

The YUTO logo is displayed in orange, stylized capital letters within a light blue rounded rectangle in the top left corner.

YUTO

2023

Sustainability Report

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About the Report

Shenzhen YUTO Packaging Technology Co., Ltd. (hereinafter referred to as “YUTO”, “the Company” or “we”) is pleased to release its 2023 Sustainability Report (“the Report”), which provides a comprehensive explanation of YUTO’s practices and performance in sustainability this year.

Reporting Scope

The Report is an annual report covering the results of the Company’s and its subsidiaries’ efforts in sustainable development from January 1, 2023 to December 31, 2023. In order to enhance the comparability and completeness of the Report, some of the contents are reported with appropriate timeline extension.

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

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

Reporting Standards

The Report has been prepared in accordance with GRI Standard 2021, the latest version of Global Reporting Initiative (GRI) Reporting Standards (hereinafter referred to as “GRI Standards”), and with reference to the United Nations Sustainable Development Goals (SDGs). An index to the content of the GRI Standards is included at the end of this Report for quick reference.

Confirmation and Approval

The Report was issued upon approval by the Board of Directors of the Company on April 25, 2024. The Board of Directors undertakes to monitor the content of the Report, and ensures that it does not contain any false or misleading statements, and is responsible for the truthfulness, accuracy and completeness of the content.

Clarification

Term	refers to	Reference
Hunan YUTO	refers to	Hunan YUTO Printing and Packaging Co., Ltd.
Wuhan Aite	refers to	Wuhan Aite Pulp Mold Packaging Co., Ltd.
Hefei YUTO	refers to	Hefei YUTO Printing and Packaging Co., Ltd.
Shenzhen Longgang Branch	refers to	Shenzhen YUTO Packaging Technology Co., Ltd. Longgang Branch
Xuchang YUTO	refers to	Xuchang YUTO Printing and Packaging Co., Ltd.
Yantai YUTO	refers to	Yantai YUTO Printing and Packaging Co., Ltd.
Suzhou YUTO	refers to	Suzhou YUTO Printing Co., Ltd.
Suzhou YUTO Kunshan Lianhe Road Branch	refers to	Suzhou YUTO Printing Co., Ltd. (Lianhe Road, Kunshan)
Chengdu YUTO	refers to	Chengdu YUTO Printing Co., Ltd.
Guangxi YUTO	refers to	Guangxi YUTO Packaging Materials Co., Ltd.
Haikou YUTO	refers to	Haikou YUTO Eco Packaging Technology Co., Ltd.
Yibin YUTO	refers to	Yibin YUTO Eco Packaging Technology Co., Ltd.
Dongguan YUTO	refers to	Dongguan YUTO Packaging Technology Co., Ltd.
Jiujiang YUTO	refers to	Jiujiang YUTO Printing and Packaging Co., Ltd.
Sanhe YUTO	refers to	Sanhe YUTO Printing and Packaging Co., Ltd.
Vietnam YUTO	refers to	Vietnam YUTO Printing and Packaging Co., Ltd.
Vietnam YUHUA	refers to	Vietnam Yuhua Packaging Technology Co., Ltd.
India YUTO	refers to	YUTO Printing and Packaging (India) Private Limited
Wuhan YUTO	refers to	Wuhan YUTO Printing and Packaging Co., Ltd.

Access to the Report

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

Chairman's Message

The year 2023 was defined by both challenges and opportunities. As a top player in the printing and packaging industry, YUTO is confronted with the stark realities of a global economic slowdown, intricate international dynamics, frequent extreme weather events, and considerable fluctuations in energy and raw material prices. In the pursuit of steadfast progress, we have upheld our core values of "Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation," as well as our core business commitment to sustainable development. In response to SDGs, we have leveraged our key advantages to embrace our corporate social responsibilities and become a domestic leading and internationally renowned printing and packaging enterprise that is trusted by clients, dedicated by employees and esteemed by society. Our dedication has earned us extensive recognition. YUTO's CDP score has risen to B. Our Wind ESG rating has been improved from A to AA, the highest level in the industry. Furthermore, we have been awarded the highest AAA level in the CNI Index ESG rating for two consecutive years.

As green and sustainable development gains global consensus, carbon peaking and carbon neutrality have become China's national strategy. Against this backdrop, governments and industries worldwide have expressed profound concerns and adopted a series of measures to address issues like climate change and environmental protection. In 2023, at the 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP28), nations pledged to gradually transition away from fossil fuels. In China, the authorities including the National Development and Reform Commission (NDRC) jointly issued the Three-year Action Plan to Accelerate the Development of "Replacing Plastics with Bamboo" to intensify government procurement and promote the utilization of bamboo substitutes for plastics; the Ministry of Commerce introduced Administrative Measures for the Use and Reporting of Disposable Plastic Products by Business Operators in Commercial Sectors, which further clarified regulations on plastic bans and restrictions; the China Packaging Federation (CPF) outlined green development objectives and key tasks in the Development Plan for China's Packaging Industry (2021-2025) to promote the country's sustainable packaging strategy. As we fully embrace national and industry strategies, in 2023, YUTO continued to stride along the path towards becoming a superior packaging solution provider.

YUTO pursues high-quality development through green practices. We have established a brand of environmental protection to explore the R&D of cutting-edge technologies for new sustainable materials, design and manufacture eco-friendly products, expand the application scenarios of plant fiber packaging, and respond to China's call for replacing plastics with bamboo. YUTO also places an emphasis on resource management and waste reduction in engineering, manufacturing, and operational processes to build green factories, save energy, and reduce emissions. To date, we have established 15 photovoltaic power plants, with a total output of 20.43 million kWh. We have also voluntarily submitted our Science-Based Targets initiative (SBTi) to strive for carbon neutrality by 2040. With digital and informational technologies, YUTO has built five intelligent factories, giving shape to a modern and intelligent manufacturing ecosystem for printing and packaging. These efforts have allowed us to shift from high-end manufacturing to sustainable intelligent manufacturing in order to pursue higher quality.

YUTO harnesses the power of win-win cooperation to build a sustainable future. We have set up a comprehensive employee training system and a broad career development platform to build a young, professional, and international team of talents. Over recent years, YUTO has maintained a 100% participation rate in terms of employee training. This year, we have assisted 465 employees in successfully passing professional assessments to become core skilled employees at different levels, thus providing robust talent support for YUTO's development. Focusing on the personal rights and well-being of our employees, we have fostered an equal-footed, inclusive, and safe workplace environment. This year, YUTO has invested 52.63 million CNY in safety production and environmental protection, demonstrating our commitment to employee well-being and welfare. While improving our workforce, we have built closer ties with our business partners. YUTO has continued to urge more suppliers to manage their environmental and social risks with prudence. So far, 3,620 suppliers have signed agreements with YUTO for environmental and social impact assessment, joining hands with us to build a responsible and sustainable supply chain.

YUTO, as a responsible corporate citizen, upholds love and integrity. With strict adherence to business ethics, we have set up a comprehensive risk management system and fostered a corporate culture of fairness and integrity. Being honest and pragmatic in our operations, we seek healthy, steady, and long-term development through sound corporate governance. Along our journey, we have always remained grateful, giving back to society with our expertise. We have partnered with charitable organizations to launch green initiatives, raise public awareness of environmental protection and low-carbon development, and advocate a green future. Over the years, YUTO and YUTO

Foundation have donated over 48 million CNY (as of the end of 2023) to education, healthcare, and rural revitalization. We have supported community development and empowered social progress to fulfill our social responsibilities through real action.

YUTO will continue to seek steady progress while upholding its mission in sustainable development, which is to “insist on technological innovation, develop intelligent manufacturing, improve resource efficiency, create excellent eco-friendly products and practice low-carbon operation.” Looking ahead, we will advance our globalization efforts based on the “1+N+T” strategy and foster a unique business ecosystem. Furthermore, we will embrace sustainable practices and incorporate sustainability governance into our operations to drive progress across the industry chain to the shared benefit of businesses and society at large.



Chairman of the Board and President of YUTO
April 2024

About YUTO

Our Profile

YUTO, an industry-leading superior packaging solution provider, is committed to providing innovative one-stop packaging solutions and sustainable intelligent manufacturing services for Fortune 500 companies, famous brands and other clients. Founded in 1996 and headquartered in Shenzhen, China, YUTO was listed on the Shenzhen Stock Exchange in 2016 (stock code: 002831), and currently has over 20,000 employees and 49 production sites. Our business covers six core sectors: Consumer Electronics, Wine & Spirits, Personal Care, Food, Healthcare, Tobacco and related customized business. Based on the packaging business, YUTO also offers a wide range of solutions in the field of technology products.

Our Culture



Mission

Focusing on Printing and Packaging Market, YUTO Creates Perpetual Value for Clients by Providing Cutting Edge Products and Services



Vision

YUTO is Committed to Becoming an International Well-Known Printing and Packaging Enterprise, Trusted by Clients, Dedicated by Employees and Esteemed by Society



Core Values

Client Orientation

Value Employee Dedication

Innovative Creation

Win-Win Cooperation



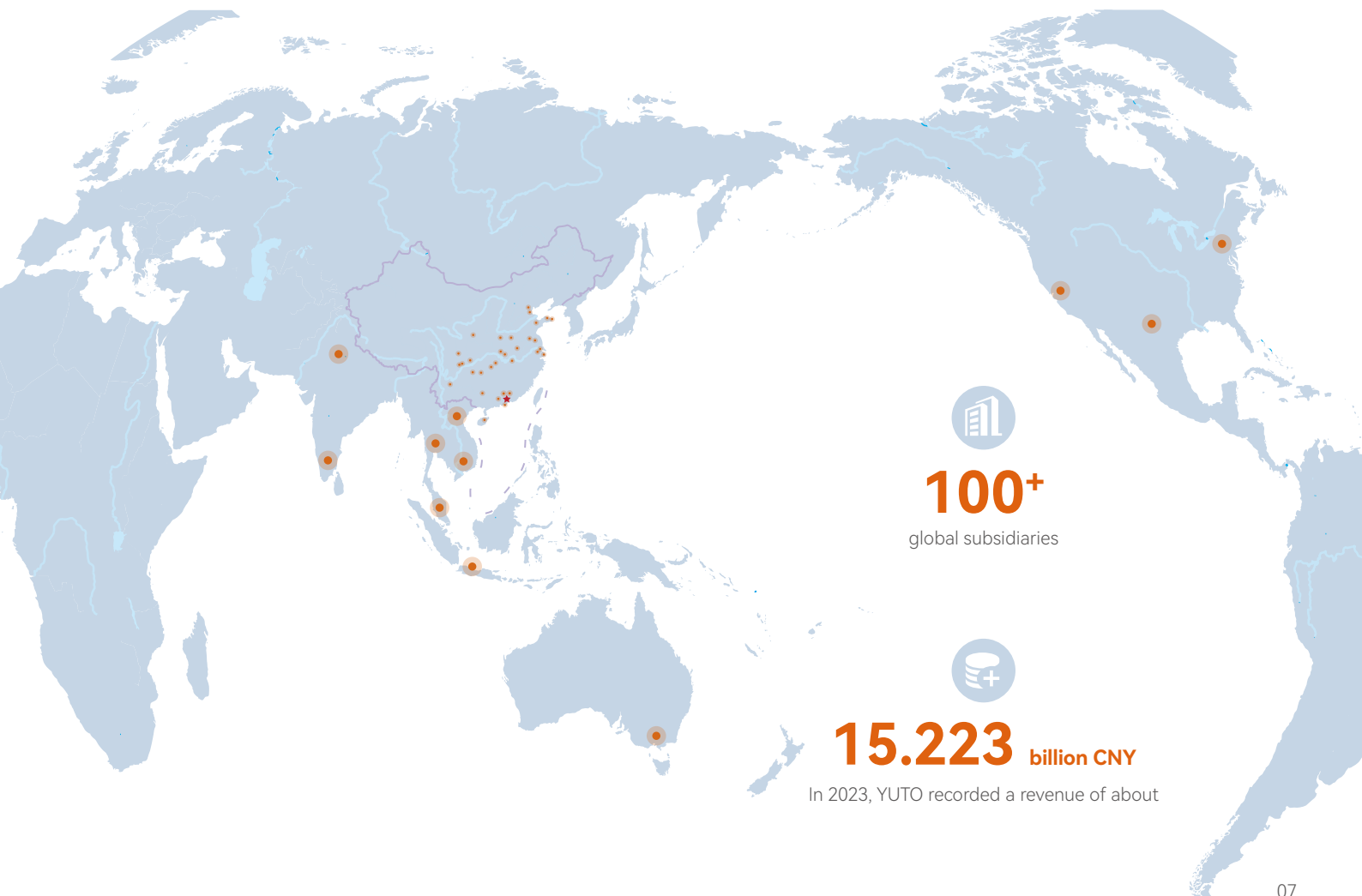
Our Business

So far, YUTO has established its reach with over 100 subsidiaries and established production and service centers in key cities across China, as well as in Vietnam, India, Indonesia, Thailand, Malaysia, the United States and Australia, providing customers with accessible services worldwide.

Our dedicated project teams serve clients in Consumer Electronics, Wine and Spirits, Personal Care, Food, Healthcare, and Tobacco industries. Our tailored solutions aim to address business problems surrounding packaging, including plastic substitution, premedia, retail design, merchandise, injection molding, photolithography, etc. YUTO also offers diverse industrial and product solutions in technology sectors beyond packaging, ranging from sustainable pet products and electronics components (acoustic equipment, soft materials for consumer electronics and glare films) to new materials (carbon fiber, glass fiber, and eco-glue). In 2023, YUTO recorded approximately 15.223 billion CNY in revenue.

YUTO has consistently pursued energy efficiency and green, low-carbon development on a strategic level. At YUTO, we have contributed to environmental protection through practices such as eco-friendly packaging, eco-friendly new materials, renewable energy, and treatment of three types of waste (industrial wastewater, waste gas, and solid waste). As an advocate of green printing, YUTO embraces global policies and calls for the ban/restriction of plastic usage. We have made comprehensive business arrangements for plant fiber products and paddleboards. This has allowed us to provide a series of plastic-free packaging solutions for leading brands in China and beyond, speeding up the development of eco-friendly new materials.

Going forward, YUTO will promote the rapid adoption of Industry 4.0-based intelligent manufacturing factories across its production hubs worldwide. Leveraging our research achievements in cultural and creative products, new materials, intelligent equipment, and advanced manufacturing, we will make every effort to establish YUTO as an industry leader and an innovative technology company with a global reputation.



Honors and Awards
















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| <p>01 Obtained a score of Management level (Level B) in CDP's Climate Change questionnaire
CDP</p> <p>02 AA
Wind ESG</p> <p>03 AAA
CNI Index ESG rating</p> <p>04 Demonstration Enterprise for National Printing (Category: Pioneer of Innovation)
National Press and Publication Administration</p> <p>05 Champion Product Award for the Manufacturing Industry
Ministry of Industry and Information Technology of the People's Republic of China and China Federation of Industrial Economics</p> <p>06 China's Top 500 Private Manufacturing Enterprises in 2023
All-China Federation of Industry and Commerce</p> <p>07 China's Top 100 Printing and Packaging Enterprises in 2023
Printing Manager</p> | <p>08 Outstanding Organization in Standardization
National Technical Committee on Packaging Standardization</p> <p>09 "40 Years Award" for China's Paper Packaging Industry: Outstanding Enterprise in Digitalization
Paper Products Professional Committee, China Packaging Federation</p> <p>10 China's Best Managed Companies
Harvard Business Review, HKUST Business School, etc.</p> <p>11 YUTO was included in the 2023 Blue Paper of Green and Low-carbon Development in China's Packaging Industry as an outstanding case
China Packaging Federation</p> <p>12 YUTO among the Top 100 Private Enterprises in Guangdong Province in 2023
Guangdong Federation of Industry and Commerce</p> <p>13 YUTO among the Top 100 Private Enterprises in Manufacturing Industry of Guangdong Province in 2023
Guangdong Federation of Industry and Commerce</p> |
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Organizational Engagement and Cooperation

No.	Organization Name
1	China Packaging Federation
2	National Technical Committee on Packaging Standardization
3	Packaging and Environment Sub-Technical Committee of the National Technical Committee on Packaging Standardization
4	Packaging and Printing Committee of China Standardization Collaborative Innovation Platform
5	National Technical Committee on Printing
6	Package Printing Sub-Technical Committee of the National Technical Committee on Printing
7	Screen Printing Sub-Technical Committee of the National Technical Committee on Printing
8	National Technical Committee 192 on Printing Machinery of Standardization Administration of China
9	National Green Packaging Industry Industry-Education-Research Integration Community
10	Paper-based Green Packaging Materials and Products Professional Committee of China Technical Association of Paper Industry
11	Expert Committee of the “Replacing Plastic with Bamboo” Standardization Taskforce of China Association of Circular Economy
12	CSTM Technical Committee on Standardization of Biobased Chemical Materials
13	Electronics Industry Packaging Technology Committee of China Packaging Federation
14	Design Committee of China Packaging Federation
15	China Intellectual Property Society
16	China Industrial Cooperation Association
17	The Chinese Workers’ Technical Association
18	Group Standard Committee of China Paper and Pulp Industry Chamber of Commerce
19	AIPIA Active and Intelligent Packaging Industry Association
20	SUSTAINABLE PACKAGING COALITION
21	China Association for Public Companies
22	Shenzhen Listed Companies Association
23	Xiangmi Lake Women Directors Initiative Alliance
24	Guangdong Provincial Technical Committee on Printing Standardization
25	Guangdong Printing Association
26	Guangdong Packing Technology Association
27	Shenzhen Standardization Association
28	Shenzhen Printing Industry Association
29	Shenzhen Packaging Industry Association
30	Shenzhen Quality City Promotion Association
31	China Emissions Exchange
32	Shenzhen Patent Association

Key Performance Indicators

Category	Objective	Performance in 2023	Corresponding SDGs
 Demonstration Factories for Reducing Carbon Emission	By 2030 , YUTO's headquarters base and the Shenzhen Longgang Branch will reduce carbon emissions by an absolute value of 4.2% annually (based on 2022 levels)	In 2023, our headquarters base and Shenzhen Longgang Branch's carbon emission stood at 25,001 tons (market based) ¹ , which met the annual emission reduction target of 4.2% .	
 PV Power Plants	18 solar PV power plants are expected to be built by 2025	As of 2023, we built 15 PV power plants, with an output of 20.43 million kWh up approximately 38% from the 2022 level 	 
 Clean Energy	By 2040 , the ratio of renewable energy adoption will reach 100%	In 2023, the ratio of green electricity adoption stood at 30% ²	 
 Water	By 2030 , subsidiaries including Wuhan YUTO, India YUTO (Delhi), Suzhou YUTO, Sanhe YUTO, and Hefei YUTO will achieve an average annual decrease in water usage intensity of 1.5% (based on 2022 levels).	Compared to 2022, the water usage intensity of the five subsidiaries has decreased by 2.9% , which met the annual reduction target of 1.5%	 
 Eco-friendly Procurement	By 2030 , the procurement ratio of eco-friendly materials for paper, ink, glue, and varnish will exceed 90%	In 2023, the procurement ratio of the four key eco-friendly materials, including paper, ink, glue, and varnish, reached 92% 	

















¹ Based on the GHG Protocol's description of indirect (Scope 2) GHG emissions, the market-based calculation method involves utilizing emission factors for purchased electricity from specific sources (e.g., renewable energy).

² The green power entitlement belongs to certain clients

Key Performance Indicators

Category		Progress in Sustainability Governance	Corresponding SDGs
Environment	Carbon	<ul style="list-style-type: none"> In 2023, our greenhouse gas emissions totaled 328,000 tons, marking an 11% decrease from 2022 We have submitted our SBTi commitment and plan to achieve carbon neutrality by 2040 	13 CLIMATE ACTION
	Three types of waste	<ul style="list-style-type: none"> To date, 4 of our manufacturing bases have obtained platinum certification for zero landfill waste, and 3 manufacturing bases have acquired gold certification for zero landfill waste. In 2023, 100% of the three types of waste emissions met the standards 	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Employment	Equality and Diversity	<ul style="list-style-type: none"> In 2023, the number of employees reached 20,966, of which about 40% were women 	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
	Health and Safety	<ul style="list-style-type: none"> Investment in production safety and environmental protection amounted to 52.63 million CNY in 2023 25 subsidiaries were certified by ISO45001, Occupational health and safety management systems 27 subsidiaries obtained standardized safety production certificates YUTO's safety training was attended 97,917 person-times 	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	Training and Development	<ul style="list-style-type: none"> The participation rate of employees in training was 100%, and the training totaled 216,152 hours In 2023, e-Student offered 33 live sessions, which were attended 3,256 person-times As of December 31, 2023, YUTO had certified a total of 465 skilled talents at all levels 	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH

Key Performance Indicators

Category	Progress in Sustainability Governance	Corresponding SDGs
Product Responsibility 	Eco-friendly Products <ul style="list-style-type: none"> In 2023, revenue from eco-friendly products accounted for 7% approximately  YUTO offers more than 30 types of eco-friendly products Around 50% of the products developed and designed by YUTO in 2023 were biodegradable, recyclable, and renewable products, up 7% from 2022 	
	Intellectual Property Rights <ul style="list-style-type: none"> A total of 90 patents were applied for, and 210 patents were granted in 2023  	
	Sustainable Supply Chain <ul style="list-style-type: none"> We conducted environmental assessments of 2,193 suppliers and social assessments of 3,535 suppliers. Suppliers that received our environmental assessments and social assessments amounted to 72.14% and 74.12%, respectively 	
Corporate Governance 	Board of Directors <ul style="list-style-type: none"> 3 of the 7 existing directors on the Company's Board of Directors are independent directors, including 1 female director 	 
	Anti-Corruption <ul style="list-style-type: none"> Anti-corruption training covered 100% of employees We conducted a thorough anti-corruption audit across the Group at least once every three years  	
Community Engagement 	Public Welfares <ul style="list-style-type: none"> In 2023, YUTO Foundation donated 7.675 million CNY As of December 2023, YUTO and YUTO Foundation had donated more than 48 million CNY  	  

Annual Focus: Pioneering Plastic and Carbon Reduction

The challenges posed by climate change are real, harsh, and long-term. As the impact of climate increases, the general public has become more concerned about environmental protection and climate change mitigation. As a responsible nation, China has joined the Paris Agreement and adopted carbon peaking and carbon neutrality goals. The country has also introduced a series of strategies, measures, and actions to address climate change and participated in global climate governance, securing progress in climate change mitigation.

As a responsible corporate citizen, YUTO has actively responded to China's carbon peaking and carbon neutrality strategy. Through practical measures to reduce plastic usage and carbon emissions, we strive to become a pioneer in environmental protection while leveraging our strength to promote the transformation towards green and low-carbon development. In a special program titled China's Carbon Reduction Actions, broadcasted by CCTV News Weekly on December 9, YUTO was featured as an iconic case of China's sustainable development and plastic and carbon reduction efforts. The program highlighted our technological prowess, strategic vision, and commitment to social responsibility as a leading player in China's packaging industry.

Responding to the call for environmental protection, YUTO has adopted multiple strategies to pursue environmental protection

Since 2016, YUTO has been improving existing business segments while actively exploring new markets. We have responded to the call for green and sustainable packaging and sought innovation through extensive R&D efforts by collaborating with research institutes. YUTO has endeavored to promote the adoption of eco-friendly and pollution-free plant fibers in packaging to reduce or even completely replace plastics. Plant fibers such as bamboo and sugarcane grow rapidly and can naturally degrade in soil in three to six months, making them ideal alternatives to plastics. The plant fiber packaging solutions independently developed by YUTOECO can be applied in a wide range of industries such as food, tobacco, and personal care. This eco-friendly packaging features excellent waterproof, oil-proof, and leakage-proof properties, as well as resistance to extreme temperatures, shock, static electricity, and abrasion, striking a balance between visual aesthetics, functionality, and sustainability.



