

長飛光纖光纜股份有限公司

YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY

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

STOCK CODE : 06869

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2020

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ABOUT THIS REPORT

This report represents a comprehensive view of the management practices and performance of Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries (the “Group”, “YOFC” or “we”) in respect of environmental, social and governance (“ESG”) and the undertaking of its corporate social responsibilities in 2020. It is recommended to read in conjunction with the Corporate Governance Report contained in the 2020 annual report, help readers understanding of our practices and performance in the field of environment, society and governance. Unless otherwise stated, monetary figures in this report are denominated in Renminbi (RMB).

SCOPE OF REPORTING

Period covered by the report: 1 January 2020 to 31 December 2020.

Organizations covered by the report: unless otherwise specified, this report covers Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries.

BASIS OF PREPARATION

This report is prepared with reference to *the Environmental, Social and Governance Reporting Guide* contained in Appendix 27 to *the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Hong Kong Stock Exchange”) published by the Hong Kong Stock Exchange and *the Guidelines for Environmental Information Disclosure of the Companies Listed on the Shanghai Stock Exchange* (the “SSE”) published by the SSE.

CONFIRMATION AND APPROVAL

This report is confirmed by the management and approved by the Board on March 26, 2021.

ACCESS OF THE REPORT

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

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

FEEDBACK TO THE REPORT

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details.

Your opinions will help us further improve this report and our overall ESG performance.

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2020 was the closing year of the “13th Five-Year Plan” witnessing China in accomplishing the development of a moderately prosperous society. This year, YOFC, with the goal of undertaking its corporate citizenship responsibility and driving sustainable development, had played its role of proactively promoting its 5G development and upgrade contributing to the rapid development and large-scale commercial use of 5G observable in the market. Amid the outbreak of Covid-19, YOFC has demonstrated the spirits of cohesiveness and determination, firmly pressing the “fast forward button” for development. YOFC was proud to be part of the epidemic recovery process by bringing production and business back on track as one of the first reopening enterprises in Wuhan. To echo China’s national strategy of dual circulation development pattern, in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement, YOFC was committed to relevant diversification and internationalization strategies to break new ground in both domestic and international markets.

As a leading company in the global optical communications industry, we continuously adhered to the mission of “Smart Link Better Life”, focusing on our core value of “Client Focus, Accountability, Innovation and Stakeholder benefits”, pursuing our accumulated and long-term “citizen participation” social responsibilities and leveraging our influential industry position, to promote influence our employees, our suppliers, our clients, and all our stakeholders, to build a culture of being an excellent corporate citizen.

Promoting independent innovation and supporting 5G construction. We focused on the 5G comprehensive connectivity strategy of “all-scenarios, high quality and high efficiency”, leveraged our own core capabilities in R&D innovation, continued to innovate new products and new technologies to achieve breakthroughs and excellence. We fulfilled our quality commitments, and created a strong brand with a diversified range of high quality products to develop a stable, robust, and efficient optical network that will support build a “Cyberpower” and “Digital China”. In 2020, we launched a series of new optical fiber, optical cable and optical module products such as solutions such as FarBand® ultra low loss and large effective area G.654.E fibre, brightbei dispersion flat fiber, etc. that further enable the 5G market developments and the rapid development of China’s 5G network.

Practicing green development and building a beautiful China together. Adhering to the purpose of “energy saving, consumption reduction, pollution reduction, efficiency enhancement, people-oriented, pollution prevention and continuous improvement”, we continued to promote the implementation of green development strategic actions to strengthen environmental protection, actively responded to the national “carbon neutrality” requirement of peaking CO₂ emissions before 2030 and achieving carbon neutrality before 2060, focused on climate change, and, increased use of clean energy, achieved energy conservation and emission reduction through continuously innovating solutions, optimizing process, control and other measures, earnestly implemented ecological environmental protection responsibilities, and hence contributed to the development of a beautiful China.

Adhered to people-oriented and achieved employee development. We viewed employees as an important driving force for the enterprise to achieve sustainable development. We effectively safeguarded the rights and interests of employees, ensured their health and safety are protected, committed to provide our employees with a sense of gain, belonging, and honor. We were committed to the capability development of our employees through continuously implementing our talent development strategy. We continuously enhanced the employees’ training system and reward mechanism, optimized the employee management system, strengthened the development of the talent team, and worked together with our employees to build a better future.

MESSAGE FROM MANAGEMENT

Effectively performed their duties and fulfilled their responsibilities to build a harmonious society. We upheld our social responsibility concept of “citizen participation”, actively fulfilled our corporate citizenship obligations, actively assumed social responsibilities through contributing and participating to charitable events, community, and open exchanges in the society. Throughout the outbreak of the pneumonia epidemic in 2020, YOFC had fulfilled its social responsibilities, initiated a rapid response and emergency response mechanism, and timely established an epidemic prevention and control command team and a special working group to coordinate with relevant government departments in executing various effective prevention and control measures to ensure the health and safety of our employees as well as effectively supported the resumption of work and production. We also enthusiastically fulfilled our social responsibilities during this difficult period, including contributing our communication materials and supplies, medical supplies, as well as technical support and poverty alleviation assistance.

2021 is the opening year for China to implement the “14th Five-Year Plan”. YOFC will continue to remain true to our original aspiration, uphold the mission of “Smart Link Better Life”, focus on cultivating new drivers of innovation and development, and consolidate the enterprise governance mechanism, optimizing environmental management capabilities, steadily grasping the high quality of products, capitalizing more new opportunities arising from the information revolution, new infrastructure, 5G+ Industrial Internet etc., to take YOFC to a higher level by fostering new growth drivers and pursuing high-quality development. By doing so, we are building momentum for a more thriving and higher-quality YOFC with can-do spirit!

Yangtze Optical Fibre and Cable Joint Stock Limited Company

Zhuang Dan

Executive Director and President

March 26, 2021

1. FORGE AHEAD WITH FRUITFUL RESULTS

1.1 ABOUT YOFC

YOFC is a global leading provider of optical fibre preforms, optical fibres, optical fibre cables and integrated solutions. YOFC mainly produces and sells all kinds of communicational optical fibre preforms, optical fibres, optical fibre cables and different types of optical transceivers, specialty optical fibres, active optical cables, and submarine cables, RF coaxial cables and accessories, etc. YOFC is also equipped with some solutions and services such as system integration and communication engineering design. Providing a variety of different products and solutions for world's telecommunications industry and other industries (e.g. Public utility, Transportation, Oil & Chemistry and Medication etc.), YOFC has offered its products and services to over 70 countries and regions around the world.

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



Corporate culture Mission of YOFC: Smart Link Better Life

- YOFC is committed to contributing to the rapid development of the optical communication industry by offering whole-process, whole-network and full series optical fibres and other products and solutions and the convenient life by providing special optical fibres and applications which are indispensable for sectors such as electric power and electric grid, medical care and health, smart city.
- YOFC strives to offer more advanced and reliable products, and higher quality services through continuous technical innovation to meet the needs of society for information consumption, thus bringing people a better life.



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

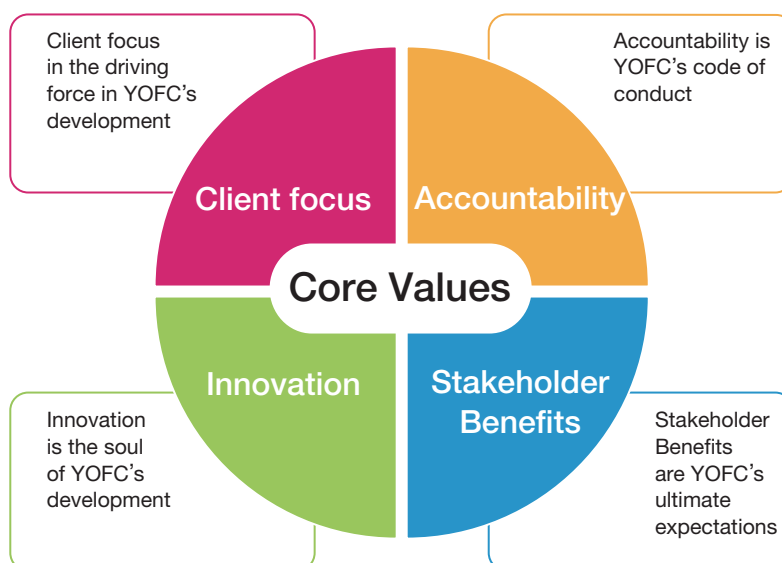
The information transmission and smart link field is the direction to which YOFC adheres. In addition to its focus on its main business of optical fibre and optical cable, it has constantly expanded its business, providing other products, services and solutions for the information transmission and smart link field, and promoting the wide application of optical fibre technology. To be the leader of the industry is YOFC's objective, we actively explore domestic and international markets to enhance our influence and build up the "YOFC" brand.

- Market: To take the lead in both market share and customer satisfaction for its main business products, and increase market share and become a key leader in other relevant fields.
- Technology: To pursue continuous innovation to ensure products are highly technical and leading so as to provide better and more reliable products.
- Brand: To continue to strengthen its brand building, endeavor to enhance its brand awareness and reputation, and achieve the leading position.

1. FORGE AHEAD WITH FRUITFUL RESULTS



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



1.2 LEADING THE INDUSTRY

YOFC has attained 7 management system certifications and 152 product certifications. The management system certifications include TL9000 telecom industry quality management system, ISO9001 quality management system certification, ISO14001 environmental management system, ISO45001 occupational health and safety management system, SA8000 social responsibility management System, ISO27001 information security management system, 7) integration of industrialization and industrialization management system. The product certifications mainly include Tyre product certification, power special communication equipment network access license, telecommunications equipment network access license, EU Construction Product Regulation (CPR) product certification, and the United States Telcordia laboratory product certification, Underwriter Laboratories Inc (UL) product certification, etc.

YOFC actively participates in formulating product or technical standards to continuously promote the development of the industry. In 2020, the Group collaborated with China Institute of Standardization to actively participate in and revise various industry standards, including:

- GB/T19004-2020 Quality Management Organization Quality and Achieving Sustainable Success Guide
- GB/T 7424.24-2020 General Specification for Optical Fibre Cables Part 24: Basic Optical Cable Test Methods-Electrical Test Methods
- YD/T 908-2020 Optical Cable Model Nomenclature

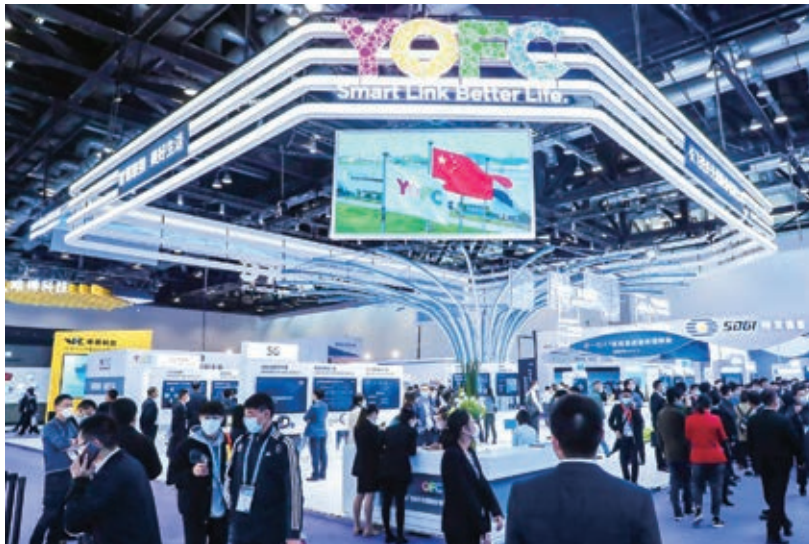
1. FORGE AHEAD WITH FRUITFUL RESULTS

- YD/T 1181.6-2020 Characteristics of Non-metallic Strengthening Parts for Optical Cable Part 6: Glass Fiber Tape
- YD/T 1588.1-2020 Optical Cable Line Performance Measurement Method Part 1: Link Attenuation
- YD/T 1588.2-2020 Optical Cable Line The performance measurement method Part 2: Optical fiber connector loss

In 2020, a total of 37 key members of YOFC participated in the transmission network and Access Network Technology Working Committee (TC6) transmission network and access network technical committee plenary meetings organized by the China Communications Standards Association (CCSA) and the working group meetings involving transmission network, access network and home network, cable and optical device.

China International Information and Communication Exhibition

On October 14, 2020, the grand opening of the China International Information and Communication Exhibition (PT Expo China) hosted by the Ministry of Industry and Information Technology was held at the National Convention Center. As a leading company in the global optical communications industry, with the theme of “Fnetlink’s New Infrastructure for a Win-Win New Future” and the visual image of “Wisdom Tree” we shared, and published our experience and practical outcome in exploring five new infrastructure fields, including 5G, industrial internet, UHV, data centers and urban rail transit. Through technological innovation, new infrastructure, and industry applications, we exhibited our more diversified products and solutions to empower future smart applications.



YOFC “Wisdom Tree” Booth

1. FORGE AHEAD WITH FRUITFUL RESULTS

World Optical Fiber & Cable Conference (CRU)

The World Optical Fibre & Cable Conference of CRU was held online on October 27-29, 2020, attracting a large number of telecom operators, optical fiber and cable manufacturers and upstream and downstream enterprises across the world.

As a leading company in the global optical communications industry, YOFC has participated in the CRU for six years. Mr. Zhuang Dan, the executive director and president of YOFC, delivered a speech under the theme of “Meet the Challenges and Opportunities in the Post-epidemic Era and Accelerate the Coming of the All-Optical Network Era”, sharing with interaction on “YOFC Wisdom” and the industry’s development.



