beautiful society with sincerity and enthusiasm.

On the other hand, Mr. Wang Huajun, Founder and Chairman of the board, and Ms. Wu Lanlan, Vice Chairman of the board, who have always been concerned about the wellbeing of the public, jointly established the Shenzhen YUTO Foundation (referred to as YUTO Foundation) in March 2017, which has upheld the original aspiration of “**YUTO for Good, Moving Forward Hand in Hand**” and put public welfare into practice. YUTO Foundation has done many good deeds. As of December 31, 2021, the Foundation has donated more than 10 million yuan, and has been highly recognized by people from all walks of life.

Environmental Protection

Upholding the “green, eco-friendly, low-carbon” development philosophy, YUTO has built YUTOECO with its expertise, a brand for eco-friendly packaging and sustainable development; integrated resources to organize large-scale environmental protection activities for public welfare, such as “September 9, Public Welfare Day”; improved environmental protection and raised public awareness of environmental protection through joint efforts with governmental departments, industry experts, partners, non-profit organizations, media and consumers from all walks of life in a variety of ways, such as environmental protection actions, environmental science lectures and volunteer education.

Marine Environmental Protection Activity Series – Plastic-free Ocean, Free Life



On September 5th, 2021 – Chinese Charity Day

YUTOECO joined hands with Dive Love, Mixed Juice and other organizations to participate in the “September 9, Public Welfare Day” to protect marine biodiversity in Dapeng Peninsula by cleaning up marine litter together with volunteers. Experts from YUTOECO Research Institute explained the harm of marine plastic pollution to biodiversity. In addition, we also plan to work with the Shenzhen Ocean Library, Dive Love and other public welfare organizations, using Shenzhen’s sea area as a sample, to conduct research on undersea garbage and publish a white paper on the findings to promote marine garbage classification.

Through this series of activities, we hope to educate the public about the ecological hazards of marine litter, and call on the public to develop environment- friendly living habits; and do not to litter, and to protect the oceans and biodiversity from the smallest actions.

Shanghai Yangtze River Themed Post Office No. 11 Environmental Science Lecture

In 2022, YUTOECO plans to join hands with GREENRIVER and Amcor PLC to conduct a lecture tour for primary and secondary schools in Shanghai to popularize environmental protection.

By promoting the charm of the nature and explaining the challenges posed to the nature, this activity will advance publicity of environmental protection, raise the awareness of adolescents, and call on them to protect our beautiful earth.

Joint Efforts to Fight Against Difficulties

The year 2021 was a year full of turmoil and challenges, with public emergencies such as epidemics and floods having a major impact on the daily lives of people across the country. YUTO has actively responded to the government’s call, and organized blood donation, support for nucleic acid testing, and charitable donations etc. to contribute to the epidemic relief efforts around the country.

In January and June 2021, the General Party Branch of YUTO, together with Shenzhen Bao’an Blood Center, conducted blood donation activities themed by “Blood Donation to Fight the Epidemic, Philanthropy of YUTOers” and “Donating Blood to Pay Tribute to the 100th anniversary of the CPC”, in which employees are encouraged to contribute to the fight against the epidemic. 165 people made blood donation of 46,300ml.



Employees Participated in Blood Donation

Participated in blood donation

165persons



Total blood donation

46,300ml



In June 2021, YUTO Foundation donated **2,000** sets of disposable protective clothing to the Shenzhen Bao'an District Grid-based Management Office in response to the call of the Association of Top 100 Enterprises of Five Categories in Bao'an District to support the fight against the epidemic at the front line.

At the end of 2021, when COVID-19 recurred in Shenzhen, the General Party Branch of YUTO called on its employees to set up a team of volunteers for epidemic prevention and control, which supported the large-scale nucleic acid testing in Shiyan Street of Bao'an District, Shenzhen, making their efforts to build a line of defense against the epidemic.



Volunteers' Support for Nucleic Acid Testing

Support for Zhengzhou in Fighting Floods and Post-disaster Reconstruction

In July 2021, Zhengzhou City, Henan Province, was hit by the rare heavy rains. YUTO Foundation donated **10,000** pairs of travel shoes to the Henan Charity General Federation to support the people of Zhengzhou to fight against the floods and rebuild their homes after the disaster.



Education

Education is the foundation for a nation to make progress. YUTO understands that social development is closely related to education and nurturing of talents, and attaches great importance to the public welfare related to education and the improvement of humanistic qualities.

