

2022 Sustainability Report





YUTO uses environment-friendly and renewable materials that have been certified as reliable sources.

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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 2022 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, 2022 to December 31, 2022. 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 CNY) as the currency unit.

Reporting Standards

The Report has been prepared in accordance with GRI Standard 2021, the latest version 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

The Report was issued upon approval by the Board of Directors of the Company on April 25, 2023. 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
Hunan YUTO	refers to	Hunan YUTO Printing and Packaging Co., Ltd.
Wuhan YUTO	refers to	Wuhan YUTO Printing and Packaging Co., Ltd.
Hefei YUTO	refers to	Hefei YUTO Printing and Packaging Co., Ltd.
Luzhou YUTO	refers to	Luzhou YUTO Packaging Technology 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.
Yantai YUTO	refers to	Yantai YUTO Printing and Packaging Co., Ltd.
Bozhou YUTO	refers to	Bozhou YUTO Printing and Packaging Co., Ltd.
Jiujiang YUTO	refers to	Jiujiang YUTO Printing and Packaging Co., Ltd.
Suzhou YUTO Kunshan Lianhe Road Branch	refers to	Suzhou YUTO Printing Co.,Ltd. (Lianhe Road, Kunshan)
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>). The 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



In 2022, YUTO embarked on a new journey along with the country. The successfully convened 20th National Congress of the Communist Party of China has drawn a grand blueprint for building a modern socialist country in all respects, marking the country's official march towards the second Centenary Goal. In the report of the 20th National Congress, General Secretary Xi Jinping emphasized the need to speed up the transition toward green development, and to actively and steadily promote the work on carbon peaking and carbon neutrality. The "14th Five-Year Plan" for the development of the printing industry also calls for the promotion of green, healthy, and safe consumption of printing services with green and low-carbon new technologies, new processes, and new materials.

In response to the national and industry strategies, YUTO has made steadfast progress towards becoming a high-end brand of packaging solution provider in 2022. We have achieved this through the coordinated development of diversified businesses, deepened research and development of eco-friendly products, and promotion of intelligent manufacturing. We keep pace with the times and remain committed to our vision of "becoming a domestic leading and internationally renowned printing and packaging enterprise that is trusted by clients, dedicated by employees and esteemed by society". Furthermore, we continue to promote and improve our strategic planning of sustainable development, actively responding to stakeholders' expectations.

We are dedicated to advancing the development of the brand "YUTOECO", focusing on the concept of "Green Life for Everyone". We explore cutting-edge technologies for sustainable new materials, design and produce eco-friendly products, providing customers with the best solutions and promoting green development of the packaging industry. In response to the call of the 14th Five-Year Plan for energy conservation and emission reduction, we have accelerated the building of green factories to minimize resource consumption, reduce pollution and protect the environment throughout the entire lifecycle of our operations. Furthermore, we actively support the national policy of "carbon peaking and carbon neutrality", tackling climate change, and promoting better identification and development of emission reduction pathways through the tracking and management of carbon data via carbon verification and other means.

"Intelligent manufacturing" is the growing trend of the packaging and printing industry. We are dedicated to improving our products' quality through intelligent manufacturing. Depending on manufacturing units, workshops, factories, and supply chains, we focus on intelligent manufacturing that is centered around technology and equipment, rooted in manufacturing, and supported by data. Our goal is to develop a safe, efficient, green, and low-carbon intelligent manufacturing system that integrates reality and virtuality, driven by knowledge and dynamic optimization. We achieve this through five steps: standardization, automation, informatization, grid networking, and intelligence. In doing so, we have promoted the digital transformation, networked coordination, and intelligent revolution of the industry, making it be well poised for higher quality development.

YUTO has always worked hand in hand with its employees to achieve mutual success. We have made every effort to create a diverse and inclusive working environment that prioritizes equality, mutual trust, safety, and health. We have continuously improved the talent training system, strengthened our talent reserves, and developed a fair and transparent career path that allows our employees to fully realize their potential. We have made every effort to address the needs and concerns of our employees, explored diversified ways to communicate with and care for them, and encouraged every YUTO employee to enjoy healthy and fulfilling work-life balance while pursuing their career goals.

As a compassionate company, YUTO has taken small but cumulative and meaningful actions to spread love and warmth, standing together with our community. In 2022, we continued to promote green public welfare projects, calling on the public to protect the environment and adopt a low-carbon lifestyle. We have also taken responsibility for education, health, and social development, providing charitable support for students to pursue their dreams, making donations to medical and healthcare services, and supporting rural revitalization. We have always prioritized people's livelihoods and stood by them through difficult times.

Looking back on 2022, we are proud to say that it was a year of significant progress for YUTO in sustainable development. We were awarded the AAA level in CNI Index ESG rating, ranking second in the industry. We also participated in the formulation of national, industrial, and corporate standards, with multiple product corporate standards ranking as leaders in the national standards list. We sincerely appreciate the recognition of YUTO's sustainable development practices from all walks of life, which motivates and urges us to continue contributing to the environmental and social fields.

Going forward, we will continue to uphold our core values of "Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation." We will seize new opportunities, meet new challenges, and work hand in hand with the industry and society to move forward on the road of high-quality and sustainable development.



Chairman of the Board and President of YUTO **Wang Huajun**

April 2023

Yearbook of Sustainable Development

About YUTO

YUTO, a leading integrated solution provider of high-end packaging worldwide, has established multiple business segments, including advanced manufacturing, new materials, intelligent equipment, and cultural innovation. Since its founding in 1996, YUTO has been 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”.

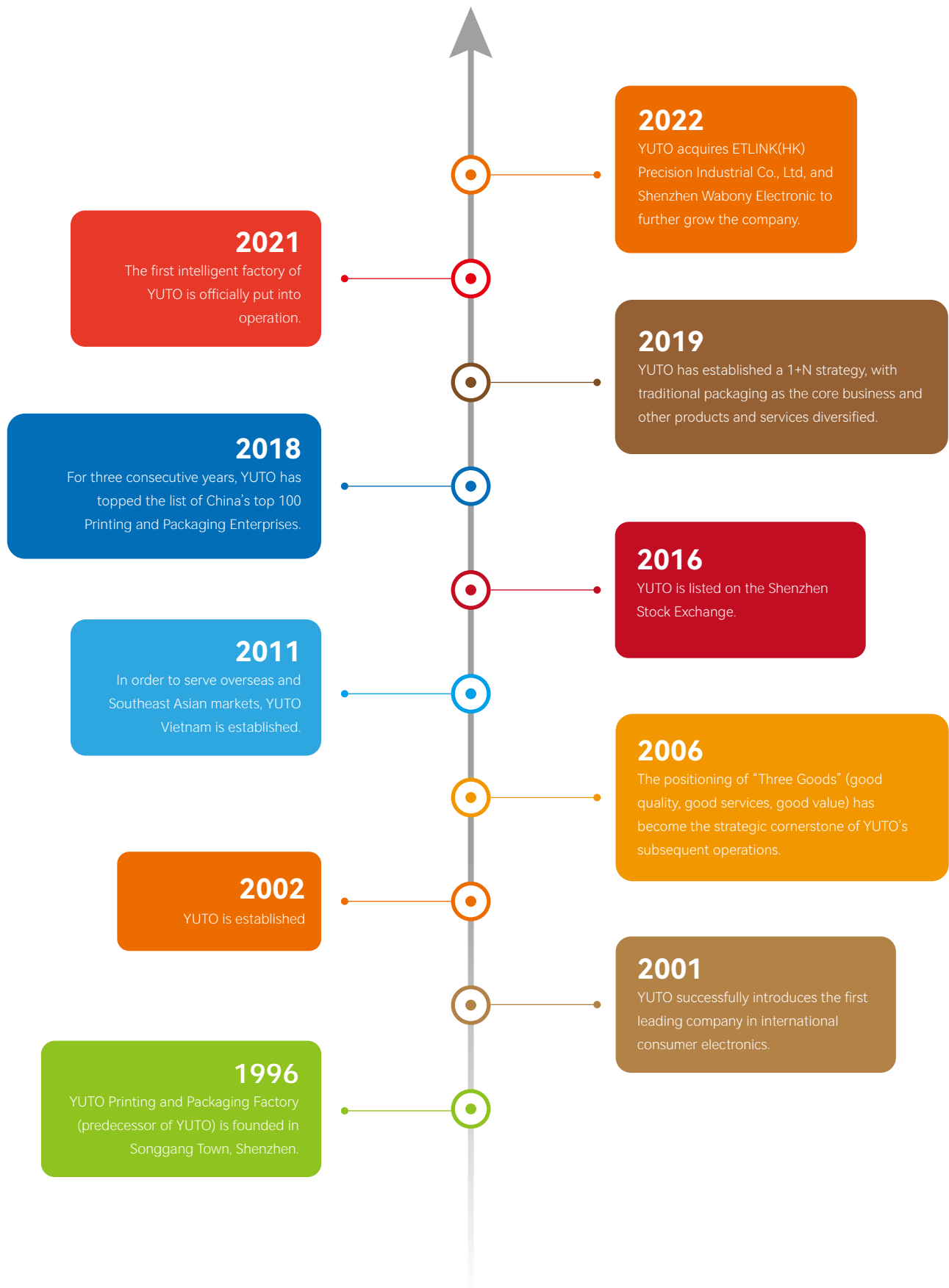
So far, YUTO has established its reach with over 100 subsidiaries and established production and service centers in key cities across China, as well as in Vietnam, India, Indonesia, Thailand, Malaysia, the United States and Australia, providing customers with accessible services worldwide. YUTO has built a strong client base with world-famous brands. In 2022, YUTO achieved an operating revenue of about 16.362 billion CNY, with an average sales revenue growth rate of nearly 18.07% over the past three years.

YUTO specializes in producing paper-based packages for a wide range of products, including consumer electronics, cosmetics, health products, luxury goods, upmarket cigarettes, and wines. We prioritize independent innovation and have established dedicated R&D departments to invest in new and innovative materials and processes. We also continually seek to attract and train top talent to diversify our product offerings. Our commitment to developing high-end anti-counterfeiting packaging, biodegradable products, anti-glare films, and other customized solutions creates value for our customers.

YUTO remains committed to exploring new breakthroughs and prioritizing key strategic areas such as user value, technological innovation, and sustainable development. Our ultimate goal is to become a domestically leading and internationally renowned printing and packaging enterprise that is trusted by our customers, creates excellent value and operates efficiently, while enjoying the support of our employees and the respect of society.

Going forward, YUTO plans to implement Industry 4.0-based Intelligent Manufacturing in our production bases around the world. We will also work to develop personalized printing services that meet individualized printing needs by leveraging our R&D results in new materials, intelligent equipment, and advanced manufacturing. Our vision is to build a modern, intelligent manufacturing ecosystem that enables us to better serve our customers.

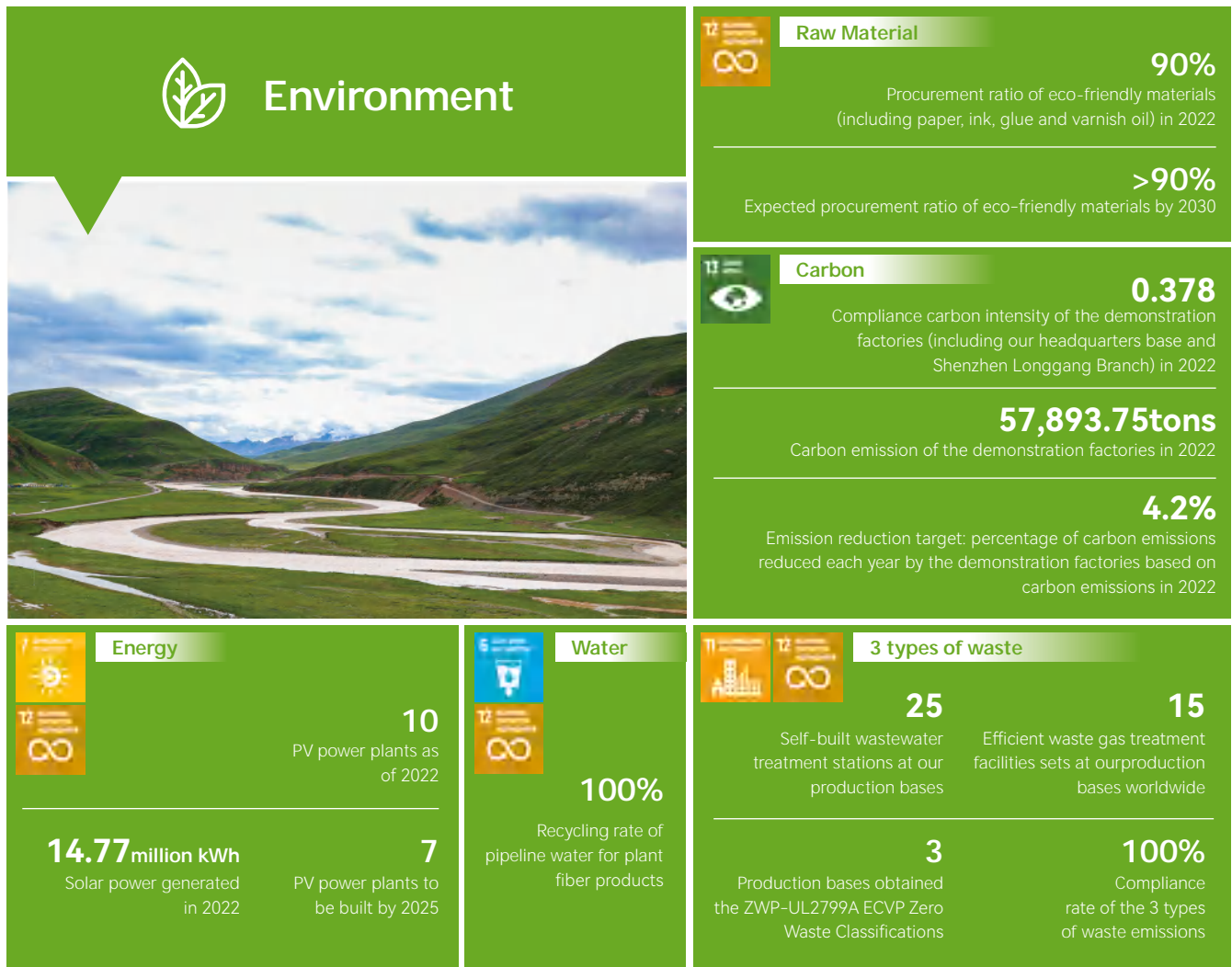




2022 Chronology of Events

- In January, Hunan YUTO was rated as Enterprise Standard Forerunners in 2021;
- In April, six pieces of packaging design won the German iF Design Awards, and YUTO's capabilities of R&D and design was recognized by international authorities;
- In May, YUTO acquired ETLINK(HK) Precision Industrial Co., Ltd; in September 2022, YUTO acquired Shenzhen Wabony Electronic to harness synergies and enhance the Company's comprehensive competitiveness and capabilities in providing integrated services for customers;
- In June, Xuchang YUTO Intelligent Factory was established and put into operation; the transformation of Hefei YUTO Intelligent Factory was completed and put into operation, creating a state-of-the-art factory and leading the future of intelligent manufacturing;
- In July, YUTO became the first enterprise in the packaging industry to be honored as one of the top 50 "Chinese Leaders in Industrial Digital Transformation in 2021";
- In August, we were invited to participate in the 5th China International Industrial Design Fair to promote industry development with our excellent works;
- In August, we became a senior member of the China Intellectual Property Society to keep abreast of the industry's intellectual property changes;
- In October, we participated in Pack Expo International with our diversified and innovative packaging products to help brand image building;
- In December, we launched the "e-student" one-stop learning platform to help our employees learn in an agile way;
- In Q4, the Company was awarded the AAA level in CNI Index ESG rating, and we are determined to practice sustainable development.

YUTO in Figures



YUTO in Figures



Product Responsibility



Eco-friendly Products

6.8%

Percentage of revenue from eco-friendly products

30+

Types of eco-friendly products



Property Rights

181

Patents applied for in 2022

264

Patents granted in 2022



Standards

80+

We led or participated in the development of national, industry and group standards



Sustainable Supply Chain

845

Suppliers conducted environmental assessments

1,424

Suppliers conducted social assessments



Corporate Governance



Board of Directors

7

Existing directors on the Company's Board

3

Independent directors on the Company's Board

1

Female independent director on the Company's Board



Anti-Corruption

100%

Percentage of employee involvement in anti-corruption training



Community Involvement



Public Welfare

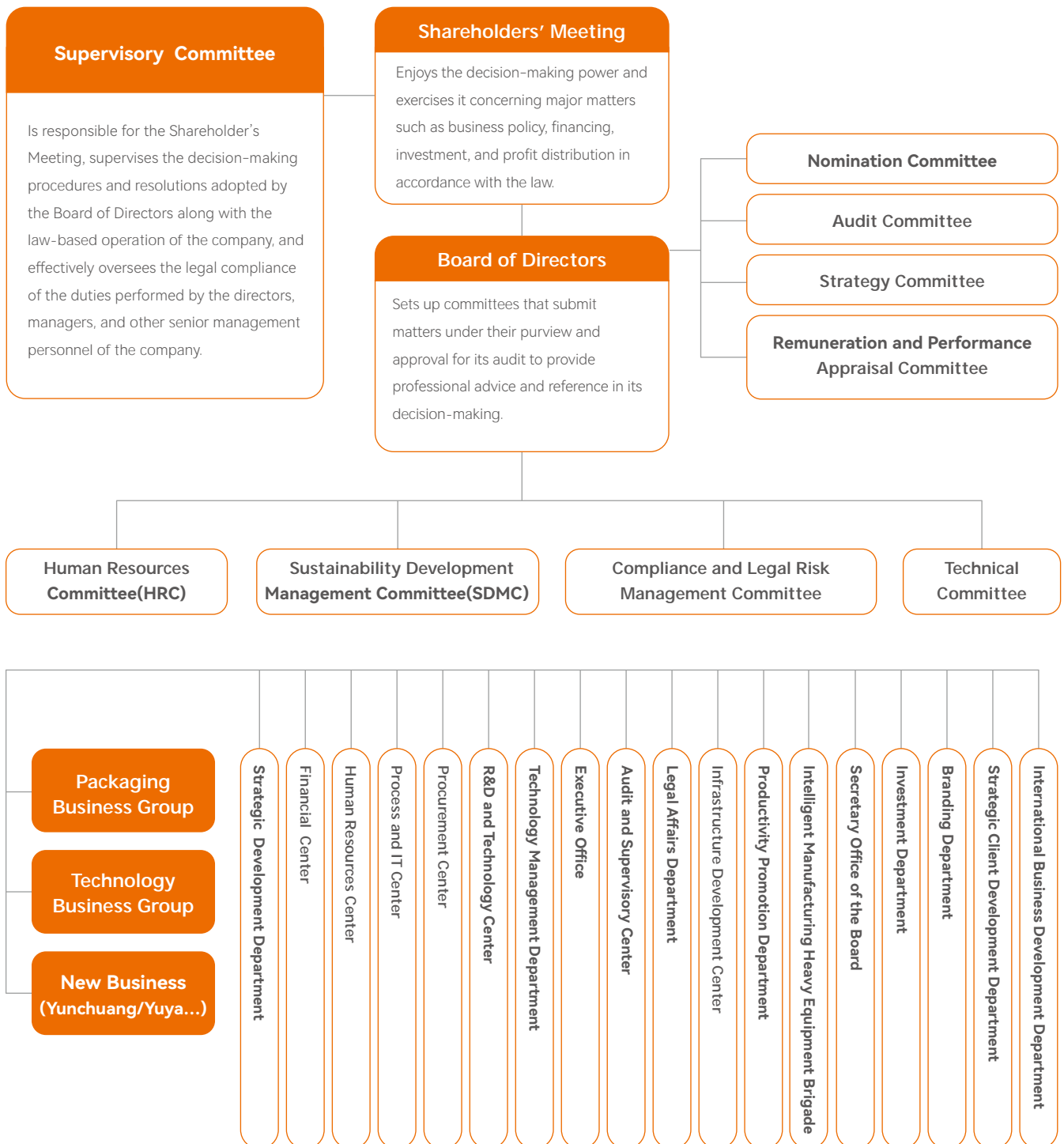
41 million CNY

Donation to charity from YUTO and YUTO Foundation as of 2022



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.



The Shareholders' Meeting 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 convened and held shareholders' meetings in strict accordance with the provisions and requirements of the Rules for General Meetings of Listed Companies and the Rules of Procedure for General Meetings, ensuring that all shareholders, in particular the small and medium shareholders, enjoy equality, and facilitating shareholders' participation in shareholders' meetings as far as possible to enable them to fully exercise their rights as shareholders. During the reporting period, the Board of Directors of the Company convened one shareholders' meeting and considered a total of 12 motions.

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 advice 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. During the reporting period, the Company's Board of Directors held 6 meetings and considered 35 motions, which successfully implemented the annual work plan of the Board of Directors and laid a solid foundation for the Company to achieve its annual goals.

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 managers 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 (ESOP) covering employees at multiple levels to maximize employee engagement and unleash their creativity to the fullest 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. After the ESOP is reviewed and evaluated by the Supervisory Committee and independent directors of the Company, and the list of stockholders is examined, it will be submitted to the General Meeting of Shareholders for approval. The ESOP will be evaluated based on criteria such as whether it promotes the sustainable development of the Company and whether it is in the best interests of all shareholders. Any potential negative impacts on the Company's interests or shareholders' interests will also be taken into consideration. The ESOP will be approved and implemented by the General Meeting of Shareholders. The holders listed on the ESOP shall elect a management committee through the holders' meeting, which will supervise the day-to-day management of the ESOP and exercise the holders' rights on behalf or authorize the management entities to exercise the holders' rights.

Honors and Awards

- 01 China's Top 500 Private Manufacturers 2022
- 02 Hurun China 500 Most Valuable Private Companies 2022
- 03 National Single Champion Product in Manufacturing Industry
- 04 Certificate of Compliance with Standard of Intelligent Manufacturing Maturity (Level 3)
- 05 China Excellent Industrial Design Award 2022
- 06 National Excellent Scenario of Intelligent Manufacturing 2022 of the Ministry of Industry and Information Technology (Xuchang YUTO)
- 07 Demonstration Organization for Standard Application of Science, Technology and Standards Innovation Demonstration Project in the Publishing Industry 2022
- 08 Chinese Leaders in Industrial Digital Transformation in 2021
- 09 Top 500 Enterprises in Guangdong Province
- 10 Top 100 Private Enterprises in Guangdong Province
- 11 Top 100 Private Enterprises in Manufacturing Industry of Guangdong Province
- 12 Shenzhen Top 500 Enterprises in 2022
- 13 Shenzhen Famous Brands 2022-2024
- 14 Shenzhen Institutions with Intellectual Property Advantage 2022
- 15 The 4th "Shenzhen Top 100 Quality Enterprises"



External Recognition of YUTO's Sustainable Development



In 2022, YUTO was rated AAA level in CNI Index ESG rating. The rating results show that YUTO ranks second in the industry in terms of overall sustainability performance in the secondary industry (basic materials), demonstrating the capital market's recognition of YUTO's comprehensive management level in environment, society and governance as well as its ability to continue to create values.



In 2022, YUTO was awarded the Wind ESG A-share Best Practice Award, which is granted to the 20 listed companies with the best annual sustainability performance in A-shares. At the same time, YUTO received the 2022 Wind ESG A-Share Best Practice Award in the primary industry (materials) and social dimension, becoming the only container and packaging enterprise reaching a full score of 10 in the "Social" dimension that was far higher than the average industrial level.