Disposable meal boxes made from biodegradable and eco-friendly materials such as bagasse and bamboo pulp

Over recent years, YUTO has established eco-friendly packaging manufacturing hubs and eco-friendly raw material bases in China and beyond, spanning Suzhou, Jiangsu; Dongguan, Guangdong; Bac Ninh, Vietnam; Yibin, Sichuan; Haikou, Hainan; Laibin, Guangxi; and Hefei, Anhui. Notably, Haikou YUTO Environmentally Friendly Manufacturing Base is located in Hainan Province, the first province in China to legislate against the use of plastics. Benefiting from comprehensive support for the environmental protection industry by local policies, the base has seen rapid growth, as it makes extensive efforts to produce diversified green packaging solutions and expand their application scenarios.



Haikou YUTO Environmentally Friendly Manufacturing Base

YUTO strives to pioneer carbon reduction and build a green future

YUTO continues to explore the impacts and opportunities of climate change. We have identified climate change-related risks and taken corresponding measures to manage carbon emissions throughout our value chain to mitigate the impact on our business continuity and stability, respond to China's carbon peaking and carbon neutrality policy, and actively address climate change. At YUTO, we have implemented strict measures to monitor and control carbon emissions throughout the product lifecycle. The Company has conducted carbon audits to identify emission sources and the potential for reduction and set clear carbon reduction targets. We have also launched energy conservation and emission-reduction projects by promoting the use of clean energy at suitable manufacturing bases and advancing the development of green factories. Striving to pioneer carbon reduction, YUTO has made proactive efforts to cut carbon emissions. At the same time, we have mobilized employees to participate in internal and external carbon audits and provided carbon emission-related training for employees. Our efforts in this regard have improved employees' understanding and knowledge of carbon management, which has allowed us to keep enhancing our performance in carbon management. The Company has submitted its SBTi commitment, with the goal of achieving carbon neutrality by 2040.

YUTO upholds high standards and exceptional quality, building a global reputation

At YUTO, contributing to a sustainable future for the planet is not just an aspiration but also a responsibility and a long-term commitment. To better engage in the research and promotion of eco-friendly products, we founded YUTOECO, a brand dedicated to environmental protection with the vision of “Green Life for Everyone,” to advance the R&D of cutting-edge green materials and the promotion of eco-friendly products across the board. To date, the Company has acquired multiple international green product certifications, including DIN CERTCO, OK Compost Home, Seedling from the EU, the USDA Certified Biobased label and BPI certification from the United States, and ABA certification from Australia. We have exported a diverse range of products to markets worldwide, building a global reputation.



Green product certifications awarded to YUTO

On our journey forward, we have not only responded to customer demands, but also sought innovation to drive industry-wide transformation. Actively involved in the revision and formulation of industry standards, YUTO has led or participated in the development of more than 80 national, industry, and group standards. More importantly, we have contributed to international standard-setting efforts, guiding Chinese manufacturing to align with global standards.

YUTO embraces sustainable development as an industry leader

YUTO is keenly aware that as a company grows, so does its social responsibility. As a responsible corporate citizen, we have always taken on the task of promoting sustainable development. In that course, we have not only advanced sustainable governance in our own development but also provided Chinese efforts for global plastic and carbon reduction.

Our efforts in sustainable development have earned widespread recognition. YUTO received the AAA level in the CNI Index ESG rating for two consecutive years, and our Wind rating has been improved from A to AA, the highest score in the industry. Furthermore, we have joined hands with our partners including China Packaging Federation, Green River, and brand owners to host public welfare events dedicated to environmental protection and provide environmental knowledge for the public, promoting green, low-carbon lifestyles.

Through 27 years of dedication and innovation, YUTO has evolved into a leading player in the industry. Our products, widely adopted across industries, have earned acclaim from global customers. Going forward, YUTO will continue to demonstrate sustainable leadership and help China's manufacturing sector contribute to global plastic and carbon reduction goals. Together with our partners, we will build a brighter future for both the planet and humanity.



01

Sustainability Governance

At YUTO, the pursuit of sustainable development and the fulfillment of corporate social responsibilities are both key priorities. Our mission and vision in terms of sustainable development are to: “insist on technological innovation, develop intelligent manufacturing, improve resource efficiency, create excellent eco-friendly products and practice low-carbon operation.” We have included sustainable development in our corporate strategy to foster an effective system for sustainable development for the shared benefit of the company, the environment, and society.

Sustainability Governance Structure

YUTO aims to keep enhancing its sustainability governance and governance structure to meet its commitment to sustainability governance while seeking corporate growth. We have maintained a top-down, three-tier sustainability governance structure to facilitate the decision-making, implementation, and supervision of sustainability governance. The Board of Directors, with the assistance of the Sustainability Management Committee, oversees the sustainable development of the Company, as well as key tasks of sustainable development identified by YUTO, including but not limited to climate change, energy management, water resource management, management of three types of waste, eco-friendly products and raw materials, employee recruitment, training and development, and business ethics. The Sustainability Management Committee, in accordance with YUTO's vision and objectives for sustainable development, monitors implementation progress and the fulfillment of action plans on a quarterly basis, and oversees the execution and output of each department focusing on specific items. Relevant departments are responsible for implementing the tasks assigned by the Sustainability Management Committee, collecting relevant information and data on a regular basis, and reporting and providing feedback to the Sustainability Management Committee. We have developed and updated internal systems such as the Sustainability Governance System and the Work Safety Management System to specify responsibilities for each department and link the execution and management of sustainable development work to annual performance assessments. This has helped YUTO continuously supervise its environmental and safety performance and advance the implementation of the Company's sustainable development strategies and projects.

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

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

Core Responsibilities:

- Undertake and sub-divide objectives of the Company's sustainable development strategies;
- Develop feasible implementation plans and regularly report progress and results: In accordance with the focus matters under the Sustainability Management Committee, YUTO's relevant functional teams are responsible for the implementation of the Company's sustainability tasks;
- Strengthen corporate sustainability promotion;
- Advise to superiors on sustainability management risks.



Sustainable Development Strategy

While consolidating our business operations, we have adopted a sustainable development roadmap to guide the formulation of sustainable development goals and the implementation of subsequent action plans. We continue to incorporate the principles of sustainable development into our corporate strategy, thereby catalyzing the Company's long-term growth.



Sustainable Development Roadmap

YUTO conducts ESG governance guided by the SDGs. Taking into account our business characteristics and operating status, we identified six out of the seventeen SDGs that are most pertinent to our operations, value chain, and business ecosystem.



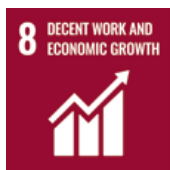
Good Health and Well-being

We have established a comprehensive safety management system, set up a safety production management committee, strengthened the supervision of safety management, and implemented strict inspection and treatment of hidden hazards, so as to reduce, control or eliminate all kinds of safety risks and hazards, ensuring the health and safety of our employees.



Affordable and Clean Energy

YUTO promotes energy conservation and emissions reduction. We strive to be more energy efficient by adopting measures such as equipment upgrades and process optimization. We have actively explored the use of renewable clean energy. To that end, YUTO has constructed solar PV power stations to generate green electricity and built green factories.



Decent Work and Economic Growth

With a focus on employees, YUTO has created a comprehensive talent training system to build an exceptional workforce. We provide a range of employee benefits and organize cultural and sports activities, guiding employees to pursue a better life in a healthy and sustainable manner.



Industry, Innovation and Infrastructure

Committed to independent innovation in our R&D efforts, we have consistently upgraded our processes and technologies and diversified our product portfolio to create value for clients. We have advanced the construction of intelligent factories to establish a modern intelligent manufacturing ecosystem.



Responsible Consumption and Production

At YUTO, sustainability is integrated into the entire lifecycle of our products. We have expanded the proportion of eco-friendly raw materials in material procurement and intensified R&D investment in eco-friendly products. With a commitment to reducing negative environmental impacts in production, we advocate circular economy while fulfilling our corporate responsibilities.



Climate Action

YUTO closely monitors climate change and its impacts. We have identified and responded to climate risks by advancing the construction of green factories and promoting the use of clean energy. We have voluntarily reduced our carbon emissions and enhanced our carbon management to ensure continuous and steady operations.

Guided by the SDGs, YUTO identified four key areas of sustainable development that are most relevant to our business and offer the greatest opportunities for us to contribute to sustainable development. They are: eco-friendly products and raw materials, climate change and resource management, innovative design and production, and employee health and development. We have set sustainable development goals based on our actual circumstances, formulated and implemented relevant action plans, and scrutinized our sustainable development performance and progress in each key area to ensure the steady advancement of our sustainability efforts.

Key Area I of Sustainable Development: Eco-friendly Products and Raw Materials



R&D of Eco-friendly Products



Procurement and Application of
Eco-friendly Raw Materials



Sustainable Forestry and
Biodiversity Conservation

Key Area II of Sustainable Development: Innovative Design and Production



Innovative Processes and Technologies



Superior Design Solutions



Intelligent Manufacturing

Key Area III of Sustainable Development: Climate Change and Resource Management



Climate Change and Carbon
Emission Management



Energy Management



Water Resource Management



Management of Three
Types of Waste

Key Area IV of Sustainable Development: Employee Health and Development



Occupational Health and Development



Employee Training and Development

Stakeholder Communication

YUTO fully values the opinions and suggestions of all stakeholders. We have engaged in open, transparent communication with stakeholders on a regular basis and consistently improved our communication mechanisms. Furthermore, we have examined our daily operational and management activities based on stakeholder suggestions for the Company's sustainable development. YUTO has responded to stakeholder concerns by including them in the Company's strategic decision-making processes.

Stakeholders	Concerns	Communication and Response
Governments/ Supervisory Institutions	<ul style="list-style-type: none"> • Corporate governance • Responding to national policies • Leading industry development 	<ul style="list-style-type: none"> • Compliance disclosure • Policy consultation and implementation • Job creation
Shareholders/Investors	<ul style="list-style-type: none"> • Financial performance • Safeguarding investor rights • Preventing operational risks • Anti-corruption • Corporate transparency 	<ul style="list-style-type: none"> • Improving profitability • Holding a general meeting of shareholders • Improving internal control system • Improving internal policies • Information disclosure
Customers	<ul style="list-style-type: none"> • Quality product • Fine customer service • Information security • User privacy 	<ul style="list-style-type: none"> • Ensuring product quality and safety • Enhancing customer service quality • Improving information security management • Protecting customer privacy
Employees	<ul style="list-style-type: none"> • Protection of employee rights and interests • Occupational Health and Safety • Performance and promotion • Career development • Employee care 	<ul style="list-style-type: none"> • Optimizing the system of compensation and benefits • Implementing an effective occupational safety management system • Performance communication and clear promotion mechanisms • Conducting regular employee training • Employee communication platform and diverse activities
Suppliers/Cooperators/ Partners	<ul style="list-style-type: none"> • Business code of conduct • Sustainable supply chain • Mutual benefits 	<ul style="list-style-type: none"> • Standardized management and optimization of the supply chain • Responsible procurement • Regular communication
Industry Associations/ Organizations	<ul style="list-style-type: none"> • Technology R&D and innovation • Promoting industry development 	<ul style="list-style-type: none"> • Participation in industry technical exchanges • Participation in industry seminars
Community and the Public	<ul style="list-style-type: none"> • Community Welfare • Promoting local employment 	<ul style="list-style-type: none"> • Organizing community volunteer activities • Participation in community development
Non-profit Organizations/ Foundations	<ul style="list-style-type: none"> • Public welfare and charity 	<ul style="list-style-type: none"> • A wide range of charitable activities and donations

Materiality Assessment

During the reporting period, YUTO tracked disclosure requirements from the market, industry, and regulators. In light of our business characteristics and development strategies, as well as best practices from peers, we comprehensively identified YUTO's materiality issues while soliciting and evaluating feedback from all stakeholders to engage in the materiality ranking of sustainability issues in 2023 based on their importance to stakeholders and their significance to our business operations. Furthermore, based on the result of the materiality assessment, we confirmed the disclosure focus of this report and the future sustainability goals of YUTO.

The 2023 materiality assessment takes the following four steps

01 Issue Identification

Based on the development of our business, we identified materiality issues with reference to the industry's sustainability management priorities and combined them with the GRI criteria to confirm a pool of materiality issues for 2023.

02 Issue Survey

We invited internal and external stakeholders, including senior management, employees, suppliers, and customers to participate in the survey in the form of interviews and meetings to understand the concerns of stakeholders.

03 Issue Ranking

We conducted analyses based on survey results to form a substantive assessment matrix and rank the issues of sustainable development.

04 Review and Disclosure

The Company's senior management discussed the results of the materiality assessment, reported them to the Board of Directors, finalized the disclosure focus of this report, and prepared the 2023 materiality matrix of issues.

The matrix and ranking of the Company's materiality issues for 2023 are as follows



Environmental Protection	Operating Practice	Employment	Social Contribution
R&D of Eco-friendly Products	Product Quality	Occupational Health and Safety	Policy Response and Community Involvement
Energy Management	Research and Application of New Techniques	Employee Welfare and Care	Participation in Community Activities
Exhaust Gas Emission Management	Intellectual Property Rights Protection	Employee Training and Development	Employee Participation in Welfare Activities
Procurement and Application of Eco-friendly Raw Materials	Customer Information and Privacy Protection	Employee Diversity and Equal Participation	
Wastewater Discharge Management	Customer Satisfaction and Complaint Management	Prohibition of Child Labor and Forced Labor	
Climate Change and Carbon Emission Management	Supply Chain Environmental and Social Risk Management	Employee Recruitment and Team Building	
Sustainable Forestry and Biodiversity Conservation	Anti-Corruption Management Mechanism		
Waste Management	Business Ethics and Compliant Operation		
Circular Economy	Information Disclosure		
Water Resources Management			

Through stakeholder surveys and the determination of materiality issues, we identified 28 ESG issues across four categories: environmental protection, operating practice, employment, and social contribution, including 10 issues of high materiality, 10 issues of materiality, and eight issues of low materiality. In particular, operating practice and environmental protection remain the most significant concerns of stakeholders regarding YUTO's sustainable development, covering issues such as product quality, R&D and application of new technologies, and the development of eco-friendly products. In our future sustainable development and management efforts, we will continue to address these issues with varying emphasis and provide key disclosures in this report to address stakeholder concerns.



02

Our Product

Innovation and Environmental Protection

YUTO has established an industry ecosystem oriented towards customer demand, giving shape to a branded, scaled, and diversified “1+N+T” business landscape. Consolidating and expanding packaging demands across sectors, YUTO offers fully integrated packaging solutions. In addition to packaging, we have ventured into fields including pet products, components of consumer electronics, new materials, and emerging technology. This has allowed us to build a unique business ecosystem and deliver outstanding products through our pursuit of innovation.

YUTO Packaging



Consumer Electronics Packaging



Wine & Spirits Packaging



Personal Care Packaging



Food Packaging



Healthcare Packaging



Tobacco Packaging

YUTO Tailored Business



ECO Packaging



Premedia



Retail Store Materials



Creative Products



Injection Moulding



Photolithography



YUTO iNfinity



Pet Products



Acoustic Devices



Consumer Electronics Soft Materials



Flexible Printed Circuit



Glare Films



Carbon Fibre



Glass Fibre



Eco-friendly Glue

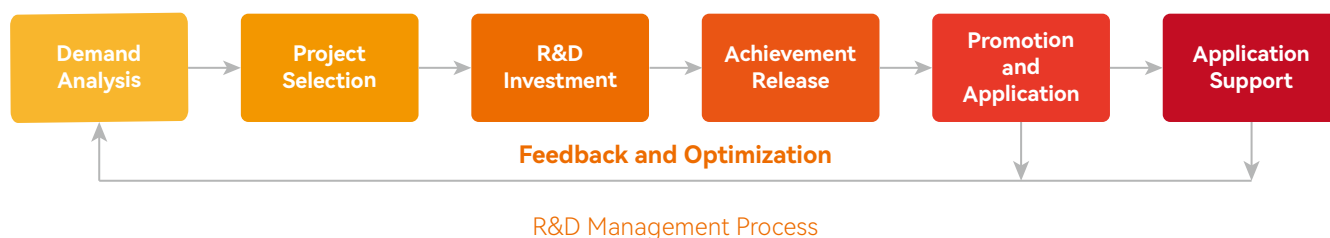


YUTO incubaTor

New Trends of the Future

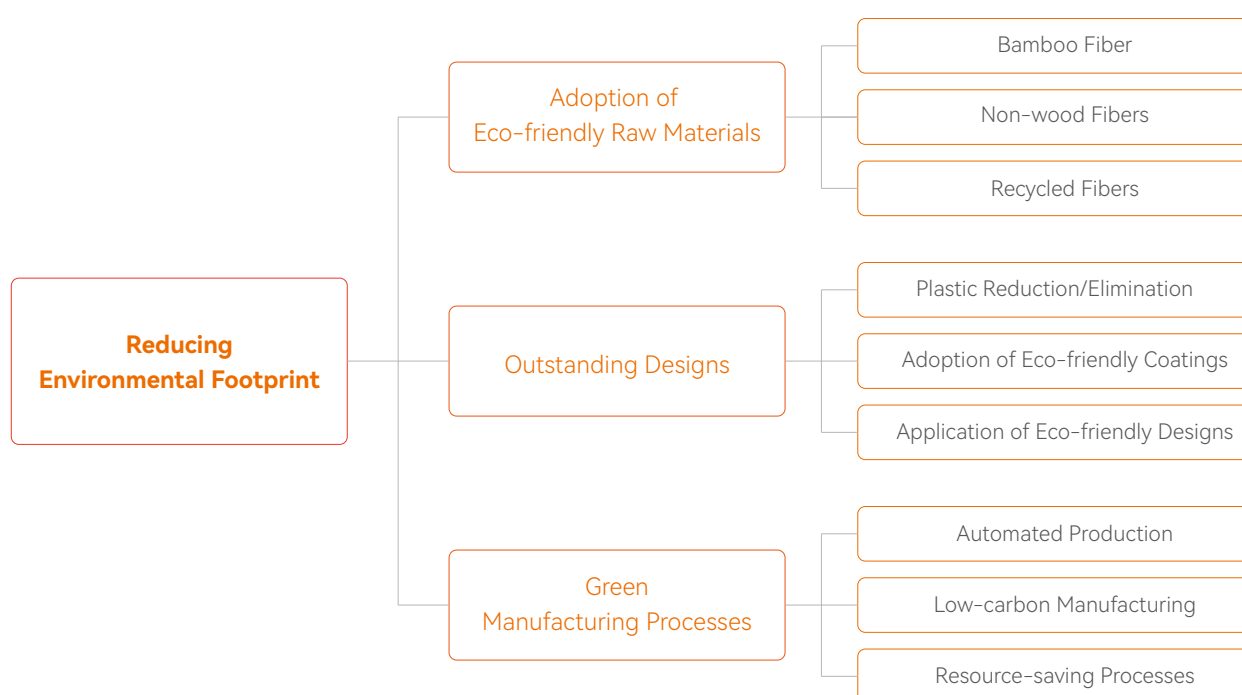
Commitment to Product Innovation

Committed to independent innovation, YUTO has invested heavily in R&D to deliver innovative packaging techniques and technologies, upgrading our products with innovation. Internally, we have established a scientific R&D management process and clearly defined the goals and plans of R&D and innovation management, covering every stage from customer demand collection to the release and application of R&D achievements. Furthermore, we have promptly optimized the management system based on relevant feedback to ensure the smooth R&D progress and application of R&D achievements.



YUTO's product structure is shifting towards greater sustainability. During the reporting period, with a focus on the sustainable attributes, surface differentiation, anti-counterfeiting, and packaging structure of products, the Company took multiple measures to enhance product performance and reduce environmental footprints, including the use of eco-friendly materials, exceptional designs, and resource-efficient manufacturing processes. These efforts have allowed us to keep providing clients with well-performing, personalized, and sustainable packaging solutions.

In 2023, our revenue from eco-friendly molded pulp products continued to rise, reaching approximately 7% of total revenue. In particular, around 50% of the products developed and designed during the year were degradable, recyclable, and renewable products, an increase of 7% from 2022.



Eco-friendly Raw Materials

Against the current backdrop of the green transformation, YUTO has taken active steps to develop a green business model and drive industry-wide green development. YUTOECO, a brand at the forefront of sustainability innovation, provides superior solutions beyond conventional packaging. Dedicated to the R&D of eco-friendly new materials, as well as the design and production of eco-friendly products, the brand works together with clients and ecosystem partners to meet sustainable development goals and achieve our long-term vision of building a Green Life for Everyone.

To expand the supply channels of eco-friendly raw materials, YUTOECO joins hands with partners including industry leaders and research institutes to develop bio-based resources such as non-wood fibers, bio-adhesives, and bio-waxes. Notably, we have mastered key technologies in areas such as new plant fiber products, bio-based functional materials, and bio-based high-barrier packaging. Several new types of our non-wood fiber pulps have completed trial production with scales ranging from tens of tons to hundreds of tons. They serve as effective supplements to bamboo pulp, sugarcane pulp, and wood pulp, meeting a wide range of demands. As of the end of the reporting period, the Company produced over 30 types of eco-friendly products. In the future, YUTO will continue to expand its portfolio of eco-friendly products, as we advance the industry's green transformation.

Bamboo Fiber

YUTO has embraced bamboo fiber as a raw material for developing biodegradable packaging solutions. During the reporting period, our bamboo fiber laptop packaging developed for Lenovo Group achieved 100% biodegradability, helping Lenovo respond to the Bamboo as a Substitute for Plastic Initiative launched jointly by the Chinese government and the International Bamboo and Rattan Organization. In March 2023, YUTO, as a joint R&D partner for Lenovo's bamboo fiber packaging, was invited to the launch ceremony of the "Hello, Chinese Bamboo" sustainable development initiative. At the event, we witnessed the unveiling of China's first "Bamboo as a Substitute for Plastic" green pilot project jointly set up by Lenovo and Chishui City.



"Hello, Chinese Bamboo"
Sustainable Development Initiative



Lenovo's Bamboo Fiber Packaging

our bamboo fiber laptop packaging
developed for Lenovo Group
achieved **100%** biodegradability

Non-wood Fibers and Recycled Fibers

In 2023, YUTOECO introduced ecopawfect, a brand dedicated to eco-friendly pet products that launched a revolutionary eco-friendly cat litter made of non-wood plant fibers and secondary fibers. With excellent functions including exceptional water absorption, zero starch addition, and low dust generation, the litter is suitable for both manual and automatic cat litter trays. The product, which made its debut at Pet Fair Asia and the 134th Canton Fair, won the Innovation Application Award, a category of the inaugural New Leaf Award for bio-based products.



**YUTOECO's eco-friendly plant fiber cat litter received
the Innovation Application Award**

Outstanding Designs

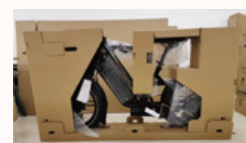
Backed by exceptional printing and packaging technologies and ingenious designs, YUTO continues to offer outstanding one-stop solutions in essential categories such as food and consumer electronics. We have forayed into industries such as cosmetics and FMCG to deliver eco-friendly and user-friendly packaging solutions with strong functionality and visual appeal. During the reporting period, our designs were honored with prestigious awards in China and beyond, including the iF Design Award's Packaging Design category, the MUSE Design Award, and the Canton Fair (CF) Design Award.