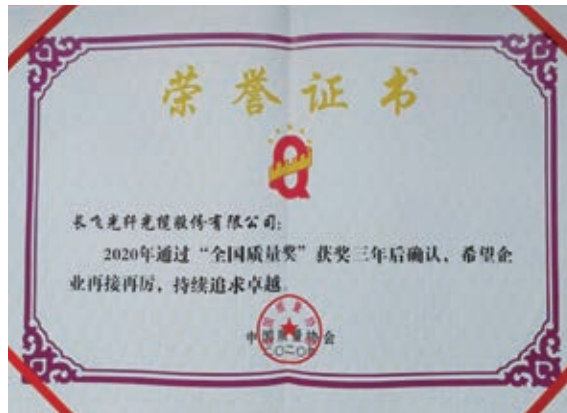
Speech of YOFC’s President

1. FORGE AHEAD WITH FRUITFUL RESULTS

1.3 PUBLIC RECOGNITION

The main awards YOFC won in 2020

- In 2020, YOFC continuously enhance our operation management and overall performance after awarded with the “2017 National Quality Award”. YOFC was further awarded the honorary certificate issued by the China Quality Association after 3 years later of being awarded the “National Quality Award”.



- In 2020, YOFC were awarded with the Social Responsibility Silver Award accredited by EcoVadis and achieved a high social responsibility ranking within the top 10% of our global peers.



- YOFC participated in the 2020 Conference on Intelligent Manufacturing Systems Solutions in China hosted by China Electronics Standardisation Institute and won the title of “2020 Benchmarking Corporate for Intelligent Manufacturing”. Relevant cases were selected into Benchmark Corporate Cases for Intelligent Manufacturing.
- YOFC won the “Jinzizhu Award 2020 Annual Optical Communication Contribution Enterprise” organized by the Communications Industry Press, and the product “Liangbei-O+E-band Dispersion Optimization of Single-mode Fiber” won the “Jinzizhu Award 2020 Annual Excellent Product Technical Scheme”.

1. FORGE AHEAD WITH FRUITFUL RESULTS

The main awards YOFC won in 2020

- Won the network telecommunications organization's "Top 10 Competitive Enterprises in China Optical Fibre and Cable Industry (first place)," "Top 10 Competitive Enterprises in Global Optical Fibre and Cable Industry (second place)," "The Top 10 brand competitiveness enterprises in the optical communications industry of China market (fifth place)" and "Award of the Best Craftsman Spirit Enterprise in the Optical Communications Industry" four awards.
- YOFC was awarded "2019-2020 Optical Communication Leading Enterprise in China's Communications Industry", "2019-2020 5G Infrastructure Contribution Enterprise in China's Communications Industry", and the "5G MWDW Solution" was awarded "2019-2020 Innovation Program in China's Communications Industry" by China Communications Industry News.
- YOFC participated in the 2020 Conference on Intelligent Manufacturing Systems Solutions in China hosted by China Electronics Standardisation Institute and won the title of "2020 Benchmarking Corporate for Intelligent Manufacturing". Relevant cases were selected into *Benchmark Corporate Cases for Intelligent Manufacturing*.
- YOFC was recognized as the "Top 20 Pioneer List of New Infrastructure Data Center in 2020" selected by China Communications Industry News and the "400G cabling scheme of ICONEC Internet Data Center" was recognized as the "Excellent Solution for Data Center in 2020".
- YOFC was awarded the "Top 30 Industrial Internet New Infrastructure Enterprises in 2020" by China Communications Industry News. YOFC 5G "Light Cloud" industrial Internet platform solution was awarded the "Excellent Solution for New Industrial Internet Infrastructure in 2020".
- YOFC was recognized as the "Top 20 Pioneer List of 5G New Infrastructure in 2020" selected by Communications Industry News, and the "YOFC G.655.4.E backbone network and cloud-based data center connection scheme" was awarded as the "Top Ten Excellent Solutions for 5G New Infrastructure".
- YOFC polarization-maintaining fiber was awarded the "2019 Most Competitive Optical Communication Product" by iccsz.

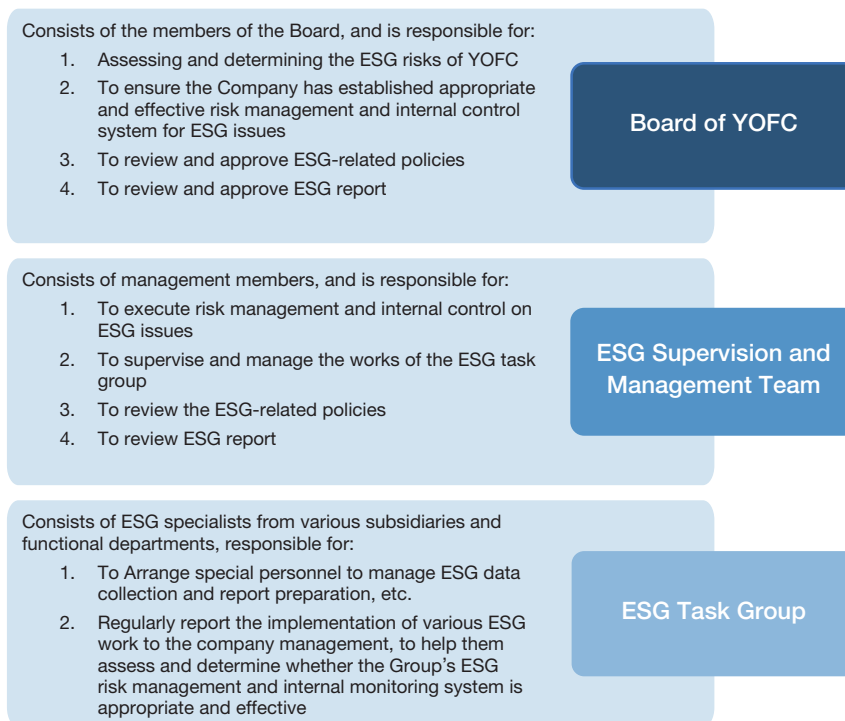
1. FORGE AHEAD WITH FRUITFUL RESULTS

1.4 ESG GOVERNANCE

We always devote to fulfil our responsibilities to shareholders, employees, the environment and society, constantly improving our ESG governance, and actively striving to be an outstanding corporate citizen. We actively explore and practice the ideas of sustainable development, aligning with our own business characteristic and corporate position, in developing a sustainable development governance model.

ESG Governance Structure

We fully integrate the management of ESG into the strategic decision-making process of YOFC and effectively controls ESG risks and identifying opportunities, after taking into consideration of various factors including the current status of ESG governance, applicable laws and regulations, opinions of the stakeholders, corporate culture of the Group. We have established an ESG governance management structure led with oversight by the Board. We have clarified the responsibilities of ESG management and objectives, regularly summarizing, evaluating and implementing ESG work, as well as coordinating and preparing for ESG management plans and requirements.



ESG Governance Structure

1. FORGE AHEAD WITH FRUITFUL RESULTS

Communication with Stakeholders

We highly value opinion and views of our stakeholders in our sustainable development as they play a crucial role in our business decision-making process. YOFC identify and engage with stakeholders relevant to our business, including our customers and users, shareholders and investors, employees, suppliers and partners, government and regulatory agencies, media and NGOs, communities etc.

The continuous effective communication system established has enabled the Group to be timely informed of the opinions and expectations of various stakeholders and design or adjust its ESG strategic plan and the implementation thereof, hence meeting the expectation of our stakeholders. The table below sets out our assessment result of key issues that different stakeholders are concerned about during the Reporting Period:

Stakeholder Groups	Issues Concerned	Communication Channels/Feedback Measures	Frequency
Government and regulators	<ul style="list-style-type: none"> • Anti-corruption • Protection for intellectual property rights • Conservation of energy and reduction of consumption • Stability of product quality 	<ul style="list-style-type: none"> • Policy consultation • Event reporting • Site inspection • Information disclosure • Meeting with government agencies 	<ul style="list-style-type: none"> • Onsite visit irregularly • Government reporting irregularly • Meeting with government agencies irregularly
Shareholders and Investors	<ul style="list-style-type: none"> • Anti-corruption • Conservation of energy and reduction of consumption • Stability of product quality • Stability of employees • Impact of climate change on business 	<ul style="list-style-type: none"> • Annual general meeting/extraordinary general meeting • Investor meeting • Result presentation • Press release/announcement • Site investigation 	<ul style="list-style-type: none"> • General meeting held annually • Extraordinary general meeting held under special circumstances • Investor meetings and site investigations from time to time
Employees	<ul style="list-style-type: none"> • Diversified background of employees and equal opportunities • Safe and comfortable working environment • Employee's development and training 	<ul style="list-style-type: none"> • Staff performance appraisal interview • Internal Journal, newspapers, magazines • Training for new staff • Staff Democratic communication meetings 	<ul style="list-style-type: none"> • Interviews from time to time • Regular publication of internal journal • Regular trainings for new staff • Regular staff Democratic communication meetings

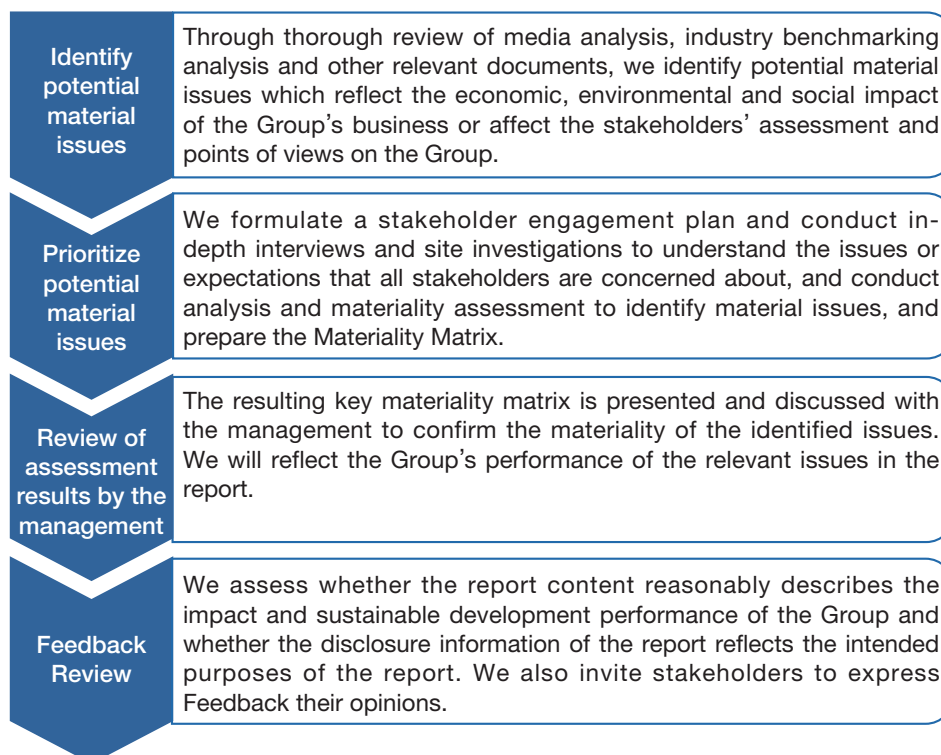
1. FORGE AHEAD WITH FRUITFUL RESULTS

Stakeholder Groups	Issues Concerned	Communication Channels/Feedback Measures	Frequency
Suppliers	<ul style="list-style-type: none"> Requirements on environmental and social performance for entry of supplier Assessment on suppliers' environmental and social performance Stability of product quality 	<ul style="list-style-type: none"> Site investigation Interviews Phone interviews 	<ul style="list-style-type: none"> Supplier meeting held annually Irregular interview
Customers	<ul style="list-style-type: none"> Protection of customers' information and privacy Customer service and channels of communication Stability of product quality 	<ul style="list-style-type: none"> Site investigation Interviews 	<ul style="list-style-type: none"> Onsite visit Irregular Irregular interview
Media and NGOs	<ul style="list-style-type: none"> Assessment on suppliers' environmental and social performance Compliance with labour laws Customer service and channels of communication Stability of product quality Intellectual property protection 	<ul style="list-style-type: none"> Community activities Press conferences Social media 	<ul style="list-style-type: none"> Irregular
Community	<ul style="list-style-type: none"> Compliant emission Charity work Contribution to the community 	<ul style="list-style-type: none"> Press release/ announcement Participation in meetings 	<ul style="list-style-type: none"> Irregular

1. FORGE AHEAD WITH FRUITFUL RESULTS

ESG Issues Materiality Assessment

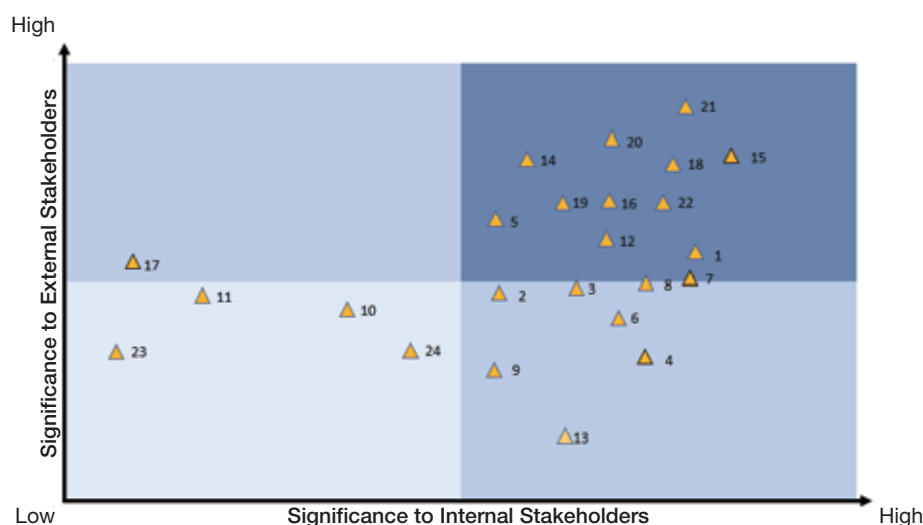
The Group will take into account the opinions and expectations of the stakeholders aligning with its governance and business development needs, in conducting evaluation and analysis on the materiality of ESG issues involved in its operation, so as to proactively respond to the concerns of the stakeholders through its ESG-related work. We have conducted our materiality assessment through stringent and effective procedures, which are divided into the following 4 stages.



