

# 長飛光纖光纜股份有限公司

YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY

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

(STOCK CODE : 06869)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# 2018

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## ABOUT THIS REPORT

This report represents a truthful and objective view of the efforts of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “Company”) in undertaking its corporate social responsibilities in 2018, with a focus on the disclosure of its social, environmental and governance (“ESG”) performance. Unless otherwise stated, monetary figures in this report are denominated in Renminbi (RMB).

## SCOPE OF REPORTING

Period covered by the report: 1 January 2018 to 31 December 2018 (the “Reporting Period”).

Organizations covered by the report: unless otherwise specified, this report covers the Company and its subsidiaries (the “Group”, “YOFC” or “we”).

## BASIS OF PREPARATION

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

## CONFIRMATION AND APPROVAL

This report is confirmed by the management and approved by the Board on 22 March 2019.

## ACCESS OF THE REPORT

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

The traditional Chinese and English version of this report is available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

## ACCESS OF AND FEEDBACK TO THE REPORT

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve this report and our overall ESG performance.

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## MESSAGE FROM MANAGEMENT

For three decades, YOFC has strengthened its industry-leading position and become the world's largest optical fibre and cable supplier with forward-looking planning and sustained efforts in intensive development and innovation. At its 30th anniversary, it was successfully listed on the Shanghai Stock Exchange as the first A+H share enterprise in the People's Republic of China optical fibre and cable industry and in Hubei Province.

In 2018, the ongoing progress of "Broadband China", acceleration of 5G network construction and rapid growth in emerging markets worldwide fuelled the strong demand in the global optical fibre and cable market led by China. In order to stay at the top, we adhered to the five major strategic initiatives that aimed for organic growth in optical fibre preform, optical fibre and optical cable business, technology innovation and intelligent manufacturing, internationalization expansion, diversified development and synergy in capital operation.

YOFC leads the industry forward by continuously implementing the strategy of "Quality Power". Subsequent to winning the Second Class Award of the "National Science and Technology Progress Prize" in 2005 and 2017, the Group received the honour again and was the only optical fibre and optical cable enterprise to have earned it three times. In 2018, we became the first People's Republic of China winner of the "2018 EFQM Global Excellence Award" (the "European Quality Award") issued by the European Foundation for Quality Management (EFQM) since its launch. These accolades demonstrated our world-leading quality management.

In our pursuit of innovation-driven growth and independent innovation, our State Key Laboratory of Optical Fibre and Cable Manufacture Technology was recognized as an "Excellent State Key Laboratory" and ranked the top in the field of information technology. This reflected the active role of our State Key Laboratory in promoting technology innovation and driving industry development. The Group considers technology innovation and intelligent manufacturing one of its five major strategies and carried on enhancing our intelligent manufacturing capabilities. For example, we established the Intelligent Manufacturing Research Institution in collaboration with the National Engineering Research Centre for Digital Manufacturing Equipment of the Huazhong University of Science and Technology and the Grado Department of Industrial and Systems Engineering of Virginia Polytechnic Institute and State University. In parallel to that, we developed the "all-optical industrial internet" and "cloud manufacturing" platform to shift towards automatic production and service process and a complete intelligent plant system in a progressive and orderly manner.

As a trendsetter, YOFC attaches great importance to environmental compliance and green manufacturing in corporate governance. During the Reporting Period, we introduced new environmental management targets for subsidiaries, revised the environmental performance assessment scheme and pushed forward the construction of the environmental information management platform. The Group aims for continual improvement and excellence. Thus, we optimized the initiatives to reduce emission, boost energy efficiency and prevent environmental and safety incidents, with a view of minimizing the environmental impact of the production activities.

During the Reporting Period, the Group upheld the belief that "talents are our most valuable resources" by putting great emphasis on our people's development and actively considering their feedback. We encouraged colleagues' growth, development and improvement through a well-established performance management and promotion system. In addition, we introduced different measures to safeguard their occupational health and safety, while enriching their leisure lives with a wide range of cultural and recreational activities, including the Chinese New Year's Evening Gala and Sports Day. It is our commitment to creating a diversified, inclusive, healthy and pleasant working environment for our employees.

## MESSAGE FROM MANAGEMENT

This year, as we reaped the rewards from our rapid development, we took on more social responsibilities as a major player in the industry. YOFC has become a global leading company and extended its support to education, disaster relief, welfare and caring for community overseas. During the Reporting Period, we provided tangible assistance to the international community by making donations to the Indonesian Red Cross for the post-earthquake reconstruction in Central Sulawesi. At the same time, we encouraged suppliers to join us in enhancing environmental, social and governance performance, so as to achieve mutual growth and development with them.

In view of the irreversible increase in demand for optical fibres and optical cables worldwide, the Group seizes the opportunities for a forward-looking layout that consolidates its leading position in the domestic market and facilitates its internationalization strategy. In 2019, we will closely adhere to the mid-to-long term development strategy and thoroughly implement related strategic initiatives to promote our healthy growth. With the new logo, we will carry on the mission of “Smart Link Better Life” and uphold the core values of “Client Focus, Accountability, Innovation, Stakeholder Benefits”, thereby leading the field of information transmission and smart links and creating more value for shareholders, customers and society.

Yangtze Optical Fibre and Cable Joint Stock Limited Company

Zhuang Dan

*President*

22 March 2019

## 1. THREE DECADES OF OVERCOMING CHALLENGES

Started as an aspirant in 1988, YOFC has since then transformed into an industry leader after thirty years of exploration, arduous efforts and building up. Not only has it witnessed the development of the People's Republic of China optical communication industry, it has also become the R&D and production base of optical fibre and optical cable products and manufacturing equipment with the most comprehensive product types, most advanced production technology and largest production size in the People's Republic of China. In the course of development, the Group has never ceased to pursue innovation and breakthrough. When transitioning from "importing technology" to "exporting innovation", it brings new technology and products to the overseas market and promotes local communication industry with innovative technology.

### 1.1 ABOUT YOFC

The Group primarily manufactures and sells optical fibre preforms, optical fibres and optical cables with various standard specifications that are widely used in the telecommunications industry, along with various types of specialty optical fibres and cables that are tailored to customers' specifications, RF coaxial cables and accessories. It also has comprehensive integration systems, engineering design services and solutions, and provides a wide range of optical fibre and cable product with comprehensive solutions for the global telecommunications industry and other sectors, including utilities, transportation, petrochemical and healthcare. On 10 December 2014, YOFC was successfully listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06869). On 20 July 2018, it was listed on the Shanghai Stock Exchange (stock code: 601869) as Hubei's first and the only A+H share enterprise specializing in optical fibre preforms, optical fibres, optical cables and related products, which laid a strong foundation for our business growth.

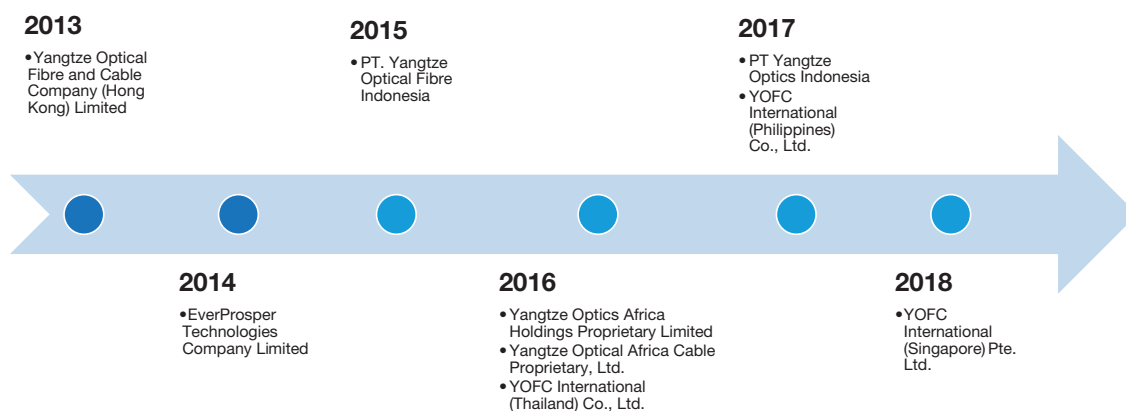
The Group offers optical fibres and optical cables products as well as network construction solutions to meet the diversified needs of industrial customers. Our comprehensive integration systems, engineering design services and solutions are widely applied by telecom operators including China Telecom, China Mobile and China Unicom, as well as clients in power, broadcasting and television, transportation, petroleum and medical sectors. In recent years, YOFC has been actively developing the optical fibre preform, optical fibre and optical cable business in five major areas, which are organic growth, technology innovation and intelligent manufacturing, internationalization expansion, diversified development and synergy in capital operation. It has established the most inclusive value chain in the global optical fibre and optical cable industry, while supporting the national "Belt and Road" initiative by extensively exploring the overseas market and offering quality products and services to over 70 countries and regions around the world.

# 1. THREE DECADES OF OVERCOMING CHALLENGES

## International development

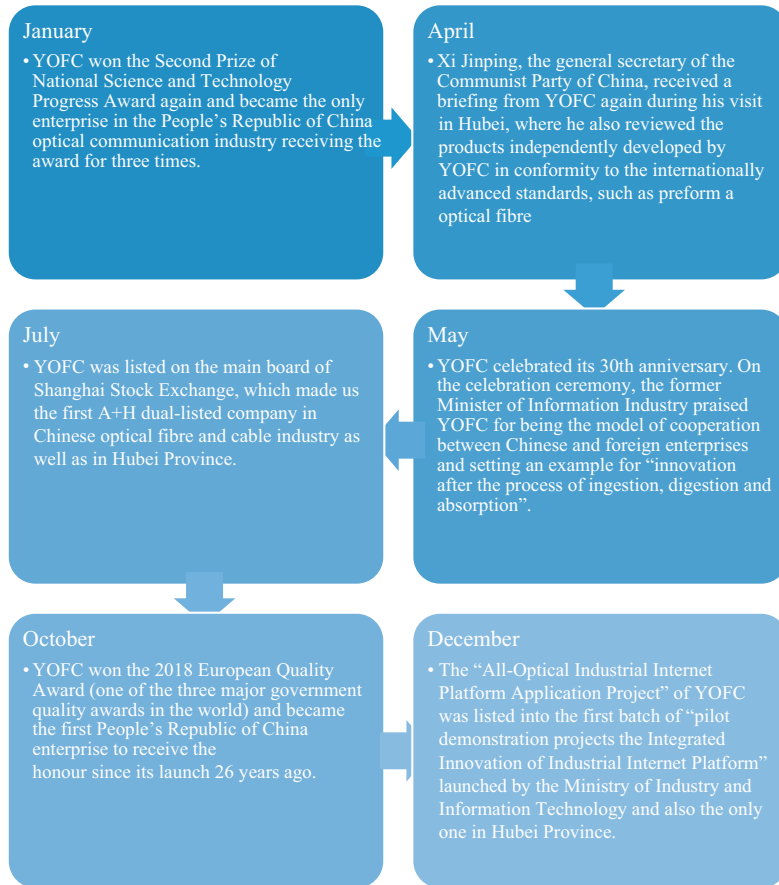
Internationalization is one of the main ways forward for the People’s Republic of China optical fibre and optical cable industry. Aiming at “expansion of the global market” as its operating strategy, the Group has been actively exploring overseas markets and setting up subsidiaries in the Philippines and Indonesia, thereby implementing the “Belt and Road” initiative and exporting technology and products to the world. Through overseas production base and offices, the Group conducted overseas sales locally and strengthened marketing of overseas sales, which enabled it to gain wide recognition on a global level. Our overseas production and sales capacity further enhanced after the operation of overseas production base commenced and overseas offices were established in recent years. At the same time, our experience and human resources garnered over years have facilitated the localization of marketing capabilities and boosted our overseas sales and service capabilities. As a result, we were able to meet the needs of overseas customers more effectively and enhance our overseas business capabilities and income for international business development.

In 2015, PT. Yangtze Optical Fibre Indonesia was established as the first optical fibre enterprise of YOFC in Southeast Asia. This marked the milestone of our overseas expansion and evidenced that we have accelerated our international and globalization strategy. In the past few years, we also set up subsidiaries in Africa, Thailand, Peru and the Philippines. In February 2018, YOFC established YOFC International (Singapore) Pte. Ltd. in Singapore to advance the globalization strategy and lower operating costs, so as to seize opportunities in the local market. Looking forward, the Group will continue to target overseas market with strong demand for optical fibres and optical cables, strengthen international strategic cooperation and strive to become a fast-growing enterprise with international principal business and diversified business development.



# 1. THREE DECADES OF OVERCOMING CHALLENGES

## 2018 Milestones



With innovation as its growth driver and quality as its principle, the Group will pursue excellence and strive for further improvement in the future.

## 1.2 PUBLIC RECOGNITION

Apart from its own sustainable development and business expansion, the Group also takes initiatives to fulfil corporate social responsibilities by adopting the people-oriented approach and the sustainable scientific outlook on development. YOFC has always regarded quality as its foundation and cultivated the quality culture that emphasised on "dedication to excellence and high quality". In recent years, the Group has received numerous major quality awards at home and abroad. In October 2018, it was given the European Quality Award and became the first People's Republic of China enterprise to receive the honour since its launch. By upholding the quality control standards that are above the industry requirements, YOFC leads the quality development of industry peers with concrete actions. This award is the highest recognition for its excellent management model and remarkable development quality.