Plastic Reduction/Elimination

Plastic Elimination for Heavy-duty Packaging

YUTO has set up a task force to help clients reduce and eliminate plastic usage in heavy-duty packaging. During the reporting period, the Company replaced non-environmentally friendly plastic packaging, such as EPS (expanded polystyrene), with eco-friendly corrugated paper to reduce plastic usage while providing excellent product protection. Moreover, our intricate designs also offer a positive unboxing experience to consumers.

Heavy-duty corrugated paper packaging



Molded Pulp Products

YUTO's eco-friendly molded pulp products are designed to replace traditional plastics with innovative molded pulp for the purpose of environmental protection. For instance, our molded pulp packaging for Pu'er tea cakes, nominated for the Good Design award, features a prominent "tea" motif molded from pulps, which highlights its eco-friendliness and echoes the element of simplicity in traditional tea culture. Our design of eco-friendly molded pulp packaging for milk products took full account of secondary use. After the milk is consumed, its container can be repurposed as a flower pot, the box as a storage container, and the lid as a smartphone stand. The packaging's rich functions extend its lifespan, meeting the objective of environmental protection.

Molded pulp packaging for milk



Molded pulp packaging for Pu'er tea cakes



Adoption of Eco-friendly Coatings

YUTO insists on using eco-friendly coatings in product design. Through its patented plant extraction technology, biomimetic integration technology, and in-pulp addition process, YUTOECO developed a 100% plant-based, fluorine-free oil repellent. As it expands the application scenarios for plant fiber packaging, this oil repellent provides molded pulp products with excellent leak-proof performance, allowing them to effortlessly withstand extreme temperatures and challenges from everyday chemicals. The product has obtained certifications for biobased products from the USDA and the DIN CERTCO, as well as composting degradation certifications from the BPI and Seedling, along with a qualified testing report from the FDA regarding food contact materials.

Molded pulp products



YUTO's eco-friendly products have received multiple certifications



Application of Eco-friendly Designs

YUTO has conducted extensive research on eco-friendly innovative designs. In terms of packaging structures, the Company developed new structures such as lightweight, reusable, and recyclable telescopic boxes, as well as easy-to-assemble three-dimensional shock absorbers, the "fold and lock" packaging, and versatile paper designs. These eco-friendly designs not only minimize space wastage and shipment costs, but also meet consumer demands for environmental protection and respond to society's calls for sustainability, setting an example for the industry.

Telescopic box



Lightweight versatile paper design



The "fold and lock" packaging

Green Manufacturing Processes

YUTO has adopted green manufacturing processes. With the introduction of automated production lines, the Company has enhanced production efficiency, reduced labor costs, and achieved automated production management. Through the adoption of low-carbon production methods, we have managed to reduce the carbon footprint of our products. Moreover, by implementing water-saving production and resource-saving manufacturing processes such as digital printing, the Company has further lowered the consumption of resources.

Automated Production

YUTO's corrugated packaging for consumer electronics, made of 100% eco-friendly materials on automated production lines, balances efficiency with environmental considerations. Our automated production lines minimize human intervention and lower production costs and energy consumption while ensuring the high consistency and stable quality of packaging products. Beyond that, the automated production lines have helped YUTO improve the packaging process. This has boosted production efficiency and reduced scrap rate, meeting the dual purpose of productivity enhancement and environmental protection.



Corrugated packaging for consumer electronics

Low-carbon Manufacturing

YUTO takes full account of the carbon footprint of products throughout the manufacturing process. We have thoroughly studied biodegradable materials such as cellulose materials to meet our clients' rigorous standards in terms of carbon emission, odor, and safety. Cellulosic materials, derived from renewable resources like wood, bamboo, and bagasse, are often produced using clean energy, which reduces the reliance on fossil fuels and the product's carbon footprint.



Bagasse

Resource-saving Processes

YUTO employs resource-saving manufacturing processes. For instance, we have adopted digital printing to fully leverage the convenience and flexibility of digital printing machines. The new technology allows for more efficient sampling and production, unlocking more possibilities for customized designs. With their plateless printing and stable ink passage, digital printers save a great deal of resources, as they minimize paper consumption during sampling and selection compared to traditional offset printing. In 2023, YUTO's Digital Printing Center saved approximately 282,900 sheets of proofing paper, weighing about 9.36 tons, and 17,700 zinc plates.

In 2023, resources saved by YUTO's Digital Printing Center

Proofing paper

282,900 sheets

Weighing about

9,36 tons

Zinc plates

17,700 sheets

Innovation Training and Talent Exchange

YUTO prioritizes the recruitment and training of outstanding designers and technicians. We have conducted multiple internal design and technical training sessions to enhance the professional knowledge and technical capabilities of our employees. Moreover, YUTO has attended a series of industry forums including Print Tech and Chinese Materials Conference for opportunities of technical exchange and mutual learning. In our exchange with clients, university students, and members of the general public, we have promoted the concept of sustainable development and introduced new processes and their applications to garner concerted efforts for the pursuit of sustainable packaging.

Training for university students offered by YUTO's Design Department



YUTO's Product Development Department and Human Resources Department jointly organized the 2023 New Technology Seminar on December 21 to improve the professional capabilities of marketing specialists, customer service staff, designers, engineers, and technicians, helping them provide precise and professional services for clients. With a focus on new process materials, new chemical materials, novel surface treatments, grating innovations, and new structures, the seminar session equipped participants with a deep understanding of new materials, processes, and technologies in terms of their rationale, performance, advantages and disadvantages, and applications through a combination of theoretical illustration, physical samples, and video demonstrations. The seminar, attended by 365 employees from YUTO's headquarters and subsidiaries in person or through the e-Student live stream, received an overall training satisfaction rating of 96/100.

2023 New Technology Seminar



The seminar was attended in person or through livestream

Number of participants	365
Overall training satisfaction rating	96/100

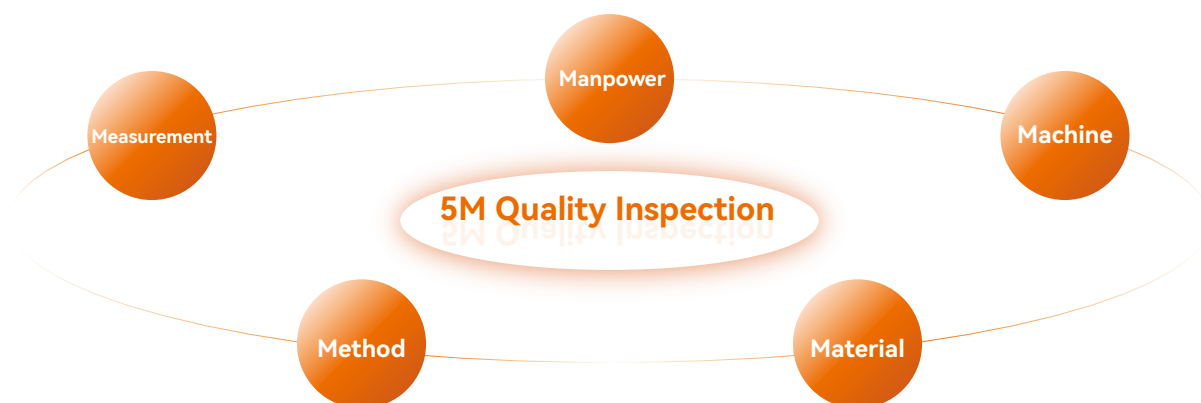
Ensuring Product Quality

YUTO regards quality as the cornerstone of all business operations. We strictly adhere to the laws and regulations of the countries and regions where we operate, such as the Product Quality Law of the People's Republic of China. We have secured progress in quality assurance across the board and fostered a well-developed and scientific quality management system. Moreover, internal quality standards such as Non-conforming Product Control Procedures and Quality and Performance Management Rules have been adopted to facilitate exceptional corporate performance with high-standard product delivery. As we continue to improve our quality management system, YUTO has obtained certifications including ISO 9001 Quality Management System Certification, FSSC 22000 Food Safety Management System Certification, QC 080000 Hazardous Substance Process Management System Certification, and G7 Master Facility Qualification Certification. These certifications lay a solid foundation for our pursuit of quality.

YUTO engages in rigorous quality management of products throughout the entire process from incoming to delivery. Quality engineers are assigned at different stages to control key quality nodes and analyze and resolve any abnormalities. In addition, we have adopted intelligent tools such as the incoming inspection and feedback improvement information platform, logistics list system, engineering sampling system, and production panel to boost efficiency in quality supervision, testing, and review, thereby ensuring the delivery of quality products.

In 2023, we adopted the 5M Inspection Operation Guide to standardize the 5M (Manpower, Machine, Material, Method, Measurement) inspection procedures for each manufacturing base in production and processing to ensure consistency in quality control and operations across different stages of production. These efforts have helped us improve product quality and customer satisfaction.

5M Quality Inspection Procedures



At YUTO, quality assurance is reflected in every aspect of our daily work. We conduct monthly quality meetings and provide regular training for our QC teams to foster a strong culture of quality at all levels of the Company.



• Training of QC teams •

In 2023, YUTO did not experience any violations related to the health and safety impacts of products and services.

Intellectual Property Management

As a high-tech company driven by innovation, YUTO places great importance on intellectual property protection, as it continues to strengthen the institutional management of corporate intellectual properties. While complying with laws and regulations such as the Patent Law of the People's Republic of China and Copyright Law of the People's Republic of China, we have adopted a series of IP management systems including Patent Management Measures and Measures for Managing Intellectual Property-related Documents. These IP protection and management systems are consistently improved through annual reviews. In 2023, YUTO applied for 90 patents and obtained 210 authorized patents.

In 2023

Applied for patents **90** Obtained authorized patents **210**

This year, we set strategic goals for the intellectual property team of the Legal Department to carry out specific IP-related tasks such as patent mining and trademark, and business secret protection training, with the goal of protecting R&D achievements through effective IP application and utilization. YUTO has taken measures to clarify and complete tasks related to IP arrangement and management, IP risk control and early warning, development of an IP management system, IP talent training, and development of IP-related information tools.

Upgrade of YUTO's IP Management System

In 2023, YUTO engaged in the second-phase development of its IP management system for a functional upgrade, which involves the establishment of IP procedures covering patent proposal, trademark proposal, copyright proposal, patent invalidation, litigation, acquisition, and transfer. The upgrade integrated the OA system and the IP management system.

Our patent retrieval system currently utilizes Zhihuiya, one of the best commercial retrieval systems available in China. Through the functional upgrade, the system now serves two purposes: technician retrieval and patent engineer retrieval. Technician retrieval is mainly used for R&D technicians to conduct novelty searches on technologies and understand the technological developments in the industry. The patent engineer retrieval helps patent engineers handle project technical guidance, product infringement analysis, competitor investigations, and novelty searches.

YUTO continues to offer various training sessions and regular promotional activities focusing on themes including patent mining and business secret protection to enhance employees' awareness of IP protection and prevent IP risks. At the same time, YUTO has become an active member and director organization of the China Intellectual Property Society (CIPS) and the Shenzhen Patent Association to stay informed about the latest industry trends regarding IP protection. Notably, in 2023, Xuchang YUTO was recognized as a National Enterprise for Advantages in Intellectual Property.



· IP management training ·

In 2023

Xuchang YUTO was recognized as

**National Enterprise
for Advantages in Intellectual Property**



Promoting Industry Development

YUTO places an emphasis on exchange and cooperation with industry associations, universities, research institutes, and peer companies. We are actively involved in the formulation and revision of industry standards, as well as exchanges with peers, to promote industry development over the long term. We strive for the high-quality and sustainable development of the industry through complementary strengths and shared resources.

In 2023, YUTO participated in the formulation of several national and industry standards, including:

- General principles for pulp molding products (GB/T 42943—2023)
- Technical specification for green-design product assessment — Molded fiber product (T/CPF 0072—2023)
- General requirements for delivery food packaging (T/CPF 0057—2023)
- General evaluation technology system of biodegradable agricultural mulching films (T/CSTM 00852—2023)
- Evaluation criteria for green factories in printing industry (paper products) (T/CIET 064—2023)
- Technical requirements for evaluating carbon emission reductions of products — Packaging (T/CPF 0053—2023 T/CSTE 0327—2023)

YUTO endeavors to become an outstanding printing and packaging company trusted by clients and recognized by the industry. While pursuing technological innovation, we emphasize communication and cooperation and share cutting-edge industry insights with peers to unlock innovation and advance industry development together with all stakeholders.

YUTO at Industry Exhibitions



China Packaging Container Expo 2023

China Packaging Container Expo is the most influential annual event in China's packaging industry. As an industry leader, YUTO showcased its superior packaging solutions across five business segments and insightful speeches at China Packaging Container Expo 2023.



Interpack 2023

At Interpack 2023, the world's largest packaging exhibition held at Messe Dusseldorf in Germany in May 2023, YUTO presented a diverse range of innovative, superior packaging products and eco-friendly packaging solutions as a leading Chinese packaging company.



Pack Expo 2023

In 2023, YUTO sent an outstanding team to Pack Expo, the largest packaging exhibition in North America. We showcased our end-to-end customized packaging solutions, global presence, and sustainable solutions. Through unique designs and technologies, we add deeper meaning to the brands of our clients.

Impact Climate Innovation Conference 2023

Impact Climate Innovation Conference 2023, held in Haikou, featured five sub-forums. At the Circular Economy Forum, Cheng Yanfei, Head of YUTOECO R&D Institute, provided insights into the balance between sustainability, cost, and experience in the adoption of plastic substitutes. He also shared how YUTO aims to lead manufacturing innovation through the circular economy and foster innovation and progress for the fulfillment of the carbon peaking and carbon neutrality goals.



YUTO-Groupe SEB Seminar on Environmental Protection Technologies

At the YUTO-Groupe SEB Seminar on Environmental Protection Technologies held in June 2023, we presented our key achievements in the R&D of green products and environmental protection technologies. We also discussed the performance of digital printing technology in reducing ink, paper, and water consumption. The seminar helped facilitate carbon and plastic reduction and promoted low-carbon development and environmental protection to jointly build a sustainable future.



Seminars and Exchanges

China-Denmark Sustainable Packaging Seminar

At the China-Denmark Sustainable Packaging Seminar held at the Peace Hotel in Shanghai on September 14, 2023, YUTO's Vice President Ma Haoran delivered a speech titled "Packaging Innovation: Driving Sustainable Development with New Ideas and New Technologies" to state YUTO's commitment to sustainable packaging, which reflected the confidence and determination of packaging companies to assume social responsibility.



Interview with Hainan Television

In September 2023, YUTO's Vice President Ma Haoran accepted an interview with Zi Mao Jia (Free Trade Best), a program aired on Hainan Television, on the topic of "YUTO: Exploring New Eco-friendly Materials to Empower Green Development in Hainan." YUTOECO runs seven major environmentally friendly manufacturing bases around the world. In particular, Haikou YUTO will embrace its mission of adopting eco-friendly materials in innovative ways and leverage its R&D advantages to develop green products.





03

Our Operation

Energy Conservation, Carbon Reduction
and Environmental Friendliness

At YUTO, we are deeply concerned about the environment and nature, shouldering responsibilities for environmental management and incorporating sustainability into every aspect of the Company's operations and management. We have established a sound internal environmental management system to control resource utilization and waste emissions during construction, production, and operation processes. YUTO actively practices energy conservation and emission reduction to intensify the Company's green management across the board. Responding to China's carbon peaking and carbon neutrality strategy, we strive to pioneer plastic and carbon reduction while addressing global climate change with real action. At YUTO, we are doing our part for the planet as an eco-friendly company.

Green Manufacturing

In response to the national call for low-carbon development and environmental protection, YUTO strictly complies with the environmental protection laws and regulations of the countries and regions where we operate, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Air Pollution Prevention and Control, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Environmental Protection Law of the Socialist Republic of Vietnam, and the Environmental Protection Law of India. Furthermore, we have adopted a series of internal systems such as Guidelines for the Management of Exhaust Gas Emissions and Guidelines for the Management of Exhaust Gas Treatment Facilities to promote green manufacturing and construction. With robust systems and a comprehensive range of energy-saving and emission-reduction measures, the Company endeavors to build green factories from five dimensions: intensive land use, harmless raw materials, clean production, waste recycling, and low-carbon energy. By the end of 2023, **our headquarters base, Xuchang YUTO, and Wuhan Aite were recognized by Ministry of Industry and Information Technology, PRC as national green factories.**

We have continued to improve our environmental management system. So far, **65%** of YUTO's subsidiaries (**39**) have obtained the ISO14001 environmental management system certification. Meanwhile, manufacturing bases that are under construction or newly established are also improving their environmental management systems in accordance with ISO14001 requirements.

Resource Management

YUTO strictly complies with the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on the Promotion of Clean Production, and other laws and regulations of countries and regions where we operate. We have adopted a series of internal systems such as the Energy System Management Manual, the Energy Target, Indicator and Program Control Procedures and the Energy Conservation Management System to save resources and promote energy efficiency. We have launched various energy conservation projects and promoted the use of renewable energy to enhance our resource management capabilities. Many of our manufacturing bases have obtained ISO50001 energy management system certification. Empowering energy conservation management with technology, we have established energy management centers and built energy management platforms to monitor and upgrade key energy-intensive equipment through the comprehensive digital management of energy consumption.

Energy Management Platform

YUTO has made continued efforts to strengthen energy management across its industrial parks. Energy management platforms have been adopted by YUTO parks in places including Shiyao, Suzhou, and Xuchang, enabling online monitoring of equipment status, data collection, status alerts, remote maintenance, and energy consumption analysis. This provides detailed data support for the management of energy-intensive equipment and energy-saving initiatives. In 2023, we vigorously promoted and launched the intelligent water and electricity meter management system in employee dormitories across industrial parks affiliated with YUTO. Through automatic data collection, the Company has helped employees adopt good habits of saving electricity and water, promoted the rational use of energy, and reduced carbon emissions.

Upgrade of Water Towers



Yibin YUTO achieved 100% energy savings by directing the water loop of the cooling tower through a turbine at a specified pressure and flow rate, generating output power to drive the fan for heat dissipation, delivering zero-power cooling towers.

To address issues such as scale and buildup of impurities in the cooling water system over prolonged use, which leads to reduced cooling efficiency, slow heat dissipation, and equipment corrosion, Yibin YUTO has adopted a closed-loop circulation for the system. This conversion prevents the buildup of scale, pollution, and corrosion in the pipelines, which extends the lifespan of pipelines and equipment while boosting cooling efficiency.

Promotion of Negative Pressure (Vacuum) Practices in Workshops

At Xuchang YUTO, the incoming area of the laminating machine in workshops previously utilized suction motors to generate negative pressure, while vacuum generators were used for production lines to provide negative pressure for suction cups. This setup, however, involved the use of energy-intensive equipment with high noise levels. In 2023, we upgraded the assembly line units by eliminating the suction fans and vacuum generators, instead promoting the use of centralized negative pressure in the workshop. This not only saves energy but also effectively controls the noise generated during operation.

Saving Energy in Workshops with AHU Variable Frequency Control

At Xuchang YUTO, workshops previously adopted water-cooled air handling units (AHUs) for central air conditioning. When the workshop temperature reaches the set temperature, the cooling valve will automatically close, preventing the circulation of cold water in the AHU for cooling. However, a large number of fans continue to run at full speed, resulting in high power consumption.

In 2023, we upgraded the AHUs to include the function of variable frequency control. With this upgrade, when the cooling valve closes, and if only air supply is required (instead of cooling), the frequency drive will automatically lower the fan speed, reducing the operating power. This keeps the air conditioning system running at a low speed, which meets the usage requirements while slashing power consumption. As a result, we saved 1.67 million kWh of electricity in a year, equivalent to reducing 1,664 tons of carbon dioxide.

Energy-saving Upgrade of Central Air Compressor Station at Dongguan YUTO's Dalingshan Park



In 2023, Dongguan YUTO carried out an energy-saving upgrade of the central air compressor station of the Dalingshan Industrial Park. The upgrade included the adoption of a one-stop energy management solution covering efficient design, efficient construction, efficient control, and efficient operation. The park's annual energy consumption was simulated from the four dimensions to optimize equipment selection and reduce pipeline resistance. The solution also helps minimize energy loss and improve energy efficiency.

We also upgraded the control system of the station with the installation of a high-efficiency intelligent control system that monitors and controls the mechanical and electrical equipment, air compression system, and cooling water system of the high-efficiency air compressor station through visualized production data. Featuring automated control, the system can activate or deactivate equipment according to the specific requirements and configure an appropriate number of equipment and operating parameters automatically to minimize human errors and ensure efficient operations.

The Department of Productivity Promotion has planned and implemented the Value Stream Green Belt Certification Project and offered offline training of value stream tools to enhance the professional skills of core employees responsible for lean production and pinpoint and address areas of waste. The department also selected specific projects based on the actual circumstances of different subsidiaries to ensure the scientific, systematic, and sustainable improvement of lean production, helping subsidiaries address production-related issues. In 2023, a total of 34 subsidiaries implemented lean production improvements, resulting in over 10,000 improvement proposals and the systematic promotion of 12 lean production projects.

We conducted lean production capability assessments and analyses for each subsidiary, including evaluations for team performance and active improvement. Weaknesses were addressed through empowerment and on-site support. Our practice sessions focused on actual production conditions procedures in workshops to build experience and generate standard methodologies that will be promoted across the Company to establish a closed-loop lean production system. Additionally, we have regularly organized lean production seminars such as innovation learning sessions, presentations of innovation and improvement proposals, workshop learning and exchange programs, and monthly online lean production lectures to provide a platform for exchanging experiences of lean production. Moreover, we have made every effort to train lean production specialists through programs including the primary LP lecturer certification and offline training camp for LP specialists. Such programs have helped us improve our lean production capabilities over the long term.



• Training Camp for LP Specialists •

YUTO also offered energy-saving training and education for energy-related positions. In May 2023, we provided internal energy management training for 89 department heads, all of whom passed the assessment, to strengthen energy management and promote energy-saving initiatives. In addition to internal training, four employees at YUTO obtained certificates from the energy-saving training and examination for energy managers organized by the Industry and Information Technology Bureau of Shenzhen Municipality. We attended the Energy Measurement Review and Policy Promotion Meeting for Key Energy Consumers organized by the Industry and Information Technology Bureau. In light of the official guidelines, we provided support for the calibration of energy measurement instruments and installed 132 smart meters. We also reported the Company's energy information to the National Urban Energy Measurement Center (Shenzhen) through its information platform and provided full cooperation for on-site energy measurement inspections and energy-saving inspections.



• 2023 Energy Measurement Review and Policy Promotion Meeting for Key Energy Consumers •

Internal energy management training in May 2023



89

department heads participated and pass the assessment

Energy Measurement Review and Policy Promotion Meeting in July 2023



132

smart meters were installed and put into use in YUTO

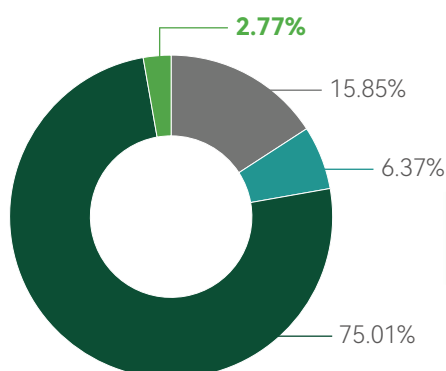
Apart from energy efficiency, we have also explored the use of new energy and the application of energy storage technologies. In 2023, YUTO completed the construction of solar PV power stations in Huizhou, Hengli Town (Dongguan), Jiujiang, and Bozhou. By the end of 2023, we built 15 PV power stations, generating 20.43 million kWh of electricity, and an additional 3 such stations are expected to be built by 2025.