1. FORGE AHEAD WITH FRUITFUL RESULTS

Materiality Matrix

During the Reporting Period, we communicate with the stakeholders in a timely manner to understand their opinions and expectations on YOFC's responsive measures for ESG issues. We understand that as compared to 2019, the stakeholders' concerns about "climate change" have increased. According to the results from our communication with the stakeholders, we analyzed and evaluated on YOFC's ESG issues material matrix for 2020. We will discuss each of these issues separately in the following chapters of this Report.



No.	Content of Issues	No.	Content of Issues
1	Treatment of exhaust gas and reduction of emission	13	Safe and comfortable working environment
2	Emission of greenhouse gases	14	Employee's development and training
3	Disposal of hazardous solid wastes	15	Compliance with labour laws
4	Use of materials	16	Requirements on environmental and social performance for entry of supplier
5	Conservation of energy and reduction of consumption	17	Assessment on suppliers' environmental and social performance
6	Management of non-hazardous wastes	18	Customer service and channels of communication
7	Treatment of domestic wastewater and reduction of discharge	19	Protection for intellectual property rights
8	Use of water resources	20	Stability of product quality
9	Use of packaging materials	21	Protection of customers' information and privacy
10	Impact of climate change on business	22	Anti-corruption
11	Diversified background of employees and equal opportunities	23	Contribution to the community
12	Stability of employees	24	Charity work

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

The Group further places emphasis on compliance operation to provide basis for its sustainable development by multiple measures, such as strengthening risk control, optimising integrity management system, enhancing information security, implementing intellectual property management, and regulating supply chain management.

2.1 RISK MANAGEMENT AND CONTROL

YOFC has constantly optimised its internal management system. In strict compliance with laws and regulations such as *the Company Law of the People's Republic of China* and *the Securities Law of People's Republic of China* and the regulations of *the Corporate Governance Code* set out in Appendix 14 of *the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange*, YOFC has established an efficient corporate governance structure to optimise the governance process and maintain a high standard of corporate governance¹.

On the basis of a sound corporate governance structure, the Group has formulated comprehensive risk management policies, such as *the Risk Management and Internal Control System*, *the Risk Assessment Standards*, to continuously improve the risk management system, to identify and analyse the risks faced by the Group. It has also set appropriate risk limits and designed corresponding internal control procedures. The Group reviews regularly these risk management policies and relevant internal control systems to operate in conformance.

2.2 INTEGRITY

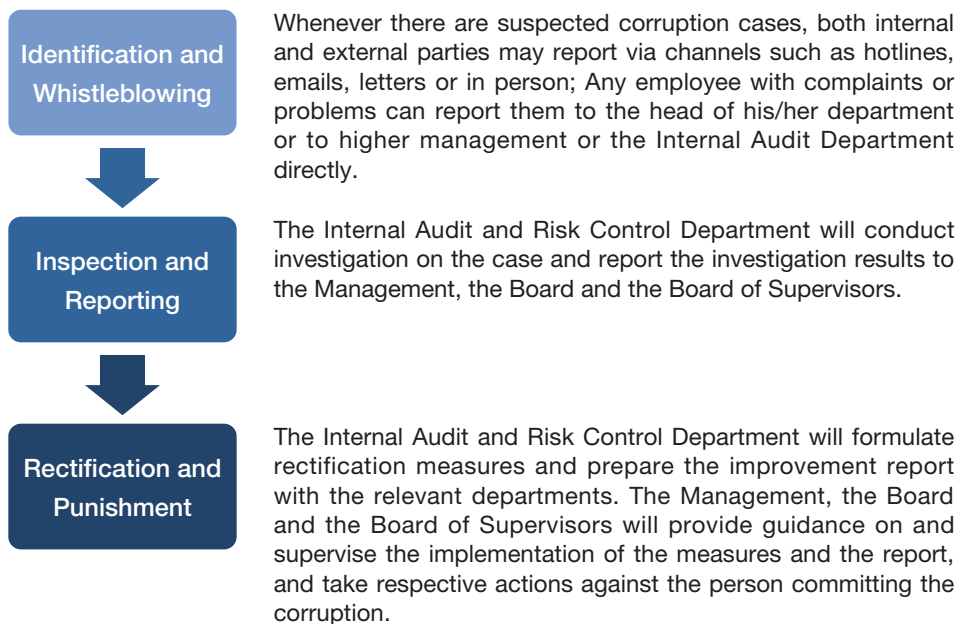
In order to strengthen the internal integrity management of the Group and enhance the awareness of the management and employees at all levels of preventing corruption so as to effectively reduce risks arising from various business procedures, the Group has put in place anti-corruption measures in strict compliance with the laws and regulations such as *the Criminal Law of the People's Republic of China* and *the Anti-Unfair Competition Law of the People's Republic of China*, formulating internal rules and regulations such as *the Anti-fraud, Whistle-blowing and Complaint Management Regulations*, *the Professional Ethics Codes for Senior Managers* and *the Code of Conduct for Managers*. In 2020, in accordance with the assessment requirements for social responsibility of JAC, the Group revised the *Anti-fraud, Whistle-blowing and Complaint Management Regulations*, to enhance regulate prohibition of payment of soliciting fees, and further clarify the scope of corruption and fraud to actively create an atmosphere of entrepreneurship, honesty and integrity.

¹ For more information of corporate governance please refer to "Corporate Governance Report" in YOFC 2020 Annual Report

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

We actively advocate and create a corporate culture of honesty, integrity and anti-fraud, increasing employees' awareness in integrity by means of employee manual, integrity activities or online messages. In 2020, we carried out various compliance activities such as such as induction training on compliance for new staff, anti-corruption training and internal anti-corruption investigation, so as to promote anti-corruption and anti-bribery culture, enhance the sense of integrity and self-discipline of employees, and prevent the occurrence of corruption issues. Meanwhile, we have established a multi-level management system and mechanism for finance and business. We have established incompatible segregation of duties for key positions in important areas such as approval of capital payment, approval of construction projects, personnel arrangements and material procurements, so as to prevent the risk of fraud. For personals recruited or promoted in key positions, the Group vigorously investigates their educational background, work experience and criminal records, with proper documented file records to provide audit trial.

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



Procedures for Handling Corruption Cases

The Group provide protection for whistleblowers assisting the investigation and prohibit any form of revenge. For personnel who breaches the regulations and leaks information of the whistleblowers, or takes revenge on the whistleblower, we take actions against them seriously such as legal proceedings if such acts constitute criminal offence.

In 2020, the Group has no lawsuit cases regarding corruption.

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

Case: Anti-corruption training for all staff

In 2020, YOFC held an online training activity “Training course on anti-bribery and anti-corruption of YOFC” for all staff, including a detailed description of bribery in aspects of the key concept of bribery, the key elements of bribery, and the existing anti-corruption management requirements, etc. In order to better facilitate the Group’s expansion in the international market and enhance the awareness of international trading compliance and anti-corruption of our employees, we have conducted training courses with real case study on anti-corruption and bribery specifically related to Russia and Indonesia.



2.3 INFORMATION SECURITY

YOFC always adheres to the information security policy of “safety first, precaution crucial, dual emphasis on management and technology, comprehensive prevention”, effectively providing assurance for information security. Strictly abiding by laws and regulations such as the *Cybersecurity Law of the People’s Republic of China* and the *Information Security Technology: Personal Information Security Specification*, in our business, we have formulated internal management systems such as the *File Management Regulations*, the *Sales Centre Customer Data and Privacy Policy*, providing guidance for the protection of customers data privacy such as paper documents and network databases, so as to enhance the information security management.

In 2020, the Group has implemented IT system with comprehensive system security protection measures put in place covering terminal security management platform, network access, document encryption and decryption, and monitoring internet behaviour system, etc. All documents are classified into different levels of confidentiality, that match with different levels of encryption and decryption rules. Access rights control measures are also put in place to ensure data information are protected, hence avoiding the risk of information leakage arising from unauthorised use.

Meanwhile, in order to enhance staff’s awareness of information security, we have regular messages on corporate email and corporate WeChat in our daily business, and carry out training on “knowledge of information security management system” for new joiners to enhance employees’ awareness of information security.

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

2.4 RESPONSIBLE SUPPLY

YOFC is committed to close communication and cooperation with its suppliers in sustainable development, together establishing a business model promoting coordinated development of economy, environment and society, so as to create a healthy and sustainable industrial ecology.

By deepening cooperation with suppliers, we embed key elements of sustainable development within its supplier's full life cycle management process, including supplier acceptance, assessment, daily supervision, performance evaluation, rewards and punishments, as well as procurement sourcing, contract signing, and fulfilment of purchase order and other management processes, to reduce supply chain risks, and enhance competitiveness on supply chain.

Region	2020 Number of Suppliers
China	1,670
Japan	17
Asia Pacific (Except China and Japan)	52
Europe	18
North America	18
South Africa	19
Total	1,794

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

Supplier introduction and certification

In the process of supplier acceptance and assessment, the Group have put in place control measures including business assessment, qualification investigation due diligence, on-site review and product assessment. When conducting qualification investigation of suppliers, we preliminarily evaluate their background information, management system, environmental and social responsibility risks. We require suppliers to sign the *Code of Conduct for External Suppliers*, the *Green Environmental Protection RoHS2.0 Commitment of Suppliers*, the *Green Environmental Protection REACH Commitment of Suppliers*, and complete the *Social Responsibility Questionnaire for External Suppliers*. The *Code of Conduct for External Suppliers* defines the required code of conducts on social responsibility that suppliers should be in compliance with, including four aspects: "labour rights and interests", "health and safety", "environmental protection" and "business ethics". In respect of the product assessment of suppliers, we evaluate their effective control and processes over quality, production, and technology to ensure that the technical specifications and production standards are met. During on-site review process, we conduct on-site review on suppliers' environment, safety and social responsibility and set our required contractual clauses to ensure that suppliers can meet our responsible procurement standards. At the same time, we encourage suppliers to adopt internationally recognised industry standards and best practices within the industry to continuously improve their social responsibility management capability.

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

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

The Code of Conduct for External Suppliers

Daily supervision

We implement an annual supervision and review system for suppliers, which includes re-evaluation in terms of their contractual performance on social responsibility. The result of re-evaluation in terms of social responsibility is one of the basic conditions for triggering supplier rewards and punishments. We ensure that suppliers can continuously maintaining and improving delivery performance while promoting the improvement of suppliers' social responsibility performance. For non-conformities found in the audit, we guide suppliers to identify common problems, analyse root causes of human, machine, material, law, environment, testing and management systems, take targeted corrective measures, and follow up actions.

Performance evaluation and rewards and punishments

We regularly perform performance appraisal and evaluation on suppliers from the dimensions of cost, quality, delivery, and service, and rate them into four levels: A, B, C, and D, which represent excellent, good, qualified, and unqualified respectively. Supplier performance appraisal results are key references to promote continuous improvements in and is taken into account in supplier bidding, supplier review, and supplier rewards and punishments. Suppliers with good performance are given more priority on business cooperation such as higher procurement share. Suppliers with poor performance, are required to rectify their issues under a given set time limit or procurement share or business opportunities cooperation may be reduced, and even cancellation of partnerships especially for those that severely violate the social responsibility requirements.

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

Green purchase

In order to effectively implement the concept of sustainable development, YOFC integrates the concept of green environmental protection into the procurement process whilst incorporating social responsibility assessment standards into the supplier's review and management process. We give priority to those procurement or use of raw materials, products and services that are energy-saving, water-saving, and resources saving, fully considering every aspects of environmental protection, resource conservation, safety and health, low-carbon recycle and promoting recycling. For example, we prefer use imported woods with shorter growth cycles such as douglas fir, sweet fir, palm fir, spruce as optical cable reels, instead of using wood with long growth cycles such as pine and poplar to promote the sustainable development of materials. We replace traditional diesel-driven forklifts with electric drives in the factory to reduce the use of traditional energy to transform environmental protection in resources. We set clear technical requirements for fiber optic reels, packaging cartons, etc., to reduce material wastes from recycling.

2.5 INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights is the significant core competitiveness of enterprises. In strict accordance with laws and regulations such as *the Patent Law of the People's Republic of China*, *the Copyright Law of the People's Republic of China*, and *the Anti-Unfair Competition Law of the People's Republic of China*, we have formulated internal management systems related to intellectual property protection such as *the YOFC Group R&D Management Process*, *the Work Procedures of Intellectual Property*, *the Changes in Initiation Process of R&D Projects* and *the Patent Application Process*, so as to standardise intellectual property management.

In order to strengthen the intellectual property management in the R&D process of internal projects, YOFC Innovation Centre has set up required procedures for patent assessment and application in R&D projects, protecting the intellectual property rights of the products and preventing new products from infringing upon others' property rights in the early R&D stage of new products. Meanwhile, the Group regularly conducts risk analysis on potential intellectual property rights infringement (including infringing others' patents or being infringed by others' products). Legal proceeding and reporting are carried out when it is necessary to actively claim rights to effectively protect the intellectual property rights.