## 1. THREE DECADES OF OVERCOMING CHALLENGES

In the 2018 China Telecommunication Rankings, YOFC was rewarded the “2017-2018 Leading Optical Communication Enterprise in the People’s Republic of China Communication Industry”, the “2018 Digital China · Communication Enterprise with Outstanding Contribution” and the “Most Popular Booth in PT Expo China 2018” based on the overall assessment on digital transformation technology, business and market influence, sales and profit, customer satisfaction, trust in business and social responsibilities. We expect the award to set a new standard and become the benchmark for dedicated enterprises along the industrial chain of “big connectivity” and “pan-intelligence”, thereby boosting innovation and reform in the industry.



# 1. THREE DECADES OF OVERCOMING CHALLENGES

During the Reporting Period, YOFC garnered wide recognition for its excellent quality, as well as technology innovation, intelligent manufacturing and technological advancement.

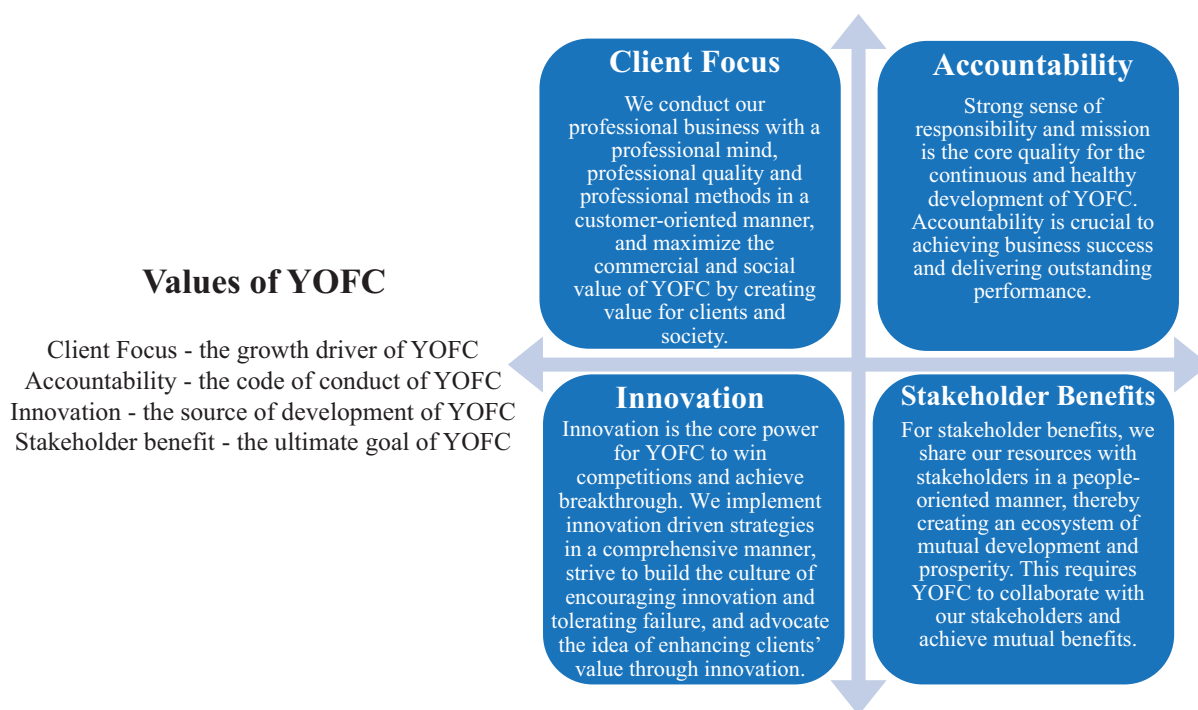


## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

YOFC promotes long-term and continuous “participation of everyone”, leverages its own influence in the optical communication industry and appeals by undertaking corporate social responsibilities to encourage its staff, suppliers, users and all stakeholders to become an enterprise well-accepted by society. Our outstanding influence and appeal are rooted in our in-depth corporate culture developed over a long period of time, which bring about our high corporate governance standards and comprehensive scientific ESG governance model.

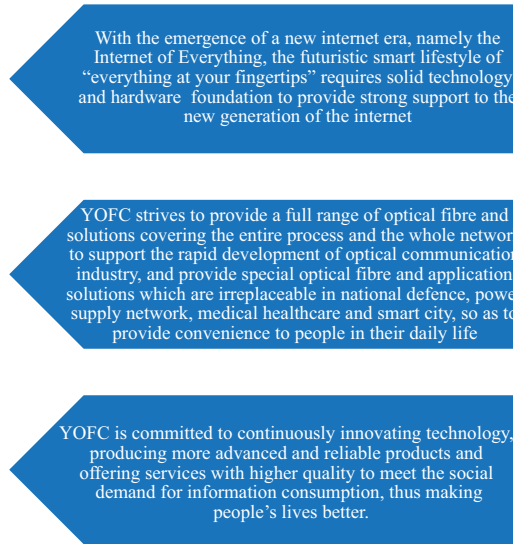
### 2.1 CORPORATE CULTURE

YOFC has been upholding the all-rounded corporate culture which encompasses corporate values, missions and visions in 30 years of development. This allows us to guide all staff in fulfilling social responsibilities and gradually become a leader in the optical communication industry.

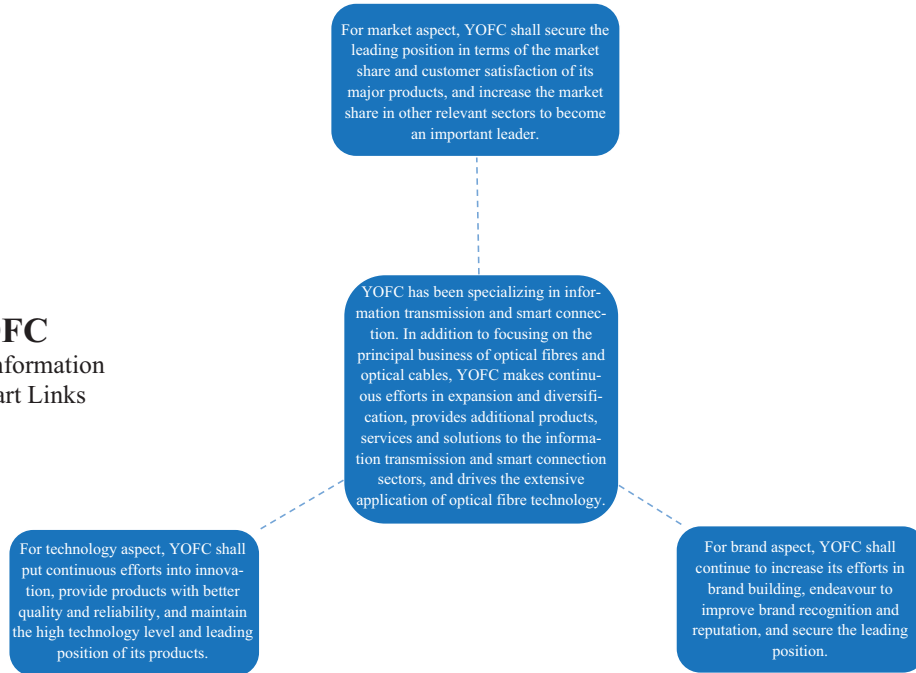


## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

### Mission of YOFC Smart Link Better Life



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



Our corporate culture motivates all YOFC employees to stand together and promote a thriving global optical communication industry as a leading player in the era of the Internet of Everything. Based on our corporate culture, we formulated the corresponding business philosophy internally to capitalize on the edges of our workforce and improve our own comprehensive strengths, thereby driving our continuous rapid development.

## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

### Business Philosophy



At the 30th anniversary of YOFC, we announced the new company logo which comprises four circles of different sizes and colours to symbolize the people and space connected through optical fibres and optical cables and people's fun life full of stories, tidbits and unforgettable moments, as a gesture of YOFC to embrace the vibrant new era at a new starting point in 30 years of history. The new company logo is a successor and enhancement of the previous one, representing our brand assets accumulated since incorporation and adding new connotation to the brand.

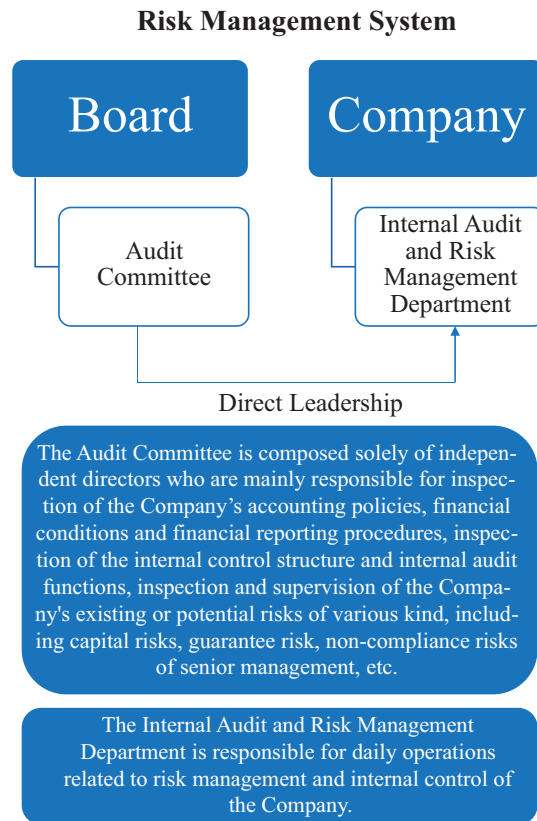


## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

### 2.2 CORPORATE GOVERNANCE

#### Risk Management and Internal Control

The President is responsible for organization management of YOFC under the leadership of the Board, which is in charge of overseeing and reporting the overall corporate governance to the general meeting. In compliance with the regulatory requirements on risk control contained in the Corporate Governance Code of the Stock Exchange, the Group has established a top-down risk management system, formulated the *Risk Management and Internal Control Systems* and the *Risk Assessment Standards*, and completed and reported the Company's annual evaluation report on internal control on a regular basis pursuant to the requirements of the regulatory authorities and the Board, so as to maintain appropriate and effective risk control and corporate governance.



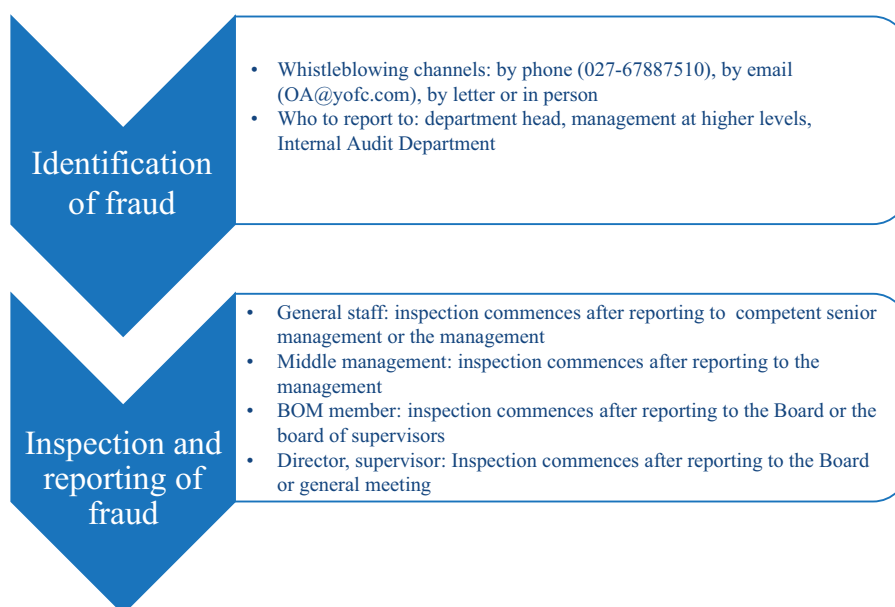
During the Reporting Period, as there was no significant changes in the Group's operating condition and the external market environment, we continued to identify risks based on the *List of Risks of Yangtze Optical Fibre and Cable Joint Stock Limited Company 2018* and helped the Board and the management to develop an understanding of the risk management of the Group. Meanwhile, we adhered to the operating strategy of the Company and completed the audit of internal control and risks management of the key business departments of the headquarters and two subsidiaries of the Group, which not only identified the Company's weaknesses in risk management at group level, but also delegated the work of risk management to the subsidiaries.

## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

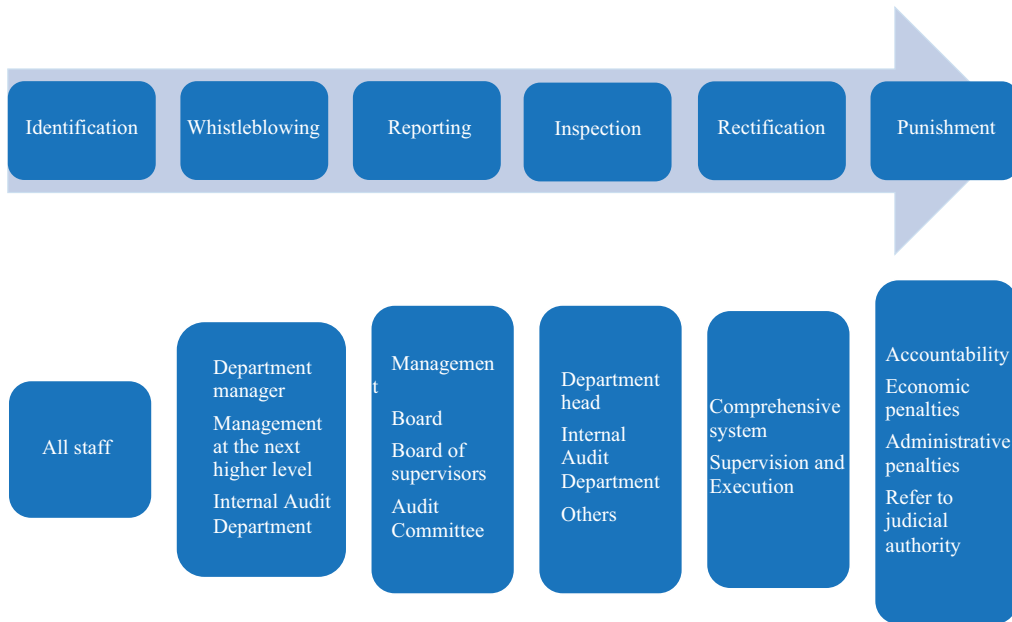
### Anti-corruption management

YOFC abides by the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Convention on the Organisation for Economic Co-operation and Development* and the *United Nations Convention against Corruption*. It has formulated internal anti-corruption policies including the *Administration Guidelines on Receiving Gifts*, the *Anti-fraud, Whistle-blowing and Complaint Management Regulations*, the *Administrant Guidelines on Staff Honesty and Integrity*, the *Code of Conduct for Management* and the *Code of Conduct for Staff*, thereby preventing bribery, blackmailing, fraud and money laundering effectively. The Group revised and published the *Anti-fraud, Whistle-blowing and Complaint Management Regulations* during the Reporting Period, while two newly-added internal audit policies and procedures, namely the *Internal Audit System for Import and Export Business* and the *Internal Audit Procedure for Post-Employment Economic Liabilities*, are currently pending approval.