YUTO Foundation has participated in many education-related charity programs to help students in need complete their education and support rural education development. In 2021, YUTO Foundation donated 657,500 yuan to Jiujiang Charity General Federation, helping 197 college students with financial difficulties to go to school. YUTO Foundation also donated 300,000 yuan to the Lead Foundation in Beijing to support three outstanding teachers who were engaged in rural education program - "Deep·Love to Support the Building of Beautiful China".

At the same time, YUTO Foundation has established a fund for the children of the Company's employees to support their education, and provided continuous financial support to the children of employees who have been admitted to universities until they complete their studies. This program has been carried out for five consecutive years, with a total of 283 subsidies provided, amounting to 1,122,500 yuan; a total of 402,500 yuan was donated in 2021 to support 97 college students.

In addition, YUTO Foundation has improved humanistic qualities by sponsoring public welfare courses and initiating social practice projects.

To Jiujiang Charity General Federation

Donated

657.5 thousand CNY

Help poor college students

197

To Beijing Lead Future Foundation

Donated

300 thousand CNY

"Deep·Love to Support the Building of Beautiful China"

--Help outstanding teachers

3

Established a fund for the children of the Company's employees(5 years)

Sponsored employees' children

283

Funding

1.122 million

Donated

402.5 thousand CNY

2021

Financial aid for college students

97



Lectures of “Good Teachers and Good Lessons”

YUTO Foundation has established the education charity brand “Good Teachers and Good Lessons”, which is dedicated to promoting humanistic qualities. This event is a joint effort from caring partners to sponsor excellent teachers and high-quality courses with humanistic qualities, and those who are interested to participate in are encouraged to attend classes through online and offline approaches.



Yuxin Growth Program

The Yuxin Growth Program is a social practice program for youth, initiated by YUTO Foundation, which aims to bring into play the sense of social responsibility of young people, promote the strengthening of practical skills and humanistic qualities of college students, and help them grow into high-quality talents with comprehensive development of moral, intellectual, physical, social and aesthetic qualities while serving the community through a community program of expertise and public welfare.

In 2021, YUTO Foundation joined hands with Hunan University of Technology and the Community Affairs Service Center of Changge City, Henan Province to build a social practice base for college students, helping the first batch of **25** college student volunteers to complete their service learning in Changge City.

Medical Care

The development of medical facilities and public health is a fundamental requirement for economic growth and the wellbeing of the people, and it is also what YUTO has been concerned about. We have carried out medical charity practice through joint donations to build medical discipline centers, training of talents and free clinics.



Donations to Build Medical Discipline Centers and Training of Talents

YUTO Foundation is a long-term strategic partner with the Shenzhen Municipal Committee of Jiu San Society. By joining hands with the Shenzhen Municipal Committee of Jiu San Society and Shenzhen Eye Hospital, YUTO Foundation has established the “Wangcang Jiu San-YUTO Eye Center” in the People’s Hospital of Wangcang County, Guangyuan City, Sichuan Province, and provided free surgical assistance to cataract patients from poor families in Wangcang County and the surrounding areas. In addition, we have organized medical expert teams to remote areas of Guangdong, Guangxi and Sichuan Province to carry out talent training and free clinics, improving the local medical environment, better serving the local people and improving their health conditions.

Culture

Culture is an important guarantee for a healthy and friendly atmosphere in society and the enhancement of national cohesion, and it is also the focus of YUTO's public welfare initiatives. We have promoted cultural activities by organizing performances and sponsoring cultural exchanges.

Art and Culture Communication and Inheritance

YUTO Foundation and Shenzhen Green Pine Foundation jointly set up the Futian Feiyue Rainbow Ethnic Culture Exchange Center to attract like-minded ethnic culture inheritors with talent and dreams and promote the inheritance of ethnic music, dance and other ethnic arts and culture. In 2021, YUTO Foundation, together with Feiyue Rainbow Ethnic Culture Exchange Center, Shenzhen Hospital of Southern Medical University and the University of Hong Kong-Shenzhen Hospital, jointly organized a non-profit concerts series of "YUTO's Love of Music", which regularly invited public service performing groups and artists to present free concerts of different themes to collaborative hospitals, allowing hospital patients and staff to enjoy the pleasure of music.



Rural Revitalization

YUTO has always been concerned about the local rural development, and responded to the national call of "common prosperity" to promote rural revitalization through charitable donations and other means.

In February 2021, YUTO donated more than **100,000** yuan to the Guizhou Charity General Federation to help Guizhou Province make a smooth transition from poverty alleviation to rural revitalization and support the modernization of the countryside.

In December 2021, YUTO Foundation donated **50,000** yuan to the Rural Revitalization Bureau of Guangxi Huanjiang-Maonan Autonomous County to support the rural revitalization construction of Bafu Village in Changmei Township.