Aerial view of Xuchang
YUTO's PV power station

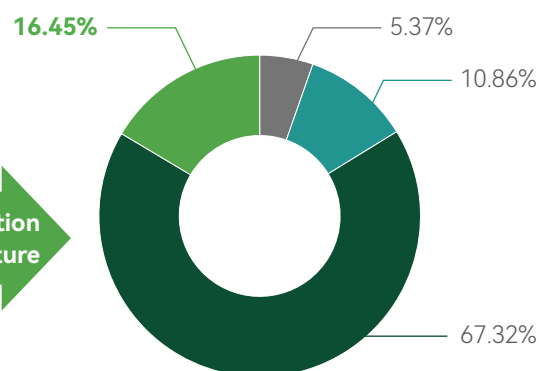
YUTO's Energy Usage

Indicator	Unit	2023	2022
Total energy consumption	MWh	642,832	532,528
Fossil fuels	MWh	34,509	84,388
Heat purchased	MWh	69,783	33,899
Thermal energy purchased	MWh	432,788	399,468
Green energy	MWh	105,752	14,773



YUTO's Energy Mix in 2022

Promote the transformation
of energy structure



YUTO's Energy Mix in 2023

● Fossil fuels ● Thermal energy purchased ● Heat purchased ● Green energy

Water resource management is another priority in YUTO's management of production and operations. We have promoted and adopted new technologies, processes, and equipment for water conservation. Moreover, we have conducted environmental footprint assessments for specific products and launched a series of projects for water conservation and wastewater reuse, enabling efficient water usage. In 2023, the Company completed the CDP Water Security Questionnaire and received a management performance rating of B-.

Recycling Wastewater from Water Distillers

In Xuchang YUTO's workshops, the matching water distillers of humidifiers generate a significant amount of wastewater, in addition to pure water. The wastewater was previously discharged after treatment. In the meantime, tap water was used for screen washing in the workshops. To address the issue, in 2023, we added a wastewater collection tank to the water distillers, allowing us to recycle the wastewater for screen washing in the workshops. This adjustment helped us save 5,500 tons of tap water during the year.



In 2023

Saved tap water **5,500 tons**

The Company has simulated water availability scenarios covering all our factories using the WRI Aqueduct Water Risk Atlas 3.0. This model identifies the locations of our assets in areas likely to face high water stress in the future. It assesses the potential water stress risks that our assets may face in 2030 and 2040 under different climate conditions and development scenarios, providing the data needed for the Company to develop targeted water resource management plans.

The model predicts that by 2030 and 2040, in both high-carbon (SSP3/8.5) and low-carbon (SSP2/4.5) scenarios, 15 out of the 29 selected areas where YUTO's assets are operated face high levels of water stress risk. However, since our production processes do not require significant amounts of fresh water, the predicted water stress risks do not currently pose substantial risks to our operations. At present, YUTO's actual operations are not affected by water resource pressures. The Sustainability Management Committee is closely monitoring the dynamic changes in water stress risks and has developed water-saving schemes with varying priorities to address future water stress risks in different areas. We are also gradually setting up facilities such as water recycling facilities, water-saving equipment, and rainwater collection facilities to further reduce our water withdrawals and actively address potential water stress risks.

YUTO's freshwater usage and wastewater discharge in 2023 are shown in the table below:

YUTO's Water Usage

Indicator	Unit	2023
Freshwater usage	Cubic meters	3,519,753
Wastewater discharge	Cubic meters	2,008,209

YUTO has set clear water use targets for five subsidiaries, i.e., Wuhan YUTO, India YUTO (Delhi), Suzhou YUTO, Sanhe YUTO, and Hefei YUTO. We plan to achieve an average annual decrease of 1.5% in water intensity by 2030 based on 2022 levels. In 2023, YUTO met the target and cut the figure by 2.9%. In the future, YUTO intends to gradually extend the water use targets to the entire company.

Three Types of Waste Management

YUTO rigorously follows the regulatory requirements for exhaust gas, wastewater, solid waste, and noise in each country and region where we operate. We have adopted a series of internal management systems to facilitate the normal operation of our environmental protection facilities. Such efforts have allowed us to mitigate environmental pollution and manage the discharge of the "three types of waste" to ensure compliance with emission standards for exhaust gas, wastewater, and noise, as well as the proper disposal of solid waste. We have set targets for managing the "three types of waste" at all levels and allocated their fulfillment to relevant departments. At YUTO, departments are required to clarify their responsibilities for managing the "three types of waste" and develop effective treatment measures and plans to implement effective waste management. With an emphasis on the management of hazardous chemicals, we have introduced strict internal regulations and management measures to ensure their proper handling.



Exhaust Gas Emission Management

YUTO has established internal systems such as Guidelines for the Management of Exhaust Gas Emissions to specify the requirements for the collection and treatment of exhaust gas emissions from production facilities and canteen fumes. We identify and evaluate exhaust gas sources known to us every year and produce the Exhaust Gas Emission Source List, which is revised when there are changes in the emission sources. At YUTO, the main sources of exhaust gas are VOCs (Volatile Organic Compounds) emitted from printing inks, adhesives, and organic solvents, generator exhaust, and canteen fumes.

At YUTO, measures such as raw material replacement, process improvements, and equipment upgrades are required to reduce exhaust gas emissions during the generation process. We have fully deployed the exhaust gas treatment system at all manufacturing bases to meet national and local requirements on emission concentrations through such procedures as pre-processing of exhaust gas, activated carbon box adsorption and desorption, and low-temperature catalytic combustion. The Company's environmental protection and safety departments regularly maintain exhaust gas treatment facilities to ensure their effective operation. YUTO commissions a qualified third-party testing organization to take samples of exhaust gas and assess the compliance of emissions. In addition, we have set performance indicators such as the test frequency and compliance rate of industrial exhaust emission, and examined the effectiveness of our testing efforts on a regular basis to improve the management of exhaust gas.

In 2023, we initiated clean air projects at some of our manufacturing bases and achieved significant emission reductions through improvements in procedures such as source replacement, process control, and end treatment. The relevant reduction measures have been promoted across the Company.



Wastewater Discharge Management

YUTO has established waste management systems such as Wastewater and Stormwater Management Guidelines and Safety Responsibility System for Wastewater Treatment Stations. We have consistently promoted water conservation at all stages and explored effective measures for wastewater treatment and water reuse. We have employed efficient wastewater treatment processes, including sufficient mixing in hydrolysis pools, alkali addition to collecting tanks, and precipitation and separation in secondary settling tanks, to meet regulatory requirements on wastewater treatment. Our headquarters base and Shenzhen Longgang Branch have deployed wastewater online monitoring systems connected with government platforms to monitor wastewater discharge parameters in real time. Third-party agencies hired by the Company conduct water quality testing on other manufacturing bases and issue testing reports to rigorously ensure compliance with official discharge standards.



Solid Waste Management

At YUTO, all manufacturing bases strictly comply with relevant laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. We have adopted the Waste Management Guidelines and the Hazardous Waste Management System to thoroughly regulate the classification, collection, and disposal of hazardous and non-hazardous waste. We have also implemented measures of reduction, recycling, and harmless treatment to practice clean production.

- YUTO clearly defines the requirements for the collection, storage, transportation, and disposal of hazardous waste, and entrusts qualified hazardous waste disposal agencies for proper treatment;
- More specifically, general solid wastes are recycled and reused by recyclers with relevant qualifications;
- kitchen wastes are collected by third-party treatment organizations with kitchen waste collection and treatment licenses;
- Domestic wastes are treated by municipal sanitation offices or organizations with recycling and treatment qualifications.

The Company conducts annual audits of waste disposal organizations, including self-assessment, on-site assessment, and the provision of third-party audit reports or Environmental Management System (EMS) certificates, to ensure the compliance of waste disposal.

In addition to compliant operations, YUTO continues to promote waste reduction efforts. Starting from the source, we have minimized product waste through waste reduction design and strengthened the quality control of raw material quality inspection and workshop production process, making every effort to reduce defective products. Unqualified outsourced parts are recycled by suppliers to minimize solid waste. At YUTO, four manufacturing bases, including the headquarters base, Shenzhen Longgang Branch, Suzhou YUTO Kunshan Lianhe Road Branch, and Suzhou YUTO Kunshan Luchang Road Branch, have obtained the Platinum “Zero Waste to Landfill” certification. Yantai YUTO, Vietnam YUTO, and Vietnam YUHUA have been awarded the Gold “Zero Waste to Landfill” certification. In the future, we aim to encourage more manufacturing bases to obtain zero landfill waste certifications.

We have also endeavored to raise the environmental awareness of our employees. YUTO provides waste management training at least once a year for workshop waste management personnel and integrates waste classification and management requirements into the onboarding training for new employees to ensure that employees have a comprehensive understanding of laws, regulations, and company policies on waste management, and to improve the Company’s environmental management.

YUTO’s Waste Emissions

Indicator	Unit	2023
Total waste emission	Ton	126,269
- Non-production related waste	Ton	3,499
- Production-related waste	Ton	122,770
- Hazardous waste	Ton	3,010
- General solid waste ³	Ton	119,760
- Paper and wood waste	Ton	114,263



Management of Hazardous Chemicals

YUTO strictly manages hazardous chemicals involved in manufacturing. We have formulated and continued to improve management systems such as the Chemical Management and Operation Guidelines, Control Procedures for Chemical and Hazardous Materials, and Emergency Response Plan for Hazardous Chemical Spills to oversee all processes involving hazardous chemicals, including introduction, usage, transportation, storage, emergency response, disposal, and hazard notification.

We conduct hazard assessments of chemicals or adopt less hazardous alternative substances to control chemical hazards in advance. For essential hazardous chemicals used in production, we have set up specialized hazardous chemical warehouses to register and manage chemicals and hazardous materials. Moreover, specific storage areas have been designated to control the storage environment and ensure suitable humidity conditions. Such storage areas are equipped with Material Safety Data Sheets (MSDS) and occupational hazard notification cards. Combustible gas detectors and protective gear are also provided. Relevant personnel are required to wear protective gear to ensure the safe usage of chemicals and hazardous materials. At YUTO, responsible departments conduct regular safety inspections and hold chemical spill drills to raise safety awareness and minimize negative impacts on the environment and employees.

³ The waste generated by YUTO, aside from the categories listed above, mainly includes waste metals and waste plastics, among other types of waste. However, considering the small amount and insignificant environmental impact of such waste, the relevant figures are not disclosed.

| Hazard Management of Chemicals and Allergens

According to the 2023 Plan for Best Practices of Allergen Management, YUTO has been included in the scope of improvement pilot projects, improvements are being made in accordance with the requirements of the best practices guidelines to reduce employee exposure in the workplace and create a safer working environment.



• Improvement Milestones of Allergen Management •

Green Office

YUTO champions the green office approach in daily operations. We promote water and electricity conservation as well as paperless workflows. At YUTO, office waste is meticulously classified and recycled to reduce resource consumption and emissions.



Saving Water

- Water-saving signs are posted at relevant facilities and venues to promote water reuse and remind employees to turn off taps.
- The daily maintenance of taps and pipelines is strengthened to avoid water waste.



Solid Waste Management

- Classified recycling bins and promotional slogans are provided to help employees distinguish recyclable and non-recyclable waste.
- The separate collection, regular transfer and proper disposal of office waste are ensured.
- Waste classification training is provided to guide employees to properly recycle garbage.



Saving Electricity

- Lighting control and electricity consumption management on each floor are optimized to ensure that lights are turned off when people leave, and to eliminate long-lasting lights.
- Electricity consumption and standby energy consumption of electronic office equipment are reduced, and the power is turned off at the end of the day.
- The number and setting of electric water dispensers in office buildings are reasonably adjusted to control the time of usage and reduce ineffective electricity consumption.
- The air conditioning temperature is maintained within a reasonable range, and doors and windows are closed when the air conditioner is on.



Reducing Emissions





- Online document transmission is promoted and paper printing is streamlined to avoid unnecessary, repeated printing and to implement paperless office practices.
- The YUTO Vehicle Management System has been updated to manage and supervise the use of company vehicles and to strengthen exhaust control and energy consumption management.
- Online communication is encouraged as a substitute for offline meetings to reduce unnecessary business travel.

Climate Change and Carbon Management

Against the backdrop of severe climate change, global warming is happening at an unprecedented rate. As climate change mitigation gains global consensus, governments, businesses, and social organizations are taking action to slash global greenhouse gas emissions. As a leading industry player, YUTO is keenly aware of its global environmental responsibility. We have submitted our SBTi commitment and plan to achieve carbon neutrality by 2040.

Climate Change Governance

YUTO, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), has established a climate governance framework based on the Company's sustainability management system to address climate change with a top-down approach. Specifically, the Board of Directors oversees the Company's climate risk governance and other sustainability efforts; the Sustainability Management Committee, guided by the Board of Directors, identifies and evaluates climate risks and opportunities, formulates and improves climate-related strategies, and supervises and reviews the implementation of actions to address climate change; departments and manufacturing bases integrate climate change risk management into their daily operations, actively implement response measures, and include those measures into their annual key work plans.

 Governance	<p>YUTO has established a comprehensive climate governance system. The Board of Directors oversees the Company's climate governance and other sustainability efforts. Under the Board of Directors, the Sustainability Management Committee engages in climate-related governance, drives the formulation of the Company's climate strategy, and ensures the fulfillment of climate-related objectives.</p>
 Strategy	<p>To enhance our climate resilience and manage climate-related risks, relevant departments collaborate with third-party agencies to identify climate-related risks and opportunities and evaluate their potential financial impact on the Company.</p>
 Risk Management	<p>YUTO has adopted targeted short-term, medium-term, and long-term measures to mitigate the climate-related risks identified. The measures have been included in the Company's annual key work plan to ensure these risks are within our control and to mitigate potential losses resulting from climate change impacts. In addition, we have tracked and optimized these mitigation measures to consistently enhance our adaptive capacity and strategic resilience in relation to climate change.</p>
 Indicators and Targets	<p>YUTO measures and monitors the implementation of climate change actions through a set of indicators and targets. During the reporting period, the Company conducted greenhouse gas accounting and actively disclosed greenhouse gas emissions, with the goal of achieving carbon neutrality by 2040.</p>

Climate Change Risks and Opportunities

The identification of climate-related risks and opportunities represents a prerequisite of climate change management. YUTO attaches great importance to both the physical and transitional risks brought about by climate change and continues to monitor their impact on the Company's business continuity. We have adopted measures to address these risks in light of our strategies and development.

Physical risks

Physical risks	Acute risks		Chronic risks			
Description	Flood	Typhoon	Extreme heat	Extreme cold	Rising sea levels	Drought
Potential harm	<ul style="list-style-type: none"> Production interruptions, affecting employee safety and health 		<ul style="list-style-type: none"> Power shortages leading to factory shutdowns Hindered facility operations and restricted factory siting Drought leading to water shortages Significant risks of fires and explosions due to high temperatures Likely occurrence of raw material damage, employee health issues, and decreased production efficiency due to extreme heat and high humidity Chronic risks disrupting the supply chain, forcing suppliers to relocate, and increasing procurement challenges 			
Timeframe ⁴	Short-term and medium-term		Long-term			
Potential primary financial impact	<ul style="list-style-type: none"> Delivery delays (reduced revenue) Facility damage (increased costs) Increased insurance premiums (increased costs) Supply chain disruptions (reduced revenue) 		<ul style="list-style-type: none"> Sunk costs of suspended work and production (increased costs) Order loss due to inability to supply (reduced revenue) Increased labor costs (increased costs) Restricted factory siting (increased costs) Supply chain disruption (increased costs) 			
Potential impact level ⁵	Low, Medium		Low, Medium			
Mitigation measures	<ul style="list-style-type: none"> Factories have formulated emergency plans, stocked supplies, and conducted regular drills in accordance with relevant regulations YUTO's primary material suppliers are located across multiple regions; changes in the upstream supply chain are closely monitored 		<ul style="list-style-type: none"> Some of the factories in high-water-pressure areas have established rainwater harvesting systems for non-major water consumption projects; areas without such a system need to be evaluated Business strategies will be adjusted as climate change impacts evolve; such adjustments may include the feasibility assessment of relocating factories in areas affected by rising sea levels to low-risk areas In future industry arrangements and planning, YUTO will take account of the impacts of climate change to ensure the suitability, adequacy, and effectiveness of site selection 			

Transition risks

Transition risks	Policy and regulation	Technology	Market	Reputation
Description	Carbon emission standards and carbon trade policies are tightening; carbon taxes are gradually being introduced worldwide	Companies face uncertainties in the transition to low-carbon technologies	Shifts in consumer preferences	Ability to effectively communicate and cooperate with stakeholders
Potential harm	<ul style="list-style-type: none"> Non-compliance with carbon emissions and fines Carbon taxes 	<ul style="list-style-type: none"> Failed investments in new technologies 	<ul style="list-style-type: none"> Changes in packaging demands by end-users 	<ul style="list-style-type: none"> Damage to company reputation and pressure from public opinion
Timeframe	Medium-term and long-term	Long-term	Medium-term	Short-term and medium-term
Potential primary financial impact	<ul style="list-style-type: none"> Purchase of renewable energy (increased costs) Products may be subject to carbon taxation (increased costs) 	<ul style="list-style-type: none"> Write-off and premature scrapping of existing assets Increased R&D expenses in new and alternative technologies (increased costs) 	<ul style="list-style-type: none"> Decrease in demand for traditional goods and services due to shifts in consumer preferences (decreased revenue) 	<ul style="list-style-type: none"> Increase in negative impacts (decreased revenue)
Potential impact level	Medium	Medium	Medium	Medium
Mitigation measures	<ul style="list-style-type: none"> Closely monitor laws and regulations related to carbon requirements in different countries Develop carbon reduction plans and strategies in advance Incorporate carbon reduction requirements into supply chain management 	<ul style="list-style-type: none"> Encourage innovation in materials and processes; improve project efficiency through digital and intelligent practices Improve energy use efficiency and explore renewable and clean energy 	<ul style="list-style-type: none"> Continue to develop low-carbon packaging solutions Diversify packaging product portfolios 	<ul style="list-style-type: none"> Establish regular communication mechanisms with stakeholders and consistently improve the quality of disclosures

⁴ Timeframe: short-term (1–3 years), medium-term (3–5 years), long-term (5 years and longer).

⁵ Impact level: high (above 300 million CNY), medium (150 million CNY to 300 million CNY), low (below 150 million CNY).

Climate opportunities

Climate opportunities	Products and services	Resource efficiency	Energy sources	Market	Resilience
Description	Develop eco-friendly materials and new processes; promote streamlined packaging applications	Improve the level of automation	Adopt clean energy	Eliminate the use of plastics; replace plastics with plant fiber to create business opportunities	Improve the Company's risk resilience; cope with extreme weather and policy changes brought by climate change
Potential benefit	<ul style="list-style-type: none"> Consolidate industry leadership; acquire mid-to-high-end clients 	<ul style="list-style-type: none"> The ongoing push for automation and intelligence to improve economies of scale 	<ul style="list-style-type: none"> Decrease in carbon emissions; reduction in carbon tax costs; enhancement of corporate reputation 	<ul style="list-style-type: none"> Increase in market scale for eco-friendly packaging; expansion of the Company's market share 	<ul style="list-style-type: none"> Effectively address climate risks Maintain stable and reliable business growth
Timeframe	Short-term medium-term and long-term	Medium-term and long-term	Long-term	Short-term medium-term and long-term	Long-term
Potential primary financial impact	<ul style="list-style-type: none"> Increase in revenue, rise in profits 	<ul style="list-style-type: none"> Decrease in costs 	<ul style="list-style-type: none"> Savings from carbon tax payments 	<ul style="list-style-type: none"> Increase in revenue 	<ul style="list-style-type: none"> Reduction in production losses and sales fluctuations caused by climate change
Potential impact level	High	Low	Low	High	Medium
Mitigation measures	<ul style="list-style-type: none"> Speed up the deployment of business arrangements in the upstream and downstream of the environmental protection sector Improve production processes to reduce the environmental footprint of manufacturing Adopt new technologies/processes for streamlined packaging 	<ul style="list-style-type: none"> Identify effective areas for automation and intelligent operations; make continued investments in the areas identified Reduce waste and improve resource utilization 	<ul style="list-style-type: none"> Build PV power stations; engage in market-based trading of green electricity; optimize YUTO's energy structure 	<ul style="list-style-type: none"> Continue to expand YUTO's eco-friendly packaging business; diversify the Company's product portfolio, technology portfolio, and market and region portfolio 	<ul style="list-style-type: none"> Formulate strategies and plans to address climate change; enhance the resilience of manufacturing bases and supply chains; pay more attention to policy changes

Carbon Management and Carbon Emission Reduction

In our continuous effort to enhance YUTO's climate change resilience, we have rigorously managed our carbon emissions. Each year, based on standards outlined in ISO 14064, we conduct carbon audits on all manufacturing bases to ascertain greenhouse gas emissions generated during actual production and operations, as well as the emission sources and the room for reduction. To promote carbon auditing, we released comprehensive greenhouse gas inventory planning forms and manuals in 2022 and have continued to refine their content. Training sessions have been provided to guide subsidiaries in completing carbon inventory tasks. YUTO's carbon emission control team has actively participated in the annual carbon emission auditor training organized by China Emissions Exchange and government agencies to strengthen the team's store of knowledge in carbon auditing and management.

We set carbon emission targets annually and employ a range of energy-saving and emission-reducing measures such as green factory construction, renewable energy promotion, and green electricity procurement to gradually reduce carbon emissions and fulfill our carbon reduction responsibilities. Responding to Shenzhen's carbon auditing requirements, our headquarters base and Shenzhen Longgang branch have met regulatory requirements on carbon emissions and voluntarily cut carbon emissions. In 2023, the carbon emissions of our headquarters base and Shenzhen Longgang Branch stood at 25,001 tons (market based)⁶, which met the annual reduction target of 4.2%. We also initiated plans to join SBTi and submitted our target commitment by the end of 2023. The Company plans to achieve carbon neutrality by 2040.

⁶ Based on the GHG Protocol's description of indirect (Scope 2) GHG emissions, the market-based calculation method involves utilizing emission factors for purchased electricity from specific sources (e.g., renewable energy).

YUTO's GHG Emissions⁷

Indicator	Unit	2023	2022
GHG Emissions (Scope 1) ⁸	tCO ₂ e	16,246	35,570
GHG Emissions (Scope 2 - market-based emissions) ⁹	tCO ₂ e	311,739	331,656
GHG Emissions (Scope 2 -location-based emissions)	tCO ₂ e	444,995	331,656
GHG Emissions (Scope 1 & Scope 2 - market-based emissions)	tCO ₂ e	327,985	367,226

GHG Emissions of Demonstration Factories¹⁰

Indicator	Unit	2023	2022
GHG Emissions (Scope 1)	tCO ₂ e	464	/
GHG Emissions (Scope 2 - market-based emissions)	tCO ₂ e	24,537	/
GHG Emissions (Scope 2 -location-based emissions)	tCO ₂ e	56,751	/
GHG Emissions (Scope 1 & Scope 2 - market-based emissions)	tCO ₂ e	25,001	57,894

⁷ The scope of data collection covers all YUTO subsidiaries, with a timeframe spanning from January 1 to December 31, 2023.