We have designed the following process for the reporting and inspection of fraud:



## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES



We provide protection for complaints and whistle-blowers of fraud cases and prohibit any form of illegal discrimination or revenge, or had hostility against employees participated in the investigation. For personnel who breaches the regulations and leaks information of the whistle-blower, or takes revenge on the whistle-blower, the Company handle them seriously. Those who are in breach of laws will be handed over to judicial departments for handling according to the laws. Besides, we perform follow-up assessment on anti-fraud initiatives in terms of guidance and supervision, rectification and punishment. Under the guidance and supervision of the Board, the board of supervisors and the Audit Committee, we prepare the assessment and improvement report and are subject to the oversight of its implementation, before taking actions against the offender.

Following the principle of honesty and integrity, every year, we complete the honesty and integrity self-inspection according to the signed honesty and integrity agreements of suppliers. During the Reporting Period, we established the honesty and integrity management policies and management system of the Company, and disseminated the content of the honesty and integrity agreement with the Company's management at senior or middle-level. Moreover, we strictly complied with the provisions of the honesty and integrity agreement during our business transactions. There was no case of commercial fraud, corruption or bribery in any form.



## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

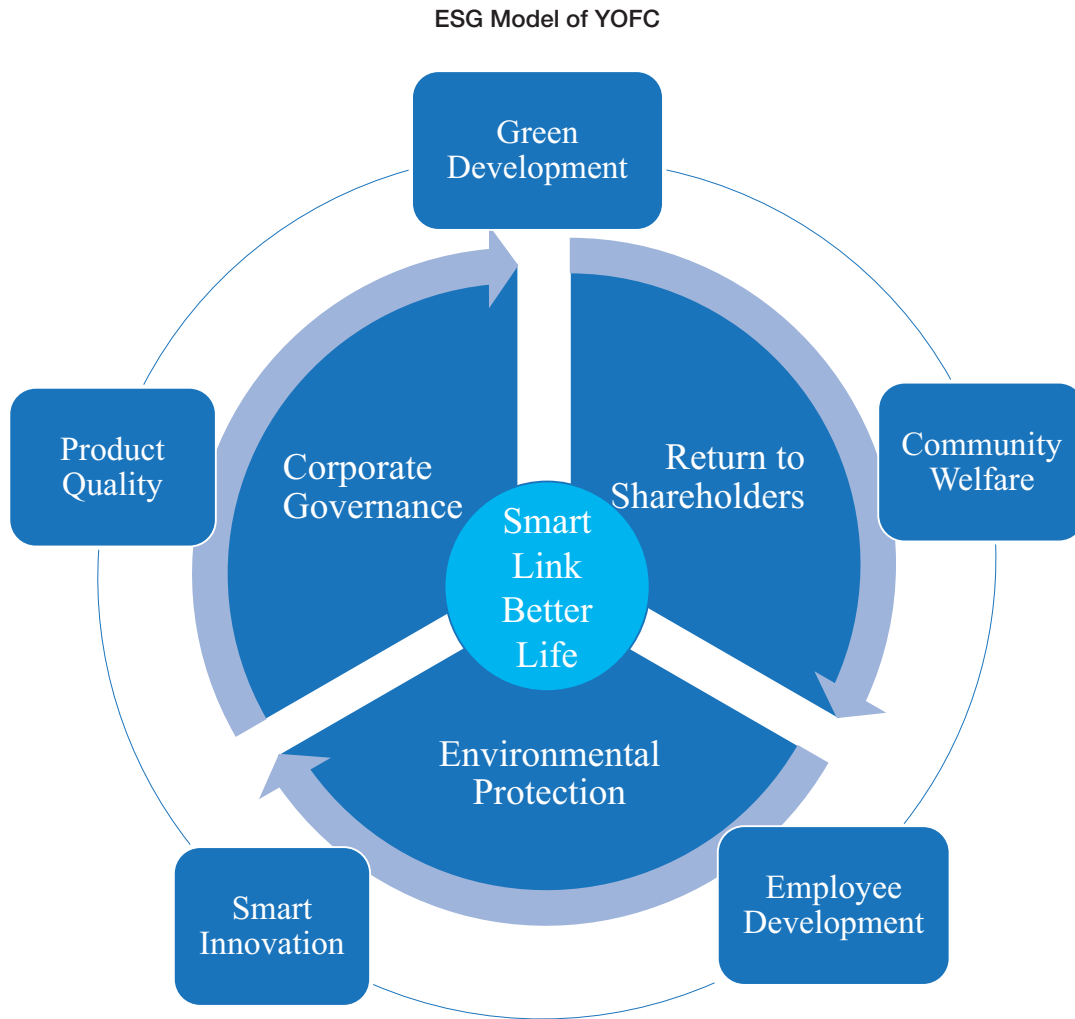
In order to strengthen the monitoring mechanism, safeguard the legitimate rights of the Company and its partners and achieve sustainable development, we also organised various learning activities within the Group to facilitate the study on the *Anti-fraud, Whistle-blowing and Complaint Management Regulations* during the Reporting Period. We arranged our staff to study the regulatory documents and take objective tests through our E-learning platform, and included their learning results as a part of the annual performance assessment. Management at middle level or above took public oaths to undertake that they will work with integrity, self-discipline and honesty. Thanks to the well-established anti-corruption management system, there were no cases of corruption during the Reporting Period.

### 2.3 ESG GOVERNANCE

#### ESG Concept

We always believe that the sustainable development of the Company set the premise and foundation for fulfilling corporate social responsibility. To do so, the Company has established a scientific and comprehensive management system. YOFC has also adhered to the compliance with laws, management with integrity, scientific planning and continuous innovation, with the mission of “Smart Link Better Life”. Combining the existing business status with our corporate positioning, we strive to work with different stakeholders in sustainable development, employee development, smart innovation, product quality and community welfare, strengthen our corporate governance, adhere to environmental protection, provide return to our shareholders with outstanding economic performance, and achieve balanced and comprehensive development among environment, economy and society.

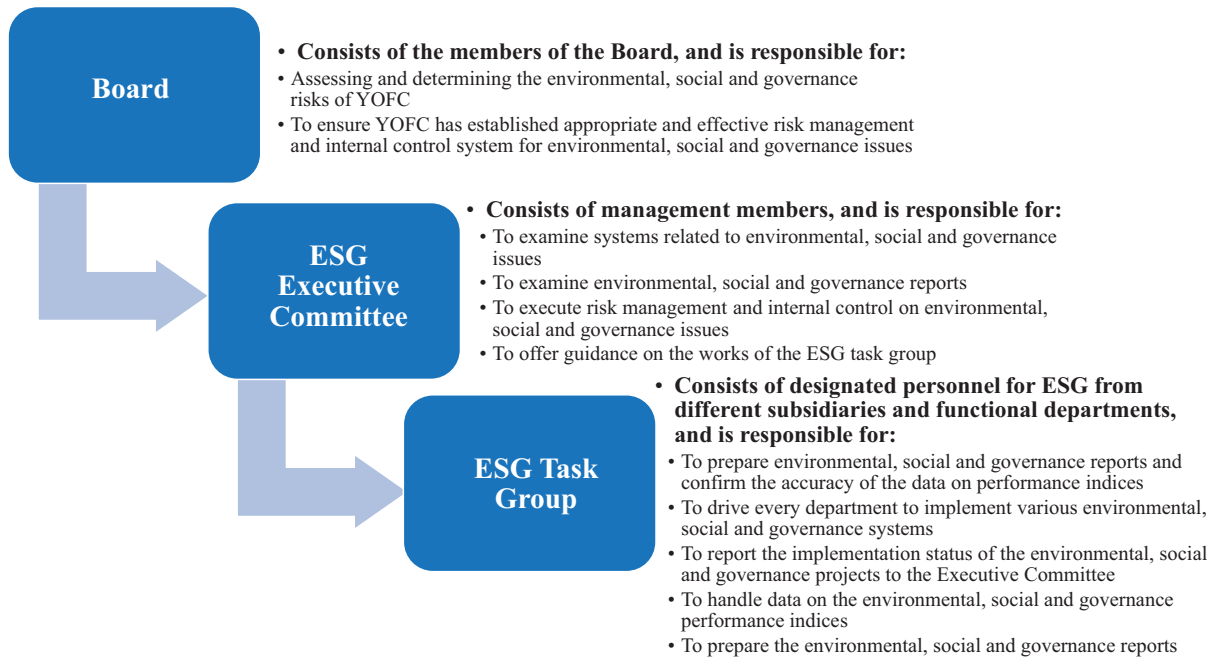
## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES



### ESG Governance Structure

To better combat the challenges in ESG, under the supervision of ESG Executive Committee led by the Audit Committee, the Group has set up an ESG task group. Led by the Internal Audit and Risk Management Department, the task group is in charge of the overall planning of environmental, social and governance issues and smooth delegation of respective tasks from the highest governance body to employees of different levels in each subsidiary and department. The ESG Executive Committee reports to the Board on the ESG work progress on a regular basis. The Board oversees and evaluates the effectiveness of the system, so as to ensure sound and comprehensive ESG governance.

## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES



### Communication with Stakeholders

YOFC highly emphasizes the communication with different stakeholders, actively carries out regular and effective communications with stakeholders and incorporates their feedback into the long-term sustainable development strategies of the Company. We have identified five major stakeholders, which are the shareholders/investors, suppliers, employees, community and customers. We strengthen the direction and focus for the company based on the needs of the five major stakeholders.



## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

We actively communicate with different stakeholders in order to understand their concerns. We also review the effectiveness of the relevant actions regularly so as to improve the communication channels and reflect the stakeholders' opinions in a more comprehensive way. The table below sets out the issues that different groups of stakeholders are concerned about during the Reporting Period.

Stakeholder Groups	Issues Concerned	Engagement and Feedback Measures	Frequency
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Promotion and Development</li> <li>- Salary and Benefits</li> <li>- Education and Training</li> </ul>	<ul style="list-style-type: none"> <li>- Staff Performance Appraisal Interview</li> <li>- Internal Journal (newspapers, magazines)</li> </ul>	<p>Interviews from time to time</p> <p><i>Staff Manual</i></p> <p>Trainings for new recruits Staff Democratic communication meetings</p>
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>- ESG Governance</li> <li>- Business Development</li> <li>- Energy Saving and Consumption Reduction</li> </ul>	<ul style="list-style-type: none"> <li>- Annual General Meeting/ Extraordinary General Meeting</li> <li>- Investor Meeting</li> <li>- Result Presentation</li> <li>- Press Release/ Announcement</li> <li>- Site Investigation</li> </ul>	<p>General Meeting held annually</p> <p>Extraordinary General Meeting held under special circumstances</p> <p>Investor Meetings and Site Investigations from time to time</p>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Supplier Management</li> <li>- Energy Saving and Consumption Reduction</li> <li>- Business Development</li> </ul>	<ul style="list-style-type: none"> <li>- Site Investigation</li> <li>- Interviews</li> </ul>	<p>Supplier meeting held annually</p>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Business Development</li> <li>- Energy Saving and Consumption Reduction</li> <li>- Quality Control</li> </ul>	<ul style="list-style-type: none"> <li>- Site Investigation</li> <li>- Interviews</li> </ul>	<p>Irregular</p>
<b>Community</b>	<ul style="list-style-type: none"> <li>- Emission Management</li> <li>- Charity</li> <li>- Energy Saving and Consumption Reduction</li> </ul>	<ul style="list-style-type: none"> <li>- News Release/ Announcement</li> <li>- Meeting</li> </ul>	<p>Irregular</p>

## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

### Analysis of Materiality

During the Reporting Period, YOFC experienced stable development without significant changes to its business. We conducted in-depth communication with our stakeholders to understand the opinions and expectations of different stakeholders in the response of YOFC to environmental, social and governance issues. We reviewed the matrix of materiality based on the feedback from our stakeholders, which provided a solid basis for the Company to formulate the long-term strategies.