Organizational Engagement and Cooperation

No.	Organization Name
01	Shenzhen Packaging Industry Association
02	Shenzhen Printing Industry Association
03	Shenzhen Enterprise Confederation
04	Shenzhen Baoan District Environmental Protection Industry Association
05	China Packaging Federation
06	Shenzhen Quality City Promotion Association
07	Shenzhen Industrial Design Association
08	China Intellectual Property Society
09	Shenzhen Patent Association
10	China Association for Public Companies
11	Shenzhen Listed Companies Association
12	Bao'an Association for Public Companies Association
13	AIPIA Active and Intelligent Packaging Industry Association
14	China Council for Brand Development
15	Shenzhen Standardization Association
16	Printing Technology Association of China
17	National Technical Committee 192 on Printing Machinery of Standardization Administration of China
18	National Technical Committee on Packaging Standardization
19	Packaging and Environment Sub-Technical Committee of National Technical Committee on Packaging Standardization
20	Packaging and Printing Expert Committee of National Standardization Collaborative Innovation Platform

01

Annual Feature

Intelligent Manufacturing Leads Industrial Upgrading

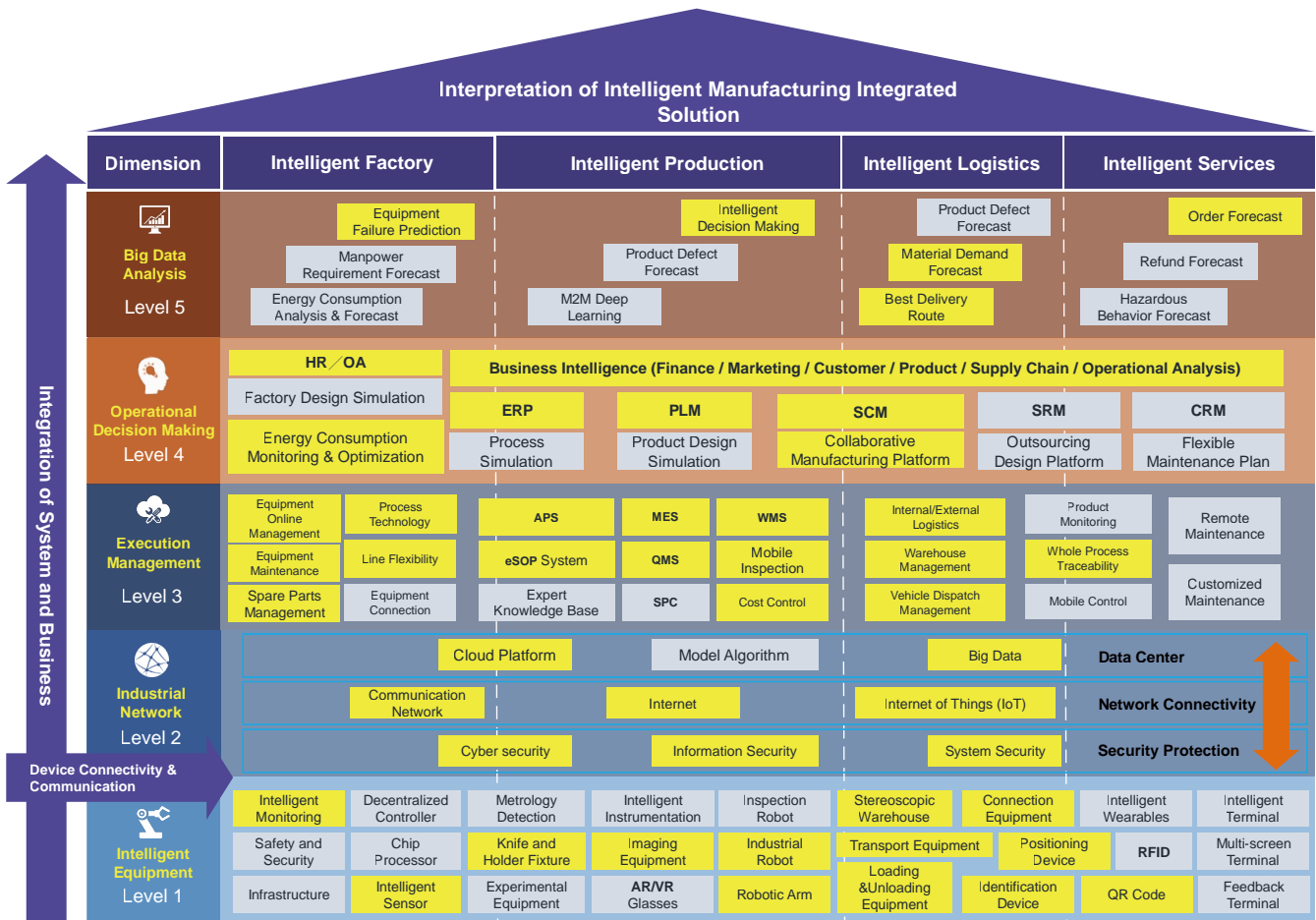
In recent years, the traditional manufacturing industry has encountered many challenges such as rising costs of raw materials, labor, and land. As a result, the transformation and upgrading of enterprises have become inevitable. Against this background, China introduced the “Made in China 2025” and other related strategic plans and policies in 2015. In addition, China released some guiding documents, including the “Development Guide on National Intelligent Manufacturing Standard System”, “Intelligent Manufacturing Maturity Model White Paper”, “the 14th Five-Year Plan of Industrial Green Development”, among others to integrate industrialization and informatization. These documents are designed to guide and promote the intelligent transformation and upgrading of manufacturing enterprises.

YUTO is committed to actively responding to the national strategy of intelligent transformation by venturing into manufacturing that is characterized by intelligence, accuracy and standardization. Our primary focus is on automation to improve quality and efficiency, and to create a modern intelligent manufacturing ecosystem for printing and packaging through digitalization and information technology.

With the expertise of industry professionals in Industrial Engineering (IE), Information Technology (IT), automation, and other relevant areas, we aim to achieve a breakthrough from traditional manufacturing to intelligent manufacturing. Our ultimate goal is to achieve quality improvement through intelligent manufacturing and to move towards higher quality development in all respects.

Intelligent Manufacturing Strategy

YYUTO integrates intelligent manufacturing system and businesses in an organic manner to create a multi-dimensional structure of intelligent manufacturing, covering four intelligent dimensions: factory, production, logistics and services. According to industrial differences, product characteristics and business pain points, corresponding solutions are formulated across five major levels: intelligent equipment, industrial network, execution management, operation decision and big data analysis.



Interpretation of YUTO Intelligent Factory Solution

In the overall planning of intelligent factory, we took underlying industrial engineering, information technology, automation, and industry experts as the support. Key technologies such as cloud storage and computing, mobile terminal, Internet of Things (IoT), big data, intelligent analysis, industrial network and robotics play a crucial role. Through five upgrade steps—standardization, automation, informatization, grid-based management, and application of intelligent technologies, we aim to achieve the six performance goals of safety, quality, efficiency, flexibility, cost, and environmental protection.

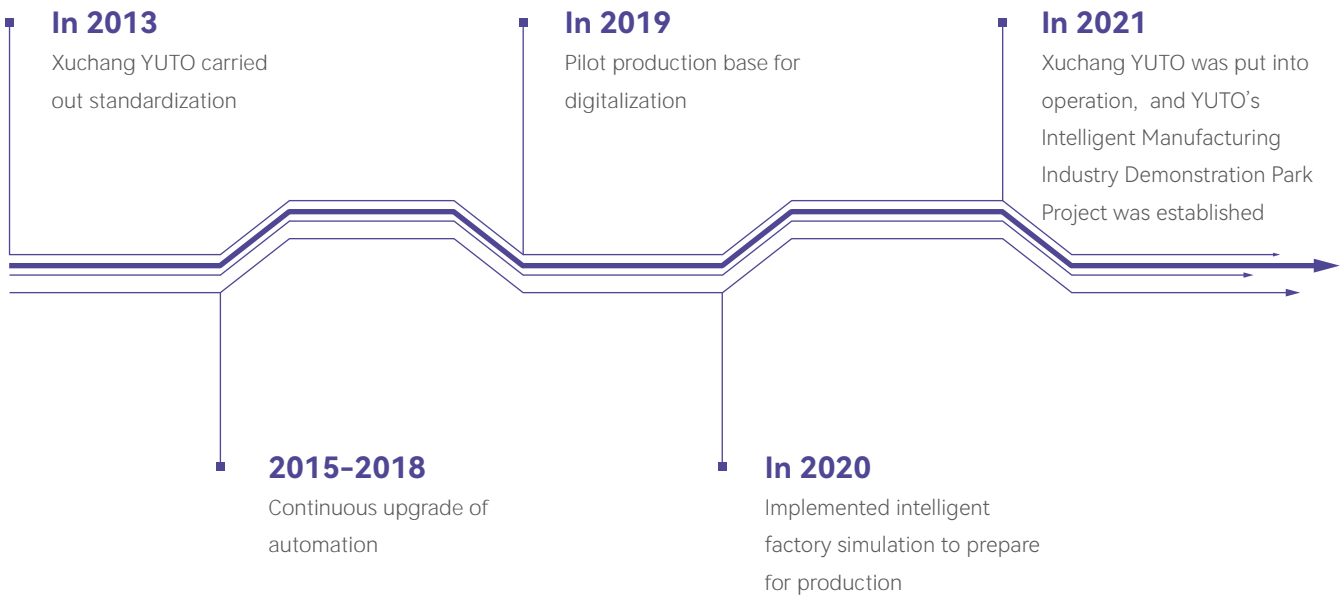


Four Major Talents Support for Intelligent Factory

Construction of Intelligent Factory

As a leading enterprise in packaging and printing industry, YUTO has been actively developing intelligent manufacturing strategies and building digital intelligent factories since 2019. Xuchang YUTO is not only the first intelligent factory project of YUTO, but also the first one in the industry. The factory adopts self-developed automatic production line, realizes networked production equipment and visual control of production data with the help of 5G network. Furthermore, the factory uses intelligent logistics AGV solutions, thus leading the new pattern of the industry with intelligent technology.

Xuchang YUTO Intelligent Factory Milestones



Hefei YUTO Digital Twin System

Following the successful launch of Xuchang YUTO, Hefei YUTO was established in 2022. Hefei YUTO has implemented a digital twin system that can process data in real time and is the first intelligent packaging factory in Anhui to apply machine vision. In addition, YUTO will expand the layout of intelligent factories in Wuhan, Luzhou, Yueyang, Haikou and Suzhou. By leveraging the significant advantages of our self-developed automation equipment, we are able to achieve machine replacement and implement transparent, less human-based management in our intelligent factories. This approach enables us to offer our customers higher quality products and services.

Xuchang YUTO Intelligent Factory

Xuchang YUTO is our first intelligent manufacturing industry demonstration park, and the production base is planned in a science-based manner from the top design to the entire plant planning, reasonably laid out for the flow of workers, vehicles, logistics and business, aiming to build a benchmark of intelligent factory in the printing and packaging industry. On the basis of Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES), the factory adopts its self-developed automatic production line to monitor and manage order scheduling, production progress, equipment condition, material inlet and outlet, product quality, etc. With the powerful transmission and collection capability of 5G network, it realizes automatic transmission and collection of business data, real-time accounting and full-process monitoring of images in the production base.

In 2021, Xuchang YUTO established an intelligent manufacturing command center, which is seamlessly integrated with the industrial LED digital screen and security light system. This integration enables us to track the overall Key Performance Indicators (KPIs) of our factory in real-time, detect abnormal alarm information, and notify the relevant responsible persons to promptly address the issue, ensuring optimal and efficient production.

In terms of cutting-edge technology, Xuchang YUTO introduces Warehouse Management System (WMS) and uses automated logistics technology, including robot dispatching system and Automated Guided Vehicle (AGV) to achieve unmanned logistics. All production materials are automatically moved into and out of the warehouse, transported, and intelligently distributed. The whole process of light-off operation in the finished product warehouse is completed in an unmanned way.

After the intelligent factory is put into operation, the management can quickly learn the production situation with the help of the command and monitoring center, and the timeliness of the workshop data can be greatly improved. In addition, after accessing the AGV system through the WMS, materials can be accurately distributed, so that erroneous operations are avoided, and material handling efficiency is improved. Xuchang YUTO Intelligent Factory was certified as an intelligent factory in Henan Province in 2022, and selected into the national excellent scenario list of intelligent manufacturing.



Xuchang YUTO Intelligent Factory

Sustainable Intelligent Manufacturing

While promoting intelligent manufacturing, we also focus on the green and sustainable development of our production bases. At the beginning of the building of production bases, we selected local building materials with low energy consumption, high performance and high durability to reduce the energy consumption of building materials throughout the whole life cycle; we identified key energy-consuming equipment and adopted technologies such as frequency conversion to reduce equipment energy consumption. Xuchang YUTO has established an energy management center to collect environmental data from electricity consumption, waste heat recovery and central gas stations, and monitored energy consumption through an online statistical platform, which helps strictly control the energy use of the production base. In addition, we have actively explored the production and use of renewable energy. The roof of Xuchang YUTO production base is fully covered with 40,000 square meters of solar panels to contribute to achieving the goal of carbon peaking and carbon neutrality.



Dashboard of Comprehensive Energy Data Center

Xuchang YUTO has established independent wastewater treatment stations and exhaust gas treatment facilities to effectively manage the waste generated during our production processes. Our goal is to meet discharge standards and prevent any negative impact on the environment surrounding our production base. We take hazardous waste management seriously and have established an independent hazardous waste temporary warehouse to safely store and classify hazardous waste. We have implemented relevant warning signs and established a hazardous waste management ledger to record the information in and out of storage. Additionally, we have selected qualified third-party institutions for disposal to ensure safe and compliant waste disposal.

Social and Environmental Benefits

After YUTO intelligent factory is completed and put into operation, it maximizes the guarantee of safe operation, efficient production and high-quality delivery of the project, and is committed to providing customers with superior packaging solutions. With a keen eye on industry trends, YUTO is dedicated to building an intelligent packaging manufacturing innovation center that will lead the industry in China. Through this initiative, we will bring together top-notch talent in the fields of packaging and printing, automation and the Internet, and continuously improve our technologies. This will lay a solid foundation for enhancing industrial innovation and driving forward the development of the industry as a whole. Our focus on piloting, developing, and promoting intelligent manufacturing will also facilitate the comprehensive application of new models, ideas, and technologies in the industry and enterprises. This will accelerate the deep integration of new-generation information technology and the manufacturing industry, and improve the level of regional manufacturing intelligence. As a result, we will inject positive effects on the development of future economy, boost employment, and promote consumption growth.

The environmental benefits of intelligent manufacturing should not be underestimated. We have been increasing investment in R&D, improving processes and upgrading equipment to minimize material consumption; we have built PV power stations on the roof to increase green electricity consumption and reduce the load on the power grid. Through digital manufacturing processes, we have realized a paperless office. We have monitored energy consumption and emissions via intelligent dashboard to reduce energy consumption and emissions and improve energy efficiency, while ensuring the smooth operation of the energy-using system.

Guided by the Company's strategy, our unremitting efforts and continuous progress in intelligent manufacturing have been highly recognized by the outside world. In 2022, YUTO was awarded the "Certificate of Compliance with Standard of Intelligent Manufacturing Maturity (Level 3)". Xuchang YUTO Intelligent Factory was selected into the National Excellent Scenario List of Intelligent Manufacturing 2022 (Precision Distribution), and became one of the Intelligent Factories in Henan Province 2022 (Discrete).



Future Plan

YUTO is fully committed to intelligent manufacturing. Looking ahead, we will continue to expand our presence in the industry by deploying data-driven diversified management platforms and intelligent manufacturing workshops in key production bases worldwide. Our goal is to create a YUTO manufacturing world characterized by a modern intelligent manufacturing ecosystem.

As we continue on our path of transformation and upgrading, YUTO remains committed to optimizing our operations, improving production efficiency, and studying the fundamental issues facing the industry. Our goal is to accelerate the integration of new-generation information technology and the manufacturing industry, promote the comprehensive application of new models, ideas, and technologies, and assist other enterprises in their transformation and upgrading efforts. Through our efforts, we strive to have a positive impact on the upstream and downstream industrial chains, and significantly improve the level of regional manufacturing intelligence.

02

Sustainability Governance

YUTO is dedicated to the concept of sustainable development. Our mission and vision in terms of sustainable development are to: “insist on technological innovation, develop intelligent manufacturing, improve resource efficiency, create excellent eco-friendly products and practice low-carbon operation”. We aim to become a green, eco-friendly and low-carbon technology enterprise. To strengthen our identification and management of environmental, social, and governance risks, we have established a comprehensive governance structure for sustainable development. We actively listen to the aspirations and expectations of our stakeholders regarding our sustainable development efforts, and are committed to fulfilling our social and environmental responsibilities. Our goal is to pursue a balanced development of environmental, social, and economic benefits.



Sustainability Governance Structure

This year, YUTO has maintained a top-down, three-tier sustainability governance structure to facilitate sustainability governance in an orderly manner. 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.

The Board of Directors is responsible for supervising the formulation and implementation of sustainability strategy, and exercises decision making.

The Chairman of the Board serves as the Director, executives of the Company serve as members of the standing committee, general managers of subsidiaries and relevant business leaders serve as members of committee, and the Deputy Director of the President's Office serves as the Executive Secretary. They are responsible for taking the lead in formulating the Company's sustainable development strategy and providing guidance on the implementation of plan and other practical issues.

Core Responsibilities:

- Undertake and sub-divide objectives of the Company's sustainable development strategies.
- Develop feasible implementation plans and regularly report progress and results: In accordance with the focus matters under the Sustainability Management Committee, YUTO's relevant functional teams are responsible for the implementation of the Company's system certification, environmental protection, customer service, R&D, human resources, public welfare and other work.
- Strengthen corporate sustainability promotion.
- Advise to superiors on sustainability management risks.

Board of Directors

Sustainability Management Committee

Relevant Departments of System Certification

Relevant Departments of Environmental Protection

Relevant Departments of Customer Service

Relevant Departments of Technology R&D

Relevant Departments of Human Resources

Relevant Departments of Public Welfare

Sustainable Development Strategy

At YUTO, we recognize that incorporating sustainability into our corporate strategy is essential for our long-term development. Based on the solid foundation of our own business, we have developed a phased sustainable development route to guide the formulation of sustainable development goals and the implementation of subsequent action plans.



————— Sustainable Development Roadmap —————

In order to achieve our vision of sustainable development and steadily advance sustainable development governance, we conducted planning of sustainable development goals in 2021, combining our business, concerns of market and stakeholders and the expectations of the SDGs and “the 14th Five-Year Plan of Industrial Green Development” to identify the two key areas of sustainability that are most relevant to us and mostly likely to be contributive, which are eco-friendly products and raw materials, and climate change and resources management. We have set goals for these two areas, formulated relevant action plans and performance indicators to ensure effectiveness. In 2022, we expanded the scope of our sustainability key areas by identifying two new key areas, i.e., innovative products, and employee health and development, which help our sustainability reach out to more topics. For the identified key sustainability areas, we have implemented action plans in accordance with the goals, and reviewed our sustainability performance and status in each key area to ensure steady progress in our sustainability efforts. In the future, we will continue to improve and refine the sustainability framework by taking into account the sustainability roadmap, goals and the current status of the Company, and to explore more possibilities of sustainable development.

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

 <p>3 GOOD HEALTH AND WELL-BEING</p>	<h3>Goal 3 Good Health and Well-being</h3> <p>We have established a comprehensive safety management system, set up a safety production management committee, strengthened the supervision of safety management, and implemented strict inspection and treatment of hidden hazards, so as to reduce, control or eliminate all kinds of safety risks and hazards. In the future, we will continue to increase the capital investment in safety production, enhance equipment maintenance and renewal, innovate the production process of products, improve the working environment, and protect the health and safety of employees.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<h3>Goal 7 Affordable and Clean Energy</h3> <p>We are committed to saving energy and reducing emissions, and improving efficient use of energy by promoting lean manufacturing projects and installing integrated energy supply systems. We are exploring renewable clean energy and promoting the building of solar PV power plants to produce green electricity. In the future, we plan to expand the proportion of green power production and use, incorporate the use of various renewable energy such as biomass and wind energy into production processes, and combine lean production projects with the application of eco-friendly equipment in our company, putting clean production into practice.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<h3>Goal 8 Decent Work and Economic Growth</h3> <p>We advocate the concept of "balancing work and life" and conduct employee care and group activities to guide employees to lead a healthy and sustainable good life. Meanwhile, we are committed to providing abundant resources for employees to learn, and building a comprehensive talent training system covering from senior management to new employees; we have developed related learning and training courses, and systematically promoted talent development and management. We have also built a dual growth channel model for employees, who are selected according to the principles of fairness, openness and impartiality, so that a broader career development platform is created.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<h3>Goal 9 Industry, Innovation and Infrastructure</h3> <p>YUTO has insisted on independent innovation, established professional R&D department, introduced industry professionals, continuously promoted the R&D and application of new processes, new materials and new structures, and improved the diversified product matrix. Meanwhile, we have applied information technology in the intelligent factory led by Xuchang YUTO, built a standardized platform, improved project efficiency by intelligent means, and created a modern intelligent manufacturing ecosystem. With our technology and technical support, we have encouraged innovation in materials and processes, provide personalized and superior design solutions, and continue to create values for our customers.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<h3>Goal 12 Responsible Consumption and Production</h3> <p>YUTO is fully aware that natural environment and resources are limited, and seeking to change its procurement pattern and production methods to improve the efficiency of resource consumption and shift to a sustainable and way of development. We continue to increase the procurement proportion of eco-friendly raw materials, increase investment in R&D of eco-friendly products, promote the application of recyclable and biodegradable packaging, and fulfill responsible procurement and production. Meanwhile, during the production process, we have reduced three types of wastes at source, treated them prudently to reduce emissions, and recycled them for reuse, minimizing the negative impact of the three types of wastes on the environment. We have also disclosed annual sustainability report in a regular basis, in which we collected relevant data and information and showcased our performance in sustainability, aiming to be a responsible and green company.</p>
 <p>13 CLIMATE ACTION</p>	<h3>Goal 13 Climate Action</h3> <p>We have continued to monitor the impact of climate change on our business, proactively identified climate risks, and taken corresponding measures to improve carbon emission management targeting relevant physical and transition risks. In addition, we have coped with climate change by actively responding to the national policy of "carbon peaking and carbon neutrality" and the municipal government's carbon emission verification requirements. We have continued to advance the building of green factories and promote the use of clean energy in suitable production bases. We have curbed carbon emissions and reduced the negative impact of climate change on the operation of our business.</p>

Taking the SDGs into consideration, we have identified four key areas, and divided each into 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 Area I of Sustainable Development- Eco-friendly Products and Raw materials



Eco-friendly Product R&D

- **Goal:** to carry out environmental certification, design and develop renewable, degradable and reduced-packaging products.
- **Current Status:** steady progress in the R&D of plant fiber and other eco-friendly products, expanding production scale, and extending to multiple application scenarios.
- **Action Plan:** To continue input, layout more R&D, raw materials and production bases in the country, and expand the eco-friendly product matrix.
- **Corresponding chapter:** **Green and Intelligent Products Lead to a Low-carbon Future**



Procurement and Application of Eco-friendly Raw Materials

- **Goal:** responsible raw material procurement. By 2030, the procurement ratio of eco-friendly materials (paper, ink, glue and varnish oil) is expected to be higher than 90%.
- **Current Status:** In 2022, procurement ratio of eco-friendly materials including paper, ink, glue, and varnish oil achieved 90%. We conducted environmental assessments of 845 suppliers and social assessments of 1,424 suppliers, and integrated sustainability factors into supplier management systems.
- **Action plan:** gradually increase the proportion of eco-friendly raw materials and auxiliary materials procurement; put into practice green procurement by considering more varieties of raw materials; and strengthen the sustainability assessment of suppliers.
- **Corresponding chapter:** **Working Together for Win-win Results**