2. CONSOLIDATING FOUNDATION AND ENSURING COMPLIANCE OPERATION

2.6 BRAND PROTECTION

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

We have defined the Group's brand strategic policies and objectives with a sound brand promotion management mechanism established, so as to ensure the Group's announcements and information are in line with the principles of policy standards and promotion strategy. We have implemented clear objectives, effective controls, orderly efficient processes coordinated by multi functions to ensure that our brand promotion is compliant, timely, accurate and effective.

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

YOFC always adheres to the concept of “customer first, quality focus, people-oriented, innovation and development”. Through continuous consolidation of quality foundation, YOFC has carried out technological innovation and intelligent manufacturing and provided customer service with quality to promote the high-quality development of the enterprise.

3.1 QUALITY ASSURANCE

As a leading company in the global optical communications industry, adhering to the quality concept of “Continual improvement, the pursuit of excellent quality”, YOFC, conducts quality control according to requirements higher than the average industrial standards, continuously improves the quality management capability, establishes and improves the quality supervision system to create quality culture. We promotes the quality development of the whole industry with practical actions, striving to strengthen the international competitiveness and influence of “Made in China” and “China Quality” in the global optical fibre and optical cable industry. We took the lead in signing *the Product Quality Self-discipline Convention in Optical Fibre and Optical Cable Industry*, the first self-discipline convention for product quality in China’s optical fibre and cable industry. Meanwhile, We also signed the Quality Convention with Suppliers with the representatives of suppliers. Based on high standards and high requirements for quality, we promote the sustainable development of China’s optical fibre and cable industry.

Quality management

The Group has formulated management systems on quality assurance such as *the Quality Liability System and Management Measures of YOFC* and set up a 2-tier quality management system comprising the Quality Department and the Full-time Quality Management Group. Quality Department carries out planning, implementation, supervision and evaluation of the Group’s internal quality management system. In addition, the Full-time Quality Management Group is set up in the production line to monitor the quality of the whole process from raw material procurement, contract review, product production, finished product delivery to after-sales services through the quality management information platform, ensuring that the products, processes and services fulfil customers’ needs, so as to ensure the comprehensive, continuous and effective operation of ISO9001 and TL9000. In order to continuously improve and enhance quality control and effectively promote quality product and services, the Group carries out quality target management and quality process monitoring. In 2020, 171 targeted indicators were established. The Group collected, summarised and analysed the achievements of the quality targets on a monthly basis, and carried out cause analysis, rectification and follow-up improvement for failure in meeting targets, so as to ensure compliance with the set quality targets.

The Group’s quality supervision is assured by both compliance testing and internal review of quality management. We set the Group’s Innovation Centre’s testing laboratory, which is independent of the national key laboratories, is established to conduct internal tests and monitoring for production, R&D, sales, quality assurance and other departments. To promote the improvement of internal quality management, we conducted internal audit on its quality management for a period of 3 months in 2020, focusing on the deficiencies and risks in business activities. Key issues identified were discussed and agreed with relevant business’s responsible persons in meetings for remediation action plan with formal reporting issued. Remediation progress was tracked and follow up was conducted to continuously improve quality management capability.

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

Quality culture

The product quality depends on the commitment and efforts of all employees. In order to constantly cultivate quality culture of the Group and strengthen quality education of staff, YOFC conducts quality activities in various forms such as trainings and competitions, enhancing their quality improvement ability and quality competence.

In 2020, in accordance with the actual needs of the business, YOFC adopted a hierarchical training model, involving carrying out a diversified quality-related training. We provided various trainings on product change management knowledge for R&D engineers and process engineers; management system internal audit knowledge and skills, and quality management guidelines for various production departments to improve quality management capability of employees.

Case: 2020 QC Group Competition

In order to improve YOFC's product quality, all departments are encouraged to actively participate in Quality Management Group (QC Group) competition and assessment under the theory of quality management and statistical methods. YOFC holds internal QC Group competitions every year and organises employees to participate in the external QC Group presentation competitions. In 2020, we have made great achievements in the QC Group competitions held nationally and in Hubei Province and Wuhan, among which we won 3 projects in the "Professional level of National QC Group", 2 projects in the "Practice Benchmark of Excellent Quality Management of Hubei", and 2 projects in the Second Prize in Wuhan City.

3.2 INTELLIGENT INNOVATION

In the face of the trend of digitisation and intelligence, the development of a new generation of information infrastructures, such as 5G, Internet of things, industrial Internet, cloud computing and data centres, has entered a new era of rapid development. As a leading company in the global optical communications industry, YOFC has offered high-quality optical fibre cable products for many years, providing strong support for intelligent connection and information transmission and making its contribution to the construction of a robust basic optical network. With the commitment to the integration between independent innovation and industrial collaborative innovation, we speed up our innovation in developing the new generation of optical communication technology, promoting the deployment and upgrading of optical networks with more new products and services.

R&D Innovation

In order to strengthen controls over the Group's internal R&D projects, inspire innovative vitality, the Group has formulated procedures and processes such as *the R&D Management Procedures*, *the Initiation Process of R&D Projects*, *the Changes in Initiation Process of R&D Projects*, etc. to manage a full life cycle of R&D projects.

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

YOFC has established a highly efficient R&D system covering fundamental study, development of processing equipment and new products release aimed at industrial application. Which leads YOFC to be one of the few companies that master the PCVD (Plasma Chemical Vapour Deposition), VAD (Vapour Axial Deposition), OVD (Outside Vapour Deposition) and also one of the three companies in the world that master the production techniques of ultra-low loss single-mode fibres for the next generation of telecommunications, and producing OM5 multi-mode optical fibres with high bandwidth for the next generation data centers. Apart from the whole series of optical fibres and cables, YOFC is also proud to say that it is the longest industry chain in the sector – spanning from core raw materials for preforms to integrate cabling etc. In addition, YOFC takes a lead in the industry through technology and management output and extensive cooperation.

With the only one national key laboratory in China for optical fibre and cable manufacturing technology, the national centre for enterprise technology with national recognition, and the only one optical fibre and cable testing laboratory certified by China National Accreditation Service for Conformity Assessment (CNAS) and Telcordia in the industry, YOFC has established a R&D platform which is being recognized as national key laboratory centre. Our R&D innovation ranges from basic, product lines, to R&D incubation of new business. Among them, the R&D of product line focuses on the R&D of technologies and products of optical fibre preforms, optical fibre cables, special optical fibre and their applications; while the R&D incubation of new business centres on industries related to 5G communications such as high-speed optical modules, electric chips and efficient heat removal. In 2020, the Group has a total of 475 licensed and valid Chinese patents (of which 295 are invention patents), and 90 overseas patents have been granted.

Case: New optical fibre technology contributing to 5G development

With the guidance of 5G comprehensive connectivity strategy embodying the concept of “All-scenarios, High Quality, High Efficiency”, YOFC has launched a series of new optical fibre, optical cable and optical modules and solutions applicable to 5G construction such as FarBand® ultra low loss and large effective area G.654. E fibre and BrightBand® dispersion flattened fibre, contributing to the rapid building and development of China’s 5G network.



New optical fibre

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

Case: Optical fibre sensing system

YOFC has developed optical fibre sensing and DTS systems which enable automatic monitoring and protection for optical cable lines, and provide high-quality temperature monitoring solutions for transportation, electricity and other sectors, satisfying various business requirements such as troubleshooting, monitoring and warning, engineering acceptance and docking platform of highway customers.



Optical fibre sensing system

Case: Data centre solutions

In response to new challenges faced by data centres in the era of Internet of Everything (IoT), YOFC has launched various solutions for data centre, including integrated cabling solutions that combine software and hardware and feature high density, high reliability, high performance and high scalability, optical module solutions and integrated solutions for edge computing facilities, to help maximise efficiency in information processing, transmission and storage while ensuring information security, realising the inherent security of online transmission and information processing of the data centre.



Data centre solutions show

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

Intelligent manufacturing

Intelligent manufacturing is not only a key technological path for advancing the strategy of “Manufacturer of Quality”, but also the inherent demand for transformation and upgrading of China’s manufacturing industry. Adhering to the mission of “Smart Link Better Life” and seizing the historic opportunities brought along with the “14th Five-Year Plan”, YOFC has insisted on the strategy of intelligent manufacturing and technological innovation and development with the former as the main target to assist the transformation and upgrading of the manufacturing industry, further contributing to the construction of China into a manufacturer of quality.

In combination with our technological advantages in optical communication and optical fibre sensing, the Group has launched the “5G+alloptical network” industrial internet solution, which realises all-optical connection from cloud data centre, workshop and edge layer to device. Besides, we have established the world’s largest single intelligent manufacturing plant for optical fibre preform and optical fibre manufacturing in Qianjiang, Hubei Province, realising a new mode of intelligent manufacturing of optical fibre preform, optical fibre and optical cable. The manufacturing plant can help improve productivity and energy utilisation by more than 20% and 40% respectively, realising prominent economic and social benefits and continuously promoting the technological advancement of the optical fibre and cable industry.

R&D of Core Equipment

YOFC have completed the intelligence upgrading of 18 core process equipment and put them into production and application. Such core equipment has fully surpassed foreign technology and been in the leading position in the world.

Streamlined Production of Optical Fibre Preforms

We have realized automation through the production process, which integrates and connects discrete process equipment and separate workshop systems through robots, AGV and automatic logistics lines, becoming the first to realise automatic handling and transportation logistics across entire process of optical fibre preforms in the industry. The automatic logistic coverage of main process reaches 100%.

Trend Control of Production Process

YOFC is the first to adopt intelligent process system and big data in the production of optical fibre preforms and optical fibres, realizing various functions including online process trend control, intelligent fitting, equipment health diagnosis and forecast model, process simulation and quality prediction.

Big Data Restoration Technology for the Production Site

Big data restoration technology for the production site, which is used for data pre-processing in data analysis, has enabled automatic data pre-processing.

Highlights of YOFC Intelligent Manufacturing

3. PURSUE EXCELLENT QUALITY AND INTELLIGENT INNOVATION

3.3 CUSTOMER SERVICE

Customers are the growth driver of YOFC, and we have always been emphasising on “customer-oriented” services, and focus on customers and place importance on and deliver our commitment to the customers.

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

We have established a transparent and effective closed-loop handling mechanism for customer feedbacks and handles related complaints in strict compliance with the requirements of *After-sales Service Process* to ensure that customers’ comments and complaints are properly handled. We have established a sound service support system to effectively respond to customers’ request and efficiently handle customers’ difficulties through the support from sales and technical personnel around the globe. Our service teams commit to responding within 24 hours and resolve customers’ service request within 48 hours. 7×24 service hotline is available for receiving customer feedback and responding to customers’ needs any time. We have established group responding system, reporting system, training system and performance appraisal system for after-sales service with an aim to achieve optimal control over various after-sales service, thereby ensuring timely and efficient solution of related complaints and making corresponding improvement of products and services.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

YOFC strictly follows the applicable laws and regulations at home and abroad and implements the low-carbon emissions reduction policy to fulfil the corporate's responsibility for society and environment with the consistent principle of "Energy Conservation, Consumption Reduction, Pollution Minimisation, Efficiency Improvement, Pollution Prevention and Continuous Improvement". In 2020, we actively implemented the Green Development Action Plan by constantly strengthening the overall process management of environmental protection, continuously developing clean energy. We fulfilled our corporate environmental protection responsibilities from all aspects such as energy conservation, improvement in resource utilisation, compliance with emission standards, and response to climate change, facilitating the green development of society.

4.1 RESOURCES OPTIMISATION

Resources optimisation is a crucial approach for corporate to achieve sustainable development. In order to carry out energy conservation and consumption reduction in an effective and compliant manner, the Group has identified the laws and regulations relevant to resource conservation, i.e. *Circular Economy Promotion Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, Energy Conservation Review Measures for Fixed Asset Investment Projects, Energy Conservation Supervision Measures, Measures on Management of Industrial Energy Conservation, Measures on Energy Management of Key Energy Consumption Units*, to strengthen resource management of the Group.

Based on the policies above, the Group takes several approaches, i.e., energy restructuring, information-based. The Group takes the scientific and technological progress as the driving force to save energy and resources. Meanwhile, scientific management is conducted in energy and water use, so as to improve the utilisation of energy and water resources. In daily operations, the Group guides green development through green product design, water resource management and packaging materials optimisation, in a bid to minimise the consumption of resources and energy as well as the impact on the environment, and create more social values.

Energy management

In order to achieve the goal of energy conservation and emission reduction, YOFC practices sustainable green development characterised through a series of projects following the new concepts and ideas of industry development throughout the process of production and operation.