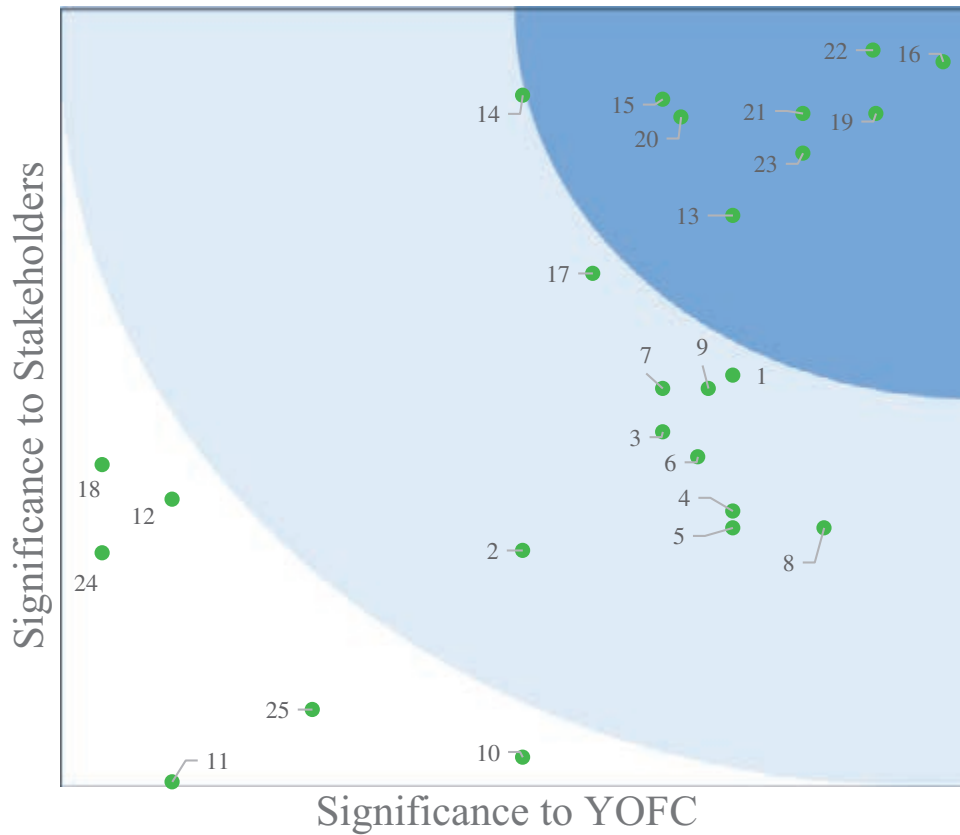
### Procedures of Assessment on Material Issues

1. Identify potential material issues	After going through, among others, the internal journal, media analysis, industry benchmarking analysis and other relevant documents, we identify the potential material issues which reflect the economic, environmental and social impact of YOFC's business or affect the stakeholders' assessment and decision on YOFC.
2. Prioritize potential material issues	We formulate a stakeholder engagement plan and conduct comprehensive and in-depth interview to understand the prioritized issues that the stakeholders are concerned about and review the matrix of materiality.
3. Review	We assess whether the report content reasonably describes the impact and ESG performance of YOFC and whether the procedure of preparing the report content reflects the intended purposes of the report. We invite stakeholders to express their opinions in this aspect.

## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

Through the assessment procedures, we identify material ESG issues related to YOFC which form the essential parts of this report. We will disclose the relevant content in this report in details.

### Matrix of Material Issues of YOFC for 2018



## 2. FORGING EXCELLENCE WITH SOCIAL RESPONSIBILITIES

No.	Content of Issues	No.	Content of Issues
1	Treatment of Exhaust Gas and Reduction in Emission	14	Safe and Comfortable Work Environment
2	Emission of Greenhouse Gases	15	<b>Employee's Development and Training</b>
3	Total Amount of Hazardous Solid Wastes	16	<b>Compliance with Labour Laws</b>
4	Use of Materials	17	Requirements on Environmental and Social Performance for Entry of Supplier
5	Measures for Reduction of Water and Electricity Consumption	18	Assessment on Suppliers' Environmental and Social Performance
6	Measures for Management of Hazardous and Non-hazardous Wastes and Reduction of Discharge	19	<b>Customer Service and Channels of Communication</b>
7	Treatment of Domestic Wastewater and Reduction of Discharge	20	<b>Protection for Intellectual Property Rights</b>
8	Use of Energy	21	<b>Stability of Product Quality</b>
9	Use of Water Resources	22	<b>Protection of Customers' Information and Privacy</b>
10	Use of Packaging Materials	23	<b>Anti-corruption</b>
11	Impact of Climate Change on Business	24	Community Contributions
12	Diversified Backgrounds of Employees and Equal Opportunities	25	Charity Work
13	<b>Stability of Employees</b>		

### 3. BRANDING WITH QUALITY

Under such environment with increasingly fierce competitiveness, quality enhancement has marked an easy choice for the country to develop “Made in China” branding and at the same time a strategic option for China’s optical fibre and optical cable industry and enterprises to achieve vigorous development. Since its establishment 30 years ago, our staffs have followed the quality culture of “Continual Improvement, The Pursuit of Excellent Quality” in optimizing themselves in terms of development, inheritance and improvement. At present, YOFC extended its quality standard across products, procedures, operations, system and ultimately corporate management and industry development and strived to provide customers with excellent products and services and thereby guiding the industry in a healthy development direction in response to the implementation the national strategy of “Quality Power”.

#### 3.1 QUALITY ASSURANCE

Successful practice is the sole criterion to test the truth while time is the only golden rule to test the quality. For long, the Group has adhered to the development path of “introduction, digestion, absorption, re-innovation and output” and put product quality and technology in its first priority, taking quality culture as the core of its corporate culture. By constructing quality management system, enhancing quality management model, creating quality culture and developing quality activities, we continued to improve product quality in pursuing quality business operations.

##### **Group-oriented Quality Management**

To maintain product consistency and quality stability, implementing group-oriented quality management is of crucial importance. During the reporting period, the Group has further enhanced the standards and audit consistency on the basis of strict compliance with the policies and management approaches such as the *Quality Management Procedures of YOFC Group* which enriched the inspection processes and updated the quality rating management system.



### 3. BRANDING WITH QUALITY

#### Implementing unified calculation formula and method for quality target

- To unify the Group's quality targets for preforms, optical fibre and optical cable and to require its subsidiaries to submit relevant data to the Group on a monthly basis.

#### On the basis of previous on-site review checklist of the Group, to conduct on-site inspection for the closure of the identified issues, to review the compliance of other similar cases and also to give rating for the compliance performance;

- To conduct on-site random inspection regarding data of quality targets submitted by the subsidiaries of the Group so as to ensure the authenticity and validity of the data.

#### Strengthening quality supervision and on-site flight inspection

- Quality supervision and on-site flight inspection are carried out by specified personnel. Problems inspected are listed and required to be rectified within a time limit while the corresponding inspection results are included in the deduction section of the quality rating model.

#### Conducting Quality Control ("QC") group activities

- To conduct QC group activities within the Group and special training for the QC group of the Group's subsidiaries; To undergo on-site evaluation regarding the QC topics selected by the Group subsequently in determining the first and second places and to add points to the quality rating system.

#### Updating quality rating system

- Quality Rating System has been updated based on the previous version which added various aspects and dimensions including problem checklist for on-site supervision, factors contributing to production and extra points for outstanding groups and awarded teams.

In addition, to ensure the subsidiaries' compliance with quality and operations, the Group initiated many training and counselling during the reporting period.

### 3. BRANDING WITH QUALITY

#### Quality Management System and Structure

Through the comprehensive introduction of excellent performance management model, the Group has established a management model that focuses on product and service quality as well as business management quality. Taking such approach as framework, we have first established a comprehensive management system with the core of the ISO 9001 quality management system, the TL 9000 quality management system for communication industry, the ISO 27001 management system for information security, the ISO 17025 laboratory management system and the integration of informatization and industrialization management system among the industry and thereby providing system guarantee for product quality and corporate operation.



ISO 9001 Certificate



TL 9000 Certificate



ISO 27001 Certificate



ISO 17025 Certificate



Certificate of Management System Integration of Informatization and Industrialization

### 3. BRANDING WITH QUALITY

To ensure the effectiveness and timeliness of quality management, the Group continued to optimize the quality management and reporting procedure and thus building a comprehensive and efficient quality management structure. Complementarity and cooperation between the two functional segments (namely system and quality management) has enhanced the fineness of accountability of quality management.

#### System Mangement Team



- Responsible for establishing, implementing, updating, conducting internal and external audit and management review of the Group's management systems;
- Responsible for managing and continuously improving the documentation management of the systems, and organizing, implementing and accepting internal audit;
- Responsible for document control and file management.

#### Quality Management Team



- Responsible for quality management system planning and implementation of quality management methods;
- Responsible for formulation, measurement evaluation of quality targets, regular evaluation of implementation of quality management methods and promotion of improvement;
- Responsible for formulation of international and domestic industry-related standards, corporate standards, review of internal standards and organization and implementation of product certification.

#### Introduction of Excellence Model of European Foundation for Quality Management (“EFQM”)

In order to further improve the management procedures, adhering to the principle of “Excellent organization achieves and maintains outstanding performance standards in satisfying or exceeding the expectations of all stakeholders”, the Group introduced the EFQM Excellence Model by utilizing the RADAR Logic in performance measurement including the desired results, methods adopted, the development, evaluation and improvement of approaches to sort out the application of European Quality Award model in YOFC and to conduct the horizontal comparisons with industry benchmarks and competitors showing the 4-year indicator trend data.

### 3. BRANDING WITH QUALITY

With the active introduction of EFQM, the Group has improved its operating performance while simultaneously improving the economic, environmental and social situations of the communities in contact and thus bringing positive influence to the surrounding world. With an aim to create a sustainable future, the Group has integrated its operations on the basis of the core objectives and proposed seven core solutions in clarifying its operation directions and therefore vigorously promoting the sustainable development of YOFC.



### 3. BRANDING WITH QUALITY

#### YOFC's Quality Recognized by EFQM

The European Quality Award is one of the top three recognized quality awards in the world. YOFC continued to sprint the European Quality Award in 2018 after winning the National Quality Award in 2017. At the beginning of 2018, the Group invited foreign senior review experts from the European Quality Award to provide training regarding self-evaluation and to introduce EFQM Excellence Model. In accordance with the general principle of the European Quality Award Model as well as Eight Concepts and Nine Chapters, our award project team submitted the written self-evaluation report in mid-July and we got admitted to the on-site review process in early September 2018. After a week of on-site review and secondary review by the Expert Committee, we received recognition regarding our outstanding performance and became the first Chinese enterprise to receive the Golden level of European Quality Award.



### 3. BRANDING WITH QUALITY

#### Quality Control throughout the Whole Process

YOFC has developed strict procedure control and inspection with stringent quality control throughout the entire process from raw materials to finished products as well as from pre-sales, sales to after-sales services so as to provide customers with quality products and services.

##### **Visual management throughout whole production process**

During the production process, YOFC applies production forms with different colours to differentiate various product types and process requirements which realized the simplification of on-site complex problems and therefore providing a guarantee for standardized production.

##### **Promote detectability through authoritative testing laboratory**

YOFC owned its self-developed quality management system and its testing laboratory received both domestic and international certifications with highest testing ability among the industry.

##### **Real-time monitoring through intelligent management system**

YOFC developed its production information monitoring system such as "Information System for Optical Fibre" and "Information System for Optical Cable" which provided real-time monitoring, tracing and feedback on key quality data and thus playing a key role in controlling product quality.

##### **Improve the quality testing process through various methods**

Except for automated quality control and inspection, inspections including self-examination by employees, difference identification among processes and departments, random quality inspection are essential to the Group.

#### Creating Quality Culture

Maintaining product quality relies on the persistence and efforts of all staff. In order to strengthen the quality education of all employees, enhance the quality improvement capability and quality competencies, the Group carried out mass quality improvement activities and formulated the *Management Measures Regarding QC Group Activities* so as to documentize and standardize the mass quality activities.

### 3. BRANDING WITH QUALITY

#### Quality Training in 2018

January - November	<ul style="list-style-type: none"> <li>• Training for new employees regarding basic knowledge of management system, mainly for non-operating and operating employees;</li> </ul>
March	<ul style="list-style-type: none"> <li>• Training for internal auditors under management system of the Company regarding basic knowledge of management system;</li> </ul>
May	<ul style="list-style-type: none"> <li>• Supervisor of Quality Department provided training of <i>8D Report</i> and <i>Fishbone Diagram</i> and completed class exercises;</li> </ul>
June	<ul style="list-style-type: none"> <li>• Safety Month - Training regarding <i>Identification, Evaluation and Control of Hazardous Sources due to Environmental Factors</i> and class exercises;</li> </ul>
July	<ul style="list-style-type: none"> <li>• Training regarding basic knowledge of talent reserve management system of the Company;</li> </ul>
September - October	<ul style="list-style-type: none"> <li>• Training for new engineers regarding <i>How to Carry Out Internal Audit</i> and <i>How to Carry Out Work Summary and Analysis</i>;</li> </ul>
November	<ul style="list-style-type: none"> <li>• Training regarding <i>SA 8000 Basic Knowledge of Social Responsibility Management System</i>.</li> </ul>

Except for quality training activities, the Group also promoted the best practices by organizing exchange meetings of production technology as well as quality summarization meetings, and commended outstanding subsidiaries so as to provide a platform for discussion and communication throughout the Group.

#### Establishing Platform for Technical Exchange

During the reporting period, the Group held 3 optical fibre technology exchange meetings and 2 optical cable exchange meetings respectively to undergo technical exchange, quality data benchmarking, problem feedback and resolution review. At the 7th and 8th optical cable technology quality exchange meetings, the subsidiaries conducted in-depth discussions and exchanges on the achievements and problems of optical cable technology quality, cost control of production, equipment maintenance and research and development of transformation.