⁸ Scope 1 GHG emissions were primarily from direct emissions generated during the Company's operations/production procedures through the consumption of fossil fuels such as gasoline, diesel, natural gas, etc.

⁹ Scope 2 GHG emissions were primarily from indirect emissions generated during the Company's operations/production procedures through the consumption of electricity and steam purchased from external organizations.

¹⁰ The scope of data collection regarding demonstration factories covers both YUTO's headquarters base and Shenzhen Longgang Branch, with a timeframe spanning from January 1 to December 31, 2023.



04

Our Service

Efficient Response and Client Orientation

With a consistent focus on the experience and demand of our clients, YUTO has continued to improve its customer service system and optimize complaint handling mechanisms while attending to customer feedback on products and services through various channels. We have strengthened customer privacy protection to safeguard the legal rights and interests of our clients. We have sped up efforts to advance intelligent manufacturing and improve both product quality and production efficiency. We have maintained our leadership in costs and unique product advantages. Working with all industry players, we have strengthened resource sharing to bolster the industry's operational and service standards.

Quality Customer Service

YUTO has established a diverse array of communication channels to understand the requirements and expectations of our clients. To deliver exceptional services, we have reinforced complaint management to promptly and effectively address customer concerns.

Improving Service Quality

At YUTO, our commitment to delivering exceptional customer service remains unwavering. We fully attend to our client feedback through robust communication channels. Regular customer satisfaction surveys allow us to gather the views and comments of our clients in terms of design, technology, sampling, quality, delivery, and many other fields. With these inputs, we have reviewed our product models and devised strategies to enhance our offerings and meet customer expectations. Furthermore, we regularly compile and share factory reports with our clients to provide them with prompt, direct insights into our operations. At YUTO, we work with clients to launch marketing campaigns. From time to time, we engage in thorough discussions with product managers responsible for design and R&D. Training is offered to clients to deepen their understanding of our products.

Apart from the basic customer demands, we have continued to raise the quality of our services. Through quarterly business review meetings and other interactive platforms, we engage in constructive dialogues with our clients to explore industry trends and technological advancements, making sure that our strategic objectives remain aligned. We offer customized solutions and refined services to meet the unique product requirements of each client and accentuate the value proposition of their products. Responding to the environmental priorities of our international clientele, we have integrated new materials and technologies into our production processes. We are helping clients advance green development and contribute to environmental protection through real action.



Customer Complaint Handling

YUTO continues to improve its handling of customer complaints. To this end, we have established an “iron-triangle” service team with standardized complaint handling procedures focused on delivery and quality. We have set up a unified customer service center where customer complaint receivers receive, record, and aggregate complaints, providing customers with real-time updates on the progress of complaint resolution. Support for works related to customer complaints, such as investigations and proposal formulation and implementation, is provided by other departments. With concerted efforts from the customer service center and other departments, we have established a system that oversees the entire complaint handling process.



Complaint Handling Process

YUTO has established different categories of representative customer complaints and set up corresponding complaint handling procedures to improve the efficiency of complaint handling and raise customer satisfaction. To reduce customer complaints at the source, we have introduced a system of rewards and penalties concerning customer complaints. Responsible individuals are penalized for having received serious or frequent complaints, and factories with no customer complaints throughout the year are rewarded. Such an approach incentivizes all employees to safeguard product quality and improve customer service.

Protection of Customer Rights and Interests

Respecting and safeguarding the legal rights and interests of our customers is the cornerstone of our commitment to delivering quality products and exceptional services. Following responsible marketing principles, we have continued to standardize our promotion and marketing efforts while enhancing information security and customer privacy protection to safeguard their legal rights and interests.

Compliant Marketing and Labeling

Upholding honest business conduct, YUTO strictly complies with relevant laws and regulations, such as the Advertisement Law of the People's Republic of China, to ensure the authenticity, accuracy, and compliance of all marketing activities. We aim to accurately convey our product information, including ingredients and safety performance, to avoid any form of false or exaggerated advertisement. At YUTO, we make every effort to uphold customers' right to know.

In 2023, we did not experience any violations or cases related to product and service information, labeling, and marketing.

Safeguarding Information Security

YUTO prioritizes the information security of itself and its customers. With strict compliance with laws and regulations including the Cybersecurity Law of the People's Republic of China, and the Data Security Law of the People's Republic of China, we have actively promoted the development of a standardized information system. With the introduction of internal management systems such as the General Provisions on Information Security, Employee Manual on Information Security, and Emergency Response System, the Company has standardized customer information management, provided cybersecurity and software security standards, and clarified information security management responsibilities. We continue to implement our information security management policies in such aspects as access control, code development management, and the establishment, maintenance, and backup of databases.

To strengthen the protection of the Company's core information and business secrets, YUTO has established the Information Security and Business Secret Management Office, responsible for coordinating, promoting, and implementing information security and confidentiality tasks. We have taken measures to fortify our information security defenses and strengthened our capabilities to guard against cybersecurity risks and data security risks, effectively ensuring the security of our data assets.

Cybersecurity Protection

- The firewall's security feature library is synchronized in real time with the cloud to detect the latest security threats. The minimal-scope release strategy and whitelist IP management are adopted to reduce information security risks.
- A vulnerability scanning platform is deployed to scan all company servers and application systems for vulnerabilities.
- Bastion hosts are deployed; administrators are required to undergo authentication through bastion hosts for daily operations to enhance the security of servers and application systems.
- Annual penetration testing of the information system used by YUTO's official website is conducted to assess the website system's security performance.

Data Security Guarantees

- Bastion hosts are deployed to implement permission management and conduct daily operational audits.
- The primary information system is integrated with a digital human resource management system in the backend to automatically lock accounts after resignation, enhancing data security.
- All information systems perform full system backups automatically every day, and core systems adopt a primary-backup configuration to ensure continuous operation.
- A primary-backup-emergency connection method is adopted for all essential internet links of YUTO to improve internet availability.
- Quarterly information security recovery emergency drills are conducted to improve YUTO's response capabilities.

Furthermore, employee education on information security is also a priority at YUTO. We offer monthly training sessions for all employees and aim to improve their awareness of information security protection through regular information security promotional videos and company emails warning about security risks.

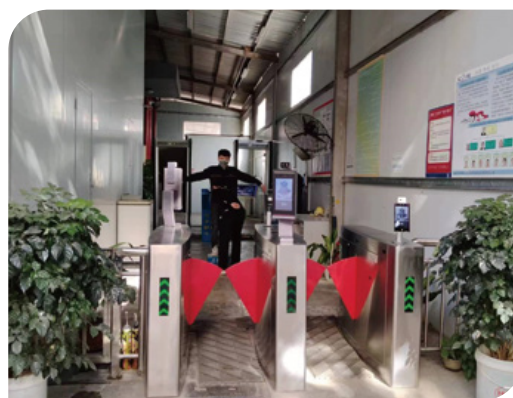


YUTO's Information Security Training

Protecting Customer Privacy

YUTO strives to protect customer privacy throughout the entire business process. In accordance with laws and regulations such as the Personal Information Protection Law of the People's Republic of China, we have formulated internal policies such as the YUTO File Management System to better institutionalize and systematize information protection, ensuring strict confidentiality of customer information.

To reinforce customer privacy protection, we have specified employee responsibilities for protecting private customer data. At YUTO, all internal employees and external contractors with access to YUTO factories are required to sign a non-disclosure agreement. YUTO practices fully closed-off management to protect highly confidential workshops, with strict access control and security inspections. At YUTO, no one is allowed to bring electronic devices with storage or photographic functions into workshops. In addition, all persons entering or leaving the workshop undergo strict identity verification, and unauthorized employees are not permitted to enter or exit workshops.



Access Control and Security Inspection of Workshops

With respect to data management, we implemented stringent data classification management while practicing minimal data processing. At YUTO, only employees with job responsibilities highly correlated with customer information may access customer data. We have implemented the isolation of server access permissions, setting up a whitelist for managing access to high-risk and business ports. Moreover, bastion hosts have been deployed to achieve secure server access. Strict permission reviews targeting new or modified access demands have been conducted to isolate access permissions. We have adopted a document encryption system to automatically encrypt documents containing private customer information. Only authorized personnel with specific permissions are allowed to view or edit these documents in a secure environment designated by YUTO. To ensure the security of the essential information system, we implement device and location checks on all log-ins. In case of abnormal log-ins, the system immediately alerts the user and requires dual-factor authentication for access, providing a robust shield for customer information security and privacy.

In 2023, the Company did not experience any breach of customer information security and privacy.

Intelligent Manufacturing

Advancing intelligent manufacturing is a strategic measure to fully integrate information technology and industry and to help China emerge as a manufacturing power. Responding to the national strategy of intelligent transformation, YUTO has endeavored to seamlessly integrate intelligent manufacturing systems with business operations. YUTO aims to stay current with the times and lead the industry by establishing an industrial interconnection platform and the level-2 industry Internet node while building smart factories and an industry ecosystem. At YUTO, we rely on digital technologies and information technologies to foster a modern intelligent manufacturing ecosystem for printing and packaging. This transition has enabled us to achieve a breakthrough from traditional manufacturing to intelligent manufacturing. In that course, YUTO also received the Level 3 Smart Manufacturing Capability Certificate.

Construction of Intelligent Factory

As a leading enterprise in the packaging and printing industry, YUTO has been actively laying out digital intelligent factories and developing intelligent manufacturing strategies since 2019. Xuchang YUTO is not only the first intelligent factory project of YUTO, but also the first one in the industry. In 2023, the subsidiary was selected as one of the national demonstration factories for intelligent manufacturing. It was also awarded Benchmark Enterprise for Intelligent Manufacturing in Henan Province in 2023 and National Intellectual Property Advantage Enterprise in 2023. As the intelligent factories of Xuchang YUTO and Hefei YUTO become fully operational, we have initiated the construction of intelligent factories in Chengdu YUTO, Suzhou YUTO, Hunan YUTO, Jiujiang YUTO, and our headquarters base. In 2023, intelligent factories of subsidiaries including Suzhou YUTO, Chengdu YUTO, and Jiujiang YUTO were completed and put into operation. With the introduction of digital twin and IoT technologies, these factories have developed autonomous information management systems, allowing for more intuitive and efficient corporate operation and management. At YUTO, we are shaping a new industry landscape with intelligent technologies.

Suzhou YUTO Intelligent Factory

Aiming to build a benchmark of intelligent factory in the printing and packaging industry, YUTO has systematically pursued intelligent development. Suzhou YUTO's intelligent factory has established a fully enclosed, unmanned, hybrid, three-dimensional intelligent warehouse. Covering all raw materials and finished products, as well as certain semi-finished products, this warehouse breaks the status quo of classified material storage and management with multiple warehouses, enabling more efficient material management.

From raw materials to production, and from production to warehouse, this intelligent factory Automated Guided Vehicles (AGVs) for transportation during the entire manufacturing process. In particular, finished products produced on lower floors are transported across floors using conveyor belts to enhance transportation efficiency. Additionally, the factory has adopted equipment such as automatic packaging lines, automatic palletizers, automatic carton erectors, and automatic labeling machines to automate product packaging, labeling, and palletizing, among other tasks. At the factory, each production equipment features automatic loading and unloading devices, which work automatically with AGVs to enable automatic inbounds and outbounds, automated handling, and intelligent distribution.

Suzhou YUTO leverages advanced IoT technology to seamlessly integrate equipment, AGVs, and information systems, which ensures the automatic collection and real-time transmission of data throughout the entire process. With this real-time data, the subsidiary uses digital twin technology to dynamically showcase information about the intelligent warehouse's operations, management, production, target progress, and abnormalities. This allows responsible employees to immediately attend to any abnormal conditions, which are swiftly detected by the digital twin system. All of this helps Suzhou YUTO formulate more accurate, rational production plans, ensuring efficient manufacturing.



Three-dimensional Intelligent Warehouse



Intelligent Production Lines

Digital Operation

As it continues to advance digital development, YUTO aims to develop an integrated platform for “procurement, sales, inventory, human resources, finance, and asset management,” featuring core components that include System Applications and Products (SAP), Enterprise Resource Planning (ERP), financial shared service center, and Digital Human Resource (DHR). We have seized the opportunity presented by the development of the level-2 industry node, which is part of China’s industrial internet program, to build a YUTO-led industry ecosystem backed by our extensive technological expertise, global customer services, product delivery capabilities, and industry influence, and to foster more accessible, global, and ecosystem-based procurement platforms. This initiative aims to maximize resource sharing and facilitate the more efficient utilization and coordination of production capacity, thereby empowering well-coordinated industry development.

In 2023, YUTO completed the quantitative indicators related to the development of the level-2 industry Internet parsing node ahead of schedule. We have developed four applications: Supplier Relationship Management (SRM), Manufacturing Execution System (MES), Warehouse Management System (WMS), and Transportation Management System (TMS). We have also become integrated with parsing nodes of the national industry Internet through our enterprise service bus (ESB). As of December 31, 2023, the registered volume of YUTO’s level-2 industry Internet node reached 96 million, with a daily average parsing volume exceeding 100,000 times. The node has onboarded 2,956 companies, which fully demonstrates their recognition of the platform and their active integration into the ecosystem. Currently, all companies connected to the platform have conducted smooth transactions with YUTO, with steady, orderly data interactions with level-2 nodes and top-level nodes of the national industry Internet.

Building a Digital Supply Chain

Enterprise Resource Planning (ERP)

With the ERP system as the “foundation” for our digital, smart development, we have fully leveraged the SAP ERP system’s advantages in terms of horizontal integration and vertical connectivity. Horizontally, the system integrates production, supply, and sales, enhancing collaboration among business and operation departments. Vertically, it achieves the integration of financial affairs and builds a core business chain by reorganizing business processes and system architecture. The SAP ERP system brings together master data concerning materials, customers, and suppliers, as well as statistics on material loss and corporate finance, to facilitate centralized management and control. In 2023, we promoted the adoption of the SAP ERP system in overseas subsidiaries.

Supply Chain Management Platform

We have established a supply chain mall to engage in online collaboration with suppliers and partners and invited industry players focusing on materials, equipment, transport, and information technology to join the platform. This allows us to break free from barriers in channels, technologies, and information, create a seamless connection between the upstream, middle, and downstream of the industry, and speed up the circulation of orders. Additionally, the platform enables standardized, centralized, and transparent procurement management, helping YUTO deliver a scientific, positive, collaborative, and shared supply-chain management platform. In 2023, we completed the phase-2 development of the supply chain management platform, including functions such as delivery management, electronic contracts, cost modeling, and supplier performance. Furthermore, we also released and promoted the platform in other languages, including English and Vietnamese, to provide a localized platform for our overseas suppliers.

Logistics Management System

YUTO's logistics management system enables end-to-end closed-loop management covering supplier selection, pricing, shipment dispatch, and reconciliation through modules that include shipment notification management, transport management, in-transit management, and cost management. In 2023, the Company applied for 1 copyright of logistics management system software.

“YUTO Space” Platform & HR and Financial Affairs Systems

“YUTO Space” Mobile Platform

We have continued to update YUTO Space to provide a comprehensive mobile platform covering office services across the entire business chain, as well as shared human resources and financial services. In 2023, YUTO Space offered functional modules such as park management, attendance management, expense management, employee self-service, online learning, performance management, OA process application, SRM, MES, WMS, fixed asset management, equipment management, etc. Available in multiple languages, YUTO Space has been adopted by many of our overseas subsidiaries.

Digital Human Resource Management System

YUTO's DHR system covers nine major business modules, including recruitment management, organization management, personnel and contract management, and attendance management, providing a platform that integrates HR operations, professional services, and talent development. In 2023, we focused on promoting the system's phase-1 functions, covering modules such as organization, personnel, expenses, attendance, compensation, and training, in overseas subsidiaries. We also initiated the development of the phase-2 functions of performance management and talent development. In particular, the performance management module has been launched and promoted across the Company.

Expense Management System

YUTO independently developed an expense management system to integrate corporate payments and expense reimbursement with front-end operations such as the supply chain platform and OA, ensuring end-to-end management of payments and reimbursement. In addition, the system features comprehensive information management capabilities in terms of customs affairs and has obtained the Authorized Economic Operator (AEO) certification, the highest credit rating awarded to business operations by the General Administration of Customs of China. Moreover, the Expense Management System can also connect with overseas banks for transactions involving a foreign currency via bank-enterprise direct connection services, enabling more efficient fund management.



05

Our Talent

Concerted Efforts and Win-win Collaboration

At YUTO, human capital is regarded as the key to enhancing business competitiveness and achieving sustainable development. Committed to the core values of "Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation," we aim to build a young, professional, and international team of talents. Extensive efforts have been made to create a comprehensive and multi-tiered talent development system. We provide our employees with personalized training courses and development platforms to unlock their potential, helping them realize personal aspirations and create value. At YUTO, we endeavor to eliminate all forms of discrimination and foster a diversified and inclusive work environment. We attend to the physical and mental well-being of our employees to improve their sense of happiness and belonging.

Employees' Rights Protection

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

Compliant Employment

YUTO strictly abides by the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Labor Contract Law of India, and other laws and regulations of the countries and regions where it operates. We have formulated and implemented internal policies including the Emphases on Legal Employment Management to ensure legal, compliant recruitment. With clear recruitment procedures, we uphold the principles of "fairness, openness and impartiality" throughout the recruitment process. We firmly oppose any form of discrimination and provide a leveling field for all applicants.

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

In accordance with the Universal Declaration of Human Rights by the United Nations and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organization (ILO), we have released the YUTO Declaration against Slavery and Human Trafficking on our official website. YUTO continues to monitor and safeguard labor rights along the entire value chain. In our ongoing effort to respect human rights and combat human trafficking, we cut business ties with any individual or company found to have violated these standards. Furthermore, we have strengthened supervision over the supply chain. YUTO explicitly prohibits suppliers from employing child labor in the Provisions on the Management of Labor Dispatch Suppliers. YUTO also prohibits forced labor. We have formulated and implemented the Rules on Employee Attendance Management to protect employees' right to reasonable rest and vacations, make clear the employee overtime application process, and pay overtime compensation according to the relevant provisions. In 2023, the Company did not find any violations related to child labor or forced labor.

We respect the legal right of our employees to freedom of association and collective bargaining. In 2007, we established the YUTO Labor Union, which is primarily tasked with the responsibility of participating in YUTO's democratic management and decision-making process on behalf of employees. YUTO Labor Union reflects the wishes and demands of employees and promotes democratic and scientific corporate decision-making. The union also organizes employee care activities to maintain a stable workforce and promote the harmonious development of the Company. In 2023, the YUTO Labor Union held three staff and workers' representative congresses, which approved 10 departmental regulations and reviewed six proposals from employee representatives. By urging improvements by responsible departments, it has strengthened the protection of employees' legal rights and interests. Moreover, the union has organized entertainment activities such as tug-of-war competitions, basketball contests, and the YUTO Voice. With support from the union, YUTO's Women's Federation conducted screenings of chronic occupational diseases and provided care for expectant mothers, building a more cohesive workforce with a stronger sense of belonging.

YUTO has developed a robust talent recruitment strategy. We aim to attract outstanding talents from around the world through both campus recruitment and social recruitment to build a diverse talent pool. As one of the first production and education integration enterprises in Guangdong Province, in 2023, we continued to deepen our partnerships with colleges and universities at home and abroad, expecting to grow together with students and become practitioners who will drive breakthrough development in the packaging and printing industry in the future.

2024 Campus Recruitment

In September 2023, YUTO kicked off its 2024 campus recruitment program with the slogan “An Extraordinary Future for Promising Young Talents.” YUTO executives attended the recruitment events to engage in one-on-one discussions with graduates and provided detailed insights into our culture and industry trends, allowing graduates to fully understand the strengths of YUTO.

We organized a series of campus recruitment events in cities across China, including Nanning, Xi'an, Tianjin, Beijing, and Hunan, which were warmly received by aspiring graduates.



Vietnam YUHUA Partners with HaUI



On May 12, 2023, Vietnam YUHUA held a meeting with Hanoi University of Industry (HaUI) to discuss enhancing their collaboration. Additionally, the subsidiary's management team led a delegation of teachers and students from HaUI on a field visit and planned to provide internship opportunities, aiming to establish a stable talent partnership in the long term.

On May 27, 2023, upon invitation from HaUI, Vietnam YUHUA had the privilege of sponsoring the finals of the fifth Chinese Speech Contest and attended HaUI's 125th-anniversary celebration. Both Vietnam YUHUA and HaUI look forward to jointly nurturing talent aligned with corporate demands through innovative collaboration between academia and industry.



On October 16, 2023, Vietnam YUHUA held the launch event of the 2023 YUTO High-potential Candidate recruitment program at HaUI. At the recruitment session, the subsidiary's executives shared YUTO's culture and their professional experiences with over 100 teachers and students to foster mutual understanding and promote talent exchange and collaboration.

In 2023, the total number of new employees reached 6,284, of which the number and percentage by gender, age group, and region are given below:

Total number of new employees by gender, age group, and region			
		Number of new employees	Percentage (%)
Gender	Male	3,827	60.90
	Female	2,457	39.10
Age group	Under 30	3,202	50.96
	30-50	3,053	48.58
	Above 50	29	0.46
Region	China (including HK, Macao and Taiwan)	4,360	69.39
	Indonesia	22	0.35
	Thailand	41	0.65
	Malaysia	119	1.89
	Vietnam	1,742	27.72
Total number of new employees		6,284	

Equality and Diversity

YUTO embraces and encourages diversity. We value the diversity of our workforce, fully respect the freedom of association, and strive to create a friendly, inclusive, and non-discriminatory working environment. We promise that not a single employee will be discriminated against or receive different treatment due to their gender, age, race, marital status, and religious belief in terms of matters such as recruitment, compensation, promotion, and departure. YUTO provides equal career opportunities for all employees to realize their personal value through a platform of diversity. In 2023, the Company did not experience any incident of discrimination.

Women are key drivers of social progress. At YUTO, we have actively promoted gender equality in the workplace. The Company established the Women's Federation and set up the Women's Department within the Union to provide protection for female employees and safeguard their legal rights and interests according to the law. YUTO cares for female employees through multiple channels. We have built nursing rooms in many of our corporate venues, providing private, safe, and hygienic spaces for breastfeeding female employees. On Women's Day each year, the Women's Federation, Labor Union, and party branch of YUTO jointly offer the Company's sincere blessings to female employees. In 2023, we joined the Xiangmi Lake Women Directors Initiative and pledged to increase the proportion of women directors and executives as an important measure to seek innovative corporate governance, promote gender equality, and empower women.



YUTO becomes a member of the Xiangmi Lake Women Directors Initiative Alliance

We advocate an inclusive workplace and actively hire people with disabilities to offer equal job opportunities. In response to the national call, we recruit retired soldiers, providing them with a platform to contribute their skills and strengths. At YUTO, we have consistently strengthened the promotion of equality and diversity, aiming to foster an equal, inclusive, and harmonious working environment through special training programs and cultural exchange events.

Exchange Program for Vietnam YUTO and Hefei YUTO

In June 2023, we arranged for the Vietnam YUTO team to visit Hefei YUTO to build closer ties among Chinese and Vietnamese employees, and to fully engage the overseas team with YUTO's culture by fostering a strong sense of belonging.

During the visit, the team from Vietnam YUTO not only gained more insights into YUTO's domestic operations but also learned about the local history and culture of Anhui Province. They tasted local Chinese cuisine and experienced the profound traditional culture of China. Their trip promoted cultural exchanges between China and Vietnam.