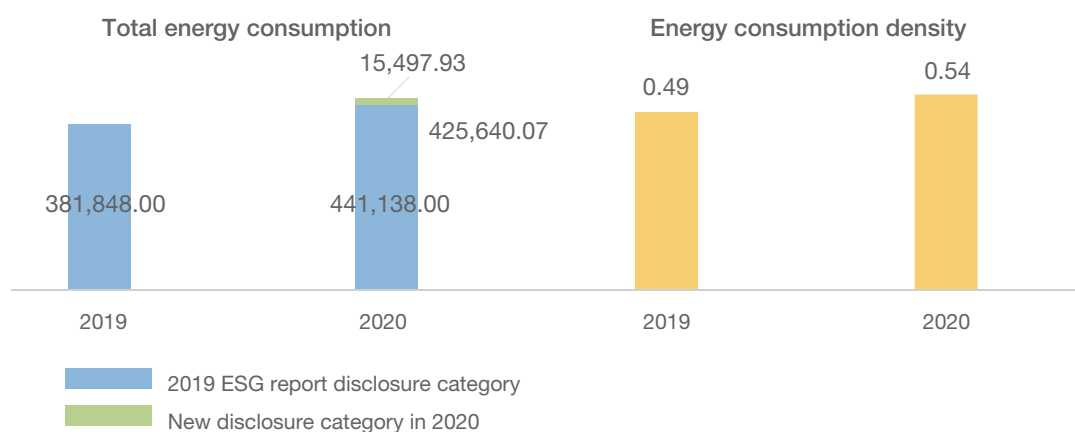
To completely implement the corporate environmental responsibility, YOFC actively adjusts the energy structure. The Group has entered into Power Transaction Intention Agreement with electricity supplier since 2018 to purchase renewable clean energy for industrial production of the Group. By 2020, all of the electricity (approximately 140 million kWh) used by Company's Wuhan plant came from hydropower, with the use of clean energy reaching 100%. By doing this, the Group reduced carbon emissions by 77,000 tons compared with coal-powered generation, thereby contributing to the low-carbon economic development of society.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

In 2020, YOFC successfully completed the assessment target of “double control” of total energy consumption and intensity in 2019 issued by Wuhan Development and Reform Commission, through energy control and energy saving technical reform project, with remarkable energy saving effect.

YOFC has started to implement energy management, rectify and optimize the problems found in the process of energy management. YOFC has organized the revision of energy management system documents for many times, and carried out policy publicity and training; assessed the total energy consumption performance for main product lines; strengthened the management of energy measuring instruments according to the requirements of *GB 17167-2006 general rules for allocation and management of energy measuring instruments for energy users* and realized the self-inspection and improvement of energy measurement; built the informatization “production guarantee platform” with energy management as the core to realize centralized and flat dynamic monitoring and digital management of energy transmission, distribution and consumption.

Type of Energy	Unit	Statistics in 2019	Statistics in 2020
Total direct energy consumption	MWh	79,958.70	151,781.15
Unleaded gasoline	liters	39,787.90	50,810.79
Diesel	liters	94,882.60	59,717.10
Natural gas	cubic meters	7,957,492.00	13,940,016.00
Total indirect energy consumption	MWh	301,889.30	289,356.84
Natural gas	MWh	Undisclosed	17,562.47
Purchased power	MWh	301,889.30	271,794.37
Energy consumption intensity	MWh/ten thousand revenue	0.49	0.54



Note:

1. Comprehensive energy consumption is calculated according to the conversion factors in the consumption of gasoline, diesel, natural gas, electricity and steam and the national standard General Principles for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2008).

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

2. During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019. The remaining subsidiaries have not been included in the statistics due to their small scale. In the future, statistics will be timely based on actual conditions. Yangtze Gas Qianjiang Company Limited was formally established in May 2019 and has been gradually put into operation from the middle of 2019. Its energy consumption in 2020 has increased significantly compared with 2019.

Case: Pipeline transformation of building refrigeration station to reduce the power consumption of refrigerating pump

YOFC reformed the pipeline of the refrigeration station in the plant area by connecting the outlet and return water pipelines between the refrigeration stations. Compared with the original operation mode, the updated system increases the utilisation rate of chillers at refrigeration station, enhances the system stability, and effectively reduces the power consumption of refrigerating pump in the cooling system, with annual power conservation of 375,000 kWh.



Refrigeration station pipeline renovation

Green product

Adhering to the concept of green design, YOFC's product are designed to reduce environmental pollution, reduce energy consumption, and promote product recycling. In 2020, the Group analysed the full life cycle of both GYTA and GYTS outdoor optical cable products and evaluated their environmental impact through raw materials acquisition, production, transportation, sales, use and disposal. Based on the results, we proposed a green design improvement plan covering the environmental attributes, resource attributes and product attributes of materials, which satisfied the green design evaluation standards set by Wuhan Commission of Economy and Information Technology. And this improvement greatly enhanced the eco-friendliness of optical cable products.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Water resource management

In 2020, the Group continuously promoted water resource optimisation projects to increase efficiency of water usage as well as advocate water conservation, and incorporated water resource costs into department assessment indicators. In response to water conservation initiative, many subsidiaries and product lines identified water resources usage in existing processes as well as planned and implemented water-saving projects to improve relevant processes.

The preform division of YOFC has prepared improvement plans to reduce water consumption in production, processing and equipment cleaning. In 2020, YOFC has successfully passed the acceptance and review of water-saving enterprises by Hubei Provincial Department of Housing and Urban-rural Development, and has been identified as a provincial-level water-saving enterprise.



Production Process

The Group standardise the packaging of suppliers to reduce pollution of imported products. For example, we optimise the packaging of solid cable to reduce cleaning steps of solid core, which cut water consumption by approximately 1,600 tons.



Design Process

The Group abate the pollution in the product processing step and cut down corrosion cleaning. Then we make pollution pre-treatment separately to optimise and reduce water consumption of a single batch of products. Meanwhile, we optimise the equipment washing procedures for internal circulation, which reduces water consumption by approximately 6,100 tons.

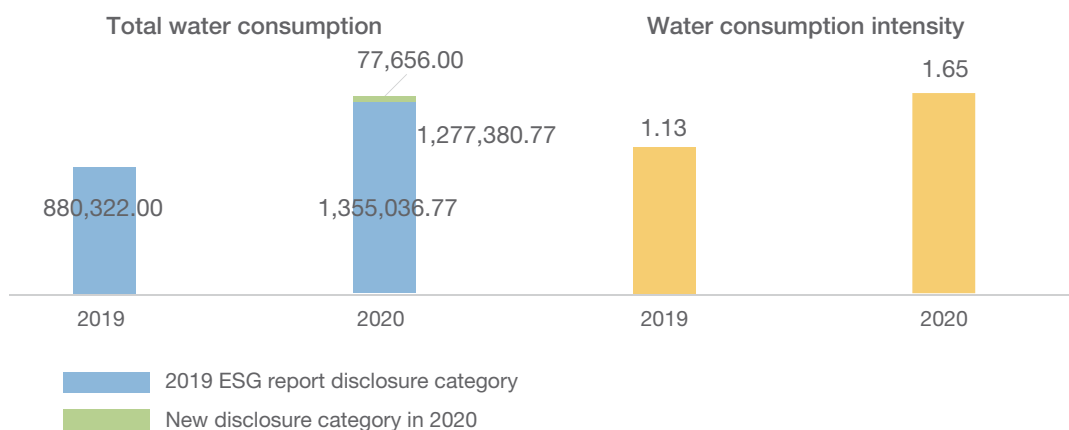


Equipment Cleaning Process

We modify the structural components of the cleaning equipment to increase the processing capacity of a single batch, which reduces water consumption by approximately 5,200 tons.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Water usage	Unit	Usage in 2019	Usage in 2020
Water consumption	cubic meters	880,322.00	1,355,036.77
Water consumption intensity	cubic meters/ten thousand revenue	1.13	1.65



Note:

During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019. The remaining subsidiaries have not been included in the statistics due to their small scale. In the future, statistics will be timely based on actual conditions. Yangtze Gas Qianjiang Company Limited was formally established in May 2019 and has been gradually put into operation from the middle of 2019. Its water consumption in 2020 has increased significantly compared with 2019.

Case: Gas station vaporiser water collection project

There are a variety of liquid gases in the supporting gas station of YOFC that need to be gasified before their intended use. A large amount of heat needs to be absorbed during the gasification process, and the water spray vaporiser is usually used to bring in heat to avoid freezing of the vaporiser. In order to lower the water consumption, in this year we collect water from vaporiser within the gas station and send it to the cooling tower to replenish the circulating water in the cooling system, which lowers the temperature of recirculating water in the cooling tower, leading to higher operation efficiency of the chiller, with annual average water conservation of 15,000m³.



Carburetor spray water collection device

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Packaging materials

In traditional supply chains, new raw materials are derived from the constant exploitation of the earth's resources, while materials in waste products are often not recyclable. In order to reduce the use of resources, YOFC has gradually transformed to a green supply chain, aiming to minimise the negative environmental impact and maximise resource utilisation throughout the life cycle of packaging products (including raw materials selection, product design and manufacturing as well as final disposal), and realize the unification of social and economic benefits. To this end, YOFC held various activities regarding reducing, recycling and reusing packaging materials to continue promoting the optimisation of packaging and packaging materials.

Material Purchasing

The Group actively seeks solutions and prioritises the sourcing of recyclable and renewable packaging raw materials. Whether the materials come from natural extraction, recycling or other renewable sources, we will procure them in a responsible manner and actively conduct supply chain due diligence.

Package material reduction

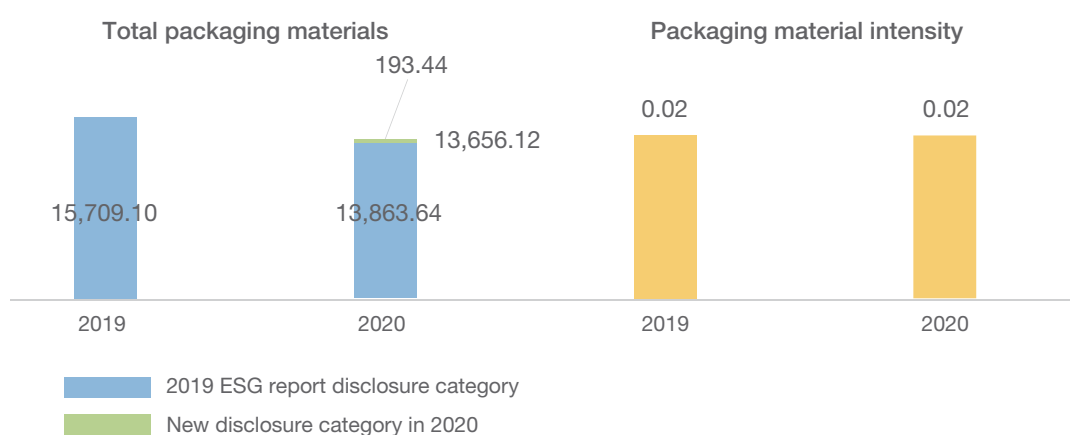
The Group makes the best use of packaging materials, and gradually promotes the use of iron and wood discs for optical cables to reduce the use of wood discs. In 2020, about 6,181 iron and wood plates will be used, greatly reducing the use of wood. At the same time, in the process of supplying optical fibre, the supply of optical fibre hood is cancelled for customers without special requirements.

Recycling

The Group strengthens product collection and reuse, and gradually carries out the recovery of optical fibre disks and packaging materials. In 2020, the Group will recover a total of 18,166 25km optical fibre discs and 14,585 25km optical fibre protective covers from YOFC Shenzhen Co., Ltd. At the same time, the group has also signed a 1 million core km fibre disc recycling agreement with partners to achieve resource recycling and utilization.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Type of packaging materials	Unit	Statistics in 2019	Statistics in 2020
Paper	tonnes	783.80	1,055.99
Plastic	tonnes	741.00	1,508.56
Metal	tonnes	12.30	14.08
Wood	tonnes	14,172.00	11,285.01
Total	tonnes	15,709.10	13,849.56
Intensity	tonnes/ten thousand revenue	0.020	0.020



Note:

During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019.

4.2 EMISSION MANAGEMENT

Pollutant emissions are strictly controlled by YOFC when implementing green production. We make compliance evaluation at least once a year to identify all environmental relevant regulations involved in our business process, including *the Environmental Protection Law of the People's Republic of China*, *the Law of the People's Republic of China on Solid Waste Pollution Prevention*, *the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, *the Law of the People's Republic of China on Prevention and Control of Water Pollution*, *the Law of the People's Republic of China on Environmental Impact Assessment*, and *Provisional Regulations on the Administration of Carbon Emission Trading*, etc. Furthermore, in strict accordance with the ISO 14001 Environmental Management System, we have issued the regulations on environmental and occupational health, safety and social responsibility and other requirements, as well as compliance evaluation procedure, solid waste control procedure and noise control procedure. We manage and monitor pollutants and waste throughout the operation.

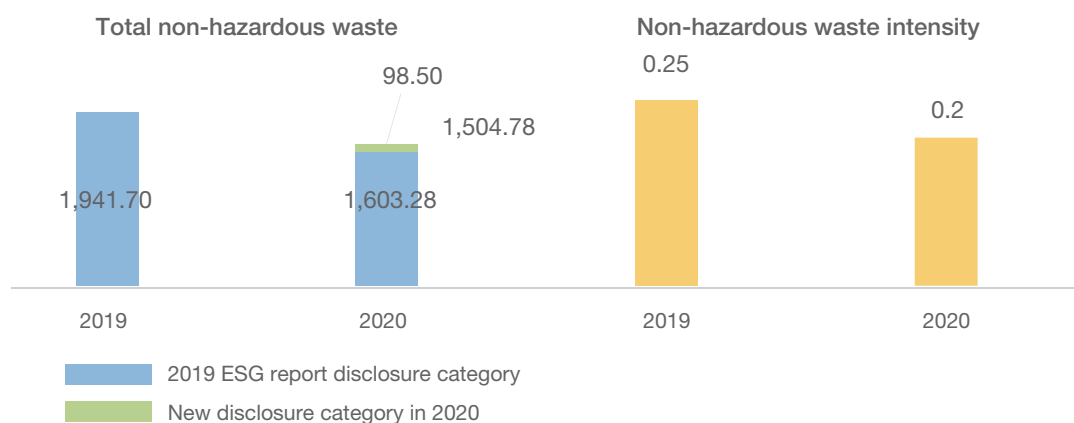
4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Waste

As an enterprise for manufacturing optical fibres and cables, YOFC's main wastes include general industrial solid waste, domestic garbage, sludge and hazardous waste. Among them, there are designated collection points and centralised recycling places for domestic wastes, which will be recycled and disposed by third party companies which are designated by the Urban Management Department. General industrial wastes and sludge will be transferred to the material recovery unit for treatment or recycling. Hazardous waste mainly includes organic solvents, waste acids, packaging materials. Each type of waste is provided with a dedicated recycling site, and is regularly recycled by qualified recycling corporates.