Our charitable initiatives and dedication have not only created a good social effect, but have also been appreciated and honored by people and relevant organizations.

Thank-you letter from the General Office of the Central Committee of Jiu San Society



Thank-you letter from the Community Affairs Service Center of Changge City, Henan Province



“YUTO’s Love of Music” was awarded “Top 100 Citizen Satisfaction Project” by Shenzhen Project Care Foundation in 2021



Titled “Shenzhen Blood Donation Charity Organization” by the Central Blood Donation Station of Shenzhen Bao’an District



Appendix Report Content

Items	Description	Chapter
GRI 102: General Disclosures		
Organization profile		
GRI 102-1	Name of the organization	About YUTO
GRI 102-2	Activities, brands, products, and services	About YUTO
GRI 102-3	Location of headquarters	About YUTO
GRI 102-4	Location of operations	About YUTO
GRI 102-5	Ownership and legal form	About YUTO
GRI 102-6	Markets served	About YUTO
GRI 102-7	Scale of the organization	About YUTO
GRI 102-8	Information on employees and other workers	Working together with One Mind and Purpose
GRI 102-9	Supply chain	Partnerships and Coordination for Win-Win Cooperation
GRI 102-12	External Advocates	About YUTO
GRI 102-13	Membership of associations	About YUTO
Strategy		
GRI 102-14	Statement from senior decision-makers	Sustainability Management
GRI 102-15	Key impacts, risks and opportunities	Sustainability Management
Ethics and integrity		
GRI 102-16	Values, principles, standards and norms of behavior	About YUTO
GRI 102-17	Mechanisms for advice and concerns about ethics	Integrity-based Operation for Lasting Prosperity
Governance		
GRI 102-18	Governance structure	About YUTO
GRI 102-19	Delegating authority	Sustainability Management
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Management
GRI 102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability Management
GRI 102-22	Composition of the highest governance body and its committees	About YUTO
GRI 102-24	Nominating the highest governance body	About YUTO
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Management



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Items	Description	Chapter
GRI 102-27	Collective knowledge of the highest governance body	Sustainability Management
GRI 102-29	Identifying and managing economic, environmental and social impacts	Sustainability Management
GRI 102-30	Effectiveness of risk management process	Sustainability Management
GRI 102-31	Review of economic, environmental and social topics	Sustainability Management
GRI 102-32	Highest governance body's role in sustainability reporting	Sustainability Management
GRI 102-33	Communicating critical concerns	Sustainability Management
GRI 102-34	Nature and total number of critical concerns	Sustainability Management
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	Sustainability Management
GRI 102-42	Identifying and selecting stakeholders	Sustainability Management
GRI 102-43	Approach to stakeholder engagement	Sustainability Management
GRI 102-44	Key topics and concerns raised	Sustainability Management
Reporting Practices		
GRI 102-45	Entities included in the consolidated financial statements	About the Report
GRI 102-46	Defining report content and topic boundaries	About the Report
GRI 102-47	List of material topics	Sustainability Management
GRI 102-48	Restatements of information	This report does not restate any information provided in previous reports
GRI 102-49	Changes in reporting	About the Report Sustainability Management
GRI 102-50	Reporting period	About the Report
GRI 102-51	Date of most recent report	2021.04.26
GRI 102-52	Reporting cycle	About the Report
GRI 102-53	Contact point for questions regarding the report	Contact Us
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About the Report
GRI 102-55	GRI content index	Appendix

Appendix Report Content

Items	Description	Chapter
GRI 201: Economic Performance		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Green and Intelligent Products Lead to Good Environment
GRI 203: Indirect Economic Impacts		
Management approach		About YUTO Commitment to Public Welfare, Business for Good
GRI 203-2	Significant indirect economic impacts	Commitment to Public Welfare, Business for Good
GRI 204: Procurement Practices		
Management approach		Partnerships and Coordination for Win-Win Cooperation
GRI 205: Anti-corruption		
Management approach		Integrity-based Operation for Lasting Prosperity
GRI 205-1	Operations assessed for risks related to corruption	Integrity-based Operation for Lasting Prosperity
GRI 205-2	Communication and training about anti-corruption policies and procedures	Integrity-based Operation for Lasting Prosperity
GRI 205-3	Confirmed incidents of corruption and actions taken	Integrity-based Operation for Lasting Prosperity
GRI 206: Anti-Competitive Behavior		
Management approach		Integrity-based Operation for Lasting Prosperity
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Integrity-based Operation for Lasting Prosperity
GRI 301: Materials		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 302: Energy		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 302-4	Reduction of energy consumption	Green and Intelligent Products Lead to Good Environment
GRI 303: Water and Effluents		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 303-1	Interactions with water as a shared resource	Green and Intelligent Products Lead to Good Environment
GRI 303-2	Management of water discharge-related impacts	Green and Intelligent Products Lead to Good Environment