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 contributed to the establishment of the post office themed by "Yangtze River No. 11", and worked with partners to carry out publicity events on environmental protection technology.
- **Action Plan:** to collaborate with government, communities, environmental organizations and companies to organize more environmental public welfare activities, promote environmental protection knowledge and advocate low-carbon life; develop packaging products that can replace plastics in an effort to reduce the harm of plastic pollution for natural habitats.
- **Corresponding chapter:** **Giving Back via Charity**

Key Area II of Sustainable Development - Innovative Products



Innovative Processes and Technologies

- **Goal:** to continuously update processes and technologies oriented to product requirements.
- **Current Status:** we have developed many new processes, materials and structures focusing on environmental protection and differentiation; and strictly managed the R&D process.
- **Action Plan:** to continuously promote R&D progress of new processes, materials and structures; carry out technical exchanges and sharing to improve the professional level of our R&D technical personnel.
- **Corresponding chapter:** **Quality Innovation and Dedicated Service**



Superior Design Solutions

- **Goal:** to provide superior design solutions that highlight the characteristics of our products and brands and respond to their needs.
- **Current Status:** we have provided excellent design solutions for customers in various fields with excellent design elements such as environmental protection, light-weight packaging, and reusable materials, which have won many external recognitions, and the existing automation design ratio is over 40%.
- **Action Plan:** to invest in innovative design and R&D, train and introduce excellent talents, and continuously provide high-quality solutions to create values for customers.
- **Corresponding chapter:** **Quality Innovation and Dedicated Service**



Intelligent Manufacturing

- **Goal:** to transform and upgrade from traditional manufacturing to sustainable and intelligent manufacturing.
- **Current Status:** intelligent factories led by Xuchang YUTO have been established and put into operation, and we have built an intelligent manufacturing ecosystem of "automation, information and intelligence", effectively improving quality and increasing efficiency.
- **Action Plan:** to expand the layout of intelligent factories nationwide and globally, continuously improve the Company, and lead the sustainable development of the packaging and printing industry.
- **Corresponding chapter:** **Annual Feature – Intelligent Manufacturing Leads Industrial Upgrading**

Key Area III of Sustainable Development - 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 carried out the identification of climate risks and opportunities, and taken the initiative to reduce carbon emissions through independent emission reduction and carbon compliance. our headquarter base and Shenzhen Longgang Branch's compliance carbon emission intensity were reduced from 0.547 at the beginning to 0.378.
- **Action plan:** to conduct annual carbon emission verification, and to take headquarter base and Shenzhen Longgang branch as demonstration factories to reduce carbon emissions by 4.2% per year based on carbon emissions in 2022 ; and actively participate in carbon emission training conducted by emissions exchanges and government departments.
- **Corresponding chapter:** **Green and Intelligent Products Lead to a Low-carbon Future**



Energy Management

- **Goal:** to improve energy efficiency and promote the use of renewable energy.
- **Current Status:** we have deployed an integrated energy supply system, and promoted lean manufacturing projects. In 2022, we established 10 PV power plants, and the PV power generation capacity has reached 14.77 million kWh. In 2022, we have carried out 9,231 independent improvement proposals and 21 key lean manufacturing projects.
- **Action Plan:** in 2023, solar PV power plants of subsidiaries including Bozhou YUTO and Jiujiang YUTO will be established and put into operation, so that we can expand the proportion of green power, while exploring more lean production technologies to improve energy efficiency.
- **Corresponding chapter:** **Green and Intelligent Products Lead to a Low-carbon Future**



Water Resource Management

- **Goal:** to improve water efficiency and recycle water resources.
- **Current Status:** we have optimized and renovated projects and equipment that consume large amounts of water to save water resources; built water reuse facilities to increase the amount of recycled water; promoted water conservation in office and production areas to raise employees' awareness of water conservation.
- **Action Plan:** In the future, we plan to install rainwater storage ponds to improve the utilization rate of rainwater and reduce water consumption; we will develop a water resource management plan for each production site and apply water conservation concepts to production practices.
- **Corresponding chapter:** **Green and Intelligent Products Lead to a Low-carbon Future**



Three types of Waste Management

- **Goal:** to achieve compliant emission of "three types of waste" and automated monitoring.
- **Current Status:** The Company has regularly maintained and repaired waste water and gas treatment equipment to ensure effective operation of the waste water and gas management system, audited the qualifications of waste disposal organizations to ensure proper disposal of waste; the Company has regularly monitored and assessed waste water and gas emissions to ensure compliant emissions. In 2022, the amount of investment in the management of the three types of waste at the Company's headquarters base amounted to 7.65 million yuan. Currently, headquarter base, Shenzhen Longgang branch and Suzhou YUTO branch of Lianhe Road, Kunshan have achieved Zero Waste to Landfill of Platinum Certification, and Yantai YUTO Gold Certification.
- **Action Plan:** to actively promote zero waste to landfill certification, move toward systematic and standardized waste management; strictly control production quality to reduce waste emission; continue to increase investment in waste water and gas equipment and operation, build more high-standard waste water and gas treatment facilities, and reduce waste water and gas emissions.
- **Corresponding chapter:** **Green and Intelligent Products Lead to a Low-carbon Future**

Key Area IV of Sustainable Development - Employee Health and Development



Occupational Health and Development

- **Goal:** to continuously improve the safety management system to reduce, control or eliminate all kinds of safety risks and hazards.
- **Current Status:** we have established a sound safety management structure, set up a safety production management committee, and strengthened the supervision of safety management; we have developed and strictly implemented a safety management system, and ensured a production safety responsibility system for all employees; we have developed safety culture, and carried out safety training for all employees, with a total of 14,944 hours of safety training in 2022.
- **Action Plan:** to increase capital investment in safety production, improve equipment maintenance and renewal, innovate production techniques, and improve employees' working environment.
- **Corresponding chapter:** **Valuing and Attracting Talent**



Employee Training and Development

- **Goal:** to improve the talent training system from senior management to new employees, and provide professional talent support for enterprise development.
- **Current Status:** in 2022, the participation rate of employees in training was 100%, and the training totalled 255,954 hours; the "e-student" one-stop learning platform has been launched.
- **Action Plan:** to continuously optimize the learning platform to help employees become agile in learning; open up diversified career development paths to retain outstanding talents.
- **Corresponding chapter:** **Valuing and Attracting Talent**

Sustainability Data Management

In order to strengthen the internal sustainability data management of YUTO, improve the quality of information disclosure, and guarantee the effective and orderly implementation of sustainability practice, we sorted out the sustainability data index system, formed a list of indicators, and formulated the "YUTO Sustainability Data Management System" in 2022. We have clarified the responsibilities of the Sustainability Management Committee, departments, branches and subsidiaries in sustainability data management process, and determined the data collection and reporting lines, standardized the data management requirements. We have also set up an assessment mechanism, and evaluated the quality of the collected data. In the future, we will continue regular collection of sustainability data, improve the data management mechanism, and provide strong support for routine sustainability management.

YUTO 行政规章				
标准	适用范围	文件编号	SOMC022001	
可持续发展管理	如属表	管理	可持续发展数据管理	版本 1.0
制定部门	委员会	类别	项目	
制定日期	2022年12月30日	类别		

目录
一、总则
二、可持续发展数据管理职责分工
三、可持续发展数据管理程序
四、可持续发展数据管理要求
五、绩效考核

标题 可持续发展数据管理程序 文号 SOMC022001

第一编 总则

第一条 目的 为规范可持续发展数据管理程序，明确“谁产生谁负责”原则，确保可持续发展数据真实、准确、完整、及时、有效，提升可持续发展数据管理水平，特制定本程序。

第二条 适用范围 本程序适用于公司总部、各分公司、子公司、孙公司、控股公司等所有从事生产经营活动的部门和人员。

第三条 术语定义 本程序所称可持续发展数据是指公司在生产经营过程中产生的与可持续发展相关的各种数据，包括但不限于：环境、社会、治理（ESG）数据、碳排放数据、安全生产数据、产品质量数据、员工培训数据、研发投入数据、供应链管理数据等。

第四条 基本原则 可持续发展数据管理应遵循以下原则：（一）真实性原则：数据必须真实、准确、完整、及时、有效。（二）准确性原则：数据必须准确、可靠、无误。（三）完整性原则：数据必须完整、全面、无遗漏。（四）及时性原则：数据必须及时、准确、有效。（五）有效性原则：数据必须有效、有用、有价值。

第五条 职责分工 可持续发展数据管理实行“谁产生谁负责”原则，各部门、分公司、子公司、孙公司等应明确各自的数据管理职责，确保数据的真实、准确、完整、及时、有效。

第六条 数据管理程序 可持续发展数据管理应遵循以下程序：（一）数据采集：各部门、分公司、子公司、孙公司等应按照规定的时间和方式采集数据。（二）数据审核：各部门、分公司、子公司、孙公司等应对采集的数据进行审核，确保数据的真实、准确、完整、及时、有效。（三）数据上报：各部门、分公司、子公司、孙公司等应将审核后的数据上报给相关部门。（四）数据汇总：相关部门应对上报的数据进行汇总，形成可持续发展数据报告。（五）数据披露：相关部门应根据法律法规和监管要求，及时、准确、完整、及时、有效地披露可持续发展数据。

第七条 绩效考核 可持续发展数据管理纳入公司绩效考核体系，相关部门、分公司、子公司、孙公司等应根据考核结果进行奖惩。

YUTO Sustainability Data Management System

Stakeholder Communication

We are fully aware that working together with our stakeholders is the long-term driving force behind our sustainable development. We have actively explored the issues that are of our stakeholders' concern or expectation through phone calls, emails, face-to-face meetings, surveys and seminars, and responded to them with practical actions.

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

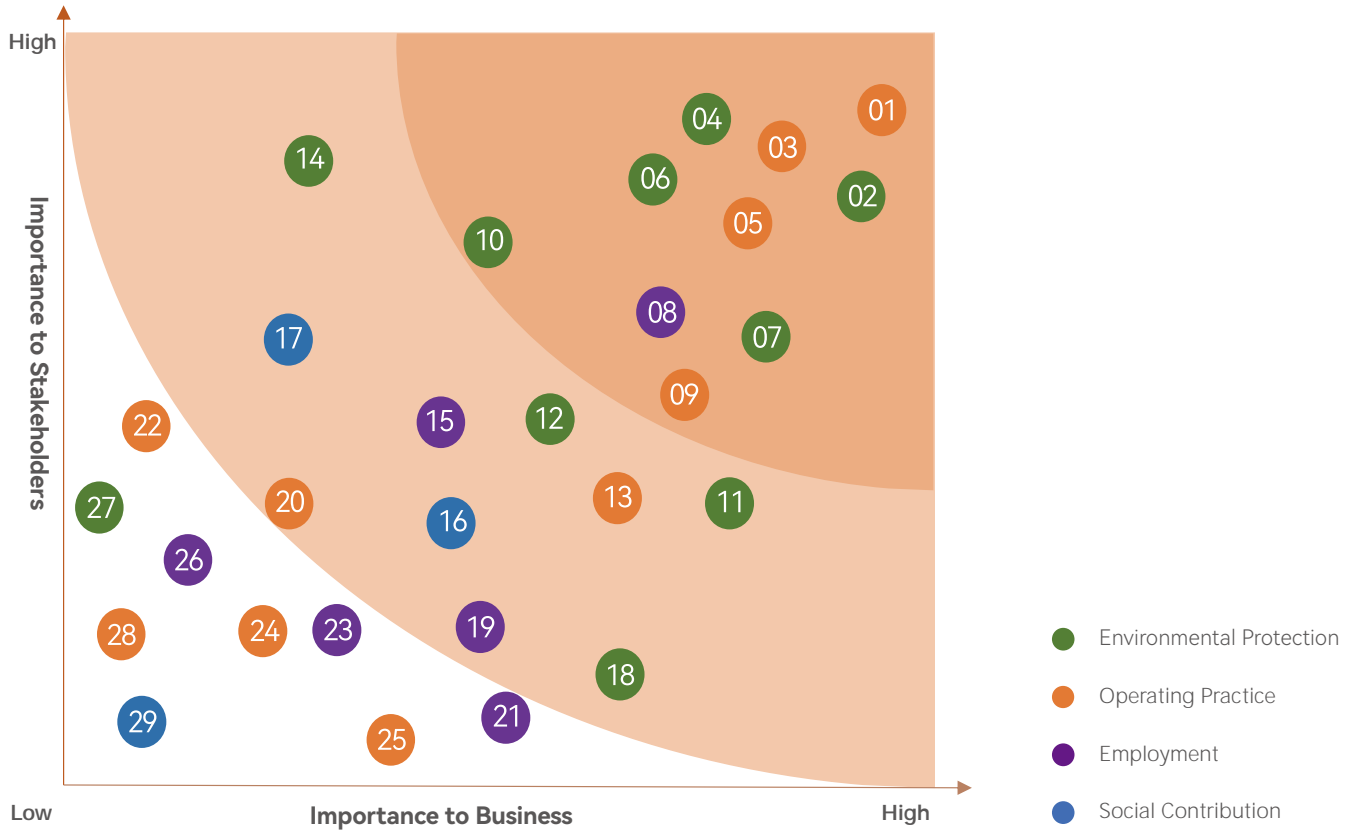
Materiality Assessment

YUTO has conducted continuous and effective communication with stakeholders to understand and identify the sustainability issues of concern to each stakeholder, and ranked the important issues that have a significant impact on both the Company and stakeholders based on two dimensions: “importance to business” and “importance to stakeholders”. The results of the materiality analysis will be used as a reference basis for the disclosure of information in the report and the subsequent work of sustainable development.

The 2022 materiality assessment takes the following four steps



The matrix and ranking of the Company's materiality issues for 2022 are as follows



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

Compared with the results of the previous year's materiality assessment, in 2022, operating practices and environmental protection remain the sustainability areas of the most concern to our stakeholders. They cover topics such as product quality, research and application of new processes, and procurement and application of eco-friendly raw materials. We will continue to focus on these issues in our future sustainability management and will make key disclosures in our sustainability report to address the concerns of our stakeholders.

03

Green and Intelligent Products Lead to a Low-carbon Future



YUTO remains dedicated to exploring green development, and advancing the R&D of eco-friendly raw materials as well as the production and application of eco-friendly packaging products with sustainable concepts. We aim to incorporate green and sustainable values into our packaging solutions. Meanwhile, the Company focuses on controlling the use of resources and the management of the three types of waste in the manufacturing process, and integrating sustainable factors into the building of production bases to create green factories. We have implemented a number of lean production and independent improvement projects to save resources and improve energy efficiency, and set up an effective mechanism for the treatment of the three types of waste to further reduce emissions on the basis of ensuring compliance. As a responsible enterprise, YUTO cares about climate change, and actively takes countermeasures. While identifying risks, we seize opportunities to effectively respond to the national policy of carbon peaking and carbon neutrality, and to lead a low-carbon future with green development.

Green Products

YUTO places great emphasis on incorporating green factors into our product research and development. We actively explore plant fiber and other eco-friendly raw materials, and promote the production and application of sustainable packaging. While maintaining the protective function of our eco-friendly packaging products, we adhere to the principle of "light-packaging, being degradable, and recyclable". We are committed to reducing resource consumption during production, improving the renewable utilization rate of products, and minimizing the impact of packaging waste on the environment. Our green concept is practiced throughout the entire life cycle of our products. We have established eco-friendly packaging production bases in Kunshan, Dongguan, Haikou and other places to produce diversified green packaging products and continue to expand its application scenarios. In addition, we work closely with industry partners to promote the application of eco-friendly packaging and practice the concept of sustainable environmental protection.

Eco-friendly Products and Raw Materials

In the process of green transformation, YUTO actively creates a green and sustainable business model with innovative thinking to promote the green development of the company and even the industry for a low-carbon future. Since its establishment in 2020, YUTOECO, the Company's brand featuring on eco-friendly packaging and sustainable development, 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 customers with one-stop solutions and the best quality products in the field of environment-friendly packaging.

In accordance with the Company's sustainable development strategy and the brand vision of "Green Life for Everyone", 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. With "new raw materials and state-of-the-art technology", "plastic-free packaging", "high-performance packaging", "high-quality plant fiber" as the R&D directions, the Institute has invested in R&D of basic materials and innovative technologies, introduced and cultivated high-level talents, and achieved independent R&D in core technologies. Meanwhile, YUTOECO has maintained good communication and cooperation with top research institutes, universities, national key laboratories and national engineering laboratories at home and abroad to jointly promote the R&D and production of new plant fibers, eco-friendly packaging functional materials and bio-based functional chemicals. Based on our brand development strategy, we have gradually expanded our business scope and laid out production and raw material bases in Yibin, Weifang, Laibin, etc., and we are committed to promoting the upgrading of local green industries and the development of a green economy.

YUTO recognizes that using eco-friendly raw materials is the foundation for producing sustainable products. Through interdisciplinary research methods involving light industry, agriculture and forestry, chemistry, and material science, we have carefully selected new raw materials with high upstream concentration and reasonable fiber composition from dozens of options. We have completed tests of pulp-making in tons and found that these new raw materials meet our performance requirements. As a result, we are promoting the gradual application of these new materials.



**Tableware Made of
Eco-friendly Raw Materials**

Building on our research and development of eco-friendly raw materials, YUTO is dedicated to developing and producing eco-friendly packaging. We prioritize providing degradable, recyclable, and environment-friendly products. We are committed to promoting de-plasticization packaging in order to reduce "white pollution" and become solution experts in eco-friendly catering, food, retail, and industrial plant fiber packaging. With solid R&D capabilities and innovative R&D results, the Company is leading plant-based and bio-based packaging and promoting green upgrading in the packaging industry. The company takes plant-based packaging as an important breakthrough in eco-friendly products, and combines the industry's first plant-based functional film sheet with plant fiber molded packaging and plastic-free coated paper packaging to make products highly transparent and physically strong, recyclable and naturally degradable.




Eco Transparent Film



Plant Fiber Oil-absorbing Paper Trays




Plant Fiber Waterproof Paper Bag





Plant Fiber Cat Litter



In 2022, YUTO created the industry's first plant fiber cat litter, which is made of non-wood plant fiber and secondary fiber and has excellent performance such as high water absorption, zero starch addition and low dust. It is widely adapted to manual and automatic cat litter boxes. The product has been certified by the European OK biobased as 4- star (the highest level) and the USDA as biobased product.

The Company keeps exploring to broaden the application scenarios of biodegradable packaging materials, launching compostable fully biodegradable bags, fully biodegradable straws and naturally degradable paper-based ice cream sticks, etc., so that more industries and consumers can participate in the ecosystem of environmental protection, and keep up with the trend of green and circular economy development.



Fully biodegradable bags



Fully Biodegradable Straw



Paper-based Ice-cream Sticks

Our eco-friendly packaging products have obtained many green product certifications home and abroad, including the DIN CERTCO¹, OK Compost of EU², Seedling³, USDA Bio-based product certification⁴, BPI certification⁵, Australia ABA certification⁶, China Environmental Labeling Type II⁷.



Green Product Certification

¹ DIN 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.

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

³ Seedling is compostable certification by TÜV AUSTRIA, a certification organization authorized by the European Bioplastics Association.

⁴ USDA Bio-based product is certified by the United States Department of Agriculture (USDA); eligible products may display the USDA Certified Bio-based Product label.

⁵ BPI certification is a compostable certification granted by the Biodegradable Products Institute (BPI), which allows products to use the BPI compostable product label.

⁶ ABA certification is a compostable certification granted by the Australasian Bioplastics Association (ABA), and products that pass this certification can use the ABA compostable product label.

⁷ China Environmental Labeling Type II product certification is a third-party review of an organization's environmental statement, which is confirmed by a third-party assessment body that issues the certificate.

In order to further promote the green lifestyle, YUTO has launched a popular science video series YUTOECO SAY to address the public's confusion about degradable packaging and other sustainability-related topics. The series popularizes environmental protection tricks in life with stories and scenarios, and raises the public's environmental awareness.

Environmental Protection Science Video Series YUTOECO SAY



YUTOECO SAY is a situational science video series on sustainability-related topics, in which YUTO invites industry experts, environmentalists, public-spirited individuals and other guests to promote environmental protection and facilitate the public to easily enjoy a sustainable life. The first episode in 2022 focused on the difference between degradable and compostable packaging, answered consumers' questions about eco-friendly packaging, and encouraged people to give priority to green packaging in their lives and practice the concept of low-carbon lifestyle.

Promoting Industry Development

The high-quality development of an enterprise depends on a vibrant industry, and the common prosperity of an industry is inseparable from the integration of theory, practice and technology. YUTO has actively involved in the industry cooperation and exchange activities. By means of institutional cooperation and participation in the development of industry standards, YUTO strives to promote the establishment of printing and packaging industry standards and joins hands with the industry to achieve common development.

In 2022, the Company continued to participate in developing international, national, industry and group standards, including “ISO 18600 Series of Standards on Implementation Guide (Technical Report)”, “Packaging Recycling Mark”, “Paper, Cardboard and Paper Products Recyclability Evaluation Methods”, “Per Unit Product Energy Consumption Limits for Pulp Molding Products”, “Pulp Molding Green Factory”. Many product corporate standards that YUTO has been involved in developing have ranked on the list of “forerunners” of national corporate standards. By the end of 2022, YUTO has led or participated in the development of over 80 national, industry and group standards, while actively participating in international standard making and revision projects.

National Standards

- Packaging recycling mark
- Packaging—Dimensions of folding cartons of cartonboard
- Graphic technology—Requirements for colour soft proofing systems
- Graphic technology -- Measurement and calculation of spot colour tone value
- Graphic technology—Prepress data exchange—Tone adjustment curves exchange
- Graphic technology—Process control for the production of half-tone colour separations, proof and production prints—Part 5: screen printing
- Graphic technology—Communication of graphic paper properties

Industry Standards

- Quality requirements for lid and base printed paper box
- Guide to building a printing intelligent storage system

Group Standards

- Technical requirements for cigarette moisturizing packaging
- General requirements of green paper packaging products for takeout
- Assessment requirements for quality grading and forerunner—pulp molding tableware
- Assessment requirements for quality grading and forerunner— Precision industrial packaging high-end pulp molded product
- Assessment requirements for quality grading and forerunner— Formed carton for liquor
- Assessment requirements for forerunner standard—Cigarette carton package printed matters
- Assessment requirements for forerunner standard—Corrugated box

← List of standards that YUTO led or participated in developing in 2022 →



Enterprise Standard Forerunners Certificates in 2022

In addition, the Company has actively deepened the communication and cooperation within and outside the industry, and worked with partners to explore multiple ways to put environmental protection into actions and jointly produce sustainable packaging solutions.

Green Factory

YUTO is committed to building a high-quality green factory that is resource-saving and eco-friendly, and steadily promoting the green development of the Company from green construction and green manufacturing. We have strictly controlled the resource consumption and emission during the construction and production process. On the basis of strict compliance with laws and regulations of the place of operation, including the Environmental Protection Law of the People's Republic of China, the Environmental Protection Law of the Socialist Republic of Vietnam, the Environmental Protection Law of India, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, we have formulated and implemented internal systems, including the Guidelines for the Management of Energy Resources, the Code of Practice for Environmental Assessment and Environmental Protection, Guidelines for Identification, Evaluation and Control of Environmental Factors. All of these environmental protection regulations are strictly implemented in our construction and production process. In addition, we have made efforts to promote environmental management system certification and have obtained certifications such as ISO 14001 environmental management system certification, and ISO 50001 energy management system certification. We have applied authoritative environmental management standards in our production process to ensure the compliance of the Company's waste discharge and disposal, minimize negative impact on the environment, and to build a green construction and manufacturing system that is efficient, clean, low-carbon and recyclable while strictly implementing the system of "Three Synchronizations" for Environmental Protection (All new construction, renovation, and expansion projects, technical renovation projects, natural development projects, as well as engineering projects that may cause environmental damage, including environmental protection facilities for pollution prevention and other public hazards that need to be built, must be designed, constructed, and put into use simultaneously with the main project), and the system of evaluating environmental impact.