During the process of production and operation Minimising the generation of hazardous waste is given priority by us. Currently, the Production Department has reduced or eliminated the use of isopropanol through improvement in technology, greatly reducing the generation of waste organic solvents.

Type of Non-hazardous waste	Unit	Statistics in 2019	Statistics in 2020
Industrial solid waste	tonnes	1,220.70	872.88
Domestic garbage	tonnes	196.30	265.42
Sludge	tonnes	524.70	464.98
Total non-hazardous waste disposal	tonnes	1,941.70	1,603.28
Non-hazardous waste disposal intensity	tonnes/ten thousand revenue	0.25	0.20

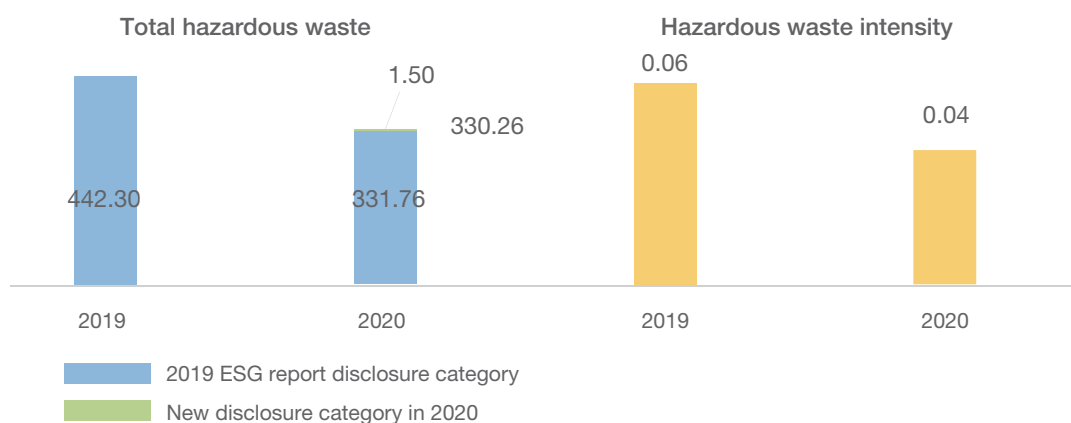


Note:

During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019. The remaining subsidiaries have not been included in the statistics due to their small scale. In the future, statistics will be timely based on actual conditions. YOFC Gas Company was formally established in May 2019 and has been gradually put into operation from the middle of 2019. Its Non-hazardous waste in 2020 has increased compared with 2019.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Type of hazardous waste	Unit	Statistics in 2019	Statistics in 2020
Waste organic solvents	tonnes	47.10	38.37
Waste acid	tonnes	344.10	241.60
Waste activated carbon	tonnes	5.70	25.52
Waste packaging materials contaminated by chemicals	tonnes	29.00	26.27
Total hazardous waste disposal	tonnes	442.30	331.76
Hazardous waste disposal intensity	tonnes/ten thousand revenue	0.06	0.04



Note:

During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019.

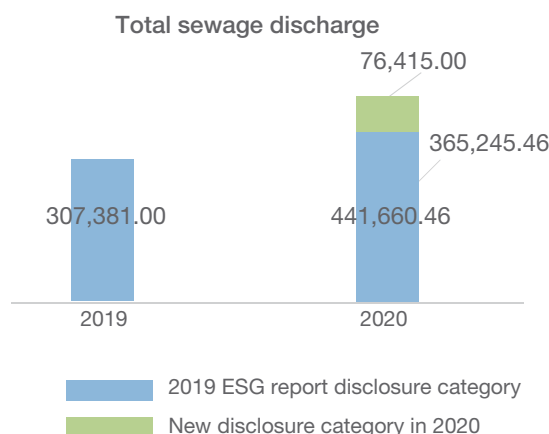
4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Wastewater

In terms of wastewater treatment, we mainly take measures to reduce both total amount and concentration of discharge. To reduce total amount of discharge, we have set an internal reduction target based on the pollutants involved in the environmental detection report and corresponding national standards. We have successfully reduced wastewater discharge and completed our target through continuous upgrading relevant environmental protection treatment facilities. To reduce the concentration of discharge, we have added a fluoride ion online detection device to the wastewater discharge pipe network and installed a return pipeline. Once the fluoride ion concentration exceeds the internal indicator, the wastewater will automatically flow back to the treatment tank to be treated again until it meets the internal discharge standards.

Wastewater Discharge

Wastewater Discharge	Unit	Statistics in 2018	Statistics in 2019	Statistics in 2020
Wastewater Discharge Amount	m ³	257,077.00	307,381.00	441,660.46



Note:

During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019. The remaining subsidiaries have not been included in the statistics due to their small scale. In the future, statistics will be timely based on actual conditions. Yangtze Gas Qianjiang Company Limited was formally established in May 2019 and has been gradually put into operation from the middle of 2019. Its wastewater in 2020 has increased compared with 2019.

NOISE

As a manufacturing plant, we actively carry out corresponding measures to further reduce the noise of the factory boundary, so as of to reduce the impact of the noise generated by the increasing production projects on the surrounding residents. In 2020, YOFC continued to improve noise control, and strictly implemented the “Three Simultaneous” management system. Noise is considered as an important environmental factor in the selection of new input or modification equipment. At the stage of production and design, we focus on noise protection measures, and comprehensively implement noise reduction projects.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

4.3 CLIMATE CHANGE

Responding to challenges posed by climate change and accelerating the transition to a low-carbon economy, are common goals for Chinese government and even all the countries over the world. Under the background that China is striving to achieve peak carbon dioxide emissions before 2030 and realise carbon neutrality before 2060, YOFC has been actively implementing the concept of sustainable development in operation with a green and low carbon way, and taken measures in response to climate change from such two aspects as carbon emissions control and management optimisation.

Carbon emissions

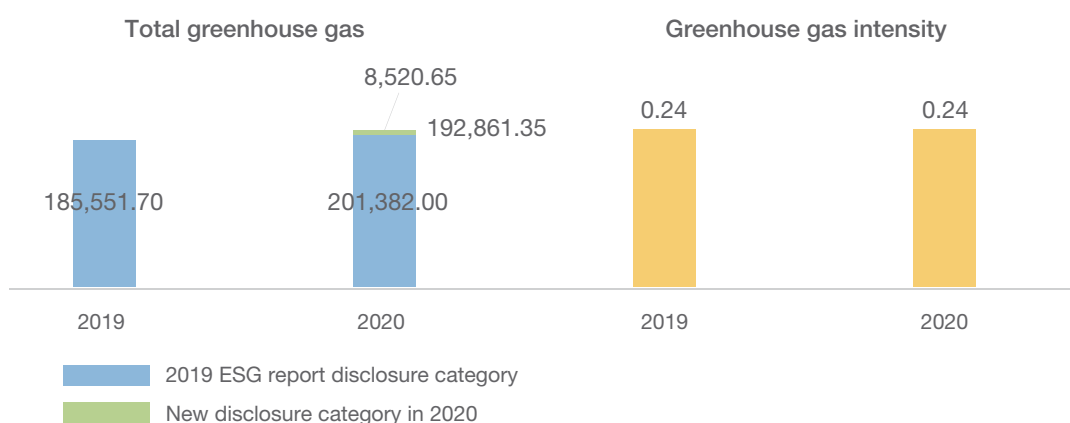
In order to effectively manage the greenhouse gas emissions, YOFC has constantly strengthened the monitoring and management, formulated relevant management policies for greenhouse gas emissions, and actively participated in the carbon emission rights trading organised by local authorities, being committed to promoting the green and low carbon development of the Group.

YOFC monitors carbon emissions generated in the process of production annually, primarily including the electricity, heat, fuel, industrial protective gas, etc. used in the process. Firstly, we identify the direct and indirect sources of greenhouse gas emissions across the plant and determine the emission boundary. The energy management personnel from various departments works together to establish a sound statistical ledger for internal greenhouse gas emissions, and calculate the Group's annual emissions of greenhouse gas and prepares a report based on *the Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions from Industrial Enterprises and Other Industries* and *Template for Emissions Monitoring Plan* issued by local authorities, as well as provides supports to third-party verification agencies organised by local authorities for on-site verification of our annual verification report and monitoring plan so to ensure the authenticity and reliability of the data. By 2020, YOFC has successfully completed the carbon emissions trading and performance evaluation from 2017 to 2019. In order to effectively reduce the increase in carbon emissions due to the business expansion and lower our implementation costs, we have set up a management team for carbon emissions, which conducts deep analysis of historical data on energy consumption and carbon emissions, promotes the implementation of various renovation projects on energy conservation and emissions reduction, establishes mechanisms on goal setting and assessment of each department based on the study and research on relevant policies and verification guidelines associated with carbon emissions trading, and actively carries out and implements management work for carbon emissions in various departments.

In order to further carry out energy conservation publicity and education, YOFC has developed an internal training course on "Carbon Trading and Energy Management" to train and empower energy managers in various departments every year. Various product lines and workshops also actively conduct energy-saving training in the workshops in the form of energy-saving special publicity and lectures. We created a good energy-saving and low-carbon atmosphere by hanging energy-saving slogans in the workshops and posting energy-saving proposals in the publicity column, clarifying energy-saving operations that need to be paid attention to in daily work, and encouraging employees to actively contribute to energy-saving and emission-reduction.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Greenhouse gas	Unit	Emission in 2019	Emission in 2020
Total emissions (Scope 1&2)	tonnes (CO ₂ Equivalent)	185,551.70	201,381.99
Direct emissions (Scope 1)	tonnes (CO ₂ Equivalent)	17,544.00	29,740.23
Indirect emissions (Scope 2)	tonnes (CO ₂ Equivalent)	168,007.70	171,641.76
Greenhouse gas emission intensity	tonnes (CO ₂ Equivalent)/ ten thousand revenue	0.24	0.24



Note:

- 1 Based on operating characteristics, the Group's main gas emissions are greenhouse gas emissions, which are derived from the use of electricity and fuels converted from fossil fuels.
- 2 Components of greenhouse gases includes carbon dioxide, methane and nitrous oxide, which are mainly derived from purchased electricity and fuel. Greenhouse gas accounting is presented in terms of carbon dioxide equivalent, based on the *2019 Emission Factors of China's Regional Power Grid Baseline for Emission Reduction Projects* published by the Ministry of Ecology and Environment of the People's Republic of China and the "IPCC 2006 National Committee on Climate Change" published by the Intergovernmental Panel on Climate Change (IPCC). Greenhouse Gas Inventory Guidelines 2019 Revised Edition" for accounting.
- 3 During the reporting period, the scope of environmental data disclosure was based on the addition of two subsidiaries in 2019. The remaining subsidiaries have not been included in the statistics due to their small scale. In the future, statistics will be timely based on actual conditions. Yangtze Gas Qianjiang Company Limited was formally established in May 2019 and has been gradually put into operation from the middle of 2019. Its Non-hazardous waste in 2020 has increased significantly compared with 2019.

Risks and opportunities associated with climate change

The Group is also fully aware of the increasing impact of global climate change on the communication industry. While practising the green and low carbon operation, we analyse our risks and opportunities that may potentially arise from climate change, assess their effects and develop response strategies in the context of climate change scenarios. For example, the development of the optical fibre industry relies on the supply of high-purity gases such as hydrogen, nitrogen, and oxygen. In order to cope with the risk of interruption of the transportation of high-purity gas caused by extreme weather that affects the continuous production of the Group, we established Qianjiang Gas Company, a subsidiary of YOFC, to provide stable gas supply for the Qianjiang production base of the Group and effectively guarantee This has improved the stable operation of the plant under extreme weather.

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

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

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

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

4. ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

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

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Employees are our critical driving force behind the sustainable development of the enterprise. We regard employees as valuable assets and implement the concept of fairness and fairness in employee recruitment, entry, promotion and salary rewards. We fully respect and protect the legitimate rights and interests of our employee and strive to create conditions for and provide a broad platform for the development of employees and build a bright future with employees jointly.

5.1 EMPLOYEE EMPLOYMENT

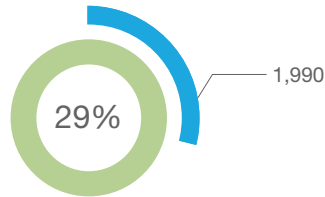
YOFC strictly complies with the laws and regulations related to labour and employment in countries and places we operate such as *the Labour Law of the People's Republic of China* and *the Labour Contract Law of the People's Republic of China*. YOFC has formulated such rules and policies as *Recruitment Management Requirements*, *Staff Performance Management Procedures*, *Attendance Management System*, and *Resignation Management Procedures and Documents*, to provide guidance for employment, leave management, compensation and benefits, termination management, promotion and development and so on.