Appendix Report Content

Items	Description	Chapter
GRI 304: Biodiversity		
Management approach		Commitment to Public Welfare, Business for Good
GRI 304-3	Habitats protected or restored	Commitment to Public Welfare, Business for Good Responsibility Story
GRI 305: Emissions		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 306: Waste		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 306-1	Waste generation and significant waste-related impacts	Green and Intelligent Products Lead to Good Environment
GRI 306-2	Management of significant waste-related impacts	Green and Intelligent Products Lead to Good Environment
GRI 307: Environmental Compliance		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 307-1	Non-compliance with environmental laws and regulations	Green and Intelligent Products Lead to Good Environment
GRI 308: Supplier Environmental Assessment		
Management approach		Partnerships and Coordination for Win-Win Cooperation
GRI 308-1	New suppliers that were screened using environmental criteria	Partnerships and Coordination for Win-Win Cooperation
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Partnerships and Coordination for Win-Win Cooperation
GRI 401: Employment		
Management approach		Working together with One Mind and Purpose
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Working together with One Mind and Purpose
GRI 402: Labor/Management Relations		
Management approach		Working together with One Mind and Purpose
GRI 403: Occupational Health and Safety		
Management approach		Working together with One Mind and Purpose
GRI 403-1	Occupational health and safety management system	Working together with One Mind and Purpose
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Working together with One Mind and Purpose
GRI 403-3	Occupational health services	Working together with One Mind and Purpose
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Working together with One Mind and Purpose
GRI 403-5	Worker training on occupational health and safety	Working together with One Mind and Purpose
GRI 403-6	Promotion of worker health	Working together with One Mind and Purpose

Appendix Report Content

Items	Description	Chapter
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Working together with One Mind and Purpose
GRI 403-8	Workers covered by an occupational health and safety management system	Working together with One Mind and Purpose
GRI 404: Training and Education		
Management approach		Working together with One Mind and Purpose
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Working together with One Mind and Purpose
GRI 405: Diversity and Equal Opportunity		
Management approach		Working together with One Mind and Purpose
GRI 405-1	Diversity of governance bodies and employees	Working together with One Mind and Purpose
GRI 406: Non-discrimination		
Management approach		Working together with One Mind and Purpose
GRI 406-1	Incidents of discrimination and corrective actions taken	Working together with One Mind and Purpose
GRI 408: Child Labor		
Management approach		Working together with One Mind and Purpose
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Working together with One Mind and Purpose
GRI 409: Forced or Compulsory Labor		
Management approach		Working together with One Mind and Purpose
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Working together with One Mind and Purpose
GRI 412: Human Rights Assessment		
Management approach		Working together with One Mind and Purpose
GRI 412-2	Employee training on human rights policies or procedures	Working together with One Mind and Purpose
GRI 413: Local Communities		
Management approach		Commitment to Public Welfare, Business for Good
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Commitment to Public Welfare, Business for Good
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	The operation has had no actual or potential material negative impact on the local community



Appendix Report Content

Items	Description	Chapter
GRI 414: Supplier Social Assessment		
Management approach		Partnerships and Coordination for Win-Win Cooperation
GRI 414-1	New suppliers that were screened using social criteria	Partnerships and Coordination for Win-Win Cooperation
GRI 414-2	Negative social impacts in the supply chain and actions taken	Partnerships and Coordination for Win-Win Cooperation
GRI 416: Customer Health and Safety		
Management approach		Quality Makes Value
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Makes Value
GRI 417: Marketing and Labeling		
Management approach		Quality Makes Value
GRI 417-1	Requirements for product and service information and labeling	Quality Makes Value
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	Quality Makes Value
GRI 417-3	Incidents of non-compliance concerning marketing communications	Quality Makes Value
GRI 418: Customer Privacy		
Management approach		Quality Makes Value
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quality Makes Value
GRI 419: Socioeconomic Compliance		
Management approach		Quality Makes Value Working together with One Mind and Purpose Partnerships and Coordination for Win-Win Cooperation Integrity-based Operation for Lasting Prosperity
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Quality Makes Value Working together with One Mind and Purpose Partnerships and Coordination for Win-Win Cooperation Integrity-based Operation for Lasting Prosperity



We believe that the valuable opinions of our stakeholders can contribute to our continuous improvement. If you have any valuable suggestions or questions about the content of this report or our sustainable development work, please contact us at:



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