### 3. BRANDING WITH QUALITY

#### Quality Analysis and Summarization

In February 2018, the Group held the 2017 Quality Summarization Conference in Wuhan focusing on the summary of the Group's quality management in 2017, result announcement of quality rating of its subsidiaries, speeches from representative of outstanding subsidiaries and chairman, signing of the 2018 commitment for production bases and propagation and implementation of customer requirements. In addition, the Group also held 2 quality meetings in March and June 2018. At the meetings, the quality management model and on-site review of the production bases, audit and deduction system for on-site flight supervision and inspection, principle of raw materials used in the production base were introduced and the *2018 Quality Commitment for Production Bases* was signed.



### 3.2 RELIABLE SUPPLY

As the leader of the optical fibre and optical cable industry, the Group adheres to the principle of quality-first and honest operation in spite of changes in the external environment. It insists upon the use of high-quality raw materials, strictly controls the quality of supplies and promotes self-discipline in industrial product quality, with the aim of establishing a sustainable supply chain.

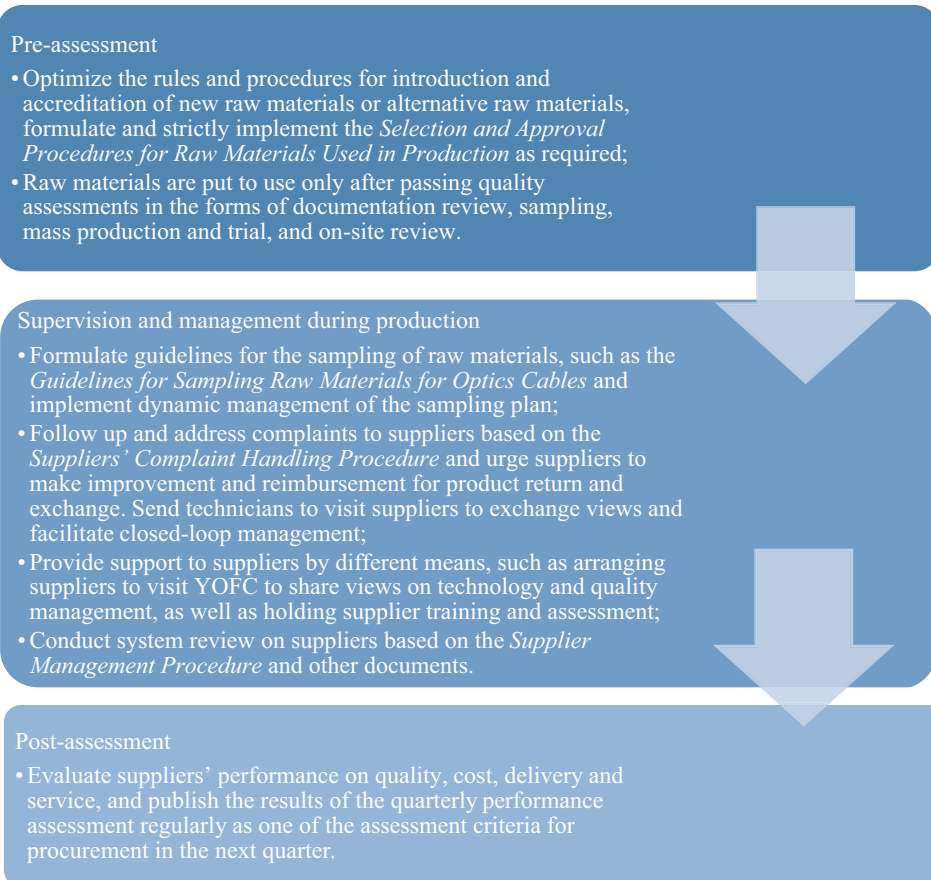
#### Supplier management

Comprehensive and effective management structure is the foundation of responsible procurement. During the Reporting Period, the Group benchmarked outstanding management model and experience in the industry and consulted extensively for internal professional advice to establish a more complete and detailed management system for non-manufacturing suppliers after initial drafting, rounds of discussion and continuous improvement initiatives. This further optimized the supplier management framework of the Company and provided stronger support for more orderly, efficient and transparent procurement practices.



### 3. BRANDING WITH QUALITY

The Group has always implemented quality control on suppliers throughout the whole process. In order to enhance supply management standards, it performs detailed assessment and gives feedbacks prior to, during and after the use of raw materials, with specific procedural and system documents in place for different stages.

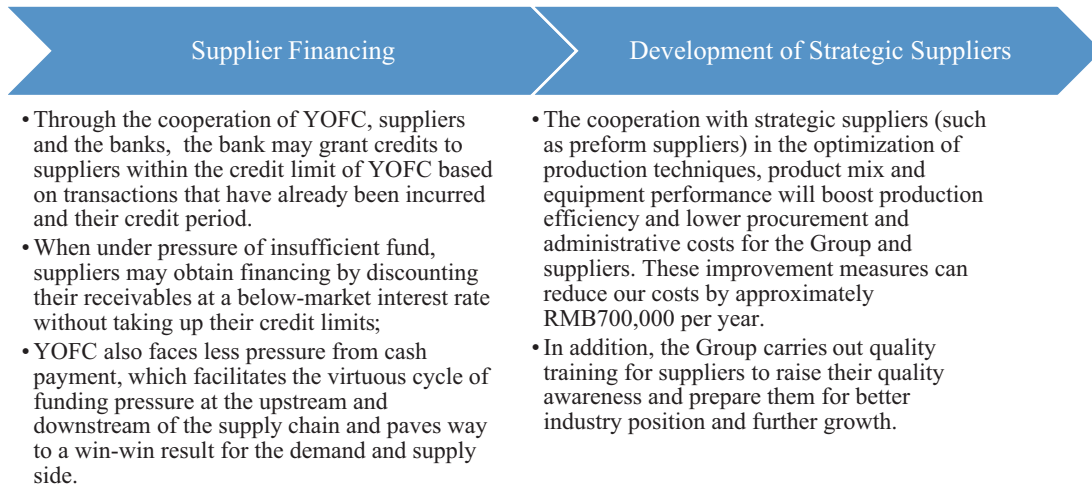


The Group attaches great importance to suppliers' exposure to social responsibility risk as well. It sets a barrier to entry for introduction of suppliers and bans suppliers which do not comply with emission standards and cause damages to the environment. It also checks product conformity with the *Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (the "RoHS") and enters into related RoHs agreements. On top of that, the Group reviews the quality management system or social responsibility system of selected suppliers, and requires them to rectify, within a prescribed period, any non-compliance discovered during the visit. YOFC has entered into the *Supplier Social Responsibility Commitment* to clarify suppliers' obligations and duties in social responsibilities and raise their awareness in this regard.

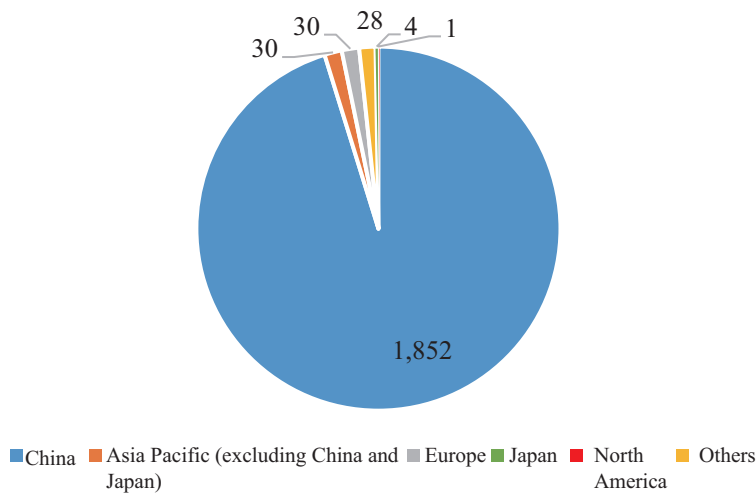
### 3. BRANDING WITH QUALITY

#### Supplier support

The Group advocates mutual growth with the industrial chain. When selecting suppliers, we prefer local suppliers so that we can join hands to promote economic development in the neighborhood. During the Reporting Period, we continued to step up supplier support and development to build a long-term win-win relationship with our partners.



During the Reporting Period, the distribution of the suppliers of the Group was as follows:



### 3. BRANDING WITH QUALITY

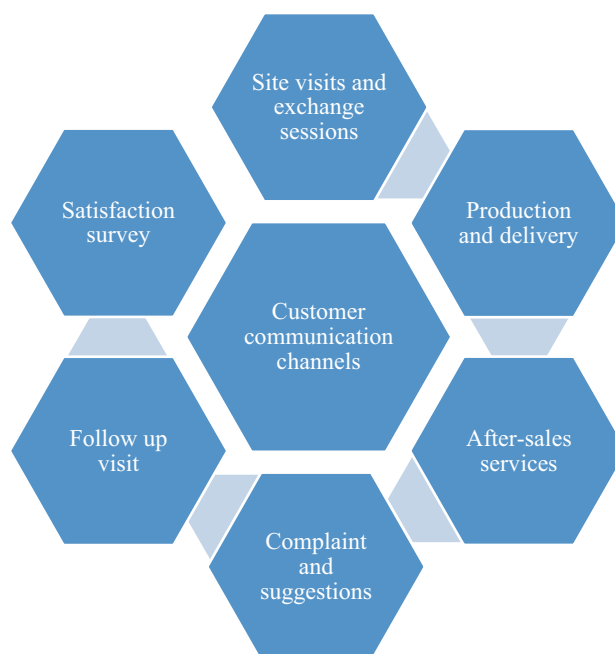
#### 3.3 CUSTOMER SERVICE

Adhering to the core values of “Client Focus, Accountability, Innovation, Stakeholder Benefits”, YOFC enhances and optimizes the customer service process to serve customers with top-notch and high-performance products and solutions. In terms of advertising and labelling, we comply with relevant laws and regulations of all places in which we operate, improve internal regulations and hold relevant training activities regularly, to ensure customers’ rights and interests. During the Reporting Period, the Group has further expanded the domestic and overseas sales team and improved the standardized customer service process, so as to meet customers’ needs at home and abroad more effectively and upgrade service quality.

##### Communication with Customers

High-quality customer services rely on extensive and convenient customer communication channels. The Group attaches great importance to the establishment of customer communication channels for the pre-sale, sale and post-sale stages, with the aim of offering better communication experience for customers.

Customer Communication Channel



The Group concerns the after-sales service process as well as feedback and suggestions on products in particular. Hence, it has formulated the *After-sales Service Process* to regulate the after-sales service process, clarify job duties and responsibilities, and optimize the control of after-sales services. The Group takes an active approach in handling customers’ complaints and feedback as well. It analyses complaints received from customers and carries out internal rectification works in strict accordance with the *Customer Complaints Handling Standards* and other system documents, thereby addressing customers’ complaints and suggestions in a timely and effective manner.

### 3. BRANDING WITH QUALITY

Apart from after-sales services, we handle product and service complaints through product return, product exchange and loss compensation for users. The Group has formulated the *Product Return and Exchange Application and Handling Process*, the *Product Recall Management Procedure* and a range of product recall procedures, which require product return and exchange applications to be made to the system for product recall according to these procedures in case of such incidents. During the Reporting Period, the Group had not recalled any products sold or delivered due to safety or health-related reasons.

#### Customer Privacy

Customer information and data is a valuable resource for the Group and we place great emphasis on protecting clients' information and their privacy. Besides stringent control policies and systems, we have also made extensive efforts in daily operating process and raising staff's awareness.

Rules and regulations	Information storage and handling	Confidentiality awareness
<ul style="list-style-type: none"><li>Formulated the <i>Sales Centre Customer Data and Privacy Policy</i>, which specifies the confidentiality procedures and process for customer information.</li></ul>	<ul style="list-style-type: none"><li>Appointed designated personnel for the use, storage and destruction of customer information. All customer information must be encrypted for transmission via email. Customer information and privacy are protected by technology such as permission setting for the internal system and encryption software.</li></ul>	<ul style="list-style-type: none"><li>Enhance staff's confidentiality awareness on an ongoing basis and require new employees to sign the confidentiality agreement when they are on board.</li></ul>

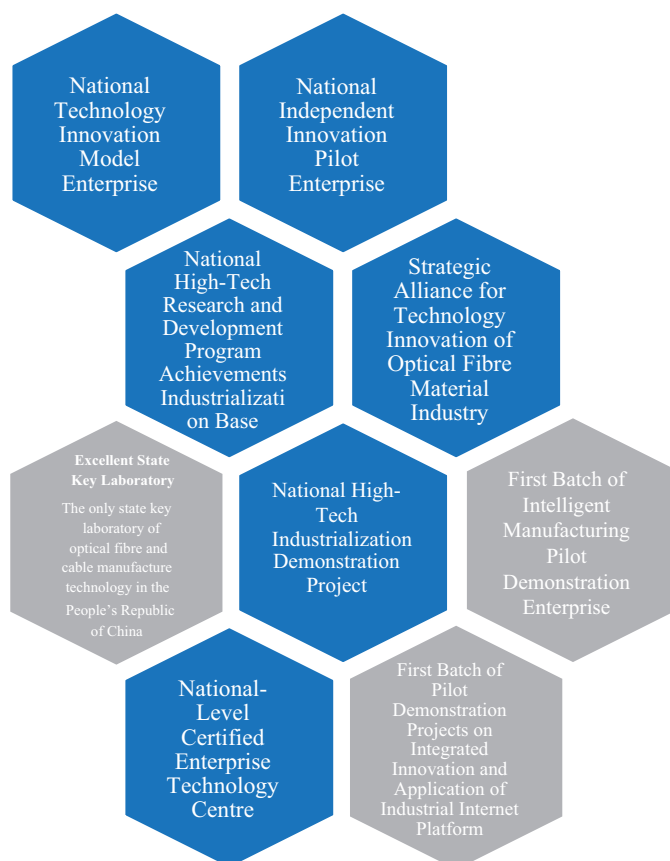
## 4. GROWTH DRIVEN BY INNOVATION

Global telecommunication investment and construction bring in strong demand from the optical fibre and optical cable market. In the era of 5G (5th-Generation, i.e., the “fifth generation of mobile telecommunications network”), Internet of Things, unmanned car, Virtual Reality (VR) and other new technological development drive the industry to its booming phase. Under such context, as the largest optical fibre preforms, optical fibre and optical cable supplier worldwide, YOFC is unwavering in the pursuit of growth driven by innovation. We timely launched the OM5 multi-mode optical fibre and possesses three mainstream preform manufacturing techniques. For the past 30 years, YOFC has strived for independent innovation and transformed from “trading market for technology” to “trading technology for market”. Joining hands with industry peers for the bright future of global optical fibre internet, it will lead the world’s optical fibre and optical cable industry to mutual prosperity.