Certificate of ISO 14001 Environmental Management System Certification



Certificate of ISO 50001 Energy Management System Certification




Green Construction

As an environment-friendly enterprise, YUTO takes green factors into consideration in building production bases. In setting up new projects, the Company conducts comprehensive research on the project site and the surrounding environment, takes environmental factors into consideration under the premise of meeting production requirements, selects project sites with both economic and environmental benefits, and strives to reduce the negative impact of factory development and operation on the surrounding environment.

In the planning and design stage, we optimize the layout of the park and the factory, taking into account the needs of production lines, and maximize the efficient use of land resources. Meanwhile, according to the climate characteristics and resource conditions of the project site, we uphold the principle of passive priority and active optimization, and fully consider the thermal performance of the project's principal building, the selection of equipment systems for air conditioning, air pressure, heating, power supply and distribution, water supply and drainage, and the use of renewable energy and non-conventional water sources. Specific measures are as follows:

- All buildings in the parks that are newly-built or re-built are designed, constructed and accepted in strict accordance with the General Code for Energy Efficiency and Renewable Energy Application in Buildings and the Unified Standard for Energy Efficiency Design of Industrial Buildings, such as the use of new materials for the walls, the reduced use of timber;
- Integrating civil engineering and decoration in the construction phase of the project, and designing three-dimensional warehouses to make efficient use of storage space, saving resources consumption in the construction process;
- Taking into consideration the actual condition of the project site, the technical measures of the comprehensive energy supply system of the new production base are scientifically proven. We adopt energy-efficient air conditioning, high-efficiency air pressure system, waste heat recovery, water storage cooling, water storage heat, electrochemical energy storage and other technologies, and deploy energy consumption monitoring systems to effectively monitor and distribute energy;
- Exploring the use of renewable energy and promoting the development of PV power plants. In 2022, 14.77 million kilowatt-hours of electricity were generated by the PV power plants that we have built;
- Introducing sponge city design and planning to set up rainwater storage ponds for rational use of rainwater.

Rooftop PV Power Generation Project

Green Factory Building of Luzhou YUTO



Luzhou YUTO's intelligent packaging industrial park project is a typical representative of a green factory. The project integrates civil engineering and decoration design and construction, breaking the information barriers of the traditional civil engineering, reducing the frequency of repeated design and demolition, and effectively saving all kinds of resources consumed during the development of the project. Considering the peak and valley situation of local electricity consumption in Luzhou, the project introduces water storage and cooling air conditioning to cut peaks and fill valleys, contributing to the smooth operation of the local power grid. In terms of energy saving, the project effectively recycles air pressure waste heat to provide a stable heat source for office heating and domestic hot water in winter. It effectively realizes the ladder utilization of energy.

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. We set up energy targets and indicators at different levels for workshops with separate energy accounting, and establish quantitative and achievable energy saving targets at the company level based on national or local energy saving requirements, and improve the Company's energy management system. At the same time, the Company makes clear the energy management responsibilities of each department, energy targets, indicators and energy management programs are analyzed, reviewed and revised comprehensively and systematically by relevant professionals and departments of the system; and the energy management is implemented to reduce energy consumption.

Committed to lean production management, YUTO vigorously rolls out projects focusing on lean production. By improving the utilization rate of major energy-consuming equipment and optimizing the energy use structure, the company reduces energy loss and waste for sustainable production that ensures energy conservation and efficiency. In 2022, YUTO introduced a total of 21 key lean production projects, 9,231 self-improvement proposals, and 985 administrative and electromechanical improvement proposals, comprehensively enhancing the Company's resource management efficiency.

Circulating Water Cooling of Luzhou YUTO



Luzhou YUTO installs spraying and water circulation system on the roof of the factory, which can cool down the plant by 5–6°C through circulating water spraying to relieve the high temperature in summer and create a comfortable working environment. The spraying water can be recycled through the system to reduce the waste of water resources.

Workshop Air Supply Pressure Optimization project



In order to save the energy consumed by compressing air, Xuchang YUTO, under the premise of ensuring safe production and meeting production load, optimizes the workshop air supply pressure, which can reduce the workshop end pressure setting from 0.7Mpa to 0.6Mpa. This can not only reduce the consumption of equipment parts, but also greatly reduce the energy consumption of air compressor. After the implementation of the optimization project, the annual electricity saving can reach 1,965,600 kWh and reduce carbon dioxide emissions by 1,142 tons.

Air Compressor Waste Heat Recovery Project



Through technical transformation, Xuchang YUTO recycles the compressed heat of the air compressor from the factory to heat domestic water and air conditioner heating, saving energy consumption of water and air conditioner heating in the dormitory. After the waste heat recovery project is completed, it is expected to save 656,600 kWh of electricity per year and reduce carbon dioxide emissions by 381 tons.

Vietnam Solar PV System



The location where Vietnam YUTO operates business has long summer hours and high temperatures all year round, providing good lighting conditions. In 2022, Vietnam YUTO installed a rooftop solar PV power generation system at its factory, which reduced the roof temperature by 5°C, effectively reducing electricity consumption, achieving clean production and curbing greenhouse gas emissions.

Three Types of Waste Management

YUTO strictly adheres to national laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Pollution, Water Law of the People's Republic of China, the Law of the People's Republic of China on Air Pollution Prevention and Control, the Law of the People's Republic of China on Soil Pollution Prevention and Control, and Regulations on the Safety Administration of Dangerous Chemicals, so as to ensure that the Company's wastewater and gas emissions meet standards. We hand over general waste and hazardous waste to qualified third party companies for recycling and treatment, and continue to explore more sustainable ways to treat the "three types of wastes" on the basis of compliance. We have set targets for the management of "three types of waste" at each functional level and broken down the targets for the departments, requiring them to define the responsibilities of the management of "three types of waste", to accordingly formulate effective waste management measures and a plan for division of labor and to put the management of three wastes into practice.

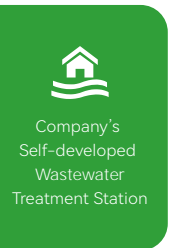
In 2022, the amount of investment in the management of the "three types of waste" of the Company's headquarters base reached 7.65 million CNY. The Company did not have any environmental pollution accidents and was not punished by any relevant administrative authorities.



Wastewater Discharge Management

The wastewater generated by the Company mainly comes from production and living processes. We have formulated internal systems such as Safety Responsibility System for Wastewater Treatment Stations and Safety Operation Procedures for Wastewater Treatment Stations, and continuously optimized wastewater treatment process and procedures. As of December 31, 2022, we have built 25 wastewater treatment stations in our production base across the country. The wastewater treatment stations adopt efficient wastewater treatment processes and ensure discharge compliance through sufficient mixing in hydrolysis pools, alkali addition to collecting tanks, and precipitation and separation in secondary settling tanks. The residue and sludge generated from the wastewater treatment process are recycled by professional environmental protection companies to avoid environmental pollution. In order to track the wastewater treatment results, we entrust qualified third-party professional institutions to test the wastewater quality and issue test reports on half a year basis to ensure that the wastewater discharge meets the standards.

The Company examines and maintains wastewater treatment facilities on a regular basis, and makes it clear the duties and standard operation procedures of different positions in the Management Guidelines for Wastewater Treatment Facilities to ensure efficient and stable operation of wastewater treatment facilities. In addition, our headquarters base and Shenzhen Longgang Branch have deployed wastewater online monitoring systems connected with government platforms to monitor wastewater discharge parameters in real time, ensuring that all wastewater meets the discharge requirements of the countries and regions where we operate.



Company's
Self-developed
Wastewater
Treatment Station



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. The Company has established a sound exhaust gas management system, formulated and implemented internal systems such as Guidelines for the Management of Exhaust Gas Emissions and Guidelines for the Management of Exhaust Gas Treatment Facilities to regulate the emissions of exhaust gas from factory operation and canteen fumes, and to strictly manage exhaust gas. We identify and evaluate 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. In addition, we have set performance indicators such as the test frequency and compliance rate of industrial exhaust emission, and examined the effectiveness on a regular basis to improve the exhaust gas management. As of December 31, 2022, the Company has fully deployed the exhaust gas treatment system in each production base, and realized environmental protection treatment of exhaust gas through pre-processing of exhaust gas, activated carbon box adsorption and desorption, and low-temperature catalytic combustion. The Company's environmental protection and safety departments regularly maintain the exhaust gas treatment facilities to ensure their effective operation. At least once a year, the Company commissions a qualified third-party testing organization to take samples of exhaust gas and assess the compliance of emissions; if the emission limits are exceeded, we will make immediate corrections until testing is passed, minimizing negative impact on the environment.



Solid Waste Management

Solid waste is mainly divided into two categories, which are hazardous waste and general solid waste. The Company continues to implement the requirements of the Waste Management Guidelines, Hazardous Waste Management System, Hazardous Waste Management Plan, Hazardous Waste Treatment Emergency Plan and other systems to regulate the collection, storage, transportation, utilization and disposal of waste and implement the Company's waste management.

YUTO vigorously promotes clean production and takes a variety of measures to maximize the use of production resources and achieve waste reduction:

- ▶ Rational design of product layout and product packaging to reduce product edges and packaging waste;
- ▶ Strengthening the quality control of raw material quality inspection and workshop production process, and making every effort to reduce defective products;
- ▶ Collecting waste according to three categories: recyclable waste, non-recyclable waste and hazardous waste, and setting up separate warehouses for storage;
- ▶ The unqualified outsourced parts provided by suppliers are recycled by suppliers to reduce solid waste.

We also strictly regulate the waste disposal process, requiring all types of waste to be recycled and transported by institutions with corresponding processing qualifications. Hazardous wastes are processed by governmental organizations with corresponding hazardous waste treatment and transportation qualifications; general solid wastes are recycled and reused by recyclers with relevant qualifications; kitchen wastes are collected by third-party treatment organizations with kitchen waste collection and treatment licenses; domestic wastes must be treated by municipal sanitation offices or organizations with recycling and treatment qualifications, minimizing the pollution of waste on the environment.

The Company conducts annual audits of waste disposal organizations, including but not limited to self-assessment, on-site assessment, provision of third-party audit reports or Environmental Management System (EMS) certificates within the last year, to ensure the compliance of waste disposal. In addition, we integrate waste classification and management requirements into the onboarding training for new employees, and provide waste management training at least once a year for workshop waste management personnel to ensure that employees have a comprehensive understanding of waste management procedures, relevant laws and regulations and national standard requirements, and to improve waste management awareness among employees, laying a foundation for efficient waste management.

On the basis of compliance, we have continued to promote the reduction of waste. At present, our three production bases including the headquarters base, Shenzhen Longgang branch and Suzhou YUTO Kunshan Lianhe Road Branch have obtained the ZWP-UL2799A ECVP Platinum Zero Waste Classifications, and Yantai YUTO has obtained Gold⁸ Zero Waste Classifications. In the future, we will push more production bases to obtain Zero Waste to Landfill Classifications.

⁸ZWP-UL2799A ECVP Zero Waste Classifications is a certification standard for zero landfill waste, issued by Underwriters Laboratories Inc., an internationally recognized standard development organization with over a hundred years of credibility. The standard classifies waste into three levels based on the achievable resource conversion rate: Platinum (100%), Gold (95%-99%), and Silver (90%-94%).

Noise Management

The Company strictly follows the laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution and Quality Standards for Sound Environment, and formulates internal systems such as Guidelines for Management of Noise at the Factory Boundary. We regularly identify and evaluate noise emission sources at the factory boundary, and form the List of Noise Sources at the Factory Boundary. In addition, each production base constantly monitors the noise at the plant boundary, and all relevant departments are required to make timely adjustments and corrections based on the monitoring results to ensure that the noise is lower than the national noise emission standard value so as to reduce the negative impact of the noise generated from production and operation on the surrounding environment and the health of employees.

Green Office

YUTO is committed to practicing environmental protection principle, managing the use of water and electricity in the office area with inspection and self-inspection; and advocating turning off lights when the office is empty, turning off air conditioners 20 minutes before the end of the day, and posting slogans in the office to help employees cultivate good habits of energy and water conservation. Meanwhile, we are actively promoting automatic, paperless, and online office to create a green office space.



Green Office Logos and Posters

Saving Electricity

- 1-Reduce electricity consumption and standby energy consumption of electronic office equipment. Reasonably use computers, printers and other electrical equipment, and turn off the power at the end of the day to prevent standby.
- 2-Optimize the control of lighting and electricity consumption on each floor to ensure that lights are turned off when people leave, and that long-lasting lights are eliminated.
- 3-Reasonable setting of air conditioner temperature, and close doors and windows when air-conditioner is on.
- 4-Reasonably adjust the number and setting of electric water dispensers in office buildings, control the time of using and reduce ineffective electricity consumption.

Saving Water

- 1-By posting slogans in pantries and bathrooms, we urge employees to save water.
- 2-Report water leakage of facilities and equipment for repair in time to reduce water waste.

Saving Office Resources

- 1-Actively promote paperless office, try to use electronic documents, and communicate with each other via emails and other e-messages to reduce paper consumption.
- 2-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.
- 3-Reduce unnecessary travels, and replace offline meetings with online meetings.

Office Waste Management

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

Climate Change Resilience

Climate change has become one of the most serious challenges in the world, and climate issues such as sea level rise and frequent extreme weather are becoming increasingly prominent. YUTO is closely following the impact and opportunities of climate change, and actively responds to the national policy of carbon peaking and carbon neutrality. We have carried out climate risk identification, formulated countermeasures with the actual operation of the Company, and implemented carbon emission management throughout the value chain of the Company, with the aim to reduce the adverse impact of climate change on the sustainability and stability of the Company's business, and to promote the sustainable development of the Company.

Climate Change Risks and Opportunities

YUTO has established a governance structure for climate risk management with clear responsibilities. The Company's Board of Directors is responsible for overseeing the climate risk management and other sustainable development work, and continuously reviewing the Company's operations in response to climate change; the Company's Sustainability Management Committee is responsible for taking the lead to formulate climate change response strategy, following climate change trends, identifying and assessing climate risks and opportunities, and formulating climate change response strategies and the implementation plans accordingly. At the same time, the Sustainability Management Committee supervises and guides its functional departments to implement climate risk identification and carbon emission reduction, continuously improving the Company's climate change risk management and facilitating the sustainable development of the Company.

YUTO has identified two categories of climate risks: physical risks and transformation risks, which are highly relevant to our business. Physical risks are the potential impact of extreme weather such as typhoons and heavy rains directly damaging the water and electricity equipment of the production base, which in turn affects the schedule of work. In this regard, we have formulated contingency plans for extreme weather, strengthened routine inspection and early warning, and prepared for possible extreme weather in advance to ensure the stable business operation.

There are two potential impacts in terms of transformation risks. Regarding costs, the carbon pricing policy and carbon emission limit transmitted by climate change will indirectly increase the cost of the Company; in terms of reputation, the poor management of carbon emission may bring legal and litigation risks, which may adversely affect the reputation of the Company. In order to improve the effectiveness of our efforts in carbon emission management, we continue to develop energy-saving and emission-reduction system, incorporate the low-carbon concept into all aspects of production and operation, and supervise subsidiaries to implement energy saving and consumption reduction, so as to improve our resilience to climate risks.

While climate change brings risks, it also creates opportunities for corporate development. Under the national policy of carbon peaking and carbon neutrality, customers increasingly prefer eco-friendly products and raw materials. The green transformation of manufacturing enterprises has become the prevailing trend. It is also the future of YUTO's development. In the future, we will continue to increase our investment in green products, promote the green transformation of our products, and join hands with our customers to contribute to the green and low-carbon social development.

Carbon Emission Management and Reduction

The Company is well aware of the importance of carbon emission management in our response to climate change, and strictly implements carbon emission requirements in production and operation process to constantly improve our carbon emission management.

In order to review the company’s carbon emission management, we have carried out carbon emission verification, and analyzed carbon emission composition and reduction possibility through detailed mapping of greenhouse gas emissions generated in production and operation of each factory, providing a solid foundation for the subsequent formulation of quantitative carbon reduction targets. In 2022, YUTO released a detailed carbon emission verification planning sheet and teaching materials, and conducted corresponding training for each subsidiary to complete carbon emission verification over the greenhouse gas data of the previous year.

YUTO is always committed to fulfilling our carbon reduction responsibility. Since being included in the government’s carbon emission control list in 2016, our headquarters base and Shenzhen Longgang Branch have actively responded to Shenzhen’s carbon emission verification requirements by monitoring greenhouse gas emissions generated from production and operation within the reporting factory boundary on a regular basis, fulfilling carbon emission verification compliance with an average annual carbon emission intensity reduction rate of 6.18%. We have also taken the initiative to reduce carbon emissions and ensure emission compliance through voluntary emission reduction and other means. In 2022, our headquarters base and Shenzhen Longgang Branch’s compliance carbon emission intensity was reduced from the initial 0.547 to 0.378, with a carbon emission of 57,893.75 tons, which is remarkably lower than the industry benchmark. In the future, the Company’s headquarters base and Shenzhen Longgang Branch will reduce carbon emissions in accordance with the target of an annual reduction rate of 4.2% in carbon emissions. 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 employees’ understanding of carbon emission verification and lay solid foundation for conducting carbon emission verification in an orderly manner. In order to promote carbon emission reduction in production, we have promoted the development of green factories. While meeting production and market demand, we have replaced traditional energy with clean energy in suitable production bases to build green production lines and help YUTO achieve green development.

6.18%

average annual reduction rate of carbon emission intensity

0.547 to 0.378

carbon emissions intensity

57,893.75 tons

carbon emissions

Ensure the completion of carbon compliance and actively reduce carbon emissions

Our Commitment

YUTO has incorporated climate change and carbon emission management into our sustainable development goals and planning framework, and continued to optimize climate risk emergency management system. Looking ahead, we will continue to practice corporate social responsibility, keep a close watch on business-related climate change risks, take strong countermeasures to ensure business continuity, and seek development opportunities in the midst of risks to improve our resilience to climate change and promote the green and low-carbon transformation of our business.

04

Quality Innovation and Dedicated Services

YUTO adheres to the idea that “quality is life and dignity”, develops product matrix with craftsmanship spirit, empowers product upgrading with the concept of innovation, insists on putting customer needs in the first place, and is committed to producing excellent products and providing dedicated services. We continue to improve the quality of products and services, comply with the highest standards in the industry, fulfill due responsibilities, and strive to become a model of printing and packaging enterprises worthy of customer trust and recognition.



Innovative Products

YUTO has always been customer needs-oriented. With independent and innovative R&D, we have constantly innovated our process and technology, nurtured and introduced outstanding technical professionals, provided differentiated packaging solutions, and highlighted the characteristics of customer products and brands with unique design, creating values for customers.

Innovative Process and Technology

For YUTO, continuous innovation in process and technology helps to advance the R&D of innovative products, expand product matrix, and respond to market trends and customer needs, so that we can continue to create values for customers.

In 2022, the Company continued to accelerate R&D of new processes, materials and structures. Aiming at the general direction of de-plasticization, environmental protection and differentiation, we have adopted independent R&D, collaborative R&D with strategic suppliers and with professional colleges and universities, and continued to promote innovative technology R&D projects of fiber materials, plastic-free paper bags and starch-based foaming materials.

In terms of new processes, we are developing the processes of de-plasticization, differentiated efficiency, anti-counterfeiting and special printing; in terms of new materials, we focus on new paper materials, new ink materials, environmental protection materials and special materials; as for new structure, we are actively exploring innovative packaging structures such as creative, eco-friendly, anti-counterfeiting and buffer structures, and committed to providing customers with eco-friendly, recognizable and functional product packaging design solutions.

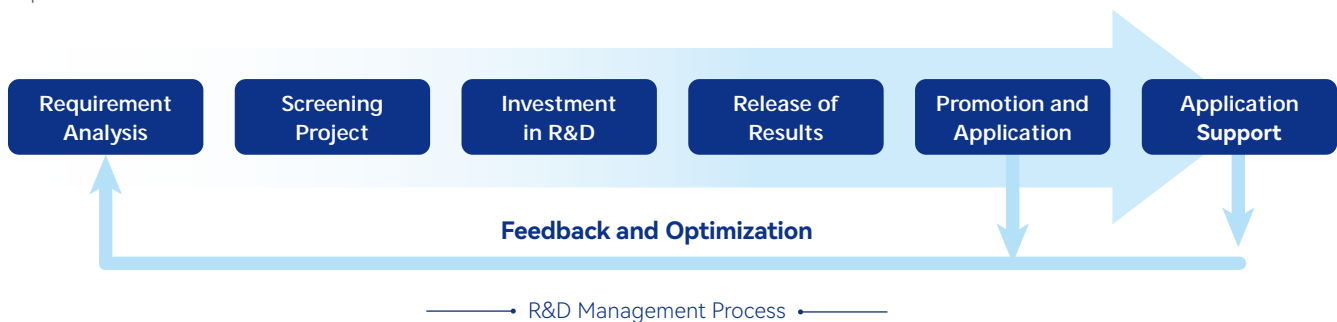


Starch-based foaming materials



Eco-friendly Structure - Paper Inner Tray Structure

We have developed a scientific R&D management process, covering all aspects from the collection of customer requirements to the release and application of R&D results, and the process is optimized in a timely manner according to feedback to ensure smooth R&D and implementation of results.



We have launched technical sharing and exchange sessions to expand the horizon of employees in professional knowledge and enhance their technical capability. In 2022, we held three new technology sharing sessions and four material sharing sessions, where 530 participants in total were invited. They were from marketing, design, engineering and technical departments. These sessions have helped employees enhance their professional skills and become inspired through vivid and interesting sharing and case study.

In addition to the sharing sessions, we have also invited external suppliers to introduce the performance and quality control standards of various types of paper and metal materials, share common technical problems and solutions, and help R&D technicians improve their professional skills and better understand market trends to respond to customer needs.



Technology Sharing Sessions

Superior Design Solution

YUTO continues to develop innovative packaging design, optimize cost reduction, and present environmental protection concepts, taking into account the marketing attributes and functionality of packaging. We have integrated lightweight, degradable and other eco-friendly elements in packaging design, and produced superior design guided by market trends. In 2022, we continued to explore innovative product packaging structure and functional design to create superior design solutions covering digital technology, cosmetics, food and health products, and children's products, providing customers in various fields with packaging solutions that highlight the characteristics of brands and products, and meeting the diversified needs of final consumers in terms of creativity, cost reduction, and environmental protection. In 2022, the Company's existing automated design ratio exceeded 40%.

At present, YUTO has won several awards such as China's "Packaging Star" award, German iF Design Awards and MUSE design awards, and our clever designs have been well received at home and abroad. In the future, we will continue to strive for excellence and provide high quality design solutions with equal emphasis on design and environmental protection, and on appearance, performance and social responsibility.