As of December 31, 2023, the total number of employees at YUTO stood at 20,966, of which the number and percentage by gender, age group, region, and level are given below:

Total number of employees by gender, age group, and region ¹¹			
		Number of employees	Percentage (%)
Gender	Male	12,762	60.87
	Female	8,204	39.13
Age group	Under 30	5,878	28.03
	30-50	14,420	68.78
	Above 50	668	3.19
Region	China (including HK, Macao and Taiwan)	19,065	90.93
	Indonesia	96	0.46
	India	107	0.51
	Thailand	95	0.45
	Malaysia	109	0.52
	Vietnam	1,467	7.00
	Other overseas regions (the US, Australia, Germany and South Korea)	27	0.13
Total number of employees		20,966	

Total number of employees by gender, age group, region, and ethnicity at different levels						
		Directors and higher-level employees	Managers	Section chiefs	Staff-level employees	Technicians and lower-level employees
Gender	Male	169	561	905	1,645	9,482
	Female	20	187	399	1,430	6,168
Age group	Under 30	3	15	99	1,128	4,633
	30-50	144	698	1,168	1,894	10,516
	Above 50	42	35	37	53	501
Region	China (including HK, Macao and Taiwan)	179	700	1,220	2,831	14,135
	Indonesia	0	1	1	19	75
	India	4	9	16	15	63
	Thailand	0	0	3	14	78
	Malaysia	0	0	5	20	84
	Vietnam	3	15	58	176	1,215
	Other overseas regions (the US, Australia, Germany and South Korea)	3	23	1	0	0
Ethnicity ¹²	Ethnic minority	8	23	63	266	3,083
	Han	171	677	1,157	2,565	11,052

¹¹ In terms of the employment type, all employees included in the table are full-time/long-term employees

¹² The ethnicity category only includes Chinese employees (ethnic minorities and Han)

Employee Training and Development

YUTO recognizes the critical importance of talent development for its sustainable growth and strives to provide employees with rich learning resources and abundant career opportunities. To that end, we have established training and management systems that include the Personnel Training Management System and Internal Trainer Management Measures. YUTO has thoroughly examined the key abilities required by employees at each stage of their career development, offering learning and training courses and training plans covering all employees. Moreover, we have made extensive efforts to provide a comprehensive and multi-layered talent development system featuring a wide range of training formats to help employees improve their professional competencies, and to promote talent development and management in a systematic manner. In 2023, the Company recorded outstanding performance in strategic talent management and was honored with the Award for Outstanding Achievement in Strategic Talent Discovery.



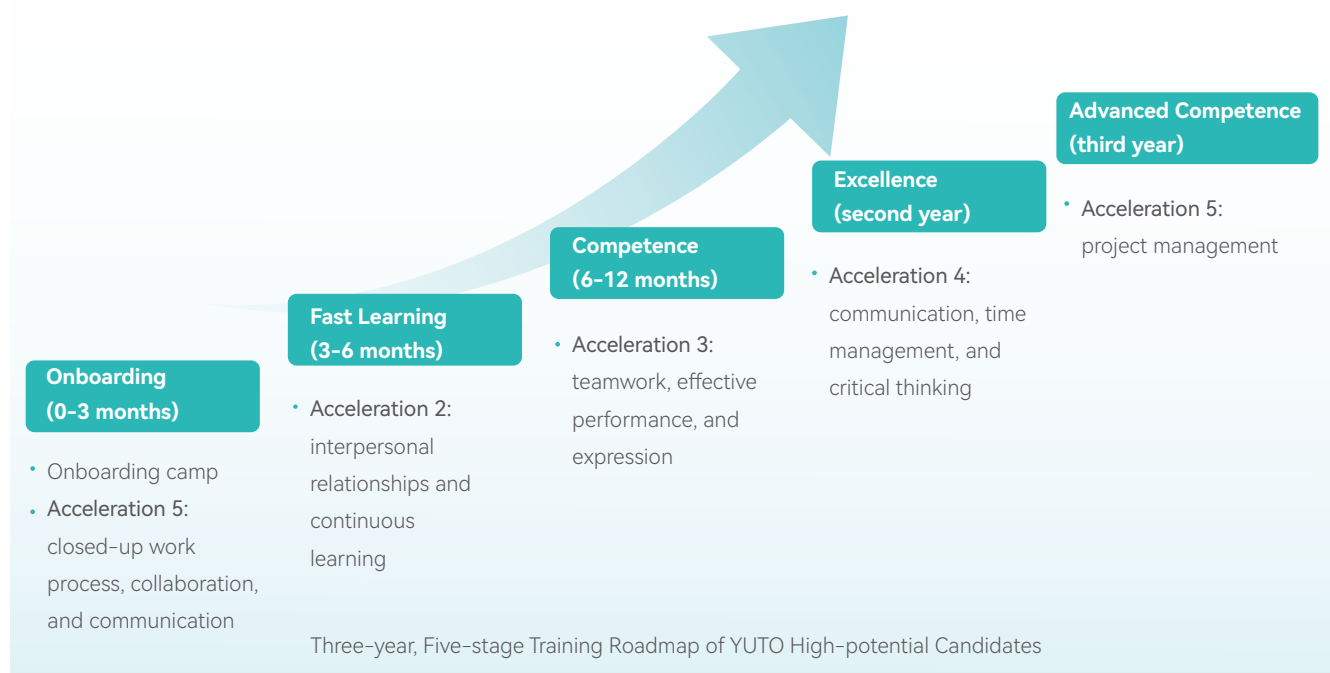
YUTO Wins Award for Outstanding Achievement in Strategic Talent Discovery

In 2023, 100% of the Company's employees participated in training sessions, with 216,152 training hours. The specific training statistics are given below:

Average training hours by gender and level		
Gender	Average training hours per person (hours)	
	Male	11.2
Level	Female	9.0
	Directors and higher-level employees	3.7
	Managers	9.3
	Section chiefs	17.4
	Staff-level employees	15.6
	Technicians and lower-level employees	8.8

Complete Talent Echelon Training System	
On-the-job leadership training	<ul style="list-style-type: none"> • Rising Tiger (Tenglong) Program: leadership training for current general manager and directors • Flying Tiger (Feilong) Program: leadership training for current managers • Crouching Tiger (Qianlong) Program: leadership training for medium and grassroots section chiefs • General management courses: regular management course training
High-potential executives training	<ul style="list-style-type: none"> • Dagger Company: high-potential general manager training class • Invincible Battalion: high-potential manager training class • New Cadre Regiment: high-potential employees and section chiefs training class
Professionals training	<ul style="list-style-type: none"> • Training for talents holding key positions: the program includes five key positions, covering business supervisors, project managers, structural designers, product engineers, and quality control
“YUTO High-potential Candidates” training	<ul style="list-style-type: none"> • Induction training: YUTO High-potential Candidates newly recruited • Vocational training camp for new hires: YUTO High-potential Candidates newly recruited • High-efficiency core employee training camp: YUTO High-potential Candidates with a length of employment of over 2 years • New Cadre Regiment: high-potential employees and section chiefs training class

The YUTO High-potential Candidate Program, a crucial component of YUTO's talent development system, targets outstanding graduates from colleges and universities. With systematic career planning and training, the program aims to foster young talents as future YUTO executives. It is a key mechanism for creating a young, professional, and international workforce. In 2023, we upgraded the training and management of high-potential candidates and introduced the YUTO High-potential Candidate Acceleration Program to help candidates grow and provide departments with outstanding employees, and to improve the courses offered to high-potential candidates.



Onboarding Camp for YUTO High-potential Candidates

In 2023, we organized an onboarding camp for YUTO High-potential Candidates to help them quickly blend into the Company. The camp featured engaging team-building activities to enhance the teamwork skills of our new recruits. In addition to a diverse range of courses and activities, we also offered an online platform for real-time learning and examinations to reinforce their training. Moreover, the camp included interactive sessions such as Meet the Senior Colleagues, Executive Seminar, and Touring the Exhibition Hall, where mentors guided the new recruits to understand YUTO's culture and shed light on their career paths.



Empowerment Courses for the YUTO High-potential Candidate



In August 2023, we kicked off Onboarding, the first stage of the YUTO High-potential Candidate Acceleration Program, with 91 candidates enrolled in three focused training sessions. With 272 post-training reviews and 82 case studies, our training helped the candidates quickly blend into the Company, as they go from the classroom to workplace.



Fast Learning, the second stage of the acceleration program, was launched in December 2023, covering 92 candidates. The systematic learning modules and hands-on exercises helped participants improve their skill sets and master efficient learning methods, laying a solid foundation for their future work at YUTO.

YUTO continues to intensify its talent development efforts. With a focus on key positions and well-performing managers, we aim to foster outstanding employees from multiple dimensions, including professional competence, business insights, and work ethics. We have expanded our talent pool to harness the leading role of talent and provide a solid foundation for YUTO's high-quality development.

Manager Camp



In July 2023, seven managers at YUTO attended an external training camp focusing on topics that included modern corporate management and leadership development. This training equipped our management team with advanced management concepts and methods, as well as practical leadership skills and tools. The camp enhanced their managerial and leadership capabilities, providing robust support for YUTO's long-term development.

Master the Sales Mindset



In February 2023, salespersons and customer service staff from different regions focusing on YUTO's wine packaging business gathered in Luzhou, Sichuan Province, for a two-day training titled "Master the Sales Mindset." Featuring lectures by sales experts, this program empowered participants in terms of sales know-how, mindset, and skills through a combination of theoretical knowledge, case studies, and practical exercises. It provided participants with new methods and perspectives for customer development efforts, team management, and career planning.

As our overseas footprint continues to expand, local talent will be a key success factor in implementing our international strategy. In the future, we will expand our efforts to train and discover local talent in overseas markets. We aim to foster shared growth for YUTO and its overseas employees by improving our organizational capabilities, building talent pipelines, enriching YUTO's corporate culture, and creating platforms for employee interactions at home and abroad. Such efforts will provide a strong talent pool for YUTO, as it strives to emerge as a global leader in the industry.

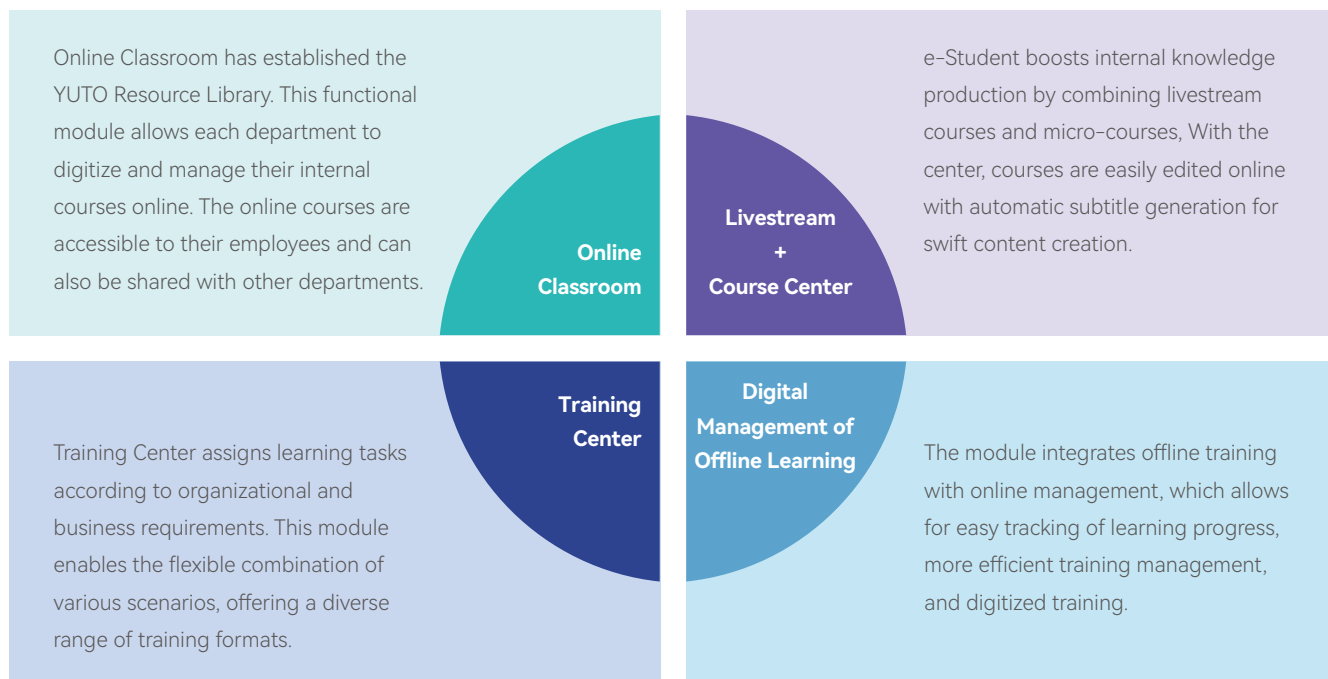
2023 Learning and Exchange Event for Outstanding Overseas Employees



At YUTO, we prioritize hardworking individuals in our international talent development efforts. To showcase this principle and introduce overseas employees to advanced manufacturing practices in China, we launched the 2023 Learning and Exchange Event for Outstanding Overseas Employees, with the theme of "Pioneering Excellence in Overseas Markets for Intelligent Manufacturing and Coordinated Development."

During the event, 17 employee representatives from eight overseas subsidiaries visited our intelligent factory in Suzhou and headquarters base. They also participated in team-building exercises such as a friendly football match. These activities not only facilitated technical exchanges but also built friendships.

In the pursuit of intelligent training management, YUTO introduced e-Student, a one-stop learning platform, to accumulate and share learning resources, thereby empowering business operations and talent development. We have consistently improved this learning platform, which now features four key functional modules: Online Classroom, Livestream & Micro-course Center, Training Center, and Digital Management of Offline Learning. As a digital tool for training management and operations, e-Student records employees' learning and development data throughout their careers. This allows us to manage YUTO's training programs more efficiently and enhance our talent management efforts. In 2023, e-Student hosted 17 online learning programs, engaging 5,805 registered learners who invested 21,438.4 hours in learning, averaging 6.8 hours per learner.



○ Main Functions of e-Student ○

In terms of knowledge accumulation, e-Student offers a total of 479 learning resources, 374 of which are in Chinese, 58 are available in both Chinese and English, and 47 are in Vietnamese. Accessible to every employee, these resources cover a wide range of professional fields, including engineering, equipment management, safety management, procurement, and legal affairs, as well as general courses on topics such as corporate culture. From the perspective of talent empowerment, e-Student offers a series of training sessions on integrity, branding, corporate culture, promotion of new company policies, and mentorship skills. In 2023, e-Student hosted 33 livestream sessions, which were attended 3,256 times.



Homepage of the e-Student Learning Platform

At YUTO, the certification of vocational skill levels has remained a consistent focus. In 2021, we obtained the internal self-assessment qualification through registration with the Skills Appraisal Office of the Human Resources and Social Security Bureau of Shenzhen Municipality. We have established a subcommittee for the certification of vocational skill levels under the Technical Committee to develop certification standards and organize YUTO's certification efforts. Through the implementation of vocational skill level certification, the Company has established a benchmark of professional capabilities in the printing and packaging industry and built experience in recognizing the vocational skill levels in the industry. Currently, we are qualified to certify professionals (occupations) including pre-printing processors and producers, printing operators,

post-printing producers, and packaging designers. In 2023, YUTO organized the sixth round of vocational skill level certification, which consisted of theoretical examination, practical examination, and online assessment. As of December 31, 2023, the Company has certified a total of 465 skilled talents at all levels.

We encourage employees to pursue advanced degrees and obtain certificates related to job-required vocational skills. Internal management systems such as the Formal Education Management Measures and PMP Training and Certification Management Regulations have been introduced to incentivize employees engaged in continuing education and project management training. Through the reimbursement of tuition, training fees, and examination fees, we empower our employees with real action to maintain an innovative and competitive talent pool.

Employee Performance and Promotion

YUTO adheres to the principle of “recruiting talents widely, and making the best of talents”, aiming at “expanding employee development channels, leading employees to improve their abilities, and enabling the clear matching of talents and positions.” We have adopted fair, open, and impartial promotion mechanisms, offering employees a broad platform for career development.

Leveraging effective performance management strategies adopted by subsidiaries, we have created the YUTO performance management system, along with standardized performance assessment methods and processes. At YUTO, through closed-loop performance management, the results of performance assessment affect employees in terms of performance-based compensation, promotions, compensation adjustments, and awards.

Based on a thorough understanding of comparable salaries in the industry, and in light of our corporate development strategy, we have adopted a compensation structure that best suits YUTO’s current development status. Furthermore, we have formulated the YUTO Compensation Management System to specify our compensation compositions and management principles. This system applies to all employees at our headquarters and subsidiaries. At YUTO, the monthly compensation of employees consists of fixed pay and variable pay, including regular compensation, skill allowance, performance-based compensation, overtime compensation, tenure-based compensation, and commissions. To underscore the motivating aspect of employee compensation, we have established different compensation structures (ratio between fixed pay and variable pay) for each job rank according to a set of rules to ensure fair, stimulating compensation management.



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

Review of Reserve Talents

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



Training of Reserve Talents

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



Onboarding of Reserve Talents

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



Hiring & Management

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

In 2023, YUTO focused on the promotion and implementation of the performance management system. With rigorous data that cannot be manually adjusted, we have enhanced the compliance of our performance management practices to avoid unjust or discriminatory behaviors. The system also enables the automated collection, analysis, and management of employee performance data, reducing the workload of management and statistics.

Employment Communication and Care

YUTO remains committed to safeguarding the rights and interests of our employees. We continue to improve our welfare system and offer a vibrant array of employee care and team-building activities, providing a platform for employees to showcase their talents. Moreover, we have created diverse communication channels to attend to employee feedback and provide swift responses.

We conducted organizational climate surveys covering the Company and its major subsidiaries to keep improving our management systems and welfare plans. With a focus on 12 detailed dimensions spanning compensation, benefits, promotion, training & learning, working environment, accommodation, and employee care, YUTO combined anonymous surveys with interviews to fully understand how employees feel about the Company's operations. A total of 52 YUTO entities and 12,253 employees responded to the organizational climate survey. Furthermore, we conducted a quantitative analysis of the survey results and required the general managers and HR directors of all the entities involved to hold organizational climate report meetings. We also visited entities with low scores to help them formulate improvement plans and urge the implementation of corrective measures, such as adopting appropriate promotion strategies, improving canteen management mechanisms, and regularly hosting club events, in order to improve employee satisfaction.

In an effort to standardize and enhance employee benefits, provide a better working environment, and foster a stronger sense of belonging while improving employee wellbeing, we have developed the Benefit Management System, which ensures that our employees not only receive statutory benefits but also enjoy a diverse range of perks. We cover our employees with social insurance to employer's liability insurance. At YUTO, employees enjoy paid vacation days, free health check-ups, holiday benefits, and birthday treats, as well as allowances for high temperatures, dispatch, transportation, and accommodation and meals for business trips. We extend our care to employees stationed overseas. With the adoption of the Measures for Managing Overseas Personnel Benefits, employees stationed overseas receive benefits including home leave with travel subsidies, paid annual leave, overseas assignment allowance, and business travel insurance. This ensures that our employees enjoy a high standard of living wherever they may be deployed.

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

YUTO continues to offer a wide range of leisure and recreational activities, spanning sports events, holiday celebrations, and cultural and entertainment gatherings, among others, to promote work-life enrichment. We have fostered a vibrant, positive organizational climate to improve employee wellbeing while building a more cohesive team.



Basketball Contest



Tug-of-war Competition



Parent-child Activity



"Care for Mom" Welfare Event on the New Year



Vietnam YUHUA: 2023 Football Tournament

In August 2023, Vietnam YUHUA's labor union organized a football tournament to enrich the leisure time of employees. Over the course of two days, players upheld the principle of friendship first and competition second and demonstrated the daring spirit of football. The tournament not only sparked the enthusiasm for football among employees but also fostered inter-team communication, bolstering teamwork and collaboration skills.

Suzhou YUTO: Employee Singing Contest

In September 2023, Suzhou YUTO, Project 810B, and Yujin Eco Packaging jointly hosted the "Mid-Autumn Festival & National Day Celebration" employee singing contest. We encouraged employees to showcase their talents and cultivate good sentiments through the competition, embracing life and work with a positive attitude.





Jiujiang YUTO: Employee Birthday Celebration

In December 2023, Jiujiang YUTO organized a delightful birthday celebration for its employees. The event featured three components: blessings from company executives, mini-games with prizes, and a group photo session with cake sharing. The event aims to improve job satisfaction and employee wellbeing by delivering care and benefits.

YUTO Labor Union established the Labor Dispute Mediation Committee during its sixth committee session to foster robust communication between employees and YUTO, and to create a harmonious and stable working environment. The mediation, negotiation, and communication for labor disputes are primarily guided by the YUTO Reward and Punishment Management Regulations. Employees may for labor dispute mediation either in writing or orally. The Labor Dispute Mediation Committee fully records the applicant's basic information, the disputed issues, reasons, and dates. During mediation, thorough consideration is given to both parties' statements of facts and reasons. The Mediation Committee patiently guides the parties involved towards reaching a mediation agreement and produces the formal mediation agreement. Once a mediation agreement is reached, it will come into force once signed and sealed by both parties and the YUTO Labor Union Committee. Should no mediation agreement be reached within fifteen days from the application date, either party may seek arbitration in accordance with the law. If a party fails to perform the mediation agreement within the agreed period, the other party may seek arbitration according to the law. The Labor Dispute Mediation Committee, as a bridge between the YUTO and its employees, harmonizes their interests and maintains good labor relations.

Occupational Health and Safety

At YUTO, safety is a red line that can never be crossed. We strictly abide by the laws and regulations of the countries and regions where we operate, including the Work Safety Law of the People's Republic of China, Fire Control Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Regulations on Safety Management of Hazardous Chemicals, and Law of the Socialist Republic of Vietnam on Work Safety and Hygiene. We have established robust occupational health and safety management systems to implement safety management in all operations. Furthermore, YUTO has intensified efforts to foster and promote a culture of safety. We have conducted safety inspections and implemented corrective actions to provide clients with safe and superior products and offer employees a safe and healthy working environment, thereby ensuring the Company's smooth operation.

Work Safety and Safety Culture

YUTO endeavors to establish a culture of safety for all. We have formulated and implemented internal management systems covering the Work Safety Management System, Key Management System for Occupational Health and Management System for the Safety Acceptance of New Equipment to standardize safety behaviors across our manufacturing bases and advance the certification of occupational health and safety management systems. We have adopted authoritative safety management standards in practice. By the end of the reporting period, 25 subsidiaries were certified by ISO 45001 occupational health and safety management system; 27 subsidiaries received certification for standardized safety production, effectively.

We have introduced a series of safety management systems to rigorously regulate and supervise safety management. These efforts have helped us ensure fire safety, production line safety, equipment safety, and more, as YUTO continues to reduce, control, or eliminate safety risks and hazards. In 2023, we adopted the YUTO Management System for the Acceptance of Fire Control Functions of New, Modified, and Expanded Projects to standardize the internal acceptance process of fire control systems in all newly built, modified, or expanded projects, providing effective fire systems.

At YUTO, the performance evaluation of all executives is linked to safety performance, holding them accountable for safety management. In the event of safety accidents, we will assign varying degrees of responsibility to regional managers, subsidiary heads, and other executives based on the severity of the accident, in accordance with the Work Safety Management System. In the case of major safety accidents in production, we will dismiss the head of the subsidiary involved to serve as a warning for all executives, and to uphold safe production practices.

YUTO and its subsidiaries regularly organize activities such as safety education, safety case promotion, safety months, occupational health weeks, and emergency drills to foster a strong culture of safety, raise safety awareness among employees, and fortify the line of defense for safety production.