### 4.1 RESEARCH AND INNOVATION

For many years, the Group has relied on various innovation platforms to drive corporate development with innovative thinking. Through product and technology innovation, it offers the latest optical fibre products and solutions for the era of big connectivity and pan-intelligence, while supporting the overall technological advancement and growth of the industry. During the Reporting Period, our State Key Laboratory of Optical Fibre and Cable Manufacture Technology was recognized as an “Excellent State Key Laboratory” and ranked top in the field of information technology. At the same time, we were also included in the first batch of pilot demonstration projects on integrated innovation and application of industrial internet platform.

YOFC Research and Innovation Platform



## 4. GROWTH DRIVEN BY INNOVATION

### R&D Management

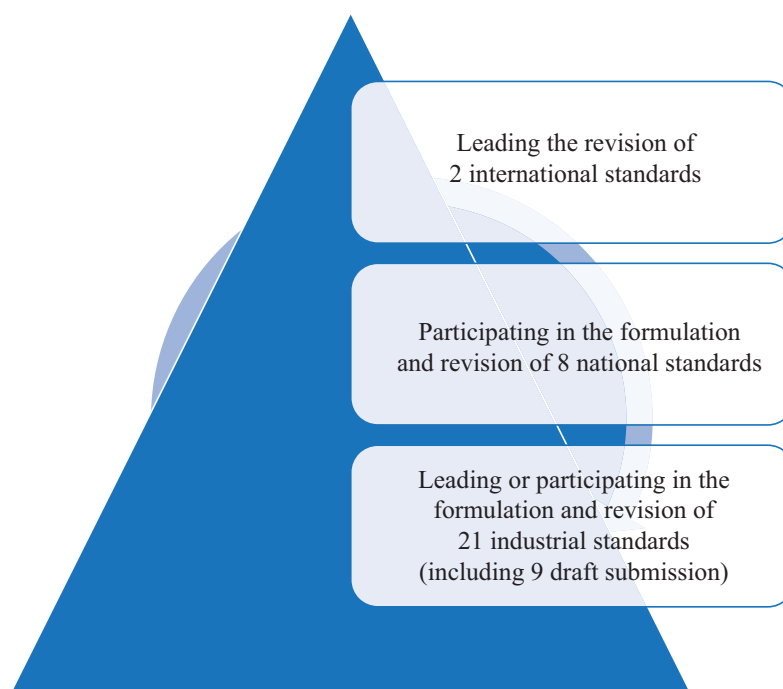
Based on our comprehensive R&D system and relevant process specifications such as the *YOFC Group R&D Management Procedures*, the *R&D and Innovation Strategy* and the *Technology Introduction and Output Process*, we further enhanced our R&D management for the standardization of our R&D activities and introduced various project management platforms, such as product life cycle management (PLM) during the Reporting Period.

### R&D achievements

As an industry leader, YOFC is committed to building a communication platform and a development community for players in the optical fibre and optical cable industry by cooperating with partners and leveraging our experience, expertise and network. During the Reporting Period, through cooperation with Beijing University, University of Science and Technology of China, Zhongshan University and companies such as State Grid, Accelink and Shanghai Bell, YOFC has made new achievements in various new optical fibre and cable products and technologies, such as the next generation high-speed, long-distance, ultra-low attenuation optical fiber with large effective area; the optical fibre and transmission technology with space division and multiplexing feature that aims to solve the capacity bottleneck of optical fibre in the future; 5G cables solutions, etc. We have published these new achievements at the Optical Fiber Communication Conference (OFC 2019), the most influential meeting in the world.

## 4. GROWTH DRIVEN BY INNOVATION

As a leading high-tech enterprise specializing in R&D and manufacture of optical fibre and optical cable technology, YOFC is committed to technology standardization. Many of our employees are holding key positions in major organizations for standardization, such as the International Telecommunication Union (ITU-T), the International Electrotechnical Commission (IEC) and the China Communications Standards Association (CCSA), where they participated in standard formulation and revision. By leading the formulation and revision of technical standards, YOFC is always ahead of technological and market development of the optical fibre and optical cable industry. During the Reporting Period, we participated in the formulation of the following technical standards



The above standards govern various aspects, including preforms, optical fibres, optical cables, raw material of optical cables and optical fibres and optical cables testing, while covering both traditional optical cable products such as ordinary indoor optical cables and outdoor cables, as well as certain specialty or new optical fibre and optical cable products, such as active optical cables and polarization-maintaining optical fibres.

YOFC recognizes the importance of protecting intellectual property rights as well; hence it has sound policy and procedures in place to prevent infringement of copyrights, patents and other intellectual property rights. YOFC was granted 98 new patents (including 1 patent jointly applied with other companies) in China and 7 new patents overseas during the Reporting Period. As of 31 December 2018, we have a total of 486 patents in China (including 4 patents jointly applied with other companies) and 59 patents overseas.

## 4. GROWTH DRIVEN BY INNOVATION

### 4.2 INTELLIGENT MANUFACTURING

Since 2013, YOFC has stepped up the new exploration for a standard model of intelligent manufacturing in the optical fibre and optical cable industry. It also exported technology to Guanggu (“Wuhan Donghu New Technology Development Zone”) and even industry peers at home and abroad to lead and push for the development of the industry as a whole. During the Reporting Period, we continued to make fruitful progress in intelligent manufacturing.





## 4. GROWTH DRIVEN BY INNOVATION

### Progress of the Pilot Demonstration Project on Intelligent Manufacturing in Phase I of the Science and Technology Park

- **Automatic packaging lines:** Highly automated production, automatic laminating, automatic loading, automatic width measurement and intelligent adjustment to gaps between plates, automatic sealing and automatic strapping, so that no manual work is required for the whole packaging process. The production line allows us to manufacture coiling reels in different specifications at one time for mixed-model production. As compared to more traditional packaging process which is done with manual labor, we can reduce labor costs by approximately RMB300,000 every year.



- **Intelligent delivery and production system:** Intelligent delivery and storage of sleeves is achieved by the connection of automated guided vehicles with the information system for optical cable, where the automated guided vehicles are put into use. The launch of the self-developed system shortens the time spent on searching for and transporting the sleeves by approximately 1,500 mins for each production unit, which leads to more efficient production.



## 5. PURSUING A GREEN FUTURE

YOFC has always strived to create a green, harmonious yet splendid ecological environment and is committed to facilitating the construction of an environment-friendly society. To this end, since its establishment, YOFC has continuously pushed forward energy conservation and emission reduction; and during the Reporting Period, YOFC formulated environmental safety targets for its subsidiaries and incorporated such into performance management by controlling the source environmental impacts and optimizing environmental management. To ensure pollutant disposal are in compliance with and meet emission standards, and on such basis, the Group seized the opportunities of clean technology and explored more approaches and channels regarding energy utilization, and made every effort to continuously reduce the negative impact on the environment during the entire process of business management and thus achieving long-term sustainable development.

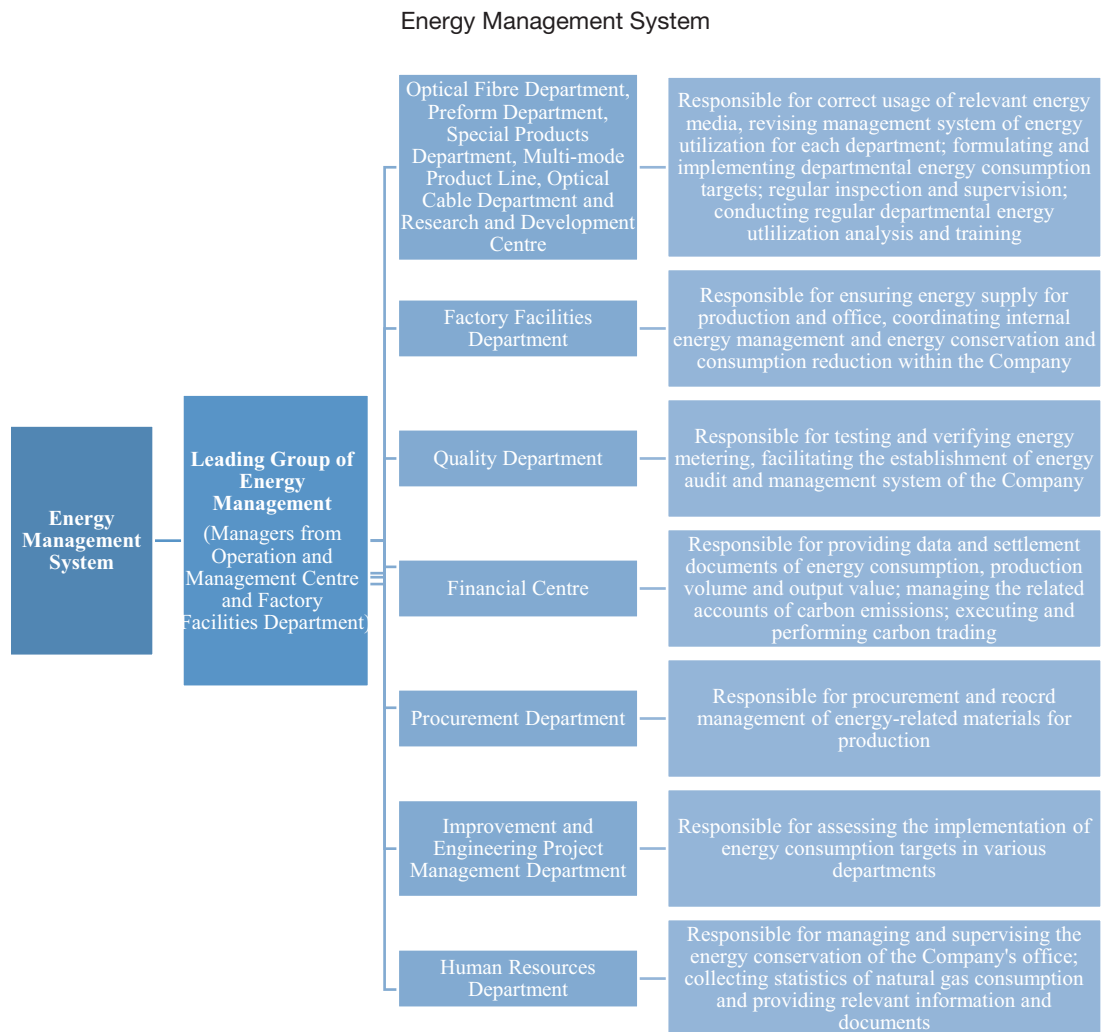
### 5.1 RESOURCE CONSERVATION

Resource conservation not only poses a positive impact on environmental protection, but also acts as an effective means to control corporate costs. The Group strictly abides by the environmental protection laws, regulations and standards of the locations of operations, including *Environmental Protection Law of the People's Republic of China* and *Energy Conservation Law of the People's Republic of China*, and has established internal management system based on the Company's situation. During the year, the Group added the environmental management objectives of its subsidiaries and revised the environmental performance assessment.

#### Energy Management

In order to enhance energy management efficiency, the Group continuously optimized and upgraded its energy management system based on the Group's current situation and regulatory requirements. During the reporting period, the Group has established a leading group and task force of energy management so as to clarify the energy management personnel and their responsibilities of the centres and departments, and thereby forming an energy management system with full participation bearing clear positions and responsibilities.