Number of employees

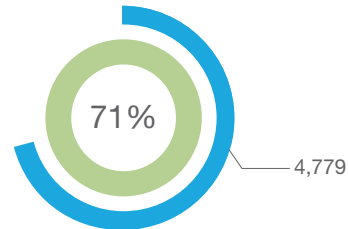
Indicator		2020
Total number of employees		6,769
By gender	Female	1,990
	Male	4,779
By employee type	Management	72
	Department managers	233
	Other office staff	1,967
	Ordinary workers, skilled workers	4,497
By age	< 30	2,587
	30-50	3,982
	> 50	200

5. STAYING FOCUSED AND STAFF DEVELOPMENT

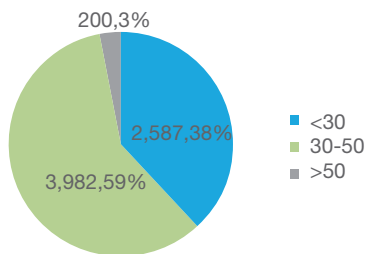
Number and proportion of female employees



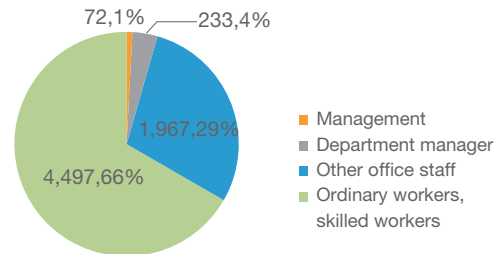
Number and proportion of male employees



Number of employees by age (person)



Number of employees by employee category (person)



We advocate equal and diversified recruitment policies, as well as lawful and fair employment principle. We actively promote equality in employment decision-making and combat any discrimination on grounds of race, nationality, colour, religion, sex, age, etc. At the same time, the Group strictly prohibits the use of child or forced labour. In 2020, there were no case of child labour or forced labour within the Group.

In order to further improve the talent attraction, YOFC provides open, equal and diversified competitive opportunities for the vast number of outstanding talents. According to the needs of the strategic development of the Group, employees who are qualified for the position are selected from both internal and external sources. In order to attract and cultivate outstanding young talents, we have conducted campus recruitment through multiple channels according to the principle of “fair competition, two-way selection, and performance-based employment”. These are among our systematic efforts to promote the development of our people.

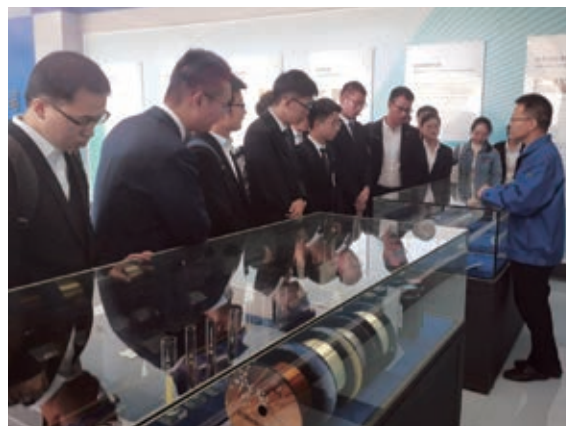
Case: “YOFC Open Day” campus recruitment

In 2020, YOFC held the “YOFC Open Day” activities to further strengthen communication between enterprises and colleges, and help enterprises to attract more high-end talents. During the activities, considering the preferences of the post-95s, we implemented a more lively “Briefing Session”. With the purpose of advocating “openness, tolerance, innovation, and win-win cooperation”, YOFC presented the corporate culture to students in all-around manner, and in the meantime helped to attract more interdisciplinary talents with a wide range of knowledge, high quality and diversified capabilities.

5. STAYING FOCUSED AND STAFF DEVELOPMENT



Group discussion



Visits

5.2 TRAINING DEVELOPMENT

The Group focuses on the long-term development of its employees, actively implements the talent development strategy, and implements a talent development planning and management model that is “job responsibility-based, performance-oriented, competence-centred, objective and impartial” to create opportunities for employees to grow and learn. We have established a clear framework system of job levels and set five major categories of positions, i.e. management, technology, sales, operation and function, with different levels in each category and detailed qualification requirements, which provide clear guidance and reference for the development direction, promotion and job changes of employees.

Employee training

YOFC has formulated the *Training Management Procedures*, *Staff Training Credits Management Procedures*, *Special Training Management Procedures*, *YOFC Internal Curriculum Development Management Procedures*, *YOFC Internal Instructor Management Procedures*, *Job Qualification Procedures*, *Production Department Operator Qualification Regulations*, and other regulations on training management, which clarified the responsibilities of training management, types of training, training needs and plans, training implementation, application of training results, training resources and other management rules to ensure the efficient operation of the staff training mechanism.

In line with the training concept of “all staff” “targeted” “planned” “life-cycle” “tracking”, we have adopted various training methods such as face-to-face learning, online learning, and practical curriculum, and conducted diversified training such as training for new recruits, training for cadres during inspection period, and training for talent pool. We encourage all staff to participate in the training plan, and carry out the training under assessment system throughout the career cycle. We continuously improve the talent development plan and continue to optimise our talent development mechanism in conjunction with the expert evaluation system.

5. STAYING FOCUSED AND STAFF DEVELOPMENT



Employee training

Case: Training programme of sales management trainees

From June 2020, YOFC conducted a one-year-long training programme for sales management trainees from school recruitment. The training programme covers centralised on-boarding training, self-study of online courses, departmental internship, mid-term examination, and final defence. The centralized training mainly involves face-to-face courses, they will learn to understand corporate culture, regulations, product and process knowledge, customer relationships, marketing skills, bid management, project management, etc. The online course includes more than 20 video courses, which cover vocational literacy, communication skills, speech and negotiation skills and other contents. During the departmental internship phase, management trainees will be assigned to six relevant departments for job rotation. Intern coaches and departmental coaches provide guidance to them during the internship, determine the performance targets and score them after the internship period. The appraisal mechanism runs through the whole training stage and the effectiveness of training is evaluated in a timely manner.

Case: High-potential talent pool building plan

In 2020, YOFC continued to carry out the high-potential talent pool building plan, selected people for the backbone pool, elite pool and advanced pool, and designed development plans for different talent pools. We selected various types of outstanding employees through tests such as English test and competency assessment, and designed various training programmes accordingly. While empowering employees with the courses, we also guide them to summarise experience and do case studies. The activities are carried out to help employees grow in a more targeted manner and improve our talent development programme.



On-site Training

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Employee remuneration and incentives

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

In order to stimulate employees, the Group continues to implement the performance incentive policy to promote the mutual development of the enterprise and employees. In 2020, in order to effectively select outstanding talents and stimulate employees, we have carried out the yearly “employee-post match, promotion and salary adjustment” work to efficiently promote the development of talents at various levels. Employees can participate in certification each year and obtain the corresponding qualification after passing the review of the qualification committee for each series. We actively explore internal talents, implement the principle of “internal recruitment first” to encourage the development of internal staff, and provide a broad development platform and promotion room for internal employees.

The successful development of YOFC overseas business and the achievement of its objectives are thanks to the unremitting efforts of overseas employees. We provide benefits and supplementary commercial insurance to overseas employees, safeguard the interests of overseas employees, and allocate resources to support overseas employees in order to fully motivate overseas employees to work, thus encouraging employees to participate in overseas business expansion.

5.3 SAFETY AND HEALTH

The Group strictly complies with the relevant laws and regulations including *Work Safety Law of the People’s Republic of China*, *Special Equipment Safety Law of the People’s Republic of China*, and *Fire Protection Law of the People’s Republic of China*. The Group is regularly inspected by supervisory bodies of the government, and reviewed by third-party certification bodies to ensure strict compliance with relevant regulations. The Group has also formulated internal regulations, such as *Environmental and Occupational Health Safety Management Manual*, *Safety Production Responsibility System*, *Accident and Incident Investigation and Processing Procedure*, *Occupational Health and Safety Inspection Procedures*, *Environmental and Occupational Health and Safety Performance Measurement Procedures*, *Safety and Environmental Performance Assessment Management Regulations*, *Special Work Approval System*, and *Regulations on the Administration of Labour Protection Products* to establish a sound health and safety management system, and effectively safeguard employee safety.

In addition to a comprehensive safety and security system, the Group has set up a Safety and Environmental Protection Committee, where the Group’s president and senior vice president serve as the leadership of the committee, to promote the implementation of employee safety and health protection.

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Occupational health and safety

We strictly abide by the relevant laws and regulations of the regions in which we operate, such as *the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, *Measures for the Administration of Occupational Health Examination*, and *Regulation on Work-Related Injury Insurance*. During the Reporting Period, we conducted vigorous safety inspection work, promptly investigated safety problems and implemented corrective measures for potential safety hazards that may cause occupational disease. We transformed positions with occupational hazards by using intelligent production technology, continuously improved the environment for employees and reduced the risk of safety accident. At the same time, we require new staff to go on duty only after passing the occupational health assessment, and provide each position with appropriate labour insurance supplies, and conduct occupational health check-ups on a regular basis, and provide comprehensive protection for the occupational health and safety of employees.

Safety emergency

In order to respond to emergencies such as safety, firefighting, equipment and equipment breakdown, YOFC has formulated regulations such as *Fire Emergency Handling Procedures* and *Accident Investigation and Handling Procedures* which provide standardized guidance for comprehensively safeguarding of employees and property. We regularly conduct emergency drills such as chemical leakage, fire escape and emergency rescue. Through emergency drills, the employees' self-protection ability in case of emergencies is strengthened, and the first-line managers' on-site command and response capabilities when encountering emergencies are improved. At the same time, the effectiveness of related systems is further tested.

Production safety

In order to further improve the health and safety protection of employees, YOFC actively carried out equipment upgrades and technical improvements in the current year. In order to reduce occupational hazards and flammable and explosive objects in the workshop. Production departments eliminated the use of isopropyl alcohol, and replaced it with alcohol to clean the preforms. While safeguarding the effectiveness of the cleaning, we reduced the safety and health risk of employees.

In terms of safety and quality assessment, YOFC issued the *Regulations on Safety and Environmental Performance Assessment Management*, which set the number of days lost due to injury per million working hours and the number of accidents below grade 5 per million working hours. With a number of evaluation indicators, in 2020, the Group has completed all targets accordingly.

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Statistics on Security Incidents for the Current Year:

Safety Incident	Target	Actual Completion in 2020
Work-related fatalities	0	0
Major fire accidents	0	0
Explosion accidents	0	0
Major acute industrial mass poisoning	0	0
Occupational disease incidence	0	0

5.4 COMMUNICATION AND CARE

The Group recognizes the importance of employees' work life balance, actively carries out staff activities, enhances staff cohesion, creates a harmonious and relaxed working atmosphere, and enables employees to feel the care and warmth of the YOFC family. In order to better listen to employees' voices and understand the true thoughts of employees, we have established various internal communication and feedback channels to encourage employees to communicate with management. We have also continuously promoted care activities for employees to help solve their problems.

Staff benefits

The Group has formulated and continuously improved relevant welfare policies and systems. In addition to paying social insurances and housing fund according to the laws and regulations, we provide supplementary commercial insurance. Employees are entitled to paid annual leave, work meals, shuttle buses, health check-up, home leave, holiday benefits and other group activities organized on a regular basis.

This year, YOFC organized a variety of staff activities to enrich the daily work and life of employees. We held employee activities such as YOFC's Spring Festival Gala Evening, Labor Skill competition, Employee Sports Competition (basketball, volleyball, badminton and so on), organized company employees to participate in the Guanggu Good Voice Competition, Cool Summer Activity and organized them to participate in Donghu E-Sports Competition to inject enthusiasm and energy into our people, enhanced the employee's sense of belonging and collective cohesiveness, and enjoy life together with the employees.

5. STAYING FOCUSED AND STAFF DEVELOPMENT



YOFC's Spring Festival Gala Evening



Employee Sports Competitions

The Group truly cares for the lives of its employees. When an employee is hospitalised, or an employee's immediate family member passed away, we will conduct on-site visits to show our sympathy. We provide assistance to employees in difficulty, organize donations, overcome difficulties together with employees, and give our warm care to employees.



The trade union expresses sympathy for employees in serious illness

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Case: Medical mutual assistance plan for employees

In 2020, YOFC introduced *2020 Medical Mutual Assistance Plan for Employees*. The insurance items include hospitalization and 16 serious diseases, and provides broader coverage of reimbursement and subsidies for employees to see a doctor, effectively reduces the burden of “expensive medical resources” for employees and retired employees, helps families with difficulties to solve actual medical care problems, and provides practical assistance to employees. This move conveyed the Group’s care and warmth to employees, and at the same time enhanced the cohesion of the Group.

职工综合医疗
互助项目



2020 The Medical Mutual Assistance Plan for Employees

Case: Special care for female employees: “Courtesy Baby Care Room”

YOFC set up the “Courtesy Baby Care Room” to provide convenience for female employees who need nursing preparation and pregnancy rest, meeting the basic needs of female workers of childbearing age during breastfeeding. The baby care room is equipped with signboard, sofa, refrigerator, microwave oven, air conditioning, power outlet, table and chairs, as well as a good lighting condition. The baby care rooms are managed with a user access system, and are cleaned and maintained daily to meet the demand of working mothers. We also actively collect relevant feedback to continuously optimize management and construction, and are committed to providing thoughtful and convenient services to working mothers, so as to enhance their happiness of working in YOFC.



The baby care room

5. STAYING FOCUSED AND STAFF DEVELOPMENT

Employee satisfaction survey

YOFC actively cares work and life of its employees, and has established close ties with them. In order to continuously improve employees' working experience, we have set up an employee satisfaction survey mechanism to collect employees' feedback through employee engagement survey questionnaires. The questionnaire involves four aspects, i.e. individual, team and operation, customer and market, enterprise and leadership, and contains 14 sub-dimensions to comprehensively measure employee' satisfaction with the enterprise. We actively communicate with employees, continuously improve the compatibility survey, and ensure that the improvement actions are carried out under the overall supervision of the Group.