Food Packaging

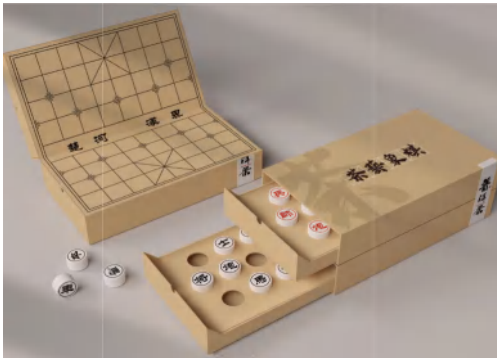
Wu Fang Zhai Degradable Environmental Protection Mooncake Box



WU FANG ZHAI mooncake box is made from naturally renewable bamboo fiber and sugar cane fiber, which can be completely degraded in 90 days under natural conditions. The plant fiber packaging effectively reduces the use of laminating and glue. The box adopts a double-layer design with two smooth sides, which enhances the overall visual and tactile effect of the box, making it simple and look good. In addition to packaging function, the packaging can be assembled into a storage box, flower pot or other forms of secondary use, promoting efficient use of resources.

xBloom Plant Fiber Coffee Capsule

The xBloom coffee capsule packaging adopts naturally renewable bamboo fiber and sugar cane fiber as raw materials, which can be completely degraded under natural conditions within 90 days, feeding nutrients back to the land. The coffee capsule cup has a hollowed-out design at the bottom, allowing it to be used directly as a filter in xBloom's own coffee machine. The coffee capsules can also be transformed into seed pots for a secondary use after brewing coffee, allowing consumers to enjoy germinating and growing seeds.

Packaging with Traditional Culture Elements**Pu'er Tea Packaging Transformed into a Chess Board**

This pu'er tea packaging adopts eco-friendly biodegradable and recyclable corrugated paper as the only material, and applies pulp molding technology to make it independent. After the tea leaves are removed, the packaging can be assembled into a simple chessboard for secondary use, which can effectively avoid the waste generated by discarding the carton. The creative design makes the unboxing experience functional and fun, integrating the traditional Chinese leisure culture of making tea and playing chess. The packaging solution won the 2022 German IF Packaging Design Award and the 2022 MUSE Design Award.

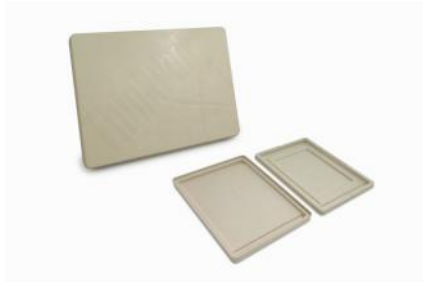
Portable Brush Packaging for Ancient Calligraphy

The portable brush packaging, shaped like an ancient Chinese book, made of biodegradable paper, can be rolled up and tied with twine. The four triangular units holding the brushes are closed at one end and have a removable lid at the other end, which can be removed to act as an ink cartridge and has a groove around the edge to hold the brushes. The product is antique and literary stylish. It won the 2022 German IF Packaging Design Award and the 2022 MUSE Design Award.

Digital Technology Packaging**Phone Case Packaging Turning into a Photo Frame**

The corrugated paper packaging is simple and delicate, but there is a lot going on inside. After receiving the product, users can easily assemble the package. The inner tray can be turned into a beautiful photo frame, and the outer box a stationery stand. They can be placed on the desk or hung on the wall, making it exquisite, beautiful and practical. The design solution enables users to buy a phone case while getting a photo frame and stationery stand, which greatly enhances the consumer's experience and pleasure. This product won the 2022 MUSE Design Award.

Lenovo Plant Fiber Eco-friendly Computer Box



The Lenovo computer packaging is made of naturally renewable bamboo fiber and sugar cane fiber, which are completely biodegradable under natural conditions. It adopts a double-layer paper-plastic laminated design to save cushioning materials. Also, the surface of the box is made of biodegradable and eco-friendly coating, with the brand logo embossed without ink printing. Compared with the old packaging, the new computer box removes the laminating and reduces the use of ink, making the box more environmentally friendly.

Children's Product Packaging

Free Assembly of Children's Building Blocks Packaging



The children's block packaging is made of naturally biodegradable corrugated cardboard, a green and sustainable functional box that can be reused – with the product taken out, the block packaging can be manually assembled into a paper cushion for children, where children can sit and stack blocks for fun, realizing the organic combination of packaging and product. The product won the 2022 German IF packaging design award and the 2022 MUSE design award.

Pullout Packaging for Children's Mask

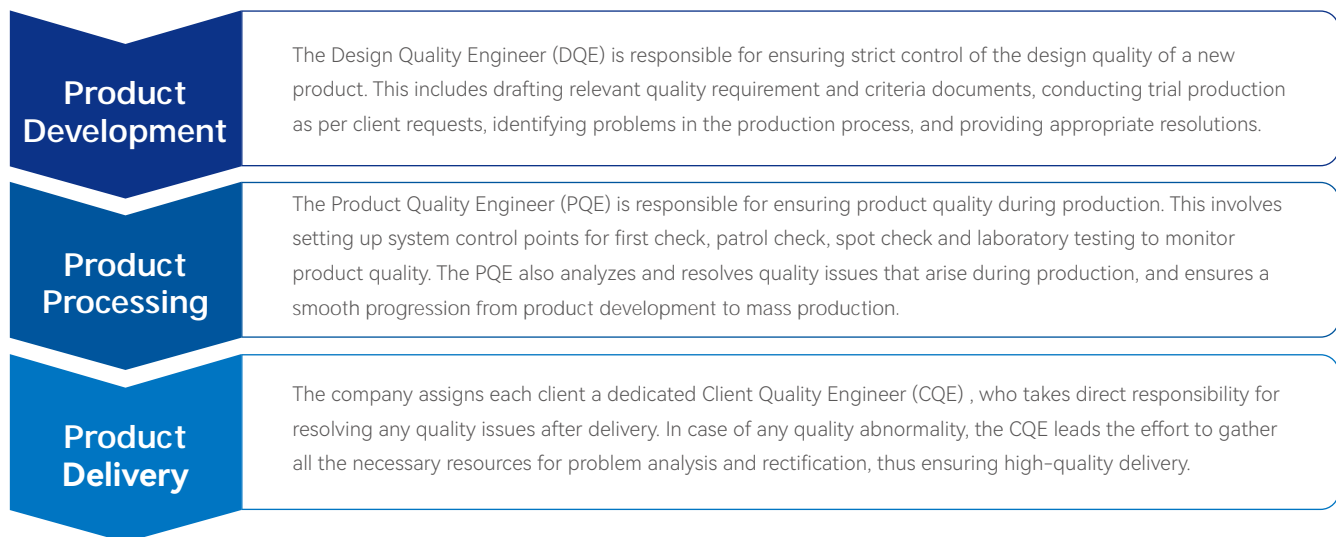


This packaging for children's masks changes the usual way of holding the mask, and uses a pullout structure to visually show the movement of "putting on the mask", which enhances the interaction between the product and the user. The graphic design of the packaging also adopts cartoon images of different skin colors to reflect the product concept of health protection efforts together with people around the world. The packaging won the 2022 German IF Packaging Design Award and the 2022 China Outstanding Industrial Design Award.

Ensuring Product Quality

YUTO regards quality as the cornerstone of the Company's development, and adheres strictly to the "Product Quality Law of the People's Republic of China", "Measures for the Supervision and Management of Quantitative Packaging Commodities" and other relevant laws and regulations of the countries and regions where we conduct business activities. We have continuously improved our quality management system, and developed internal systems such as "Non-conforming Product Control Procedures" and "Quality and Performance Management Rules". To develop high-quality products, we have strictly standardized the management procedures and standards for each process including product design, production, delivery, etc. We pay close attention to details and implement whole-process quality assurance and control programs to ensure the highest quality standards are met.

YUTO strictly implements quality management throughout product development to its delivery:



To enhance the quality of our product development, YUTO has established a Bill of Material (BOM), an engineering sampling system, a mold and sample management system, and other systems to facilitate quality management and control. In terms of production, we have set up multiple control points, including but not limited to first check, patrol check, Final Quality Control/Outgoing Quality Control (FQC/OQC) and laboratory testing, among others. We have also implemented a visual system to replace manual supervision, providing multiple quality assurances during production and improving the consistency of our production quality. Moreover, we display a quality dashboard that shows product quality information on-site, and schedule regular meetings to review and analyze product quality by addressing any quality issues that arise during production, ensuring high-quality delivery. To ensure product quality throughout the supply chain, we strictly monitor raw material purchasing and have implemented an informative platform for suppliers' import, evaluation, Incoming Quality Control (IQC) and Incoming Inspection and Improvement Feedback.

YUTO has established a unified inspection standard for all our products to identify and control non-performing products. In the event of any product abnormality, the Quality Department carefully marks, isolates, reviews and judges the defects to ensure that non-conforming products are properly handled. Only after rework, remanufacture and confirmation of quality can the non-conforming products be delivered. Meanwhile, by analysing non-conforming products, we are able to trace back potential problems that may occur in our production line and process system, allowing us to avoid systematic weaknesses.

Furthermore, YUTO is dedicated to improving employees' awareness of product quality by organizing regular technical trainings hosted by professionals in various fields. These trainings aim to standardize, normalize, and systematize our employees' operations. We have also incorporated quality assessments into our employees' performance evaluations, with technology-based job grades and performance incentives adopted to encourage continuous improvement in quality management awareness, ultimately upgrading our product quality levels in an all-encompassing manner.

Our commitment to quality management is reflected in our efforts to obtain various quality management system certifications. YUTO has successfully obtained ISO 9001 Quality Management System Certification, FSSC 22000 Food Safety Management System Certification, G7 Master Facility Qualification Certification, and QC 080000 Hazardous Substance Process Management System Certification.

These certifications demonstrate our unwavering pursuit of quality and establish YUTO as an exemplary and leading figure in the industry.



ISO 9001 Quality Management System Certificate



FSSC 22000 Certificate



G7 G7 Master Facility Qualification Certification



QC 080000 Hazardous Substance Process Management System Certificate

In 2022, YUTO's products and services did not incur any violations that could impact the health and safety of our customers.

Intellectual Property Management

Innovation is a driving force and valuable asset for enterprise development, and intellectual property protection plays a vital role in ensuring the vitality of enterprise innovation. As such, YUTO places great emphasis on this matter. To standardize internal requirements and processes for intellectual property management, we strictly comply with the "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 "Anti Unfair Competition Law of the People's Republic of China." We have formulated and implemented our own "Patent Management Measures," "Trademark Management Measures," "Business Confidentiality Management Measures," "Measures for Managing Intellectual Property-related Documents," and other internal systems to ensure confidential, standardized, and science-based management of intellectual property. This approach safeguards our competitive advantages in independent innovation. Moreover, we have implemented incentive measures to encourage and mobilize our employees to invent and create. We reward employees who apply for any patent with incentive and payment awards, stimulating employees' enthusiasm for invention and creation, and fostering a culture of continuous innovation in technology.

In the year of 2022, YUTO applied for **181** patents and obtained **264** authorized patents.

YUTO has established a comprehensive intellectual property management framework to clearly define the management scope and duties of each functional department. The Compliance and Legal Risk Management Committee is responsible for making decisions on intellectual property matters, while the Legal Department is responsible for managing compliance in trademark and business confidentiality management. Our patent management system follows the principle of integrated management with division and cooperation. The Legal Department coordinates and manages patent-related matters, with the support of patent coordinators from different departments

In 2022, YUTO established strategic goals in the area of intellectual property and took a series of steps to enhance our overall intellectual property arrangement. We are committed to protecting the findings of our research and development initiatives through high-quality intellectual property declarations and applications.

Improving Intellectual Property Management

- Released Measures for Managing Trademarks 1.0 to ensure the prompt registration and compliant use of trademarks, and to protect the Company's trademarks from infringement while avoiding infringement on the trademarks of others.
- Released Measures for Management of Intellectual Property-related Documents 2.0 to enable the standardized and unified management of IP-related documents.
- Released Measures for Managing Trade Secrets 1.0 to regulate the protection and management of trade secrets, mitigate the risk of trade secret disclosure, and effectively prevent trade secret infringement.

Conducting Intellectual Property System Reviews

- In 2022, we carried out four reviews of the Company's intellectual property systems, spanning Patent Management Measures, Measures for Managing Trademarks, Copyright Management Measures, and Measures for Managing Trade Secrets to ensure the appropriateness, adequacy, and effectiveness of the systems while seeking constant improvement.

Standardizing Intellectual Property Management Processes and Guidelines

- Developed guidelines for OA processes and approval operations concerning such matters as trademark application, copyright registration, and patent affairs to boost work efficiency.
- Developed operational guidelines, including Guidelines on the Quality Audit of Patents, Guidelines for Writing Patent Proposals, Guidelines on the Self-payment of Patent Applications and Annual Fees, and Guidelines on the Distribution of Patent Bonus Process to further standardize the Company's patent management processes.
- Formulated Process Guidelines of the Intellectual Property Department and Guidelines on Analysis and Collaboration for Intellectual Property Infringement Involving YUTO Products to specify the Company's IP risk control and early warning mechanisms.

Advancing the Digitization of Intellectual Property Management

- Established functional authority management for the internal intellectual property management system to reduce unnecessary access to IP information and enhance information confidentiality.
- Established the Security Barrier and Information Exchange System to ensure the security of information involved in document transmission and communication between the Company and external agencies, and created account books to ensure the traceability of information exchange.
- Adopted a top commercial retrieval system to assist technical personnel and patent engineers with tasks including technology novelty retrieval, project technology navigation, and product infringement analysis.

In 2022, YUTO officially became a senior member of the China Intellectual Property Society ("CIPS"). Over the year, we have actively participated in the regular communication and training sessions organized by the CIPS to stay current on IP developments in the industry and facilitate the high-quality development of the Company's IP business. Furthermore, we have continued to raise IP awareness within the Company and hosted 10 IP management training sessions to help employees become more IP aware and foster IP professionals.

Practical Workshop on Patent Application and Protection in the West

In December 2022, we attended the Practical Workshop on Patent Application and Protection in the West hosted by the CIPS. During the Workshop, the experts focused on patent application strategies, application writing, prevention of litigation risks, and IP due diligence in overseas mergers and acquisitions, allowing us to gain practical insights into patent application in the West, master skills for preventing and responding to overseas patent risks, and improve our overseas patent protection capabilities.

Training on Patent Fundamentals and Skills



In June 2022, the Company mobilized employees from the R&D and Technology Center, YUTOECO R&D Institute, and Xuchang YUTO to attend the training session on patent fundamentals and skills. Covering topics that include patent management methods, patent retrieval, and navigation reports, the session helped employees gain more insights into patents and become more aware of the need to protect patents.

Workshop on Trade Secret Management and Real-life Cases



In November 2022, employees from the Marketing Departments of the Packaging Business Group and the Science and Technology Business Group and the Brand Department attended a trade secret workshop, which introduced methods for managing trade secrets and shared typical cases to raise awareness of confidentiality management.

Quality Customer Service

At YUTO, customer needs are always a priority. Having established sound communication and response mechanisms, we actively respond to customer demands, and continue to optimize the customer experience, offering professional, satisfying services.

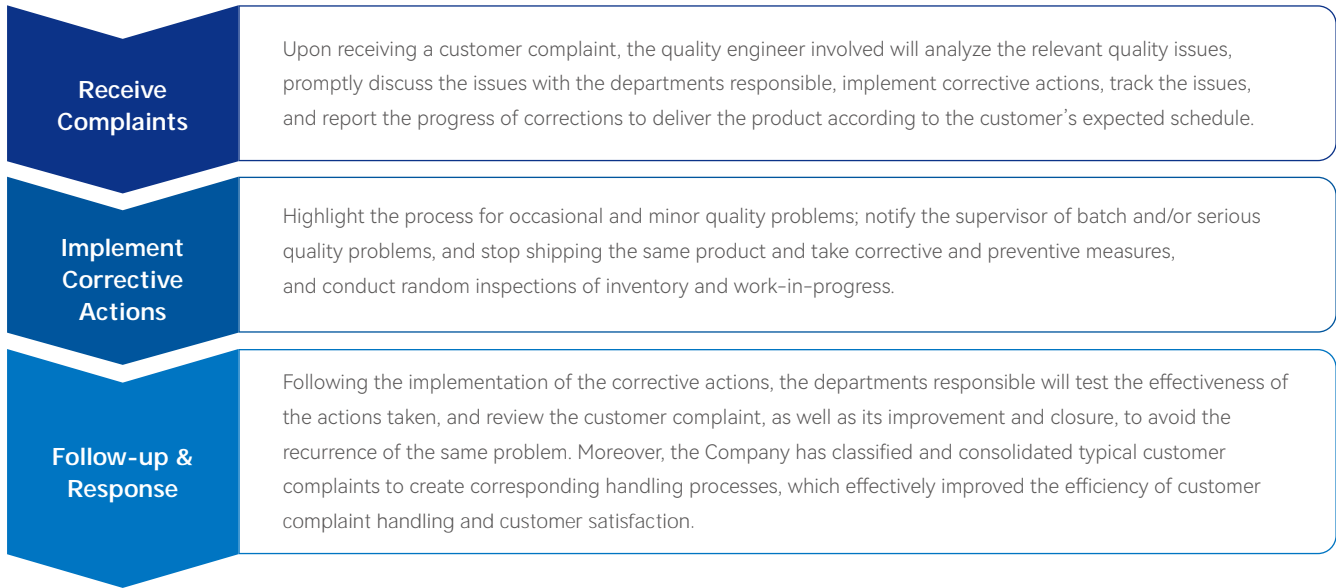
Improving Service Quality

Always putting customers first, YUTO has kept improving its services while meeting essential customer needs. Through mechanisms such as quarterly business review meetings, the Company has worked intimately with customers to discuss cutting-edge technologies and explore future trends, allowing us to keep abreast with customers on a strategic level. In light of personalized customer needs, we have provided target-specific solutions and meticulous services to help customers highlight the value of their products. Focusing on the key demand for eco-protection among international customers, the Company has introduced new materials and processes into the production process, allowing customers to practice their eco-protection visions and create value through joint efforts.

To better understand customer needs and improve our service quality, we have adopted a wide range of methods to maintain communication with customers and capture their feedback and demands. YUTO conducts customer satisfaction surveys, collects customer feedback on matters such as design, technology, sampling, quality, and delivery, and leverages the insights gained to review its product model, formulate product and service improvement plans, and meet customer expectations. In addition, YUTO regularly consolidates factory reports and shares product inventory status with customers to help them stay current on our products and operations. Meanwhile, to reduce information barriers between YUTO products and customers, we provide full support for customers during their marketing activities of new products, conduct exchanges with customers' product managers including frontend and R&D directors, and engage customers in training sessions to deepen their understanding of YUTO products.

Customer Complaint Handling

To handle customer complaints swiftly and effectively, YUTO has established an “iron-triangle” service team with standardized complaint handling procedures focused on delivery and quality. As a unified customer service center, the team achieves the closed-loop management of the complaint handling process, spanning receipt, correction, and response. Our standardized complaint handling process is as follows:



To reduce customer complaints from the source and control product quality, YUTO has set up a customer complaint reward and punishment system. Employees responsible for products that received frequent or serious complaints will be punished, while factories with no customer complaints throughout the year will be rewarded with bonuses to encourage all employees to ensure product quality. Despite the economic slowdown in 2022, we have made every effort to promptly allocate resources, proactively communicate with customers to confirm delivery time, and offered 24-hour services to enhance online customer relationship management to enable smooth production progress and timely delivery.

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 a series of internal management systems for the protection of customer rights and interests based on the relevant laws and regulations. Furthermore, we have regulated employee behavior and business procedures in terms of compliant marketing, information security, and customer privacy protection to ensure legal and compliant marketing activities, improve internal information security, and preserve customer privacy security, thereby protecting customer rights and interests in all aspects and dimensions.

Compliant Marketing and Labeling

Committed to honest business conduct, YUTO has complied with the laws and regulations of the countries and regions where it operates to ensure that marketing activities are true, accurate, and compliant and contain precise information on ingredients and safety, eliminate exaggeration or false advertising, and effectively maintain customers’ legal rights and interests.

In 2022, we did not experience any violations or cases related to product and service information, labeling, and marketing.

Safeguarding Information Security

YUTO prioritizes the information security of itself and its customers. We have kept intensifying information security management in light of customer requirements on information security, as well as our own information management standards, building a solid security baseline. In 2022, we continued to improve the internal information security system by issuing such policies as the Database Security Management System, Database Operation Management Specification, Source Code Management System, General Provisions on Information Security, Employee Manual on Information Security Handbook, and Emergency Response System. These documents further clarified the responsibilities and authorization of different roles in maintaining information security, standardized information and data management requirements and emergency procedures, and deepened the implementation of information security management policies in aspects including access control management, code development process management, and the establishment, maintenance, and backup of databases, thereby safeguarding the information security of YUTO and its customers.

Furthermore, YUTO has adopted effective measures to build a security baseline covering all respects and dimensions. Regarding the mitigation of data risks, we have deployed firewalls throughout the Company and set up detection barriers in traffic access paths. At YUTO, information passing through the firewall is matched with the daily updated firewall database, allowing us to promptly block links that pose security threats and effectively prevent attacks on servers and terminals. At the same time, the Company regularly conducts security drills including information security attack and defense, data recovery and backup, and network abnormality recovery to promptly identify and repair potential vulnerabilities and strengthen the Company's defense against data security risks. In 2022, we deployed a vulnerability scanning platform to scan all servers and application systems of the Company, making every effort to mitigate information security risks. In terms of the maintenance of the network system, we have upgraded the network protection system of our main factory areas to make sure that they are always backed by one main system, one backup system, and one emergency system, thereby establishing an efficient, stable, and uninterrupted network.

Training on information security and protection



To raise awareness of information security protection, YUTO engages all employees in monthly information security training and regularly sends promotion videos and risk warning emails to strictly implement the Company's requirements on information security management.

Protecting Customer Privacy

YUTO is well aware that safeguarding customer privacy is not only a legal obligation but also a crucial building block for providing quality services. To that end, the Company has established internal policies and guidelines, such as the YUTO File Management System, to maintain the confidentiality of customer information through standardized business processes and behavior.

We require all internal employees and external contractors with access to YUTO factories to sign a non-disclosure agreement to protect private customer data. Moreover, the Company has implemented strict access control and security inspections to protect information related to its production workshops. At YUTO, no one is allowed to bring electronic devices with storage or photographic functions into workshops. In addition, all persons entering or leaving the workshop undergo strict identity verification, and unauthorized employees are not permitted to enter or exit workshops.

We have also consistently strengthened our control over data management and implemented stringent data classification management while practicing minimal data processing. At YUTO, only employees with job responsibilities highly correlated with customer information may access customer data. In 2022, the Company implemented the isolation of server access permissions, setting up a whitelist for managing access to high-risk and business ports. Moreover, strict permission reviews targeting new or modified access demands have been conducted to isolate access permissions. We have adopted a document encryption system to automatically encrypt documents containing private customer information. Only authorized personnel with specific permissions are allowed to view or edit these documents in a secure environment designated by YUTO. Additionally, the document becomes automatically encrypted and unreadable upon leaving the secure environment. Certain necessary information requires dual-factor authentication to access, which provides a solid shield for preserving the security and privacy of customer information.

In 2022, the Company did not experience any breach of customer information security and privacy.

Designated Secure and Confidential Workshops



To protect highly confidential products, YUTO has established designated secure and confidential workshops featuring fully closed-off management. We conduct thorough security checks on personnel entering and exiting confidential workshops. Additionally, electronic devices with storage and photographic functions are not allowed in confidential workshops, effectively protecting customer privacy.

Digitization

Committed to advancing its digital development, YUTO aims to stay current with the times and lead the industry by establishing an industrial interconnection platform and the level-2 industry Internet node while building smart factories and an industry ecosystem. Over the years, we have gradually built a comprehensive and collaborative smart manufacturing architecture that covers the formulation and implementation of corporate strategies, which enables the smooth circulation of business information ranging from sales to settlement. In 2022, upon assessment, we received the Level 3 Smart Manufacturing Capability Certificate and deployed the level-2 industry Internet node. In the next three years, YUTO will promote the development of an integrated platform for “procurement, sales, inventory, human resources, finance, and asset management”, featuring core components that include System Applications and Products (SAP), Enterprise Resource Planning (ERP), financial shared service center, and Digital Human Resource (DHR). Additionally, the Company will strive for further digitization and improve its market competitiveness and sustainable operating efficiency through the development of systems including Advanced Planning and Scheduling (APS), SAP, Supplier Relationship Management (SRM), and smart warehousing and logistics, as well as the level-2 industry Internet node.