## 5. PURSUING A GREEN FUTURE

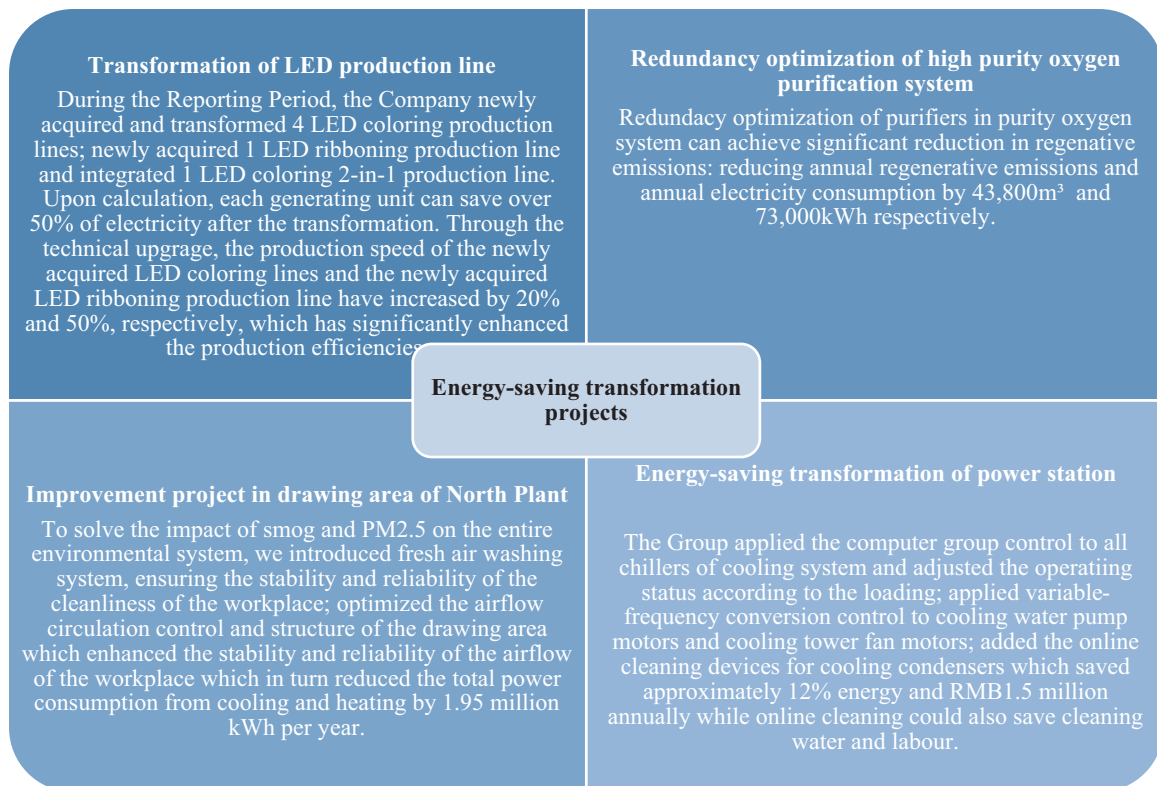


At the same time, the Group has revised its *Energy Management Regulations* during the reporting period which calculated the energy consumption per unit of optical fibre products, formulated consumption reduction indicators for various departments, established energy statistics data accounts, sorted out energy measurement instruments, organized and identified restricted equipment with high energy consumption, completed energy conservation monitoring and carbon emissions trading in coordination with government authorities, and began to build an energy information platform to publicly manage energy data.

## 5. PURSUING A GREEN FUTURE

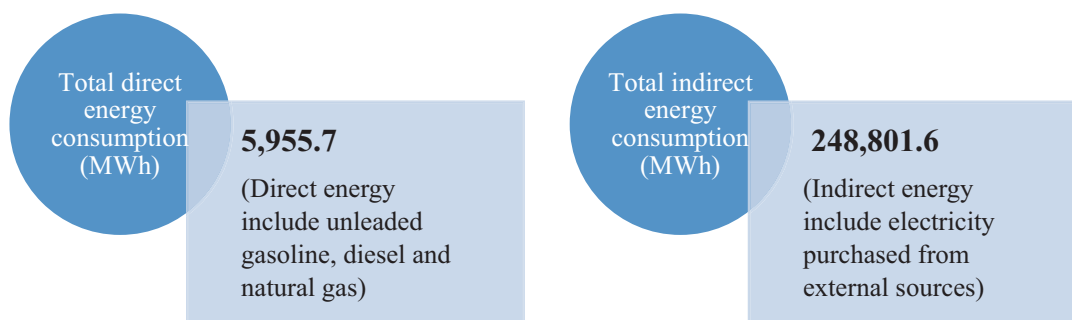
To enhance the efficiency of production information management, the Group is now developing and building a systemic energy management and control system based on automation, information technology and centralized management model which implemented centralized and flat dynamic monitoring and digitalized management in the production, transmission and distribution as well as consumption of energy systems of the enterprise. By obtaining data from on-site metering instruments, measuring instruments and control system, the Group summarized various energy consumption indicators with the consolidation of tables, curves and process configurations to realize dynamic management of energy consumption so that decision makers can receive timely updates of enterprise energy consumption. Through the analysis and comparison of energy consumption data, the Group completed the assessment of energy utilization and identified its weaknesses in energy consumption by auditing, achieving guidance to enterprise on energy usage and providing an intuitive scientific basis for energy conservation and consumption reduction.

During the reporting period, the Group has carried out a variety of energy-saving transformations with an aim to enhancing energy efficiency and promoting green development within the Company.



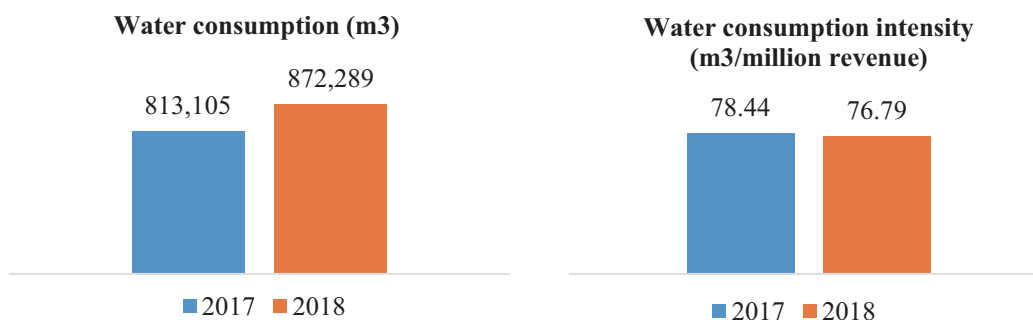
## 5. PURSUING A GREEN FUTURE

Type of energy	Usage in 2017	Usage in 2018
Purchased power (MWh)	201,947.6	248,801.6
Unleaded petrol (liters)	40,943.5	42,228.6
Diesel (liters)	62,024.2	58,883.4
Natural gas (cubic meters)	173,609.9	507,033.2
Energy consumption intensity (MWh/million revenue)	20.25	22.43
<b>Greenhouse gas</b>		
	<b>Emission in 2017</b>	<b>Emission in 2018</b>
Scope 1 (CO <sub>2</sub> Equivalent – Tonnes)	634.1	1,345.0
Scope 2 (CO <sub>2</sub> Equivalent – Tonnes)	129,103	138,685.3
Total emissions (CO <sub>2</sub> Equivalent – Tonnes)	129,737.1	140,030.3
Greenhouse gas emission intensity (CO <sub>2</sub> Equivalent – Tonnes/million revenue)	12.52	12.33



### Water Resource Usage

The Group treats water resources as “energy dissipating material” and adopts centralized management according to the *Energy Management Regulations* to ensure rational use of water resources and comprehensive enhancement of utilization efficiency of water resources. We also actively adopted advanced water-saving technologies, selected water-saving equipment and installed water-saving devices so as to reduce water consumption and increase water reuse frequency. At the same time, we pushed forward the water-saving culture in creating a water-saving atmosphere and further strengthening the conservation of water resources.



## 5. PURSUING A GREEN FUTURE

### Packaging Materials Management

The packaging materials used by the Group in the production process are mainly paper, plastic, wood and metal. During the production and operation process, the Group continued to optimize the packaging and packaging materials and vigorously promoted the reuse of packaging materials. Recyclable packaging materials such as optical fibre coils were uniformly collected by the responsible departments and subsequently disposed of internally or by suppliers for recycling after storage at warehouses.

In order to reduce resource consumption, the Group has maximized resource utilization through a series of initiatives, including:

1	Replacement of certain timber coiling reels by plywoods to reduce wood usage
2	Recycle optical fibre coils from all factories of the Group and carry out cleaning treatment; reuse coils after passing inspection
3	Reuse of cable sheath; cable cover recycled by suppliers for reuse
4	Old product trade-in for new product programs

Type of packaging material	Usage in 2017 (tonnes)	Usage in 2018 (tonnes)	Usage intensity of packaging materials in	Usage intensity of packaging materials in
			2017 (tonnes/ million revenue)	2018 (tonnes/ million revenue)
Paper	751.4	780.9	1.34	1.31
Plastic	574.0	701.5		
Metal	13.6	13.7		
Wood	12,531.6	13,329.7		
Total	13,870.6	14,825.8		

### 5.2 EMISSION MANAGEMENT

The Group made every effort to be in compliance with emission standards. On this basis, the Group actively explored the effective measures to reduce emissions. According to relevant laws and regulations as well as standard requirement including *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, *Regulations on the Safety Administration of Hazardous Chemicals*, combining production processes, the Group has established a strict emission management system so as to control emissions more effectively and minimize the environmental pollution.

## 5. PURSUING A GREEN FUTURE

### Waste Emission

In order to control all kinds of wastes generated in all activities, products and services, YOFC has established a detailed waste management system that clarifies the Company's requirements for the classification, collection, storage, transfer and disposal of wastes and thus minimizing the impact on the environment.

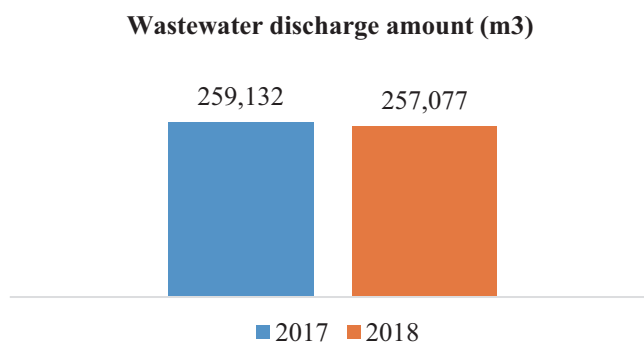
The solid wastes generated by the Group during the production process mainly include industrial solid wastes and domestic garbage. Industrial solid waste includes: waste quartz tube, waste preform, waste optical fiber, waste resin produced in the process of pure water preparation, sludge generated by sewage treatment station (mainly composed of calcium fluoride), waste organic solution, etc. Among which, hazardous wastes are disposed of by qualified third-party agencies. Discharge details are as follows:

Type of non-hazardous waste	Total volume in 2017 (tonnes)	Total volume in 2018 (tonnes)
Industrial solid waste	261.7	1,147.7
Domestic garbage	131.4	178.0
Sludge (tonnes)	450.3	582.0
Non-hazardous waste disposal intensity (tonnes/million revenue)	0.08	0.17

Type of hazardous waste	Total volume in 2017 (tonnes)	Total volume in 2018 (tonnes)
Organic solution waste (tonnes)	37.1	54.7
Hazardous waste disposal intensity (tonnes/million revenue)	0.004	0.005

### Wastewater Discharge

In terms of control of wastewater discharge, the Group strictly controlled the emission concentration of pollutants from each sewage outlet below the standard requirements. During the reporting period, the Group continued to facilitate the upgrade of wastewater treatment process and the development of water reclaiming projects, and therefore improving wastewater treatment capacity and saving water resources, and in turn minimizing wastewater generation and emissions through source control.



## 5. PURSUING A GREEN FUTURE

### Further reduction in emissions by upgrade of wastewater treatment process

During the reporting period, the Group invested RMB1.8 million to conduct upgrade and transformation of the wastewater treatment plant of Yangtze Optical Fibre And Cable Joint Stock Limited Company (“Wuhan Headquarters”). The treatment process of the original sewage station is anaerobic hydrolysis and the discharge standard is in accordance with the three-level standard of comprehensive wastewater discharge while the modified new sewage treatment plant applies membrane treatment approach which raised the designed emission standard to the first-class A standard of the urban sewage treatment plant.

### Achieving cost saving by water reclaiming project application

After treatment, the fluorine-containing wastewater still contained unreacted effective chemical components. Based on the usable value from such remaining water, we reclaimed this portion for the chemical dissolvents in the front end. Such approach can not only save the amount of running water, but also reuse the unreacted pharmaceutical ingredients, and at the same time reduce the sewage discharge in the plant area, achieving energy saving, consumption reduction and emission reduction.

#### Project results

Waste reclaiming in the wastewater station can save 34 tonnes of running water per day for the entire plant, accounting for 12,410 tonnes annually.

Water reclaiming effectively reduced the chemical consumption of daily operation and maintenance of the wastewater station, and thus saving the chemical consumption cost of RMB13,126.5 per month and environmental protection cost of RMB157,518 per year.

### Exhaust Emissions

The Group continued to pay attention to the exhaust emissions, and underwent uniform collection, treatment and compliance with emission standard of the industrial exhaust generated during the production process. In recent years, we have continuously upgraded the exhaust treatment facilities and strictly carried out emissions in accordance with the *Integrated Emission Standard of Air Pollutants* (GB16297-1996) to avoid any violations.



## 5. PURSUING A GREEN FUTURE

### Equipment upgrade effectively manages exhaust emissions

During the production and operation process in Wuhan headquarters, we collected exhaust by exhaust fans in the processes of colouration, double layering and coating. Through the purification treatment devices, the exhaust was collected and discharged in accordance with the standards. At the same time, as for double layering and coating, the application of gas-collecting hoods at the heating part of the extruder head effectively collected the exhaust generated.



### Noise Management

During the reporting period, the Group continued to implement noise reduction measures and actively carried out noise reduction retrofit so as to enhance the working environment of employees and minimize the impact on the surrounding environment. Due to the increasing residential population around the Wuhan headquarters, in order to reduce the impact of noise production on surrounding residents, at the end of 2018, the Group focused on the centralized noise treatment for the areas near the Wuhan headquarters being affected at a larger extent by adding noise barriers and sound-insulating panels. After the project was completed, the main noise point was reduced by 5-10dB while the noise level of the factories on the west side of the North Plant was reduced by 3-5dB.

The Group has set a higher internal control standard on the basis of ensuring the noise at the boundary of the plant in compliance with the national standards. To this end, the Group regularly identifies the most prominent noise sources, hires professional noise management companies to develop solutions, and implements noise reduction retrofit projects. During the reporting period, the Group successfully introduced special silencers for the vacuum pump of extruders in the jacketing workplace in achieving effective noise elimination and reduction.