Fire Drill



Safety Training



Rescue Training



Chemical Spill Emergency Drill

Safety Improvement and Special Correction

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

management to ensure work safety. We have built a team of mechanical safety professionals, rectified high-risk equipment, and sped up the development of intelligent factories to reduce the severity and frequency of mechanical injuries. At YUTO, a wide range of online and offline training modules, including safety, environmental protection, and occupational health, are provided for frontline workers and employees holding special positions. In 2023, the Company's offline safety training sessions were attended 97,917 times.

In order to further standardize YUTO's management of production safety and prevent accidents, we have conducted on-site cyclic safety inspections and rectification reviews across our manufacturing bases in accordance with national, local, and industry regulations and risk management principles. Our inspections covered modules including fire safety, environmental protection, occupational health, mechanical safety, hazardous chemicals, and electrical safety. By the end of the reporting period, safety inspections were completed for 42 manufacturing business units (BUs)/bases, with follow-up inspections conducted for 10 manufacturing BUs. Our first round of inspections covered all business units and bases. In particular, 37% of BUs have taken corrective measures for the issues identified. After rectification, 80% of our BUs recorded an average safety score of 90/100.

In 2023, we focused on advancing special rectification efforts for factory noise and working environment. In that course, 11 subsidiaries launched initiatives to mitigate factory noise, while 22 others took action to improve the factory environment. In 2023, YUTO invested 52.63 million CNY in production safety and environmental protection, of which 34.03 million CNY was allocated to environmental protection initiatives, while 18.6 million CNY was invested in safety and occupational health programs.

With regard to industrial noise reduction, YUTO has shifted from a one-on-one air supply mode for fans and equipment to a centralized air supply system. Employing an energy-saving vacuum system, we reduced our noise levels while also cutting costs. Additionally, silencers were installed to vacuum sound-emitting components to mitigate noise generation in specific areas. As a result, approximately a 20 dB reduction in noise exposure was achieved for a number of workshop positions.



Noise Reduction Measures

We have adjusted the arrangement of workshop equipment, improved ventilation in poorly ventilated areas, replaced old equipment running at high temperatures, and installed eco-friendly air conditioners in large steel-structured plants to provide employees with a healthier and more comfortable working environment.



Soundproofing Covers for Equipment



New Ventilation Facilities



New Facilities for Managing Exhaust Gas Emission



Silencers were installed to vacuum sound-emitting components

Digital Safety Management

YUTO's Safety Commission has advanced digital safety management together with the Process and IT Department to facilitate efficient, convenient, and intelligent safety management. With joint efforts, the departments established YUTO Safety, a safety management platform featuring swift online notification of safety hazard rectification and easy confirmation of rectification results. Moreover, the platform automatically ranks the rectification status of each responsible department, allowing for more transparency in safety management. This helps subsidiaries promptly identify and eliminate potential safety hazards by implementing investigation and control mechanisms, ensuring safe production.



YUTO's Safety Management Platform

Employee Health

At YUTO, occupational health and safety is a top priority. We have introduced the Manual for Standardized Safe Production to keep employees informed about protective measures. YUTO and its subsidiaries are fully equipped with Automated External Defibrillators (AEDs) and first aid kits. Moreover, we have offered first aid training to help employees become more health-aware and master skills to protect their safety, providing strong safeguards to ensure occupational health and safety.



AED Installation



AED Training



First Aid Kit

At YUTO, employees are provided with essential protective gear such as shoes, gloves, goggles, and noise-canceling earplugs. In 2023, we launched a hearing protection program and procured earplug samples and noise reduction testing equipment for testing and investigation at a number of subsidiaries. Based on employee feedback and testing results, we identified the best-performing earplugs to replace the existing ones. External experts were invited to offer special training on noise control and hearing protection, which significantly reduced noise concerns for our employees.



Performance Test of Noise-reducing Earplugs and Noise Control Training

In order to help employees manage their health conditions, YUTO provides employee health examinations, free medical consultations, and accessible medical services. We have introduced the "YUTO Health and Wellbeing" health day and provide the "See Your Doctor at YUTO" service on the 20th of each month at the Shiyao Park in Shenzhen. YUTO also prioritizes the mental well-being of employees. We have launched educational activities to promote mental health knowledge, guiding employees to adopt positive and healthy lifestyles.



Free Medical Consultations for Employees



Mental Health Campaign



06

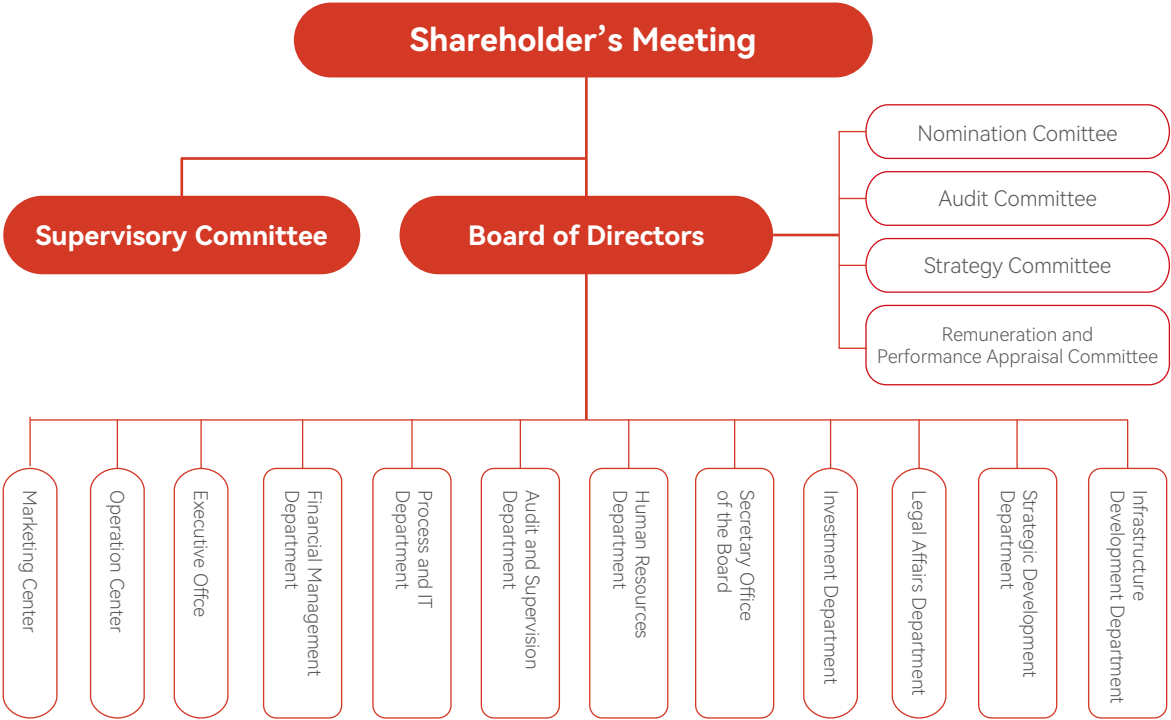
Our Governance

Compliance, Integrity, and Prudent Operations

Committed to compliance, integrity, and prudent operations, YUTO continues to improve its governance structure. With a focus on compliant operations, we strive for healthy, sustainable, and prudent development through sound corporate governance. We have established a comprehensive risk management framework and fostered a culture of fairness, honesty, and integrity. Following business ethics, we have made every effort to safeguard the rights and interests of stakeholders and build a positive corporate image.

Corporate Governance

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



• YUTO's Governance Structure •

The Shareholders’ Meeting of the Company enjoys the decision-making rights as stipulated in laws and regulations and the Articles of Association, and exercises the right to decide on major matters such as operation policies, fundraising, investment, and profit distribution in accordance with the laws. The Company convened and held shareholders’ meetings in strict accordance with the provisions and requirements of the Rules for General Meetings of Listed Companies and the Rules of Procedure for General Meetings, ensuring that all shareholders, in particular the small and medium shareholders, enjoy equality, and facilitating shareholders’ participation in shareholders’ meetings as far as possible to enable them to fully exercise their rights as shareholders. During the reporting period, the Board of Directors of the Company convened four shareholders’ meetings and considered a total of 22 motions.



During the reporting period

Shareholders’ meetings	4
Motions considered	22

The Company elects members of the Board of Directors in strict accordance with the laws of the People's Republic of China, including the Company Law of the People's Republic of China, and the selection and appointment procedures stipulated in the Articles of Association; the number and composition of the Board of Directors are decided according to the requirements of laws and regulations and the Articles of Association. The Board of Directors of the Company has established the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Performance Appraisal Committee to provide professional advice and references for the decisions made by the Board of Directors. All members of the Board of Directors are able to carry out their work in accordance with the Company Law of the People's Republic of China, the Rules of Procedure of the Board of Directors and the Working System of Independent Directors of the Company and other laws and systems, and attend the board meetings and shareholders' meetings in a punctual, conscientious and responsible manner. They also actively participate in relevant training and get familiar with relevant laws and regulations. During the reporting period, the Company's Board of Directors held nine meetings of the board, considered 48 motions, and convened eight meetings of board committees.



During the reporting period

Board meetings	9
Motions considered	48
Board committees meetings	8

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

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

The Company's managers and other senior managers have clear responsibilities and are able to perform their duties in strict accordance with the Articles of Association and various management systems, and diligently carry out the resolutions made by the Board of Directors. In addition, YUTO's Board of Directors has formulated an employee stock ownership plan (ESOP) that covers 748 employees, including executives, core management personnel, core business employees, and other employees recognized by the Board of Directors for outstanding contributions. The ESOP aims to maximize employee engagement and unleash their creativity to the fullest through the establishment of a long-term incentive mechanism, to balance the long-term development of the enterprise with the interests of shareholders and employees, and to promote the long-term, sustainable, and healthy development of the Company. After the ESOP is reviewed and evaluated by the Supervisory Committee and independent directors of the Company, and the list of stockholders is examined, it will be submitted to the General Meeting of Shareholders for approval. The ESOP will be evaluated based on criteria such as whether it promotes the sustainable development of the Company and whether it is in the best interests of all shareholders. Any potential negative impacts on the Company's interests or shareholders' interests will also be taken into consideration. The ESOP will be approved and implemented by the General Meeting of Shareholders. The holders listed on the ESOP shall elect a management committee through the holders' meeting, which will supervise the day-to-day management of the ESOP and exercise the holders' rights on behalf or authorize the management entities to exercise the holders' rights.

Risk Management and Internal Oversight

YUTO places utmost importance on developing robust risk management and internal oversight systems. Guided by internal protocols like the Internal Audit System, we have streamlined the identification, assessment, and reporting procedures of material risks. Moreover, the management, communication, and supervision of material risks have been strengthened to safeguard company assets and ensure compliant, efficient, and sustainable business operations. We conduct regular internal audits and anti-corruption audits to promptly identify fraud risks and evaluate the effectiveness of our internal controls. Internal control audits covering all YUTO entities are conducted annually, and a company-wide anti-corruption audit is completed at least once every three years.

In order to enhance risk control for business processes and mitigate risks at their roots, we have standardized our day-to-day operational procedures and specified the powers and responsibilities of different positions through a system of personal responsibility, which helps prevent errors and fraudulent activities. Moreover, we have adopted the Authorization Management System to specify the scope, authority, procedures, and responsibilities of authorization. At YUTO, major business decisions require approval from the Board of Directors or the shareholders' meeting to prevent any individual from making unilateral decisions or altering an approved decision.

We established the Audit and Supervision Department, staffed with competent auditors, to bolster our risk management capabilities. Operating within the scope authorized by the Audit Committee, the department conducts both routine and unscheduled audits of the Company and its subsidiaries concerning their financial activities, revenue and expenditure, material events, and the implementation of internal control systems. The Audit and Supervision Department, which answers to the Board of Directors and the Audit Committee, independently exercises the powers of audit and supervision and reports to the Audit Committee at least once every quarter. The Board of Directors and Audit Committee review the execution of audit plans by the Audit and Supervision Department, as they continue to supervise and guide the internal audits of YUTO. In the diligent fulfillment of its duties, the Board of Supervisors comprehensively supervises the Company's operations and management, related party transactions, financial status, and the performance of senior management.

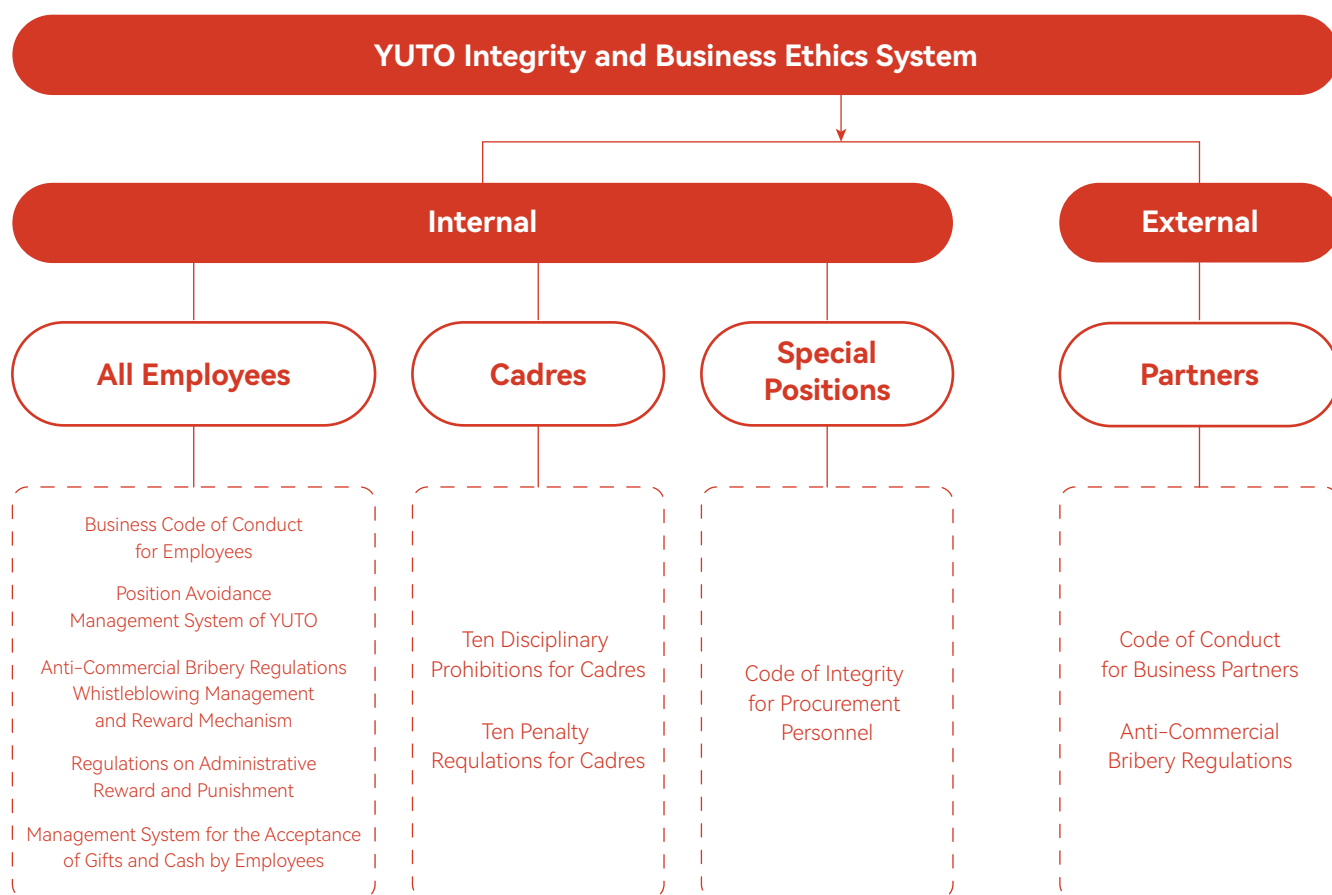
Furthermore, YUTO subsidiaries have established self-inspection and self-correction mechanisms, with a dedicated internal control team tasked with daily supervision and rectification of internal control systems. Quarterly due diligence checks are conducted on procurement, logistics, and other positions, with findings reported to the Audit and Supervision Department. Any internal control flaws identified during audits are promptly analyzed by the Audit and Supervision Department, and corrective measures are monitored to ensure the effective implementation of internal control systems.

Anti-Corruption and Business Ethics

YUTO strictly abides by the Law of the People's Republic of China on Supervision, the Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery, and other laws and regulations of countries and regions where we operate. We have established robust anti-bribery, anti-fraud, and fair competition systems to mitigate risks associated with corruption and business ethics by strengthening organizational and institutional constraints and supervision. In 2023, YUTO did not experience any lawsuit of major corruption, nor any unfair competition, antitrust, and anti-monopoly proceedings.

A Culture of Anti-Corruption and Good Business Ethics

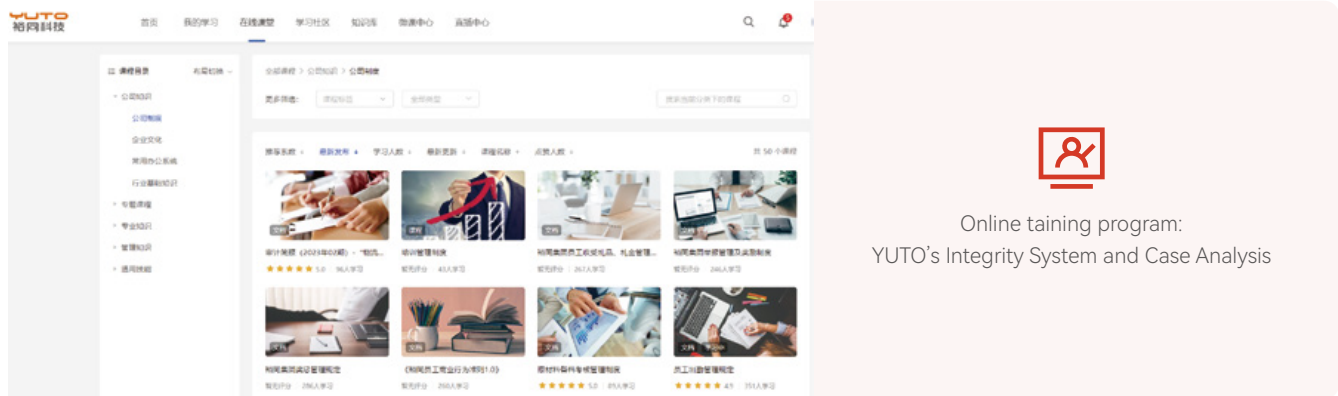
YUTO has formulated and implemented internal management systems encompassing all employees and partners to create an honest, transparent, and fair business environment. While fostering a culture of anti-corruption, integrity, and good business ethics, we have established stringent ethical standards to regulate employees' external business behaviors and daily conduct. We endeavor to build healthy, friendly relationships with our partners, avoid conflicts of interest, and prevent insider trading.



In 2023, in an effort to bolster and promote our corporate culture and organizational discipline, we established the YUTO Ethics Compliance Committee at the headquarters level and the Ethics Compliance Office at the regional level to manage and supervise employee conduct and manager records.



At YUTO, anti-corruption and ethical business training have remained a priority. We have adopted a hierarchical model to promote anti-corruption and anti-fraud laws and regulations, as well as employee education on integrity and ethics. In 2023, through livestream training and online micro-courses, we launched YUTO's Integrity System and Case Analysis, a special training program provided for employees holding key positions, reserve managers, new hires, and suppliers.



Anti-Corruption Actions and Promotion of Business Ethics

YUTO places great emphasis on anti-corruption and business ethics. In light of our production and operation realities, we have adopted a series of anti-corruption measures to ensure the full implementation of relevant company policies and reinforce risk awareness, enabling healthy and stable operations.

Sign Letter of Commitment for Integrity

- New employees are required to sign the Letter of Commitment for Integrity and Self-discipline by Employees to regulate the behavior of employees;
- Partners are required to sign the Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers, which strictly prohibits bribery.

Internal control audit and anti-fraud audit

- YUTO's Audit Committee has strengthened communication with auditing agencies and organized regular audits;
- In 2023, we initiated a comprehensive internal control audit and anti-fraud audit to promptly identify fraud risks and assess the effectiveness of our internal control measures, building an impenetrable "firewall."

Incorporate fraud risk into corporate risk assessment

- We conduct risk assessment at the corporate level, business unit level, and finance level, including the significance and likelihood of fraud risks, false financial reporting, misappropriation of company assets, and unauthorized or inappropriate revenues or expenses, as well as the risk of corruption or fraud associated with senior management or the board of directors.


Strengthen internal control measures in areas with high fraud risk

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

Establish the anti-fraud notification mechanism

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

The Company strictly prohibits any of its employees from violating the regulations to solicit and accept property from partners, as well as participating in entertainment activities arranged by partners or having personal interests with them. In order to strengthen the participation and supervision of internal and external personnel in our integrity-building efforts, we have set up a wide range of reporting channels and introduced the Whistleblowing Management and Reward Mechanism. Individuals and suppliers providing valid leads are rewarded with prizes and a bonus score in their assessment, which incentivizes individuals and entities to report any violation of our integrity protocols. The Audit and Supervision Department, as a permanent institution responsible for YUTO's anti-corruption and anti-fraud efforts, carries out annual fraud risk assessments, handles reports from whistleblowers, conducts case investigations, and issues opinions on the handling of relevant cases. This department reports to and is overseen by the Audit Committee and the Board of Directors.



**Whistleblowing
Channels**

-  **Contact info of the head of the Audit and Supervision Department:**
0755-33873999-88701
-  **Email address of the Audit and Supervision Department:**
shenji@szyuto.com, tangzw@szyuto.com
-  **Mail address of the Audit and Supervision Department:**
No.1 Shihuan Road, Shiyuan Sub-district, Bao'an District, Shenzhen
-  **Office site of audit and supervision personnel:**
the Audit and Supervision Office, temporary offices of the audit group in subsidiaries, etc.
-  **WeChat Public Account:**
YUTO Sunny Audit

At YUTO, reports from all whistleblowers are accepted, retained, and handled according to the prescribed procedures, subject to review and supervision by the Audit Committee and the Board of Directors. Where illicit conduct is confirmed, the Company will promptly handle the same in accordance with the relevant policies. Business departments with insufficient internal control measures will be urged to take corrective actions; employees found to have engaged in fraud will be subject to the corresponding administrative disciplinary measures in accordance with the relevant provisions, and employees criminally liable for their behaviors will be transferred to judicial authorities, where they will be tried in accordance with the law.

We have stringent confidentiality and protection mechanisms in place to protect the privacy and safety of whistleblowers by keeping their personal information strictly confidential. The Whistleblower Information Collection Form filled out by whistleblowers is kept by designated persons. All relevant procedures including the acceptance and download of information are password-protected, with stringent permission management. Personnel other than the designated persons must be authorized by the senior director of the Audit Department in order to access the form. At YUTO, retaliation against whistleblowers is strictly prohibited. Persons involved in retaliation against whistleblowers will be punished according to the Administrative Reward and Punishment Management System and transferred to judicial authorities (if necessary) to protect the legal rights and interests of whistleblowers.

Integrity Supply Chain Management

YUTO has consistently stepped up efforts to build a supply chain backed by integrity and honesty. With a focus on key procurement processes and high-risk areas, we have implemented measures to mitigate corruption risks, leaving no room for corruption in our supply chain. In terms of internal management, we have clarified the procurement process and established online bidding and price inquiry platforms to avoid human interference. A procurement management committee is in place to make critical procurement decisions. With respect to company policies, the procurement center has formulated the Code of Integrity for Procurement Personnel to regulate the behaviors of procurement personnel and enhance risk prevention. In 2023, we introduced the Job Rotation System for Procurement Personnel, which requires job rotations of all procurement personnel, to prevent corruption and help employees develop a versatile skillset.