Building a Digital Supply Chain

Enterprise Resource Planning (ERP)

YUTO’s ERP system is the “foundation” for its digital, smart development. By fully and systematically implementing the SAP ERP system, the Company leverages the system’s advantages in terms of horizontal integration and vertical connectivity. Horizontally, the system integrates production, supply, and sales, enhancing collaboration among business and operation departments. Vertically, it achieves the integration of financial affairs and builds a core business chain by reorganizing business processes and system architecture; the SAP ERP system brings together master data concerning materials, customers, and suppliers, as well as statistics on material loss and corporate finance, to facilitate centralized management and control.

Supply Chain Ecosystem Platform

Through the development of the level-2 industry node, YUTO has made proactive efforts to enable the aggregation and integration of the industry, with the supply chain platform at the core. We have established a supply chain mall to engage in online collaboration with suppliers and partners and invited industry players focusing on materials, equipment, transport, and information technology to join the platform. This allows us to break free from barriers in channels, technologies, and information, create a seamless connection between the upstream, middle, and downstream of the industry, and speed up the circulation of orders. Additionally, as YUTO seeks to build a scientific, positive, collaborative, and shared industry ecosystem through the supply chain platform, the platform helps the Company achieve standardized, centralized, and transparent procurement management.

Improving the Logistics Management Platform

To improve the practicality of the platform's core functions, and to build a more operable system, in 2022, YUTO replanned and adjusted the logistics management platform, enabling end-to-end closed-loop management covering supplier selection, pricing, shipment dispatch, and reconciliation through modules that include shipment notification management, transport management, in-transit management, and cost management. As of now, the logistics management platform has covered 80% of the Company's subsidiaries, and we plan to boost the figure to 100% by 2023 to fully standardize our logistics management process.

Digital Operations and HR Management

Digital Human Resource Management System

In 2020, YUTO activated the development of the DHR system, a strategic transformation project that covers 9 major business modules including recruitment management, organization management, personnel and contract management, attendance management, etc. Our goal is to create a platform that integrates HR operations, professional services, and talent development to fully standardize HR management. To date, the DHR system is 100% connected with the HR statistics pertaining to personnel, organization, attendance, consumption, and compensation. It optimizes the entire business process of the Company's HR management, mitigates employment risks, and raises employee satisfaction. Going forward, we will keep improving the DHR system, with a focus on progress in performance management, talent development, and digital decision-making.

"YUTO Space" Mobile Platform

In 2022, YUTO activated the deployment of the "YUTO Space" mobile platform, a project that will integrate business and system resources to build an office information platform that covers the whole Company. In addition, the platform will help us achieve mobile office, resource sharing, and efficient collaboration, fully improving our management capability. YUTO Space can help employees break free from the limits of space and time, improve their work flexibility and satisfaction, and enable more well-coordinated business operations. Furthermore, the platform will also synchronize our operating data to the decision-making level, thereby improving the efficiency of decision-makers.

05

Valuing and Attracting Talent

YUTO sees talents as its most valuable asset. We are actively recruiting professionals to build a young, professional, and international team of talents. Committed to the core values of “Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation”, the Company has consistently improved its training system and assessment and promotion mechanisms to optimize talent development and management. Additionally, we actively build a humane and diversified communication platform, and prioritize our employees’ physical and mental health, offering a harmonious working environment and a career platform with ample opportunities.



Employees' Rights Protection

YUTO attaches great importance to the protection of employees' rights and interests. We have formulated and implemented internal systems such as the Recruitment Management Measures and Labor Contract Management Regulations to enable compliant recruitment, anti-discrimination protection, and diversity in the workplace, fully protecting employees' legal rights and interests pertaining to recruitment, promotion, compensation, and benefits.

Compliant Employment

In our recruitment practices, we adhere to the principle of "fairness, openness and impartiality", and 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. Furthermore, we have formulated and implemented internal policies including the Emphases on Legal Employment Management to specify YUTO's recruitment procedures and ensure legal, compliant employment.

We have also signed labor contracts with employees on an equal and voluntary basis to clarify the rights and obligations of YUTO and its employees, practiced equal pay for equal work, and paid social insurance premiums in accordance with the law to protect employees' rights and interests and create harmonious, stable employment relations.

YUTO forbids the employment of child labor. We have fully implemented policies including the Anti-Child-Labor Regulation and examined the age of job applicants in the recruitment process through the combination of identification equipment, human scrutiny, and digital systems to prevent the hiring of child labor. In 2022, we formulated the Provisions on the Management of Labor Dispatch Suppliers, explicitly prohibiting our suppliers from employing child labor. YUTO also prohibits forced labor. We have formulated and implemented the Rules on Employee Attendance Management to protect employees' right to reasonable rest and vacations, make clear the employee overtime application process, and pay overtime compensation according to the relevant provisions. In 2022, the Company did not find any violations related to child labor or forced labor.



Adhere to the principle of "fairness, openness and impartiality"



Clarify the rights and obligations in labor contracts and practice equal pay for equal work



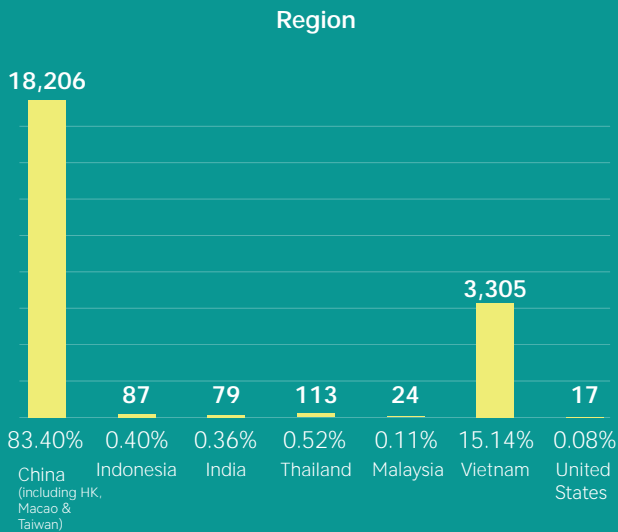
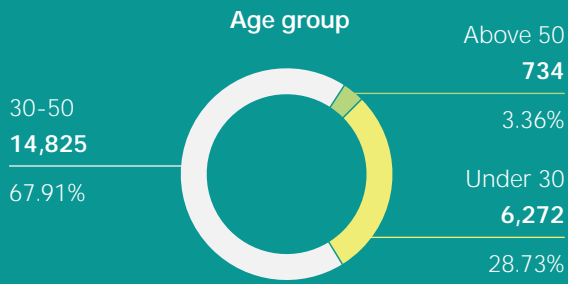
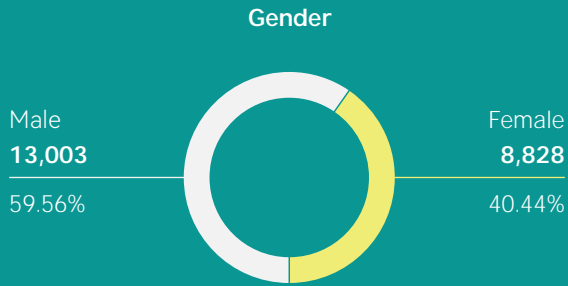
Forbid the employment of child labor, fully implement policies including the Anti-Child-Labor Regulation

As of December 31, 2022

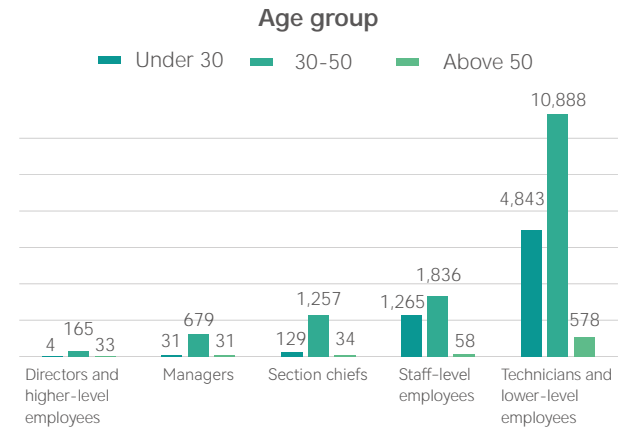
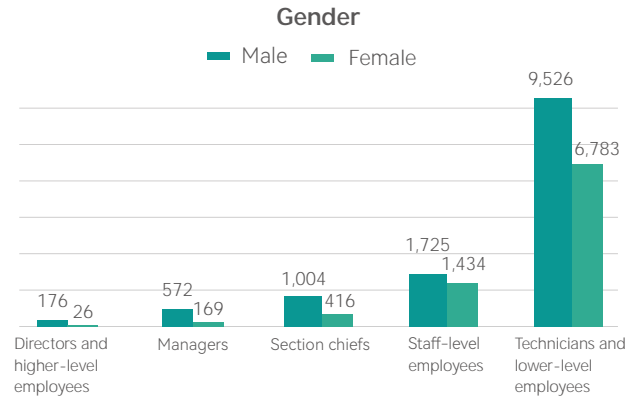
Total number of employees

21,831

Total number of employees by gender, age group, and region⁹

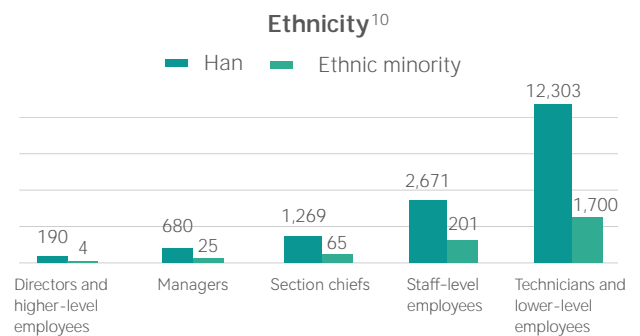


Total number of employees by gender, age group, region, and ethnicity in different levels



Region

Region	Directors and higher-level employees	Managers	Section chiefs	Staff-level employees	Technicians and lower-level employees
China (including HK, Macao & Taiwan)	191	690	1,272	2,772	13,281
Indonesia	0	1	1	15	70
India	2	16	7	51	3
Thailand	1	1	10	13	88
Malaysia	0	2	6	7	9
Vietnam	6	26	115	300	2,858
United States	2	5	9	1	0



⁹ In terms of the employment type, all employees included in the table are full-time/long-term employees.

¹⁰ The ethnicity category only includes Chinese employees (ethnic minorities and Han).

Anti-child-labor Measures

Equipment Identification

The onboarding process features person-to-ID verification to automatically screen out child labor using specialized equipment.

Manual Identification

The age of the applicant will be manually verified through their identity card, academic certificate, and other onboarding documents required.

System Identification

Child labor information cannot be uploaded into the Company's personnel system and cannot pass the onboarding procedures.

Actively engaged in talent recruitment and cooperation, we have leveraged both campus recruitment and social recruitment to build a diverse talent pool. In addition, as one of the first production and education integration enterprises in Guangdong Province, in 2022, YUTO continued to deepen its partnerships with colleges and universities at home and abroad to provide practical, technology-savvy talents for the packaging and printing industry.

Campus Recruitment

In September 2022, YUTO kicked off its 2023 campus recruitment program, which featured a series of recruitment events themed "An Extraordinary Future for Promising Young Talents".

Through online sessions, we fully introduced our corporate culture, job requirements and interview processes to graduates to help them learn more about YUTO. The program was well-received among job-seeking graduates, garnering 34,000 views. During the program, we hired 102 "YUTO High-potential Candidates" who will join YUTO as reserve talents in 2023.

"An Extraordinary Future for Promising Young Talents"

Garnering Views

34,000

We hire

102



Cooperation with Colleges and Universities

In June 2022, YUTO continued to deepen its partnership with the Shenzhen Polytechnic, which spans industry-university-research collaboration, talent cultivation and delivery, course and standard development, faculty building, innovation and entrepreneurship education, and co-creation of practical training bases, to foster skilled talents.



In October 2022, YUTO and the School of Foreign Languages of Thai Nguyen University held a school-enterprise cooperation conference for extensive discussions on their partnership from 2022 to 2025, aiming to build a platform benefiting students, universities, and enterprises, and to further implement YUTO's arrangement of industry-university-research cooperation.

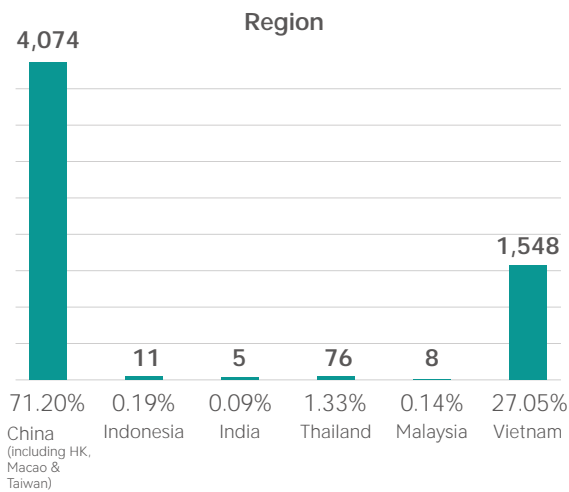
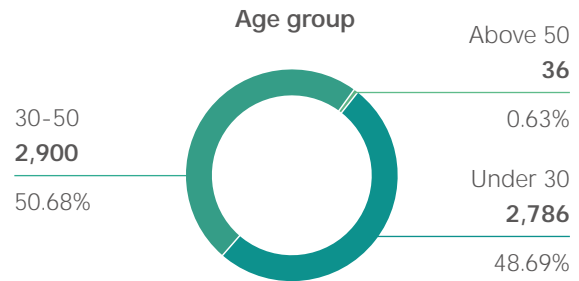
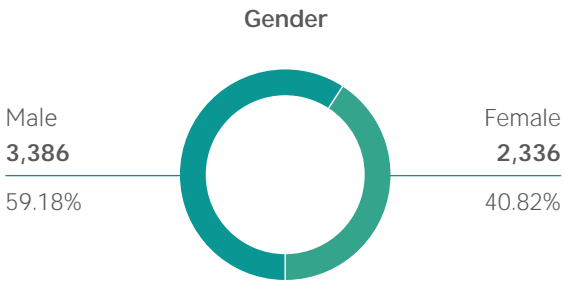


In 2022

Total number of new employees

5,722

Total number of new employees by gender, age group, and region



Equality and Diversity

YUTO has always practiced a people-centered management philosophy. We value the diversity of our workforce, fully respect the freedom of association, and strive to create a friendly, inclusive, and non-discriminatory working environment. We promise that not a single employee will be discriminated against or receive different treatment due to their gender, age, race, marital status, and religious belief in terms of matters such as recruitment, salary, promotion, and departure, making sure that all employees have equal opportunities for career development. In 2022, the Company did not experience any incident of discrimination.

We have actively promoted gender equality in the workplace. The Company established the Women’s Federation and set up the Women’s Department within the Union to provide protection for female employees and safeguard their legal rights and interests according to the law. YUTO cares for female employees through multiple channels. We have built nursing rooms in many of our corporate venues, providing private, safe, and hygienic spaces for breastfeeding female employees. On Women’s Day each year, the Women’s Federation, Labor Union, and party branch of YUTO jointly offer the Company’s sincere blessings to female employees.

We advocate for an inclusive workplace and actively hire people with disabilities to offer equal job opportunities. On May 18, the Company’s party organization and Union visited 117 disabled employees and sent them loving gifts, fully acknowledging their perseverance and devotion.

We have consistently strengthened the promotion of equality and diversity, focusing on creating an equal, inclusive, and harmonious working environment by hosting special training and cultural exchange activities.

Advocating Equality and Opposing Discrimination in Employment

In July 2022, to strengthen compliance management in recruitment, YUTO conducted a special training session with the theme of “advocating equality and opposing discrimination in employment”, covering 55 recruitment managers from the Company and its subsidiaries. During the session, we used case studies to illustrate discriminatory behaviors that are explicitly prohibited by the law, including discrimination based on ethnicity, race, gender, religion, disability, and infectious diseases, and proposed measures to avoid and mitigate such behaviors to promote equality in employment.



Wuhan YUTO Hosts Eid al-Adha Celebration

In July 2022, to celebrate Eid al-Adha together with employees from Xinjiang and enhance their sense of belonging, Wuhan YUTO hosted a themed event titled “Celebrating Eid al-Adha as One Big Family”, which was participated by 35 employees from Xinjiang. The event brought Uyghurs and Han Chinese closer together and improved their recognition of the Company’s culture of equal and diverse employment.



Employee Training and Development

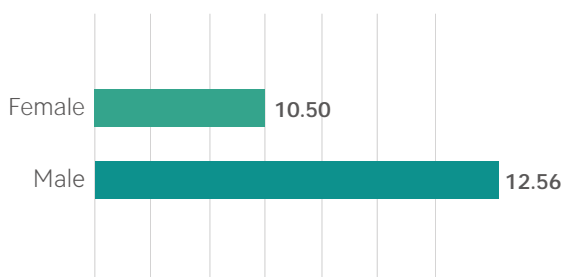
YUTO provides its employees with rich learning resources and abundant career opportunities to help them achieve personal growth, while building a team of high-potential talents catering to the Company’s rapid development. We have established comprehensive training and management systems that include the Personnel Training Management System and Internal Trainer Management Measures, as well as a framework of talent training projects covering all employees ranging from senior executives to new employees. YUTO has thoroughly examined the key abilities required by employees at each stage of their career development and developed relevant learning and training courses to promote talent development and management in a systematic manner.

In 2022

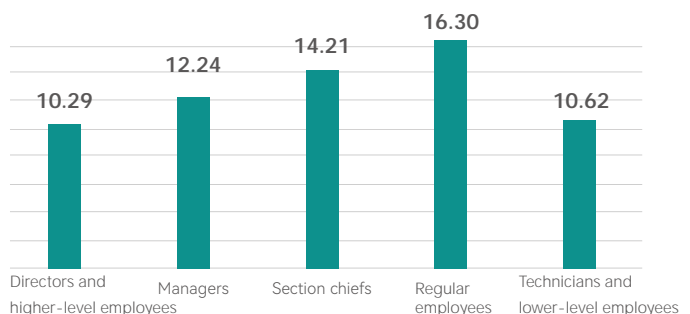
Company’s employees participated in training session **100%**

Training Hours **255,954h**

Average training hours by gender



Average training hours by employee rank



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 training

- **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 for talents holding key positions:** the program includes five key positions, covering business supervisors, project managers, structural designers, product engineers, and quality control officers

“YUTO High-potential Candidates” training

- **Induction training:** YUTO High-potential Candidates newly recruited
- **Vocational training camp for new hires:** YUTO High-potential Candidates newly recruited
- **High-efficiency core employee training camp:** YUTO High-potential Candidates with a length of employment of over 2 years
- **New Cadre Regiment:** high-potential employees and section chiefs

YUTO attaches great importance to the cultivation of outstanding talents. We have made consistent efforts to build a strong talent echelon, establish a training mechanism for “YUTO High-potential Candidates”, foster young talents as future YUTO executives, and create a young, professional, and international workforce to provide momentum for the Company’s fast growth.

Induction Training for YUTO High-potential Candidates

In July 2022, YUTO High-potential Candidates of the year 2022 officially joined the Company, and we arranged a one-week onboarding training led by seasoned mentors to help the young candidates learn more about YUTO, quickly blend in, embrace their new roles, and define their career path.



Vocational Training Camp for YUTO High-potential Candidates

To boost the work efficiency of trainees, we hosted the Fledgling Eagle: Work Efficiency Training Camp for Core Employees and the Young Eagle: Vocational Training Camp for New Hires, covering 342 YUTO High-potential Candidates in the corresponding career stage.

Through the innovative combination of online learning and offline practice, we adopted a closed-loop learning model featuring sessions including typical scenario-specific work challenges and behavior-based capacity standards. With the full involvement of business supervisors and operating teams, trainees were able to complete the training efficiently and effectively. According to the feedback we received, 86% of trainees felt that the training camp helped them expand their skillset, achieving rapid personal growth.



Vocational Training Camp for YUTO High-potential Candidates

Covering candidates **342**

Feedback of significant improvement in personal skills **86%**

To cope with its business expansion, YUTO has continued to improve the training of talents and managers holding key positions, training employees in dimensions including professional skills, professional awareness, and work ethics. We have worked to build a strong talent pool and fully leverage the role of talent resources in leading and supporting the Company.

Training for Talents Holding Key Positions

In 2022, YUTO offered training for talents holding key positions to improve their professional competence more efficiently and effectively. Covering five key positions that include business supervisors, project managers, structural designers, product engineers, and quality control officers, the training involved nearly 80 business experts, HR representatives, and external expert consultants. Through the training, we established systematic learning content for talents holding key positions, fostering multiple designers and future coaches for the Company.



Skills Training for Junior Managers

In June 2022, we hired lecturers to provide skills training for our junior managers, with a focus on objective management and team leadership skills. Covering about 50 junior managers, the training improved the managers' management awareness and abilities, effectively enhancing the Company's management capacity.



7 Habits of Highly Effective People

In July 2022, we provided a training session titled "7 Habits of Highly Effective People" for around 50 junior managers. Taught by external lecturers, the training helped the trainees master the 7 habits by targeting the business realities of YUTO, allowing them to practice the habits on a daily basis.



YUTO has continued to improve the training of talents and managers holding key positions

80
Training for Talents Holding Key Positions

50
Skills Training for Junior Managers

50
7 Habits of Highly Effective People

In December 2022, YUTO's "e-Student" all-in-one learning platform officially went live. Integrating and sharing learning resources, the platform helps the Company achieve continued growth at the level of employees and organizations through digitization. During the initial stage, e-Student offers 562 general courses available to all employees, including YUTO profile, corporate management, workplace general knowledge, and professional general knowledge. Additionally, as a digital tool for training, management, and operation, e-Student records employees' learning and development statistics throughout their careers to boost the efficiency of talent training and management.



The e-Student Learning Platform

General courses available **562**

YUTO has continued to improve its vocational skill level certification system. We have established a subcommittee for the certification of vocational skill levels under the Technical Committee to develop certification standards and organize YUTO's certification efforts. Through the implementation of vocational skill level certification, the Company has established a benchmark of professional capabilities in the printing and packaging industry and gradually built up experience in recognizing the vocational skill levels in the industry, laying a solid foundation for our future training and certification of talents. As of December 31, 2022, the Company has certified a total of 342 skilled talents at all levels.

Certification of Vocational Skill Levels



As of December 31, 2022 the Company has certified a total skilled talents at all levels

342

Vocational skill level certification recognition work site >



Employee Performance and Promotion



YUTO adheres 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 practice fair, open and impartial promotion mechanisms, offering employees a broad platform of career development.

Leveraging effective performance management strategies adopted by subsidiaries, we have created the YUTO performance management system. With standardized performance assessment methods and processes, as well as measures for identifying key talents and employee incentives, the system enables the shared growth of the Company and its employees. The YUTO performance management system is as follows:

Target Setting

- Based on common goals, YUTO has established a performance objective generation mechanism featuring vertical and horizontal indicators;
- At YUTO, we engage with employees through our common goals and mutual trust.

Thorough Performance Assessment

- We conduct thorough performance assessments and encourage collaborative efforts. In addition to our performance objectives, which are the fundamental consideration in assessment, innovative and collaborative contributions unrelated to performance are also valued.

Correlation of Organizational Performance

- YUTO has set different excellence quotas for different departments and teams;
- We encourage the identification of excellent employees from high-performing teams to lead team collaboration.