6. GIVE BACK TO THE SOCIETY AND PRACTICE PUBLIC WELFARE

YOFC actively performs corporate social responsibilities to contribute to whole society, while seeking business development. We insist on promoting long-term and continuous “participation of everyone”. We are committed to helping students, caring for children and organizing open activities. We fulfill our social responsibilities and strive to be an outstanding corporate citizen.

Poverty alleviation

Material donation: We have carried out a number of poverty alleviation work, and donated 420,000 yuan in total to Xinjiang, Anhui, Sichuan, Hainan, Jiangsu, Shanghai, Fujian and Shandong provinces.

Love activities: we have carried out love activities in Wuhan Xizang Middle School, Wuhan Disabled School, Hope Primary School and Nursing Home in Hong'an County, Hubei Province, fulfilling our corporate social responsibility.

Consumption poverty alleviation: Affected by the epidemic, many villagers who were recently lifted out of poverty suffered a large number of unsold and overstocked agricultural products in Hefeng County, Enshi Autonomous Prefecture. We actively responded to the call of the “Poverty Alleviation 832 Platform”, and purchased a large number of agricultural products from that county to help the villagers overcome their difficulties. We spread care as well as demonstrated our dedication as YOFC to corporate and social responsibilities.



Thanks letter from Enshi, Hubei Province

6. GIVE BACK TO THE SOCIETY AND PRACTICE PUBLIC WELFARE

Education Assistance Scheme and Caring for Children

“Intergenerational Dialogue”: In 2020, we partnered with the multinational company France Telecom to launch the “Intergenerational Dialogue”, in which senior executives of the Group shared their experiences with teachers and students and discussed the future of the technology industry.

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

YOFC Scholarship: Since 2001, YOFC has launched the “YOFC Scholarship” program and cooperated with many well-known universities, hoping to cultivate more potential talents for the communication industry and YOFC. In 2020, we awarded scholarships to outstanding students from 9 universities, including Huazhong University of Science and Technology, Wuhan University of Technology, Nanjing University of Posts and Telecommunications, Chongqing University of Posts and Telecommunications, Xi’an University of Posts and Telecommunications, Beijing University of Posts and Telecommunications, Jilin University, Peking University and Hainan University.



YOFC Scholarship

7. FIGHT THE EPIDEMIC TOGETHER

Upon the outbreak of the COVID-19 epidemic at the beginning of 2020, YOFC actively responded to the call of the national epidemic prevention and control work, contributed to the fight against the epidemic in various ways, and conveyed our belief and determination to fight overcome the epidemic.

YOFC was committed to the front line of epidemic prevention and control, supported the work of frontline medical staff, actively donated funds and materials, and made contributions to the nation's anti-epidemic cause; the Group focused on protecting the physical and mental health and safety of employees, and provided health protection for them. During the period, we carried out a wealth of online activities to relieve employees' psychological anxiety and pressure, and adopted scientific methods to resume work and production.

7.1 HEALTH AND SAFETY GUARANTEE

We have always regarded employees' health and safety as the top priority in epidemic prevention and control work. We attach great importance to epidemic prevention and control. We timely responded and promptly set up the fighting COVID-19 emergency leaders group and related special working group on January 21st, 2020, which headed by the President and led by the senior vice president and human resources director. We has formulated a detailed emergency epidemic prevention plan, urgently purchased epidemic prevention supplies, established a health tracking mechanism, made the group duty clear to effectively organize and guide the epidemic prevention work.

To effectively put epidemic prevention control's actions into effect, we closely tracked and complied with government's policies and requirements. During the epidemic, we formulated management systems and control plan including 10 aspects such as personnel entry and exit, factory disinfection, health tracking, canteen dining, etc. Besides, we made emergency plans for epidemic prevention and control, urgently purchased epidemic prevention materials, and established a health tracking mechanism to ensure the normalized management of COVID-19 with business continuity measures for emergency situations.



Temperature monitoring

7. FIGHT THE EPIDEMIC TOGETHER

To ensure our employees' mental health and the material supplies of our employees who are in trouble, YOFC set up a volunteer team, formed special rules and plans – *the Volunteering Service Plan of Fighting COVID-19*, *the COVID-19 Volunteer Action Guideline* and other regulations, to carry out psychological counselling, telephone visiting activities so as to effectively alleviate the psychological burden of our employees. Besides, for the employees who were confirmed infection, the volunteer team implements one-to-one and multi-to-one support to help search for medical resources, purchase medical and living materials, etc. We gave warm and care and actively provided practical help for these employees.



YOFC's volunteering team

In order to enrich the life of employees during the epidemic, we actively carried out employee online training, knowledge contests, and fun game competitions.

Case: Online training courses

During the epidemic fighting, we arranged 39 online training courses such as “How to Perform and Adjust Negative Emotion in the Face of the Epidemic”, “PPT Content Typographic and Animation Design”, “EXCEL Data Analysis”, “Word Promotion Skills for Getting Started to Proficiency”, and carried out an online knowledge contest on epidemic prevention and control. We also organized training on epidemic prevention and control knowledge and online examinations to make adequate preparations for resumption of work and production.

Case: Online activities

In order to enrich our employees' “all-time stay-at-home” life, we held various online activities including online karaoke competitions, Tiktok contest, fun game competition, female staff cooking competition and others. Excellent works were displayed and voted online in the YOFC WeChat Community. These innovative activities largely enriched the spiritual life of our employees.

We actively commended the staff working on the front line of fighting the epidemic and carried out corresponding condolence work, and rewarded them with “Outstanding Individuals” and “Outstanding Teams” in fighting COVID-19, and carried out condolence work for the staff who were unable to return to their home county for family reunion during the lockdown of Wuhan over the Spring Festival. As for the staff who were confirmed infection and serving for the construction of Huoshenshan Hospital, we sent condolence letters and delivered support necessities.

7. FIGHT THE EPIDEMIC TOGETHER



COVID-19 commendation conference

7.2 SCIENTIFIC RESUMPTION OF WORK AND PRODUCTION

On March 12, 2020, YOFC was officially approved to resume work and production. We actively organized and carried out the scientific resumption around the three key work: policy information guidance, traffic security and community closure.

We traced the update policies of the epidemic, set up a hotline to provide guidance and convenience for employees to return to work. During that difficult period, we used various means of transportation including arranging car, plane, or vessel services to assure transportation for our employees to assure employees secure return to work and Wuhan. In addition, we coordinated and provided accommodation with convenient safe conditions for those returning employees who were not able to go back to their locked down living areas. With these efforts, we nearly achieved a full recovery of production capacity within only two weeks from resumption of operations. Due to the orderly development and implementation of the return to Han, work was officially resumed on March 16, with a staff attendance rate of 90%, providing personnel guarantee for a full resumption of work.

During the epidemic, many achievements were made by YOFC: from February 21st to March 12th, we completed a total of 62 optical cable orders for emergency delivery and delivered on time. In facing some of our outsourcing packaging manufacturer being unable to resume production, we temporarily set up a team to learn packaging to ensure timely delivery of products.

As the international epidemic outbreak condition was becoming increasingly severe, YOFC set up an international epidemic prevention team quickly to deal with the epidemic faced by overseas subsidiaries, implementing practices requiring overseas employees to be isolated in their homes, monitoring their temperature to ensure their safety.

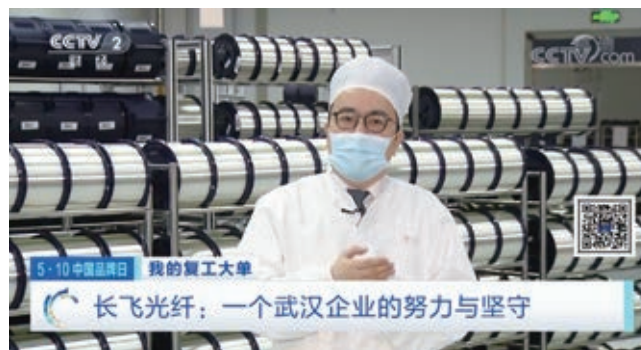
7. FIGHT THE EPIDEMIC TOGETHER



Temperature detection

Case: “My big order to resume work”

May 10, 2020 is the fourth China Brand Day. The Financial Channel of CCTV launched a large-scale network live broadcast “Return to Work”, inviting many of the most influential branded enterprise leaders in China to participate in the event. We were honored to be the only enterprise in Wuhan being invited, to share our efforts made with the fighting spirit and confidence to overcome the challenges faced during the pandemic as well as our contributions to the industry’s supply chain so as to fulfil our corporate responsibilities in fostering China’s economic recovery.

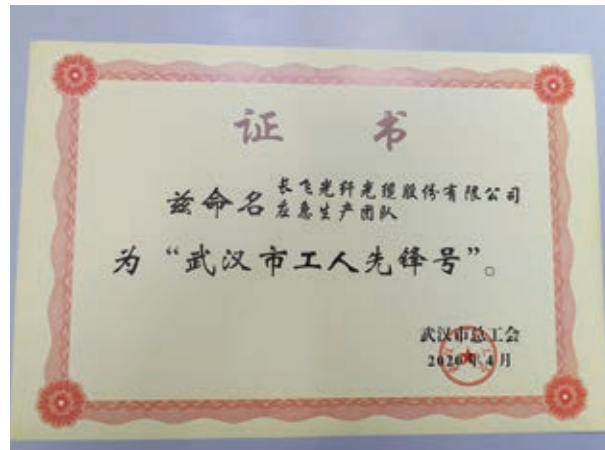


“My big order to resume work” -YOFC

Case: “Pioneer of Wuhan Workers”

During the epidemic, YOFC organized an emergency production team, and sent nearly 100 production personnel of prefabricated rods, optical fibers, optical cables, special optical fibers and devices to effectively assure the production and supply of optical cables and the production of necessary products for major overseas engineering projects. In order to improve the productivity under a short delivery timeframe, the team worked for 24 consecutive days without rest. The team overcame the difficulties after nearly a month of hard work and successfully achieved the delivery. The team was being awarded the honorary title of “Pioneer of Wuhan Workers”.

7. FIGHT THE EPIDEMIC TOGETHER



Pioneer of Wuhan Workers

7.3 AIDING THE ANTI-EPIDEMIC

During the epidemic, YOFC actively fulfilled its social responsibilities in contributing to the society, where it assured the continuous supply of communication infrastructure, donated medical supplies and assisted poverty alleviation.

Case: Supporting the construction of Huoshenshan and Leishenshan hospitals

During the epidemic, in order to ensure the rapid set up of communication infrastructure for Huoshenshan and Leishenshan Hospital, YOFC provided one million communication materials to support their construction. At the same time, two employees volunteered to support the network construction of the project, worked for more than 16 hours a day, finished installing 18.6 kilometers optical cable, provided material and technical support in the critical period.



The deployment site of the communication infrastructure of Huoshenshan and Leishenshan hospitals

7. FIGHT THE EPIDEMIC TOGETHER

Case: Donation of medical supplies

During the epidemic, we actively organized our overseas subsidiaries to donate medical supplies. We donated 35,000 masks to Tongren Hospital, Hospital of Wuhan University, Wuhan Hongshan Community hospital, Heilongjiang medical aid team, and Huazhong University of Science and Technology, 530 boxes of medical supplies to Wuhan Union Hospital of China.

In addition, YOFC donated 44,000 masks to domestic customers and partners, and 109,000 masks, 300 sets of protective clothing, 12 temperature equipment and 2,500 pairs of protective gloves to overseas customers and partners, effectively assisting domestic and foreign partners in resuming operations.



Donated materials to hospitals and Chinese aid medical teams

APPENDIX : ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Issues	Description of Issues	Corresponded chapter in the report
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4. Environmental Protection For Green Development
KPI A1.1	The types of emissions and respective emission data.	4.2 Emission Management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Emission Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Emission Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.2 Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2 Emission Management
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.1 Resources Optimization
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.1 Resources Optimization
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.1 Resources Optimization
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.1 Resources Optimization
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.1 Resources Optimization
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.1 Resources Optimization

APPENDIX : ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Issues	Description of Issues	Corresponded chapter in the report
Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	4. Environmental Protection For Green Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Environmental Protection For Green Development
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Employee Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Employee Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	To be disclosed in the future
Aspect B2: Health and Safety		
General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Safety and Health
KPI B2.1	Number and rate of work-related fatalities.	5.3 Safety and Health
KPI B2.2	Lost days due to work injury.	5.3 Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Safety and Health
Aspect B3: Development and Training		
General disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	5.2 Training Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	To be disclosed in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	To be disclosed in the future

APPENDIX : ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Issues	Description of Issues	Corresponded chapter in the report
Aspect B4: Labour Standards		
General disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Employee Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employee Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employee Employment
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.4 Responsible Supply
KPI B5.1	Number of suppliers by geographical region.	2.4 Responsible Supply
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.4 Responsible Supply
Aspect B6: Product Responsibility		
General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2. Consolidating Foundation And Ensuring Compliance Operation 3.1 Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	3.3 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.5 Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	3.1 Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Service

APPENDIX : ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Issues	Description of Issues	Corresponded chapter in the report
Aspect B7: Anti-corruption		
General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.2 Integrity Note: Anti-Money Laundering Is Not Applicable
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.2 Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.2 Integrity
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Give Back To The Society And Practice Public Welfare 7.3 Aiding The Anti-Epidemic
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Give Back To The Society And Practice Public Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7.3 Aiding The Anti-Epidemic




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