YUTO signs the Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers with its partners and supplies. With cyclic integrity training covering all suppliers, we have provided integrity reminders through various platforms and channels, such as reminders posted on the homepage of our supply chain platform and targeted alerts for holidays. These efforts have allowed us to communicate our integrity policies and raise integrity awareness among employees. Moreover, we have adopted the Code of Conduct for Business Partners to publicly criticize any breaches of integrity policies or commitments by suppliers or partners via email, supply chain platforms, and other channels. Depending on the severity of the breach, YUTO may terminate the sales/service/engineering contract and cut business ties with the party involved. During the reporting period, 16 suppliers were blacklisted for failing to adhere to our integrity policies.

A photograph of a modern building facade with a large orange YUTO logo on a grey panel. To the right is a glass-walled section with several vertical grey pillars. The sky is blue with white clouds. A large blue curved graphic element separates the image from the text below.

YUTO

07

Our Partners

Working Together to Create Value

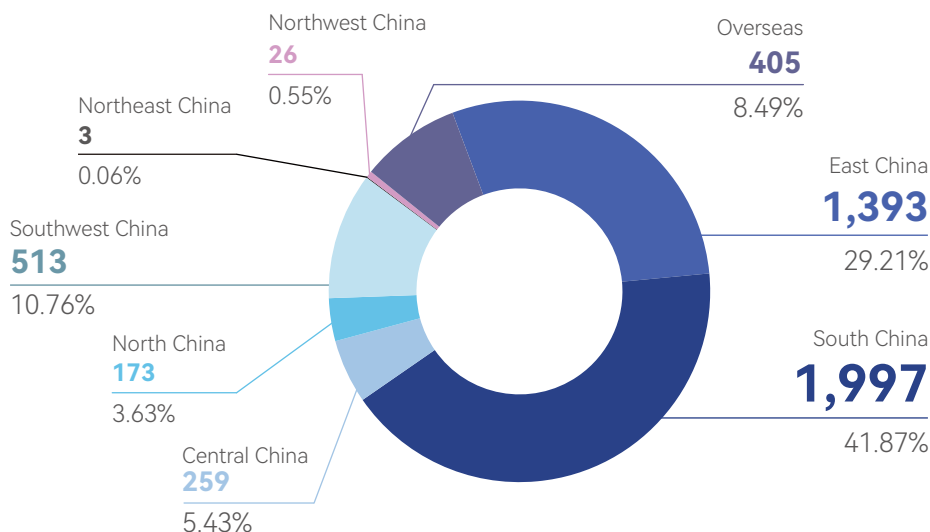
YUTO believes that the future of sustainable development requires collaboration with partners from all sectors. The Company strictly abides by the laws and regulations of the countries and regions where it operates, including the Bidding Law of the People's Republic of China and the Government Procurement Law of the People's Republic of China. While improving our supply chain management system, we have rigorously controlled the safety and quality of the supply chain and eliminated potential risks through comprehensive and standardized procurement and supplier management mechanisms. Attentive to our suppliers' performance in terms of social contribution and environmental protection, we work hand in hand with partners to build a responsible and sustainable supply chain, as YUTO fosters and maintains a positive, clean, and sustainable business environment.



As of December 31, 2023

Number of Suppliers

4,769



• The Suppliers Regional Distribution Structure •

Supplier Management

YUTO attaches great importance to the health and stability of its supply chain. We have established an integrated procurement management platform and developed management requirements encompassing supplier selection, admission, evaluation, and other crucial aspects, providing standardized guidelines for implementing supplier lifecycle management.

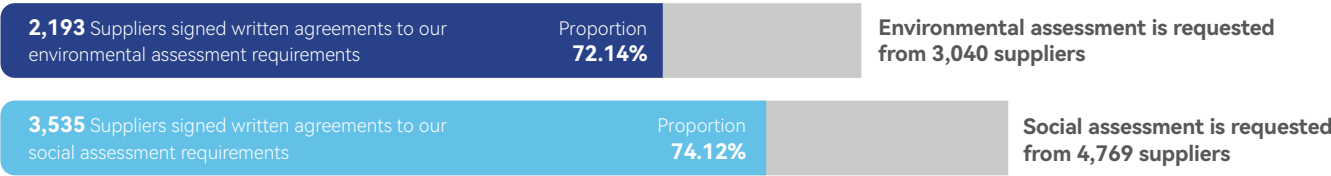
At YUTO, rigorous procedures are in place for admitting suppliers, conducting assessments based on objective and quantifiable criteria. Only those suppliers meeting the requirements and achieving satisfactory scores are granted admission. We have adopted objective, fair quantitative indicators for supplier admission assessment, and only qualified suppliers who meet the requirements and pass the assessment are admitted. In accordance with the Guidelines on Auditing Supplier On-site, we conducted on-site supplier audits, covering reviews and assessments based on dimensions that include quality, technical resources, environmental protection, and social responsibility. Based on the audit results, we have issued rectification reports to optimize the product and service quality of suppliers through a clear, transparent, and standardized admission assessment mechanism, which creates a front-end risk management node. In 2023, we consolidated our existing supplier database, established assessment and termination protocols, eliminated unqualified suppliers, and admitted new suppliers to ensure the stability and quality of our supply chain.

In terms of the performance evaluation of suppliers, YUTO clearly defined the evaluation criteria for process assessment through the Guidelines on Supplier Performance Assessment. With the combination of manual rating and an automatic scoring system, a performance evaluation team consisting of members from multiple departments conducts dynamic supplier assessment, provides feedback, and tracks the real-time rectification progress. In light of the assessment results and rectification progress, we have adjusted the procurement quota and urged partners to improve their product and service quality to consistently optimize our supply chain structure. We have put into place the corresponding accountability mechanisms to ensure fair, impartial, and objective assessment ratings, and prevent situations such as the illicit pursuit of personal gains, the suppression and elevation of ratings, and the arbitrary modification of assessment data. In the event of any of the above cases, the scorers involved will be held accountable according to the relevant YUTO policy. In the future, we will gradually improve our procurement management platform to facilitate the comprehensive online management of supplier performance.

At YUTO, communication with industry partners is highly valued. Through regular meetings, training sessions, technical exchanges, supplier conferences, and other channels of communication, we maintain close ties with our suppliers to establish honest and mutually beneficial partnerships and create value together.

Sustainable Supply Chain

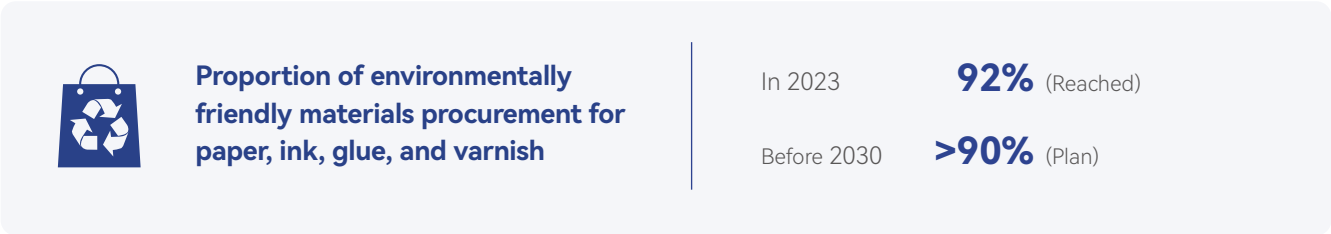
YUTO pays close attention to environmental and social risks in supplier management. We are committed to creating a sustainable supply chain jointly with our suppliers. We have established stringent environmental and social responsibility assessments to oversee the admission and annual review of key suppliers (i.e., suppliers of productive materials). In A Letter to Related Parties, YUTO urged suppliers to meet the relevant environmental and social responsibility requirements. This includes efforts to protect the legal rights and interests of employees, care for employees' health and safety, acquire environmental permits and reduce emissions (including, but not limited to, carbon emissions, energy consumption, and water withdrawal/usage), follow business ethics, and engage in compliant operations. Suppliers are encouraged to optimize their management and operating systems over the long term. Moreover, we have signed documents including the Supplier's Quality Commitment, Supplier's Commitment on Confidentiality, and Supplier's Statement on Environmental Protection with our suppliers, requiring them to regulate their behaviors and commit to their responsibilities. In 2023, we expanded the scope of supplier environmental and social assessments. Categorized by supplier type, we requested environmental assessments from 3,040 suppliers and social assessments from 4,769 suppliers. Specifically, 2,193 suppliers (72.14%) signed written agreements to our environmental assessment requirements, while 3,535 (74.12%) suppliers signed written agreements to our social assessment requirements. These assessments, a critical criterion for supplier selection, examine suppliers' capability to manage environmental and social risks.



- In 2023, we expanded the scope of supplier environmental and social assessments •

YUTO prioritizes the development of a responsible supply chain. With a preference for safe and eco-friendly materials, we pledge not to use conflict minerals. We have formulated the Rules for Restricted Substances Management, which clarifies the scope of environmental substances whose use is restricted in products. Suppliers are required to provide valid third-party testing reports on hazardous substances to make sure that the purchased raw materials contain no restricted substances and comply with local laws and regulations such as the Restriction of Hazardous Substances (RoHS), EU cadmium directive, polyvinyl chloride (PVC) ban directive, and EU packaging material directive. YUTO promises not to use conflict minerals. Suppliers are required to sign a guarantee against the use of conflict minerals. We urge suppliers to establish a complete set of policies on conflict minerals, management systems, and due diligence frameworks. Additionally, our suppliers are requested to trace the sources of minerals such as tantalum, tin, tungsten, and gold in their products and conduct chain of custody due diligence procedures, making sure that they do not provide funding for armed groups that violate human rights in Congo and surrounding areas.

YUTO practices green procurement. We pledge to prioritize the purchase of environmentally friendly, energy-efficient, and easily recyclable raw materials, products, and services, accounting for both economic and environmental benefits. We plan to raise the proportion of environmentally friendly materials including paper, ink, glue, and varnish to 90% and above before 2030. In 2023, the proportion of environmentally friendly materials including paper, ink, glue, and varnish purchased reached 92%, which met the 90% objective. Notably, 22% of the paper procured was certified by the Forest Stewardship Council (FSC), and about 58% was recycled paper. Additionally, 22 subsidiaries have obtained FSC CoC certification. In the future, while accounting for costs and economic benefits, we will continue to promote the use of environmentally friendly materials such as FSC-certified paper and advocate localized procurement at each manufacturing base to actively fulfill our environmental and social responsibilities. Moreover, we are working with suppliers to establish a raw material traceability system and trace the source and origin of raw materials.





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Our Charitable Cause

YUTO for Good, Moving Forward Hand in Hand

YUTO upholds the belief of "Commitment to and Participation in Public Welfare." While delivering economic benefits through prudent operations, we have contributed to charitable causes and created value for society. Mr. Wang Huajun, Chairman of YUTO, and Ms. Wu Lanlan, Vice Chairman of YUTO jointly established and provided the founding donation for the Shenzhen YUTO Foundation ("YUTO Foundation") in 2017.

As a 4A Social Organization, YUTO Foundation is committed to promoting education, healthcare, and technological advancement. It has made extensive efforts to advance charitable causes through initiatives such as educational support, medical donations, and cultural development projects. In 2023, YUTO Foundation donated a total of 7.675 million CNY, with 6 million CNY contributed to the Qiu Chengtong Fund for the Development of Mathematics in China through the Shenzhen Huiai Foundation. As of December 2023, YUTO and YUTO Foundation donated over 48 million CNY.

Environmental Protection

YUTOECO, as a pioneering brand at the forefront of innovation beyond packaging solutions under the guiding principle of sustainable development, is committed to putting sustainable practices into action across various fronts. Beyond the brand's influence, YUTO Environmental Protection actively engages with environmental NGOs, collaboratively organizing environmental charity events and educational campaigns. Through mutual learning and collaboration, we aim to advance the long-term development of environmental initiatives and collectively create a new green future.

YUTOECO & Asahi Weipin Friendly Recycling Program

In September 2023, YUTOECO and Asahi Weipin jointly launched the Friendly Recycling Program through the Common Rare market. At the market, consumers could exchange 10 recyclable cheese boxes from Asahi Weipin for a bag of YUTOECO eco-friendly plant fiber cat litter. As participants exchange environmental friendliness for pet friendliness, the program promotes the adoption of eco-friendly lifestyles.



Discovering the Deep Blue: The Third Ocean Culture Photography



YUTOECO, a brand dedicated to environmental protection, is tasked with the mission of "Green Life for Everyone." In November 2023, the subsidiary was invited to the Discovering the Deep Blue: The Third Ocean Culture Photography Contest and Marine Environment Protection Salon and explored topics including marine environment and marine biodiversity with representatives from marine conservation organizations. The event enhanced our understanding of the ocean and its importance to the Earth's ecosystem and human life.

YUTOECO & Green River: Environmental Protection Training

In December 2023, upon the invitation of Sichuan Green Rivers Environmental Protection Promotion Association (Green Rivers), YUTOECO launched a special environmental protection training program. The training program systematically elaborated on the urgent issue of plastic pollution, the challenges of plastic waste recycling and treatment, and the efforts and innovations made by YUTOECO in addressing plastic pollution. The program aimed to provide insights into the challenges of plastic pollution and packaging recycling from a professional perspective and provide environmental packaging know-how, such as the labeling of biodegradable packaging, as well as the recyclability and biodegradability of eco-friendly packaging. The training enhanced the professional competence of volunteers in order to better address the global challenge of plastic pollution.



Little Hands & Big Hands: Environmental Technology Education for Parents



In May 2023, YUTO, as the Children-Friendly Practice Base of Bao'an District, held the Little Hands & Big Hands: Environmental Technology Education for Parents and Children at its exhibition hall in collaboration with the YUTO Park Women's Federation, Shiyao Sub-district Women's Federation, and Shuitian Community Women's Federation. Attracting 20 parent-child pairs, the event aimed to promote awareness about the importance of packaging recycling and provide environmental knowledge such as green environmental packaging and technologies, biodegradable materials, and green production. By combining education with entertainment, we helped teenagers develop an interest in environmental protection, raising environmental awareness.

Charity for Education

Education is a bridge to the future. Fully committed to educational welfare, YUTO has actively donated to education to nurture outstanding talents, with the goal of contributing to social progress and national rejuvenation.

YUTO Scholarship

YUTO Scholarship, a charity program co-launched by YUTO Foundation and the Jiujiang Charity General Federation in 2006, has offered scholarships to help financially challenged college students complete their studies for 18 consecutive years, as the program advances equity in education. At the "Spreading Love: Educational Welfare and Volunteer Teacher" program launched at the Jiujiang Charity General Federation in Jiangxi Province in 2023, YUTO Foundation donated 557,000 CNY to the federation. Our donation funded 164 financially disadvantaged college students, which motivated them to cherish education and make meaningful contributions to society upon graduation. To date, YUTO Scholarship has reached financially challenged 3,632 college students with a total donation amounting to 7.1365 million CNY.



• YUTO Scholarship Award Ceremony •



In 2023, YUTO Scholarship

557,000 CNY

Donation to Jiujiang Charity General Federation

164

Students funded

7.1365 million CNY

Total donation since 2006

3,632

Students funded since 2006

YUTO Scholarship Fund

YUTO Scholarship Fund, a long-term education aid mechanism established by YUTO Foundation in 2017 for the children of low-ranking employees at YUTO, aims to help the children of financially challenged employees complete their university studies. During the seven years since its inception, the program has offered 499 scholarships worth 1.9715 million CNY. In 2023, we invested 302,000 CNY in the program, benefiting 79 university students.

University students funded since 2017	499
Scholarships offered cumulatively	1.9715 million CNY
In 2023	
Scholarships offered	302,000 CNY
University students funded	79

YUTO Education Foundation

To empower rural education, YUTO Foundation donated 300,000 CNY to the Central School of Tongle Miao Township in Sanjiang Dong Autonomous County, Liuzhou City, Guangxi Province, to establish the YUTO Education Fund to reward students at the school. During the five years since the fund’s inception, 1,029 outstanding students received the reward. Moreover, YUTO Foundation has actively engaged in a wide array of educational welfare activities to boost education quality and promote equity in education.

Donated	300,000 CNY
Outstanding students rewarded cumulatively	
	1,029

YUTO Ayi Dream Library



In September 2023, YUTO Foundation launched the “YUTO Ayi Dream Library” program together with Liangshan Education Foundation and the “Su Zhengmin” Volunteer Service Team from Zhongnan University of Economics and Law. This initiative aims to serve the children of migrant workers, relocated families, left-behind children, and other children in need, as well as the surrounding community, in Chuangxing Town, Xichang, Liangshan Prefecture, Sichuan Province. With weekend companionship activities on Saturdays and Sundays at the Xichang Minor Protection Public Welfare Base, the program inspires children and teenagers to learn and unlock their creativity.

Medical Care

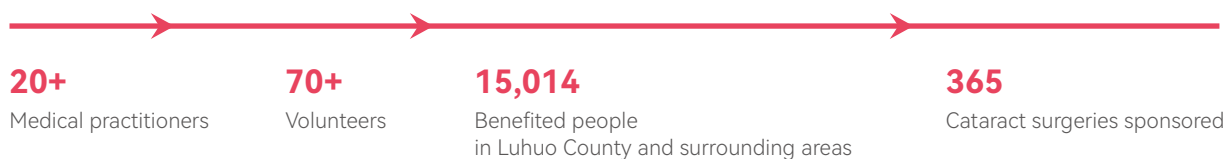
Medical care is closely related to people’s livelihoods, and medical equipment represents a major building block of the medical sector. In 2023, with its commitment to medical welfare initiatives, YUTO Foundation hosted a charity concert and offered free health clinics in western China. Our efforts have provided both spiritual and material support for the advancement of healthcare services.

YUTO Campaign for Love and Brightness: Health Promotion in West China

In August 2023, YUTO Foundation and Ruyi Tree Charity Promotion Association jointly launched the YUTO Campaign for Love and Brightness: Health Promotion in West China in Luohuo, Ganzi. This 10-day event covered 12 screening points under Luohuo County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province. During the event, volunteer doctors provided local farmers and herdsmen with one-stop medical assistance services combining disease prevention, health examination, and medical treatment. Committed to their mission of saving lives and healing patients, our volunteer doctors provided free clinics and health examinations for locals. The program also distributed health supplies and offered health education. Additionally, the doctors performed cataract surgeries for vision restoration, offered medical assistance to children with eye diseases, and provided emergency and critical care, raising health awareness among locals.



With the participation of over 20 medical practitioners and more than 70 volunteers, the event benefited 15,014 people in Luohuo County and surrounding areas. Out of the cataract patients identified during the trip, 365 received cataract surgeries sponsored by YUTO Foundation, and 12 cases of pediatric eye diseases were treated with our sponsorship. Reaching out to farmers and herdsmen in remote areas, the program established a channel of charitable medical care and promoted medical development in rural China.



Donations to Medical Centers

YUTO Foundation reached a long-term strategic partnership with the Shenzhen Municipal Committee of Jiu San Society in 2017 to launch charitable programs that focus on education, medical care, and science and technology in remote areas, with plans for donating 30 million CNY across a decade. As of the end of 2023, we contributed to the establishment of two ophthalmology centers via donations, helping 306 patients go through cataract surgery. Moreover, we have also organized teams of medical experts to host events covering talent training and free clinics in remote areas, benefiting more than 10,000 people.

From 2017, YUTO Foundation plans to donate **30 million CNY** across a decade

As of the end of 2023, contributed **2** ophthalmology centers, helped **306** patients go through cataract surgery, benefited more than **10,000** people

“YUTO’s Love of Music” Public Welfare Concerts

YUTO Foundation launched “YUTO’s Love of Music” Public Welfare Concerts to promote the idea of “health plus art” through cultural development at hospitals, delivering a message of love. Since 2018, we have hosted 64 impressive charity concerts, benefiting over 6,000 people. This earned us the Top 100 Citizen Satisfaction Project award. In 2023, YUTO Foundation held 13 charity concerts at medical institutions including Shenzhen Hospital of Southern Medical University and the University of Hong Kong–Shenzhen Hospital, creating a warm, harmonious atmosphere for patients and medical staff.



Since 2018 Hosted impressive charity concerts

64

Benefited people

6,000+

Community Engagement

Community engagement represents one of the crucial ways for companies to fulfill their social responsibilities. Committed to our original goals, we have integrated charity into our corporate culture. At YUTO, we attend to the diverse needs of residents through extensive community investigations. Employees are encouraged to participate in community welfare activities to foster harmonious relationships and present a positive company image.

YUTO’s public welfare blood donation events

In 2023, the party branch of YUTO, in collaboration with the Central Blood Donation Station of Shenzhen Bao’an District, organized voluntary blood donation events themed “Igniting Hope & Fulfilling YUTO’s Responsibility” in January and “Passing on the Torch & Answering to the Call” in July. Party members and employees at YUTO actively participated in the events and donated 26,800 mL of blood. During the events, the party branch of YUTO fully demonstrated its leading role and YUTO’s commitment to its social responsibilities.

Donated blood

26,800mL



Vietnam YUHUA: “Journey of Love” Charity Campaign

In November 2023, Vietnam YUHUA launched the “Journey of Love” charity campaign, calling on employees to raise supplies and donations for children in highland areas. At the subsidiary, employees responded enthusiastically to the campaign and made donations to the cause. In December, 13 volunteers from Vietnam YUHUA crossed mountains at an altitude of 1,500 meters and reached Nande Primary School in Bac Ha district. They brought food, daily necessities, and school supplies for the students and paid for one year of children’s health insurance for 15 financially disadvantaged students. Through this initiative, Vietnam YUHUA empowered highland education with real action, helping students explore the world and thrive with good health.



Rural Revitalization

Responding to the national call for rural revitalization, YUTO actively contributes to rural charity programs to bolster the development of rural China. In December 2023, YUTO Foundation donated 100,000 CNY to the Pengze Charity Federation to fund the 2024 6th Children's Spring Festival TV Gala in Pengze County, carrying forward rural culture. At YUTO, we endeavor to boost economic development and advance the improvement of people's livelihood in rural areas through channels including technical support and industrial assistance.

Guangxi YUTO Sends Warmth to Impoverished Families in Sugarcane Planting Areas

Sugarcane bagasse is a key raw material for Guangxi YUTO, as the subsidiary focuses on the production and marketing of quality and eco-friendly pulp boards made of sugarcane bagasse. To give back to the local community, Guangxi YUTO sent a poverty alleviation team to impoverished households engaged in sugarcane cultivation in Silao Village, Wuxuan County, Guangxi Zhuang Autonomous Region on December 22, 2023. The team brought living supplies and financial aid to the impoverished households, delivering a heartwarming message.



As the team learned more about local poverty and the reasons behind their struggles, Guangxi YUTO responded to the government's call for targeted poverty alleviation and formulated poverty alleviation strategies. The subsidiary plans to join hands with clients to unite poverty alleviation efforts, providing genuine assistance for every impoverished household in sugarcane planting areas. With the slogan of "a cause of charity behind pulp boards," Guangxi YUTO called on charitable individuals to pay attention to impoverished households in sugarcane planting areas and advocate a green, environmentally friendly, and civilized society. The subsidiary also encouraged more companies to incorporate poverty alleviation efforts into their business operations, gathering concerted efforts to build a better world.

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