Application of Performance Results

- The proportion of the performance pay is positively correlated with the job rank and relevance to customers.
- Performance results apply to such matters as performance pay, chances of promotion, compensation adjustment, and excellence rating.

Regarding employee promotion, we have established a dual growth channel model for employees focusing on professional and managerial abilities, which standardizes the promotion process, specifies promotion requirements, and facilitates fair, objective promotion evaluation mechanisms. Furthermore, we have formulated the Measures for Managing Reserve Talents of Key Positions to create a closed loop covering the selection, appointment, and development of reserve talents for key positions.

Review of Reserve Talents

- YUTO identifies critical positions based on its strategic business plans and evaluates the vacancy of critical positions from time to time;
- We work to identify high-performing and high-potential employees and include them in our list of reserve talents.

Training of Reserve Talents

- YUTO conducts special reserve cadre workshops, job rotations, and project training. Once an employee's critical abilities and experience reach the expected standard, he/she will be included in the talent pool.

Hiring & Management

- YUTO has established a performance management system featuring target setting and result assessment.
- We offer incentives spanning differentiated compensation adjustment, flexible bonuses, priority promotion opportunities, and honor awards.

Onboarding of Reserve Talents

- We evaluate the performance, abilities, potential, and values of our employees;
- A clear matching of talents and positions is enabled based on the evaluation results.

At YUTO, employees with exceptional performance, outstanding abilities, and strong potential are seen as key talents who will receive more resources, including compensation, benefits, training, and promotion. In 2022, 90.3% of the employees promoted to section chiefs and higher levels were key talents, a significant increase from the 66.7% recorded in 2021.

Employees promoted to section chiefs and higher levels

A significant increase from the 66.7% recorded in 2021, In 2022, key talents promotion ratio reaches

90.3%

Employment Communication and Care

YUTO advocates work-life balance. We have carried out a wide range of employee care and team-building activities to build a cohesive team and make employees feel at home, while encouraging them to pursue a better life in a healthy, sustainable manner. Moreover, we have established diversified channels of communication to attend to the opinions and suggestions of employees, fully safeguarding their rights to information, participation, expression, and supervision.

In 2022, we conducted employee satisfaction surveys covering the Company and its major subsidiaries to keep improving our management systems and welfare plans. With a focus on the five major categories of salary, work, promotion, management, and environment and the 12 detailed dimensions spanning working environment, accommodation, personal growth, and resource allocation, YUTO combined anonymous surveys with interviews to fully understand how employees feel about the Company's operations. A total of 41 entities and 13,388 employees participated in the employee satisfaction survey.

Employee Satisfaction Survey

Entities Participated **41**

Employees Participated **13,388**

Furthermore, we conducted a quantitative analysis of the survey results and required all entities involved to develop improvement plans and strictly implement improvement measures, such as providing employees with a more comfortable and satisfactory working and living environment, in order to improve employee satisfaction.

Employee Accommodation Improvement Plan

To improve the living environment of employees, YUTO launched a dormitory renovation project in June 2022 to revamp the beds, wardrobes, air conditioners, walls, and floors of each dormitory. Additionally, we also created sample rooms to make sure that each dormitory conforms to the same standard. With a budget of 2.68 million CNY, the project is expected to be completed by June 2023.



The Project

With a budget of **2.68 million CNY**

To be completed by **June 2023**

YUTO places a high emphasis on the stability of our talent pool and recognizes long-term employees by awarding them for their continued service. We have enhanced employees' sense of belonging through training, performance evaluations, and awards, allowing us to build a more cohesive, creative workforce while retaining talents. We have also established a departure interview session for employees who have expressed an intention to leave YUTO. Specifically, the Human Resources Center first conducts an interview to determine the reasons for departure, generates interview records, establishes a feedback channel and a departure warning mechanism, and retains key talents through internal transfers and other means to improve the retention of high-potential personnel, core business employees, and managers.

Hefei YUTO Hosts Awards Ceremony

To effectively motivate outstanding employees and set personal examples, Hefei YUTO held the Q2 Awards Ceremony in 2022, which awarded 1 Technical Expert, 3 Outstanding Employees, 1 Star of Tomorrow, and 9 Advanced Individuals. Executives of the subsidiary presented the award-winners with certificates of honor and prizes and congratulated and thanked the awardees, calling on all employees to follow their example.



Hefei YUTO held the Q2 Awards Ceremony in 2022

Technical Expert	1	Outstanding Employees	3
Star of Tomorrow	1	Advanced Individuals	9

Meanwhile, we have continued to host all sorts of leisure and entertainment activities, including but not limited to sports events, holiday celebrations, and cultural entertainment activities, to enrich employees' leisure time and create a vibrant, positive, and healthy corporate atmosphere, thereby enhancing their well-being and building a more cohesive team.

Xuchang YUTO Holds Fun Sports Meet

In May 2022, Xuchang YUTO held a fun sports meeting for all employees in the park, featuring events such as basketball shooting contest, billiard competition, team skipping, badminton, and ping-pong match. The event allowed employees to experience the passion and joy of sports while promoting exchanges and improving team cohesion.



YUTO's Labor Union Launches Tennis Tournament

In December 2022, YUTO's Labor Union kicked off the final of the tennis tournament, which attracted many tennis-loving employees. The close cooperation between employees during daily training and competition brought them closer together and deepened their friendships, which fully demonstrated the sports spirit, as well as the sportsmanship of dedication and perseverance.



Building Harmonious Households via Parent-Child Activities

In 2022, YUTO joined hands with the Women's Federation of Shiyan Sub-district in hosting parent-child activities to create a harmonious, warm home culture and build a platform for exchanges between employees and their families. Through comfortable spaces and brilliant events, we have helped employees and their families to build deeper ties with each other.



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 the 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 the Socialist Republic of Vietnam on Work Safety and Hygiene. We have formulated management systems covering the Work Safety Management System, Key Management System for Occupational Health and Management System for the Safety Acceptance of New Equipment based on the ISO 45001 occupational health and safety management system and implemented safety management in various operational activities. Furthermore, we have been actively engaged in employee safety training, publicity, and education to raise safety awareness among employees and protect their health and safety.

Work Safety and Safety Culture

YUTO has established and consistently improved its safety management system. We have practiced rigorous safety management through strict restrictions and supervision, invested sufficient funds to ensure fire safety, production line safety, and equipment and facility safety, and continued to reduce, control, or eliminate various safety risks and hazards. In 2022, our investment in workplace safety and environmental protection reached 21.62 million CNY.

Investment in workplace safety and environmental protection reached

21.62 million CNY

Guidelines for Chemical Management



The Guidelines contain provisions on the purchase, transportation, storage, use, and disposal of chemicals to ensure that all relevant processes of chemicals meet the requirements of the safety management system.

Safety Accident and Hazard Rectification System



YUTO implements a safety production responsibility system covering all employees. We have established a working system of "layered accountability covering all persons responsible and responsibilities for all employees". In addition, the Company also conducts safety performance assessments and practices a reward and punishment system.

Fire Safety Inspection System



The document stipulates an inspection approach that combines daily fire safety inspections with regular fire safety checks. Each department must establish a responsibility system for fire safety inspection with designated personnel and specific responsibilities.

Work Safety Management System



The document stipulates the 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, and the prevention and accountability mechanism must also be activated.

Fire Safety Management System



The System defines standardized fire safety education and training, evacuation facility management, management of fire control room duty, fire equipment maintenance management, and management of flammable, explosive, and dangerous articles. In addition, it sets forth "ten prohibitions" for fire safety in the workshop to eliminate fire safety hazards.

Fire Safety Emergency Plan



The Plan specifies the establishment of the Factory Fire Emergency Handling Committee with a clear division of functions and roles to enhance YUTO's ability to handle emergencies.

In order to further standardize the Company's safety production management, and to effectively prevent accidents, the Safety Working Group (the executive department of the Work Safety Management Committee) has continued to conduct on-site safety inspections of each production base in light of national, local, and industry laws and regulations, as well as principles of risk control. The inspections focus on modules including fire protection, environmental protection, occupational health, mechanical safety, hazardous chemicals, and electrical safety. As of the end of 2022, all production bases of the Company carried out regular hidden hazard investigations and governance, and the Safety Committee completed safety inspections of 35 production bases.

Building a Culture of Safety

The Safety Committee initiated, mobilized and supported each subsidiary to initiate the 2022 Safety Production Month program to build a culture of safety, improve employees' safety awareness, and create a safety-oriented working atmosphere. The program includes the safety month launch conference, safety slogan collection, safety knowledge competition, safety management training, safety inspections, and emergency drills.



Fire emergency drill

In 2022, we conducted a fire emergency drill and provided training for volunteer firefighters, which improved the awareness of safety and fire hazards among employees, popularized fire emergency rescue knowledge, and effectively enhanced the Company's fire emergency response capability.



Safety Tools/Typical Cases

The Safety Working Group has started to collect and consolidate the outstanding safety tools/typical cases from subsidiaries and compiled them into posters ever since 2022. Every month, the Group shares these valuable insights with everyone at YUTO via email, encourages employees to learn from each other, and helps subsidiaries solve safety problems, while improving the safety performance of the Company.



Safety Improvement and Special Correction

YUTO conducts regular safety training. We have adjusted the frequency and emphasis of training in 2022 based on feedback and suggestions from previous years and the risks unique to the packaging industry. At YUTO, safety training is divided into annual training and regular training. In particular, the annual training is offered online and covers four modules, including fire safety, occupational health, electricity, and chemicals, which allow employees to master the relevant safety knowledge using their fragmented time. In 2022, our annual safety training included 35 subsidiaries and 6 positions, with 1,112 trainees and 6.5 average training hours per person; our regular training covered face-to-face lectures and online live streams where training experts from Fortune 500 companies such as China Resources and Honeywell were invited to offer targeted training on specific topics, with an emphasis on practical application. Furthermore, we have intensified the discussions during the training and provided samples and tools for on-site operation by trainees. In 2022, we conducted 4 regular safety training, covering general managers, department heads, core technical specialists, frontline employees, and EHS-related personnel, with 8.5 average training hours per person. Additionally, YUTO's subsidiaries also conducted regular safety training, with attendance reaching 43,342 person-times in 2022.

Safety Training



Annual Training Covers

Subsidiaries	35
Positions	6
Trainees	1,112
Average training hours per person	6.5h

Regular training in2022

Number of training	4
Average training hours per person	8.5h
Trainees	43,342

To reduce significant safety hazards in construction projects at production bases and prevent safety accidents, we have clearly defined the requirements of hazardous operations during the whole working process, such as working in confined spaces and inspection and maintenance of equipment used for work at height, before, during, and after construction. We have also implemented internal management systems including the Construction Safety Inspection Standard to enforce daily safety checks for projects and punish and rectify significant hazards found during inspections. YUTO aims to constantly improve its construction safety management to work safety.

Mechanical risks have become the most common type of injury in the industry. As YUTO gradually builds its smart factories, its production equipment becomes more automated and intelligent, meaning that injuries caused by mechanical risks will become more severe. Moreover, such hazards will also shift from fixed to mobile, and traditional protective measures will no longer meet our needs for smart operations. Under such a background, in 2022, we launched the Equipment Risk Assessment and Rectification project to better serve the Company's strategic goals, foster a professional mechanical safety team, and rectify high-risk equipment to reduce the severity and frequency of mechanical injuries.

Furthermore, we hired consulting companies to offer mechanical safety training, which lasted 10 months and consisted of 16 sessions, involving 32 subsidiaries, with 28 average training hours per person. Specifically, 54 employees passed the final exam and acquired the mechanical safety assessor certificate, enabling the Company to create six fully-staffed mechanical safety teams. In addition, we launched an EHS smart safety management system to standardize the risk assessment of all equipment. In 2022, YUTO evaluated and rectified 104 high-risk equipment throughout the Company.

Mechanical safety training

Training duration	10 months
Number of training	16
Subsidiaries	32
Average training hours per person	28h
Acquired the mechanical safety assessor certificate	54person
Fully-staffed mechanical safety teams	6
Evaluated and rectified high-risk equipment throughout the Company	104

Employee Health

YUTO prioritizes employee safety, as well as their physical and mental health. We have provided employees with the necessary personal protective equipment, such as shoes, gloves, goggles, soundproof earplugs, etc. We also issue safety standardization manuals to educate employees on how to protect against hazards from chemicals, etc. to prevent safety risks. To that end, the Company has provided regular health checkups to identify and prevent potential health risks in advance. Moreover, we have regularly offered free disease diagnosis for employees, including promotions with the theme of disease prevention, to guide employees to seek medical treatment in a scientific manner, understand their physical and mental health conditions, learn more about daily health care, and improve their awareness and ability to protect their health.

Providing Soundproof Earplugs for Employees



Free Disease Diagnosis for Employees



“Defeat AIDS, Share Health” AIDS Prevention Program

On December 1, 2022, the 35th World AIDS Day, YUTO kicked off a themed event titled “Defeat AIDS, Share Health” to popularize knowledge of AIDS prevention, facilitate AIDS prevention, and encourage anti-discrimination efforts.



06

Working Together for Win-win Results

YUTO aims to maintain long-term, stable, healthy, and orderly partnerships with its suppliers. We have established a sound supplier management mechanism and extensively promoted the building of a sustainable supply chain.

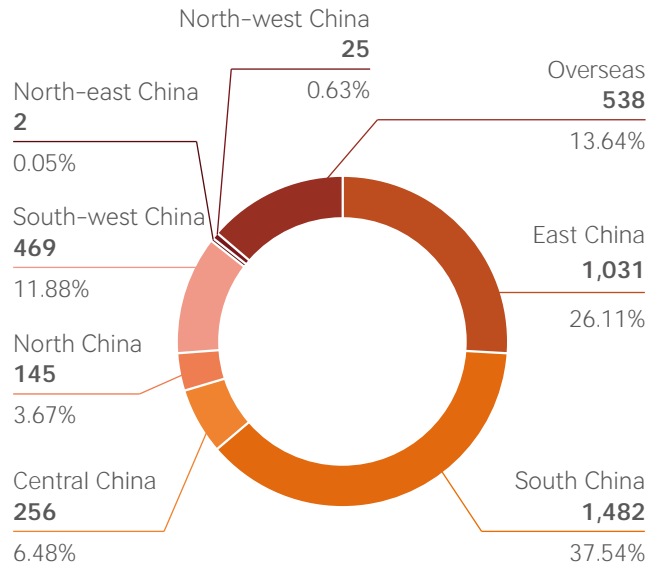


The Company strictly abides by the laws and regulations of the countries and regions where it operates, including the Bidding Law of the People's Republic of China and the Government Procurement Law of the People's Republic of China. We have formulated management requirements regarding the selection, admission, evaluation, maintenance, and exit of suppliers. In addition, YUTO provides standardized guidelines for implementing supplier lifecycle management. During the process of supplier management, the Company not only controls the quality of the products and services supplied, but also takes into account such items as compliance in employment, occupational health and safety, business ethics, environmental protection, and eco-protection efforts. Furthermore, we have consistently improved our supplier communication and feedback mechanism to convey our vision of sustainable development through daily exchanges and guide suppliers to fulfill their environmental and social responsibilities and jointly promote the healthy development of the industry.

As of December 31, 2022

Number of cooperating suppliers **3,948**

the regional distribution structure is as follows



Supplier Management

Through years of experimentation and accumulation, YUTO has established a mature supplier management system where processes such as admission and performance evaluation are jointly managed by departments responsible for procurement, system, quality, and engineering through an integrated procurement management platform.

With respect to supplier admission, YUTO has remained committed to offering fair, transparent opportunities to all suppliers. We have strictly adopted objective, fair quantitative indicators for supplier admission assessment, and only qualified suppliers who meet the requirements and pass the assessment are admitted. In 2022, YUTO continued to implement internal systems and requirements pertaining to Guidelines on Auditing Supplier On-site and conducted on-site audits of suppliers according to the specified process, covering dimensions that include quality, technical resources, environmental protection, and social responsibility. Based on the audit results, we have issued rectification reports to optimize the product and service quality of suppliers through a clear, transparent, and standardized admission assessment mechanism, which functions as a front-end risk management node.

In terms of the performance evaluation of suppliers, we have clearly defined the evaluation criteria for process assessment through the Guidelines on Supplier Performance Assessment to enable lean supply chain management and control the quality of products and services supplied to YUTO. Furthermore, at YUTO, a performance evaluation team composed of multiple departments conducts dynamic supplier assessment and feedback, promptly provides suppliers with the assessment results and improvement suggestions, and tracks the real-time rectification progress. Moreover, the assessment results and corrective actions are used as the basis for adjusting the procurement quota, which allows us to urge our partners to improve their product and service quality, while enabling the comprehensive, dynamic optimization of our supply chain structure. Additionally, we have put into place the corresponding accountability mechanisms to ensure fair, impartial, and objective assessment ratings, and prevent situations such as the illicit pursuit of personal gains, the suppression and elevation of ratings, and the arbitrary modification of assessment data. In the event of any of the above cases, the scorers involved will be held accountable according to the relevant YUTO policy.

In 2022, YUTO's Infrastructure Engineering Department introduced a third-party evaluation system for ongoing construction projects to evaluate the projects in five dimensions, covering actual measurement, quality risk, management behavior, safe, clean, and orderly construction, and progress check. Each dimension features different weightings and can be divided into more than 600 subcategories, such as on-site inspection and progress check, which ensures the quality and safety of construction projects from all aspects.



Sustainable Development of Supply Chain

YUTO strives to guide suppliers to jointly build a responsible management system, help suppliers achieve sustainable operations, and build a healthy, sustainable supply chain. In 2022, we continued to expand the coverage of our environmental and social supplier assessments, conducting environmental assessments on 845 suppliers and social assessments on 1,424 suppliers to examine their environmental and social risk management capabilities, which constitutes a major indicator for selecting suppliers.

YUTO is keenly aware that building a sustainable supply chain requires concerted efforts from the Company and its suppliers. We issued A Letter to Related Parties to urge our suppliers to attend to environmental and social risks and take the corresponding measures to protect the rights and interests of employees, care for employees' health and safety, acquire environmental permits and reduce pollution, and further optimize their management and operating systems. Moreover, we have signed documents including the Supplier's Quality Commitment, Supplier's Commitment on Confidentiality, and Supplier's Statement on Environmental Protection with our suppliers, requiring them to regulate their behaviors and commit to their responsibilities.

YUTO practices responsible procurement and prioritizes the use of safe, environmentally friendly raw materials. We require suppliers to provide valid third-party testing reports on hazardous substances to ensure that the purchased raw materials comply with local laws and regulations such as the Restriction of Hazardous Substances (RoHS), EU cadmium directive, polyvinyl chloride (PVC) ban directive, and EU packaging material directive. In addition, the Company has formulated the Rules for Restricted Substances Management, which clarifies the scope of environmental substances whose use is restricted in products, making sure that the purchased raw materials contain no restricted substances. At YUTO, environmental factors are always part of the procurement considerations. In 2022, we actively practiced green procurement, with the proportion of environmentally friendly materials including paper, ink, glue, and varnish purchased reaching 90%. Furthermore, we plan to raise the proportion of environmentally friendly materials including paper, ink, glue, and varnish to 90% and above before 2030, further promoting the adoption of environmentally friendly raw materials such as FSC-certified paper.

YUTO promises not to use conflict minerals, and requires suppliers to sign a guarantee against the use of conflict minerals. We ask suppliers to trace the sources of minerals such as tantalum, tin, tungsten, and gold in their products and conduct chain of custody due diligence procedures, thereby making sure that they do not provide funding to armed groups that violate human rights in Congo and surrounding areas. Meanwhile, we require suppliers to undertake to establish a complete set of policies on conflict minerals, management system, and due diligence framework, and ask the upstream companies of the suppliers to meet the same standards to expand the management scope of conflict minerals.

Expand the coverage of our environmental and social supplier assessments

Environmental	845
Social	1,424

Proportion of environmentally friendly materials procurement for paper, ink, glue, and varnish

In 2022	90%
In 2030	> 90%

Communication with Suppliers

YUTO is well aware that its steady development relies on the shared growth of its supply chain. We have always attached great importance to communication and interaction with our suppliers. Through regular meetings, training programs, supplier investigations, and reviews, supplier QBR (Quarterly Business Review), performance improvement exchange meetings, and other channels of communication, the Company has maintained close ties with its suppliers, aiming to build trustworthy and mutually beneficial partnerships that promise win-win results.

In 2022, we organized training programs for our equipment and raw material suppliers and shared our expertise in resource utilization, waste disposal, and carbon emission reduction through daily exchanges to enhance suppliers' awareness of responsible operations and encourage them to actively practice sustainable management.

Going forward, YUTO will continue to build stronger partnerships and incorporate the concept of sustainable development into its daily cooperation with suppliers. We will ask our partners to leverage their capabilities and resources for technological innovations, proactively address environmental and social risks, and work hand in hand with us to promote sustainable development and build a better future.

Supplier Training Programs



07

Professional Integrity and Compliant Operations

YUTO has remained committed to honest, prudent business operations. We have 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 we operate. The Company has established and improved anti-bribery, anti-fraud, fair competition systems and control mechanisms to regulate the professional conduct of executives and all employees, thereby reducing risks related to fraud and business ethics, while preventing any form of internal and external corruption, bribery, monopoly, or any other fraudulent behavior. We have consistently improved our internal control and supervision system for professional integrity and business ethics, conducted regular internal audits, and organized versatile training and publicity activities to raise awareness of professional integrity among employees and partners, and to create an open, fair operating environment.

In 2022, YUTO did not experience any lawsuit of major corruption, nor any legal proceedings against unfair competition, antitrust, and anti-monopoly practices.



诚信

Anti-Corruption Management

In 2022, YUTO continued to improve its anti-corruption management system. We have strengthened the restriction and supervision of exercising power at the system and organizational levels, while constantly improving the relevance and effectiveness of our anti-corruption measures. At the organizational level, the Audit Committee intensified communication with audit agencies, organized regular audits, continued to supervise major items of internal control in the Company's operations, and carried out risk prevention and control tasks. Meanwhile, 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's anti-corruption training and publicity activities.

At the system level, 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, covering all of its major business segments, each YUTO employee, and every external partner.

YUTO Integrity and Business Ethics System



YUTO has included anti-corruption as a major item on our corporate agenda. We have fully taken into consideration the production and operation realities to take appropriate anti-corruption measures, strictly implemented anti-corruption management regulations, and reinforced the awareness of risks in accordance with the relevant internal provisions to effectively prevent corruption risks, while enabling the Company's healthy and stable operation.

Sign Letter of Commitment for Integrity

- We require new employees to sign the Letter of Commitment for Integrity and Self-discipline by Employees to regulate the behavior of all employees;
- Partners must sign the Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers before entering into official cooperation with the Company, which enables the healthy development and a benign partnership cycle of the Company and its partners over the long term.

Incorporate fraud risk assessment into enterprise risk assessment

- Our management conducts risk assessment at the corporate level, business unit level, and finance 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.

Strengthen internal control measures in areas with high fraud risk

- For high-risk areas where corruption, bribery, and other fraudulent behaviors frequently occur, such as management, financial affairs, and procurement, we have formulated management systems and drawn business flow charts to establish effective control mechanisms at the source.

Establish the anti-fraud notification mechanism

- We notify all employees of individual fraud cases with a punishment decision;
- The anti-fraud progress is reported to the Board of Directors every month;
- The audit and supervision work report is submitted at the Company meeting, which is held twice a year, to evaluate the existing anti-fraud control measures and improve the anti-fraud system on an ongoing basis.

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 formulated the Whistleblowing Management and Reward Mechanism to set up a wide range of reporting channels and allow whistleblowers to respond to and report violations of professional ethics by the Company and employees through public reporting hotlines, e-mail boxes, etc., or report or expose actual or suspected cases of fraud. YUTO encourages individuals and entities to report violations according to laws and regulations: Individual whistleblowers are celebrated and awarded, and external entities who contributed to YUTO through whistleblowing will receive special contribution scores during the annual supplier assessment based on their contribution and will be included in the list of preferred suppliers.

Whistleblowing Channels

Contact Info of the head of the Audit and Supervision Center:
0755-33873999-88701

Email address of the Audit and Supervision Center:
shenji@szyuto.com, tangz@szyuto.com

Mail address of the Audit and Supervision Center:
No.1 Shihuan Road, Shiyan Sub-district, Bao'an District, Shenzhen

Office site of audit and supervision personnel:
the Audit and Supervision Office, temporary offices of the audit group in subsidiaries, etc.

WeChat Public Account:
YUTO Sunny Audit

Upon receiving a report, we will conduct rigorous investigations in accordance with the relevant internal systems, accept, retain, and handle reports from all parties through the prescribed procedures, and accept the review and supervision of the Audit Committee and the Board of Directors. Where illicit conduct is confirmed, the Company will promptly handle the same in accordance with the relevant policies. Business departments with insufficient internal control measures will be urged to take corrective actions; employees found to have engaged in fraud will be subject to the corresponding administrative disciplinary measures in accordance with the relevant provisions, and employees criminally liable for their behaviors will be transferred to judicial authorities, where they will be tried in accordance with the law.



We have stringent confidentiality and protection mechanisms in place to keep whistleblower information strictly confidential. The Whistleblower Information Collection Form filled out by whistleblowers is kept by designated persons, and the information received and downloaded through the whistleblowing platform is password-protected, rigorously managed by designated persons, and only accessible by those authorized by the senior director of the Audit Department. The Company seriously punishes retaliation against whistleblowers. Where an act of retaliation against whistleblowers is confirmed, the persons involved will be punished according to the Administrative Reward and Punishment Management System and transferred to judicial authorities (if necessary) to protect the legal rights and interests of whistleblowers.

Clean Supply Chain Management

YUTO is committed to creating a fair and just cooperation platform by formulating the Code of Conduct for Business Partners, Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers, and other documents to standardize suppliers' code of conduct, establish sound, stable partnerships, and build a sustainable supply chain backed by integrity and honesty.



YUTO has taken proactive measures to build a clean supply chain, foster equal, honest procurement practices, and strives to create an open, transparent procurement environment. In terms of internal management, we have consistently optimized the procurement process, established online bidding and price inquiry platforms to avoid human interference, and set up a procurement management committee responsible for critical procurement decisions. Furthermore, the procurement center has formulated the Code of Integrity for Procurement Personnel to regulate the behaviors of procurement personnel and enhance risk prevention. We also provide integrity training for our suppliers to convey the Company's integrity education regulations, raise integrity awareness among practitioners, and intensify integrity supervision and management. Where suppliers or partners violated their integrity commitment, we will terminate the sales contract, service contract, engineering contract, and/or other related business ties based on the severity of the violation.

Business Ethics and Integrity Building

YUTO conforms to business ethics and seeks to foster a clean, orderly, and equal-footed business environment. We have formulated internal regulations such as the Business Code of Conduct for Employees and Ten Disciplinary Prohibitions and Penalty Regulations, while requiring employees to sign the Letter of Commitment for Integrity and Self-discipline by Employees, to establish stringent ethical standards and regulate employees' external business behaviors and daily conduct, including establishing healthy, friendly relationships with YUTO's partners, avoiding conflicts of interest, and preventing insider trading. We examine behaviors related to business ethics through daily business inspections and encourage employees to report violations, making sure that employees abide by laws, regulations, and ethical norms in business activities.

YUTO has continued to strengthen the promotion of business ethics and professional integrity. We have adopted a hierarchical model to provide integrity training for managers, employees holding key positions, reserve managers, and new hires. The training includes anti-corruption and anti-fraud laws and regulations, as well as education on integrity and ethics. Moreover, we have explored innovative training formats and organized online knowledge competition on YUTO's integrity regulations to provide more fun and increase the participation of training.

Interpretation of YUTO's Integrity System and Case Sharing

In 2022, we launched a special training program titled Interpretation of YUTO's Integrity System and Case Sharing for employees holding key positions, reserve managers, new hires, and suppliers to promote business ethics and professional integrity at YUTO. Involving more than 1,000 trainees and 250 suppliers, the program illustrated the Company's integrity system, shared anti-corruption and anti-fraud cases, clarified YUTO's zero-tolerance policy and punishment measures for illegal acts, and effectively raised integrity awareness and ethical standards among employees and suppliers.



Trainees

More than

1,000

Suppliers

More than

250

Online Knowledge Competition of YUTO's Integrity

In 2022, we hosted another online knowledge competition on YUTO's integrity system and offered prizes to outstanding participants to promote YUTO's integrity culture and help all employees better understand and practice the Company's integrity system. Well received by employees, the event raised the awareness of integrity and self-discipline among employees and helped foster a culture of professional integrity.



08

Giving Back via Charity

YUTO upholds the belief of “Commitment to and Participation in Public Welfare”. While delivering economic benefits through prudent operations, we have created value for society by actively fulfilling our corporate responsibilities and obligations. The Company stays attuned to social needs and fully leverages its business advantages and resources to honor its commitment as a corporate citizen by contributing to charitable causes, spanning environmental protection, education funding, medical support, cultural building, and rural revitalization.

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 (“YUTO Foundation”) in March 2017, which has upheld the original aspiration of “YUTO for Good, Moving Forward Hand in Hand.” Regarding education, YUTO Foundation has been actively involved in education funding and launched charitable programs including the “Pursuing Your Art Dream” summer camp to help students chase their dreams through quality education. In terms of medical support, the Foundation has made solid contributions to the cause of charitable healthcare via donations, the construction of medical centers, and free clinics. With respect to social development, YUTO Foundation has donated funds and supplies to empower rural revitalization and fulfill its social responsibilities through real action. YUTO Foundation was recognized as a 4A Social Organization by the Civil Affairs Bureau of Shenzhen Municipality in 2022, and donated more than 14 million CNY, as of December 31, 2022.

As of December 31, 2022
YUTO and YUTO Foundation

41 million CNY

YUTO



Environmental Protection

In 2022, YUTOECO, a brand for eco-friendly packaging and sustainable development, continued to engage in public welfare events focusing on environmental protection, while tapping into its expertise. Joining hands with government departments, corporations, and industry partners, the subsidiary cohosted eco-protection programs and science lectures, covering themes that include garbage classification, recycling, and green and low-carbon development, to practice its belief in environmental protection via care and action, and to champion green, low-carbon lifestyles.

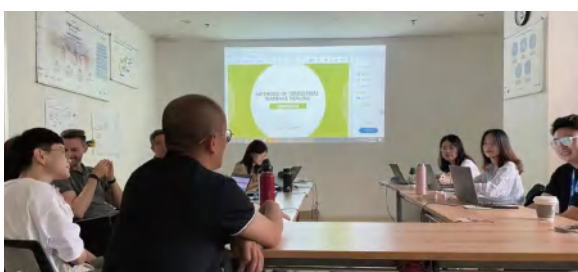
YUTOECO Contributes to the Establishment of the Yangtze River No.11 Post Office

Initiated by Green River, a public welfare organization, the Yangtze River No.11 Post Office is the world's first themed post office named after a river's flow sequence, and Shenzhen YUTOECO offered 200,000 CNY to support its establishment. Here, Green River regularly hosts public lectures on nature, and YUTOECO is also involved, providing popular science education on the application of new materials and plant fiber in packaging, as well as low-carbon technologies, to call on consumers to reduce the use of disposable plastic products and choose packaging products that are "recyclable, degradable, and easy to separate".



YUTOECO and Decathlon Cohosts Popular Science Event on Land Waste

In August 2022, YUTOECO Research Institute partnered up with Decathlon's packaging team and cohosted a popular science event on land waste treatment. At the event, we briefly introduced the global context of plastic waste and illustrated the topic from six aspects including waste reduction, recycling and composting, energy recovery, and policies and challenges. The event improved people's understanding of sustainable packaging and provided more inspiration for the R&D of product packaging in the future.



YUTO Engages Teenagers from Shilong Community with Eco-protection Promotion

YUTO invited young teenagers from Shilong Community in Bao'an District to its exhibition hall, introducing them to its green, environmentally friendly packages and processes, as well as eco-protection knowledge such as degradable materials and green production. By promoting the vision of "turning waste into treasure, efficient use of natural resources", the event instilled the notion of green development in the young participants. In 2022, our exhibition hall was officially recognized by the Bao'an District Working Committee on Children and Women as a child-friendly practice base in Bao'an District.



YUTOECO and Ele.me Co-launch the "Ele.me - Happy Planet" Public Welfare

On World Environment Day on June 5, 2022, YUTOECO joined forces with Ele.me to launch the "Ele.me - Happy Planet" project, offering co-branded tableware. Consumers can choose not to use tableware when ordering food, accumulate carbon credits, and exchange them for environmentally friendly tableware with the theme of "Happy Planet", thereby reducing the use of disposable tableware. Through the project, about 120,000 takeaway orders opted for the no-tableware option, guiding consumers to adopt low-carbon lifestyles.



Community Engagement

Always committed to its founding aspirations, YUTO has never stopped giving back to communities. At YUTO, public welfare has become part of its corporate culture. We encourage employees to engage in public welfare activities at the community level, contribute to the health of their community, and participate in blood donation, spreading love across the community.

In 2022, we mobilized employees from the General Party Branch, the Union, and the Women's Federation of YUTO to engage in 13 community health volunteering events in the Shiyan Subdistrict of Shenzhen, spanning Luozu Community, Shilong Community, and YangtaiCNY Community. In addition, we have consistently organized our employees to participate in the "Stay True to Our Original Aspiration, Carry on Our Sincerity, and Celebrate a Warm New Year via Blood Donation" and "The 20th National Congress Celebration: Take Courage and Donate Blood" blood donation programs cohosted by the General Party Branch of YUTO and the Central Blood Donation Station of Shenzhen Bao'an District to cheer for life. In 2022, a total of 165 YUTO employees participated in blood donation campaigns, donating 51,500ml of blood. The Central Blood Donation Station of Shenzhen Bao'an District appreciated the Company's enthusiastic support for voluntary blood donation and awarded the Company and the General Party Branch the "Shenzhen Blood Donation Charity Organization" plaque.

Plaque Awarded by the Central Blood Donation Station of Shenzhen Bao'an District



Members of the General Party Branch Participate in Blood Donation



In 2022

Community health volunteering activities

13



Blood Donation

Employees participated

165

Blood volume

51,500ml

Education

Education is the cornerstone of national rejuvenation and social progress. YUTO has consistently supported and contributed to the cause of educational public welfare and actively donated to education, thereby empowering social development and talent cultivation. In 2022, YUTO Foundation joined hands with charitable organizations including the Jiujiang Charity General Federation to hold the "Fill the World with Love through Teaching Volunteering" program, which raised more than 4.8 million CNY, providing funding for 1,639 poor students. In particular, YUTO Foundation donated 802,000 CNY to help 222 financially challenged college students in realizing their dreams. As of 2022, YUTO and YUTO Foundation had been carrying out charitable and educational funding projects for 17 consecutive years, reaching out to 3,468 poor college students and donating 6.5795 million CNY.

YUTO's educational funding efforts in 2022, reported by Xunyang Evening News



“Fill the World with Love through Teaching Volunteering”

Total fundraising	4.8 million CNY
Providing funding for poor students	1,639
In particular, YUTO Foundation donated	
Donated	802,000 CNY
Help financially challenged college students	222



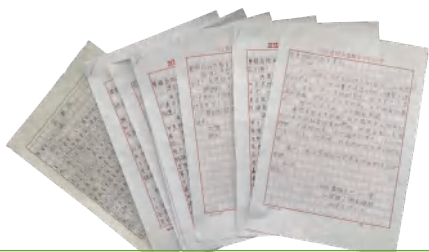
As of 2022, YUTO and YUTO Foundation had been carrying out charitable and educational funding projects for 17 consecutive years

Reaching out to poor college students	3,468
Donating	6.5795 million CNY

Moreover, YUTO Foundation has launched the employee education aid program for six consecutive years, which established a long-term aid mechanism for low-ranking employees and their children to help the children of financially challenged employees complete their university studies smoothly. To date, the education aid program has reached 420 students with increasingly larger funding, which now totals 1.6695 million CNY. In particular, 547,000 CNY was offered in 2022, funding 137 poor college students.

Furthermore, YUTO Foundation donated 300,000 CNY to the Central School of Tongle Miao Township in Sanjiang Dong Autonomous County, Liuzhou City, Guangxi Province, to establish the “YUTO Education Fund” for rewarding students at School and support the cause of education in Tongle Miao Township. As of December 2022, a total of 861 outstanding students from the school received funding from the Fund. YUTO Foundation also mobilized college volunteers to carry out summer camp teaching activities, bringing wonderful courses to children in rural areas.

Letters of Appreciation from Students Funded by the YUTO Education Fund



YUTO Foundation has launched the employee education aid program for six consecutive years

The education aid program has reached student	420
Donating	1.6695 million CNY

In 2022

Donating	547,000 CNY
Funding poor college students	137

YUTO Foundation donated to the Central School of Tongle Miao Township in Sanjiang Dong Autonomous County, Liuzhou City, Guangxi Province

Donating	300,000 CNY
As of December 2022, a total of outstanding students from the School received funding from the Fund	861

The “Pursuing Your Art Dream” Summer Camp

In July 2022, YUTO Foundation launched the “Pursuing Your Art Dream” summer camp and teaching volunteer program jointly with the Liangshan Education Foundation and the “Su Zhengmin” Volunteer Service Team from Zhongnan University of Economics and Law. We went to Minzu Experimental Middle School of Huili City, Liangshan Prefecture. There, we provided 102 female high school students with courses in art, martial arts, law, and other subjects to promote rural education, expand their horizons, and spark motivation and creativity.



Medical Care

Medical care is closely related to people's livelihoods, and medical equipment represents a major building block of the medical sector. In 2022, YUTO continued to focus on medical public welfare, proactively promoted the construction of medical centers, and hosted the "YUTO's Love of Music" public welfare concert, providing material and spiritual support for the development of the medical sector.

Since 2017, YUTO Foundation has partnered up with the Shenzhen Municipal Committee of Jiu San Society in conducting charitable programs that focus on education, medical care, and science and technology in remote areas. As of the end of 2022, we contributed to the establishment of two ophthalmology centers via donations, helping 306 patients go through cataract surgery. Moreover, we have also organized teams of medical experts to host events covering talent training and free clinics in remote areas, benefiting more than 10,000 people.



Building Medical Centers

As of the end of 2022

Ophthalmology centers	2
Helping patients go through cataract surgery	306
Benefiting more than	10,000

Since 2018, YUTO Foundation has organized 51 public welfare concerts in medical institutions including Shenzhen Hospital of Southern Medical University and the University of Hong Kong-Shenzhen Hospital, which attracted more than 4,500 patients and hospital staff. Our efforts also earned us the "Top 100 Citizen Satisfaction Project" award from the Shenzhen Project Care Foundation. In 2022, the "YUTO's Love of Music" project continued to flourish, with 11 public welfare concerts hosted to carry on the joy of music.



"YUTO's Love of Music" Public Welfare Concerts

Since 2018

Has organized public welfare concerts	51
Which attracted patients and hospital staff	4,500
In 2022, "YUTO's Love of Music" public welfare concerts hosted	11

Rural Revitalization

YUTO has always been concerned about the beautiful countryside. Actively involved in public welfare projects aimed at rural revitalization, we have hosted various cultural and entertainment events in rural areas. In 2022, YUTO Foundation focused on Pengze County, Jiujiang City, Jiangxi Province, and donated 100,000 CNY to install air conditioning in the Pengze County Nursing Home, which created comfortable living conditions with appropriate temperature and improved the quality of life for the elderly, allowing them to stay happy at an old age. On October 12, 2022, YUTO Foundation donated 180,000 CNY to support the 5th Children's Spring Festival Gala of Pengze County in 2023. Through wonderful performances, we helped create meaningful memory for children of the county, as they spent a memorable New Year.



Children's Spring Festival Gala of Pengze County in 2023

YUTO Foundation focused on Pengze County, Jiujiang City, Jiangxi Province

Donated to install air conditioning in the Pengze County Nursing Home	100,000 CNY
Donated to support the 5th Children's Spring Festival Gala of Pengze County in 2023	180,000 CNY

>> Appendix: Report Content

Items	Description	Chapter
General Disclosures		
GRI 2: The organization and its reporting practices		
GRI 2-1	Organizational details	Yearbook of Sustainable Development
GRI 2-2	Entities included in the organization's sustainability reporting	Yearbook of Sustainable Development
GRI 2-3	Reporting period, frequency and contact point	About the Report
GRI 2-4	Restatements of information	Yearbook of Sustainable Development
GRI 2-5	External assurance	Sustainability Governance
GRI 2: Activities and workers		
GRI 2-6	Activities, value chain and other business relationships	Valuing and Attracting Talent
GRI 2-7	Employees	Valuing and Attracting Talent
GRI 2-8	Workers who are not employees	Valuing and Attracting Talent
GRI 2: Governance		
GRI 2-9	Governance structure and composition	Sustainability Governance
GRI 2-10	Nomination and selection of the highest governance body	Yearbook of Sustainable Development
GRI 2-12	Roles of the highest governance body in overseeing the management of impacts	Sustainability Governance
GRI 2-13	Delegation of responsibility for managing impacts	Sustainability Governance
GRI 2-14	Roles of the highest governance body in sustainability reporting	Sustainability Governance
GRI 2-15	Conflicts of interest	Professional Integrity and Compliant Operations
GRI 2-16	Communication of critical concerns	Sustainability Governance
GRI 2-17	Collective knowledge of the highest governance body	Sustainability Governance
GRI 2-18	Evaluation of the performance of the highest governance body	Sustainability Governance
GRI 2: Strategy, Policy, and Practice		
GRI 2-22	Statement on sustainable development strategy	Sustainability Governance
GRI 2-23	Policy commitments	Professional Integrity and Compliant Operations
		Valuing and Attracting Talent
GRI 2-24	Embedding policy commitments	Professional Integrity and Compliant Operations
		Valuing and Attracting Talent
GRI 2-26	Mechanisms for seeking advice and raising concerns	Professional Integrity and Compliant Operations
GRI 2-27	Compliance with laws and regulations	Green and Intelligent Products Lead to Good Environment
		Quality Innovation Dedicated Services
		Valuing and Attracting Talent
		Working Together for Win-win Results
GRI 2-28	Membership associations	Professional Integrity and Compliant Operations
GRI 2-28	Membership associations	Yearbook of Sustainable Development
GRI 2: Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	Sustainability Governance

GRI 3: Materiality Issues		
GRI 3-1	Process to determine material topics	Sustainability Governance
GRI 3-2	List of material topics	Sustainability Governance
GRI 3-3	Management of material topics	Sustainability Governance
GRI 201: Economic Performance		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 201-1	Direct economic value generated and distributed	Yearbook of Sustainable Development
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		Yearbook of Sustainable Development
		Giving Back via Charity
GRI 203-1	Infrastructure investments and services supported	Giving Back via Charity
GRI 203-2	Significant indirect economic impacts	Giving Back via Charity
GRI 204: Procurement Practices		
Management approach		Working Together for Win-win Results
GRI 205: Anti-corruption		
Management approach		Professional Integrity and Compliant Operations
GRI 205-1	Operations assessed for risks related to corruption	Professional Integrity and Compliant Operations
GRI 205-2	Communication and training about anti-corruption policies and procedures	Professional Integrity and Compliant Operations
GRI 205-3	Confirmed incidents of corruption and actions taken	Professional Integrity and Compliant Operations
GRI 206: Anti-Competitive Behavior		
Management approach		Professional Integrity and Compliant Operations
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Professional Integrity and Compliant Operations
GRI 301: Materials		
Management approach		Green and Intelligent Products Lead to Good Environment
GRI 301-2	Occupational health services	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
GRI 304: Biodiversity		
Management approach		Giving Back via Charity
GRI 304-3	Habitats protected or restored	Giving Back via Charity
GRI 305: Emissions		

Management approach		Green and Intelligent Products Lead to Good Environment
GRI 305-4	GHG emissions intensity	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 308: Supplier Environmental Assessment		
Management approach		Working Together for Win-win Results
GRI 308-1	New suppliers that were screened using environmental criteria	Working Together for Win-win Results
GRI 308-2	New suppliers that were screened using environmental criteria	Working Together for Win-win Results
GRI 401: Employment		
Management approach		Valuing and Attracting Talent
GRI 401-1	New employee hires and employee turnover	Valuing and Attracting Talent
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Valuing and Attracting Talent
GRI 402: Labor/Management Relations		
Management approach		Valuing and Attracting Talent
GRI 403: Occupational Health and Safety		
Management approach		Valuing and Attracting Talent
GRI 403-1	Occupational health and safety management system	Valuing and Attracting Talent
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Valuing and Attracting Talent
GRI 403-3	Occupational health services	Valuing and Attracting Talent
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Valuing and Attracting Talent
GRI 403-5	Worker training on occupational health and safety	Valuing and Attracting Talent
GRI 403-6	Promotion of worker health	Valuing and Attracting Talent
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Valuing and Attracting Talent
GRI 403-8	Workers covered by an occupational health and safety management system	Valuing and Attracting Talent
GRI 403-9	Work-related injuries	Valuing and Attracting Talent
GRI 403-10	Work-related ill health	Valuing and Attracting Talent
GRI 404: Training and Education		
Management approach		Valuing and Attracting Talent
GRI 404-1	Average hours of training per year per employee	Valuing and Attracting Talent
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Valuing and Attracting Talent
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Valuing and Attracting Talent
GRI 405: Diversity and Equal Opportunity		
Management approach		Valuing and Attracting Talent
GRI 405-1	Diversity of governance bodies and employees	Valuing and Attracting Talent
GRI 406: Non-discrimination		

Management approach		Valuing and Attracting Talent
GRI 406-1	Incidents of discrimination and corrective actions taken	Valuing and Attracting Talent
GRI 407: Freedom of Association and Collective Bargaining Management approach		
Management approach		Valuing and Attracting Talent
GRI 408: Child Labor		
Management approach		Valuing and Attracting Talent
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Valuing and Attracting Talent
GRI 409: Forced or Compulsory Labor		
Management approach		Valuing and Attracting Talent
GRI 409-1	New suppliers that were screened using environmental criteria	Valuing and Attracting Talent
GRI 410: Security Practices		
Management approach		Valuing and Attracting Talent
GRI 410-1	Employee training on human rights policies or procedures	Valuing and Attracting Talent
GRI 413: Local Communities		
Management approach		Giving Back via Charity
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Giving Back via Charity
GRI 413-2	Operations with significant actual or potential negative impacts on local communities	During the year, YUTO had no operations with significant actual and potential negative impacts on local communities
GRI 414: Supplier Social Assessment		
Management approach		Working Together for Win-win Results
GRI 414-1	New suppliers that were screened using social criteria	Working Together for Win-win Results
GRI 414-2	Negative social impacts in the supply chain and actions taken	Working Together for Win-win Results
GRI 416: Customer Health and Safety		
Management approach		Quality Innovation Dedicated Services
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Quality Innovation Dedicated Services
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Innovation Dedicated Services
GRI 417: Marketing and Labeling		
Management approach		Quality Innovation Dedicated Services
GRI 417-1	Requirements for product and service information and labeling	Quality Innovation Dedicated Services
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	Quality Innovation Dedicated Services
GRI 417-3	Incidents of non-compliance concerning marketing communications	Quality Innovation Dedicated Services
GRI 418: Customer Privacy		
Management approach		Quality Innovation Dedicated Services
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quality Innovation Dedicated Services

Contact Us

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 through:

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