## 5. PURSUING A GREEN FUTURE

### 5.3 GREEN CULTURE

The Group has always adhered the concept of sustainable development and environmental awareness throughout all aspects of production and operation. At the planning stage of new plants, we took environmental factors into consideration which identified significant environmental and safety risk indicators. The Group has formulated special management plans and procedures to develop contingency and response plans, so as to reduce the possibilities of environmental and safety risks through actively planning and implementing relevant preventive environmental and safety improvement programs. At the same time, the Group actively initiated environmental protection activities to promote environmental protection culture and thereby creating a green and sustainable working and production environment.

#### **New Investment Project Planning**

YOFC took full consideration when planning the land use of projects with an aim to minimizing the impact on surrounding communities. At the planning stage, we conducted due diligence on the surrounding environment, selected sites which were located away from residential areas with reasonable approaches. In addition, during the reporting period, the Group carried out a vegetation transplant project in the reconstruction of the plant area. Through the implementation of the landscaping project, the seedlings were transplanted to the new plant plot so as to create a cozy and green ecological environment.

## 5. PURSUING A GREEN FUTURE

### Circular Economy

YOFC continuously explored and developed the circular economic system, and built an ecological economic system with the core of clean product production, reuse of resources and effective recycling of wastes. YOFC Qianjiang Science and Technology Park symbolized the best practice for optical communication enterprises in integrating industrial chain resources, establishing smart manufacturing and developing circular economy and green manufacturing around the world. Based on the concept of circular economic system and the consideration of saving operating costs, we selected Jiangnan Salinization Industrial Park, a demonstration point of national circular transformation, to build Qianjiang Science and Technology Park which ensured the major by-products such as dilute hydrochloric acid and brine in the production process of optical fibre preforms can be recycled. At the same time, the hydrogen, chlorine and caustic soda produced at the Jiangnan Oilfield Salinization Plant can be used as the Company's main raw materials for production. The safety and convenience of raw material transportation were greatly improved which significantly saved the operating cost of Qianjiang Science and Technology Park of YOFC.



### Environmental Protection Activities

In addition to the advance consideration of plant planning and accident prevention, the Group also strived to create an environmentally friendly culture in daily operations. We continuously improved employees' environmental awareness through various types of environmental activities, and encouraged employees to put into substantive environmental actions.

## 5. PURSUING A GREEN FUTURE

### Energy Efficiency Promotion Week Activities

For the National Energy Efficiency Promotion Week from 11 to 17 June and the National Low-carbon Day on 31 June, the Group launched a series of energy saving promotion activities with the theme of “Implementing energy saving with low carbon emissions to build a blossoming YOFC” by conducting in-depth energy saving education throughout the Company. Great mass fervor regarding energy-saving and low-carbon activities has been promoted in the Company which effectively enhanced the employees’ awareness of energy saving and emission reduction in work and daily life.



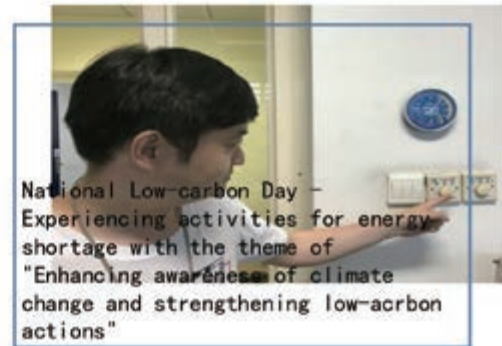
Hosted the 2018 YOFC Fuzhou New Technology Development Zone Seminar of Energy Conservation in Promoting Economy by Green Sustainable Development of



Energy-saving and low-carbon work achievement exhibition



Signing event for energy conservation promotion and advocacy



National Low-carbon Day - Experiencing activities for energy shortage with the theme of "Enhancing awareness of climate change and strengthening low-carbon actions"



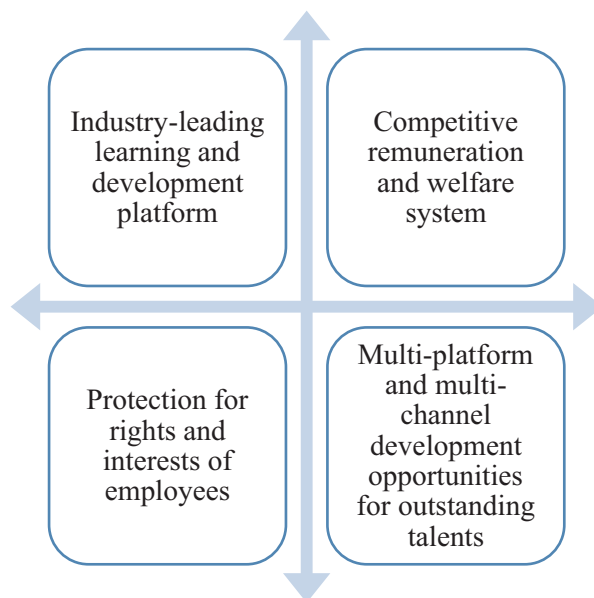
Actively launching the energy saving promotion training by various production departments



Inspection for energy usage in office areas

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

As part of its commitment to “Justice and equity, Promotion of the worthy”, YOFC strives to recruit passionate professionals by offering competitive interests and benefits, comprehensive training system and a healthy and safe workplace, so as to promote its own sustainable growth and employees’ ongoing development. Given our diverse workforce, we adhere to a standardized human resources policy for the guidance of human resources management in overseas subsidiaries. In order to ensure standardized talent management, we also send dedicated personnel to assist local human resources management from time to time.



Talent Concept of YOFC

### 6.1 EMPLOYEE OVERVIEW

With a view to protect the rights of all employees, we formulate the human resources management system, offer equal opportunity, set out reasonable working hours and foster a culture of respect, diversity and equality in strict compliance with the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China*, as well as labour laws and relevant laws and regulations of all other places in which we operate. Since the Group is firmly against child labor and forced labor, it verifies the identity of new employees and enters into labor contracts on a voluntary basis. Once an incident of non-compliance is identified, the relevant personnel will be suspended from work immediately. During the Reporting Period, there were no cases of child labor or forced labor within the Group.

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

For the purpose of further regulating our human resources management, during the Reporting Period, we introduced 12 new systems, which included the *Terms of Reference and Work Process Management Procedure of the Human Resources Committee of YOFC*, the *Management System for Foreign Employees in the People's Republic of China* and the *Code of Conduct for Overseas Employees*, as well as 9 regulations, which included the *Recruitment Management Regulation*, the *Staff Performance Management Procedure of YOFC* and the *Regulation on Allowance Management for Personnel Dispatched outside*.

### Staff recruitment

We further optimized the staff recruitment system, recruitment channels and informatization management during the Reporting Period:

#### Optimization of staff recruitment management of YOFC in 2018

##### **Optimization of recruitment and allocation system**

- Revision to recruitment management regulations
- Establishment of overseas recruitment management regulations
- Selection of management regulations

##### **Expansion of recruitment channels**

- Setting up recruitment channel on WeChat
- Establishment of the job news sharing platform
- Expansion of recruitment channels for mid-to-high level staff

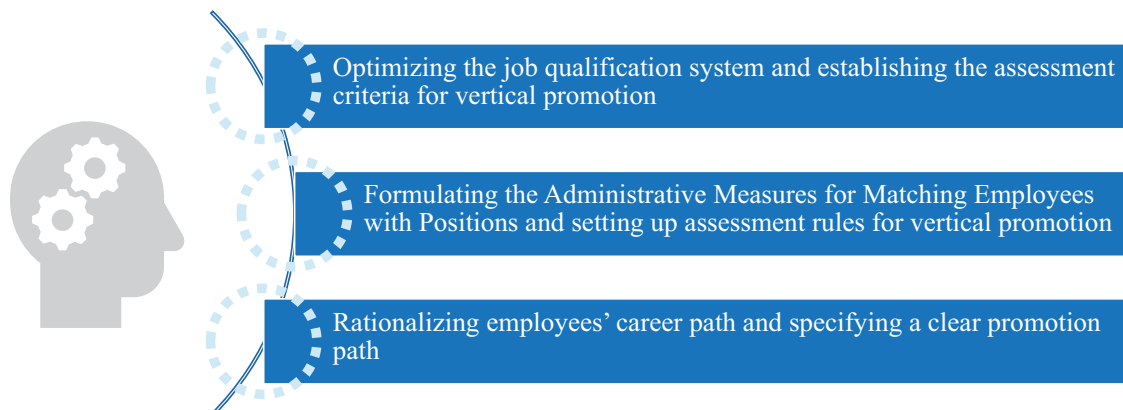
##### **Informatization of recruitment**

- Launch of recruitment approval process
- Monthly recruitment report and weekly report on new joiners
- Job news sharing platform
- Planning for the recruitment system

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

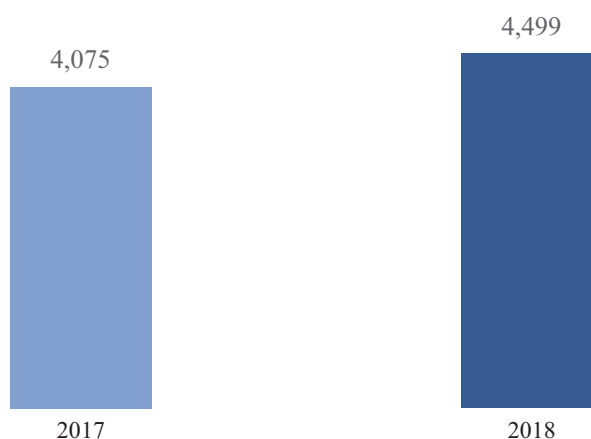
### Staff promotion and performance management

Our comprehensive performance appraisal system and promotion mechanism allow us to retain most key talents. In terms of staff promotion and performance management, we introduced the *Administrative Measures for Changes of Staff Position and Matching Employees with Positions*, revised the *Staff Performance Management Procedure of YOFC* and optimized the promotion and performance management of the Company through the following three measures during the Reporting Period:



YOFC attracted talents on a continuous basis, which facilitated the booming development of the Group. As of 31 December 2018, the Group had a total of 4,499 employees, representing an increase of 10% over 2017.

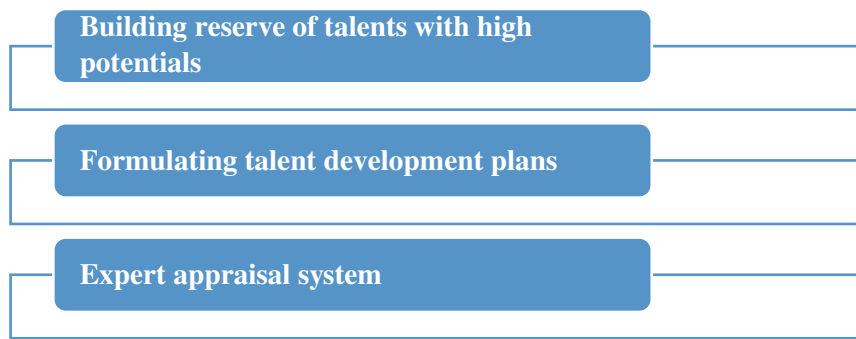
### Change in Number of Employees



## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### 6.2 EMPLOYEE DEVELOPMENT

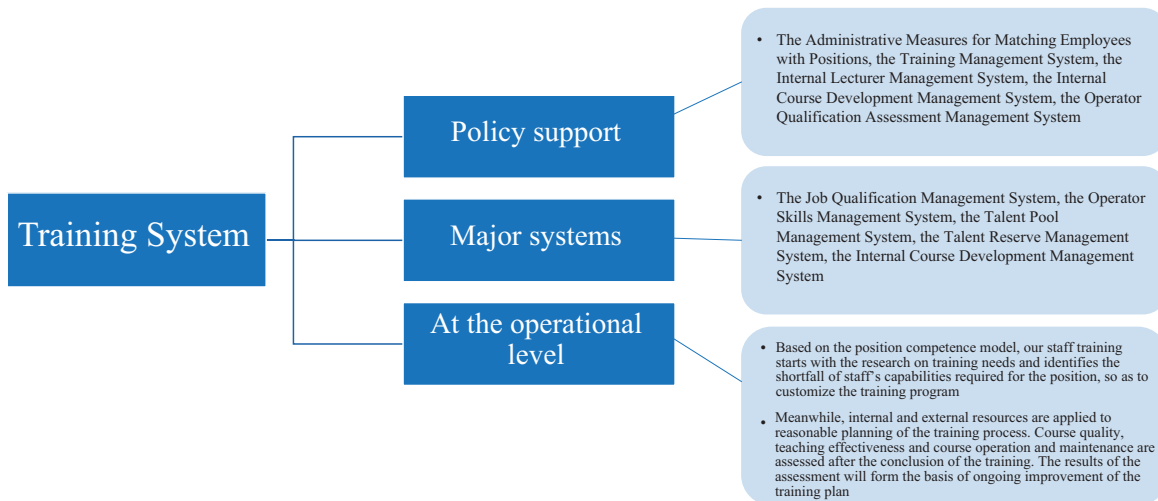
Looking forward, the competition in the optical fibre preform, optical fibre and optical cable industry will not only be in terms of scale, but will also be in terms of the level of operation and core competitiveness. In order to differentiate YOFC in the ever-changing global business environment, we firmly believe that talent is the key driver of the sustainable development of YOFC, and that whether the management can inherit the corporate culture of YOFC will be of utmost importance. YOFC has established resilient procedures and tools to facilitate the development of staff capabilities as well as growth of the management. We will constantly optimize YOFC's talent development mechanism for expert management by continuously learning from the advanced approaches and theories in the industry.



Talent Development Mechanism of YOFC

#### Employee Training

YOFC aims at building a top-notch professional team. By formulating a comprehensive training system, a detailed policy process for the planning, budgeting and procedures of training initiatives, and specific training duties for all departments, we integrate training activities with employees' career development and become a learning organization, which lays a solid foundation for our strategic goals.

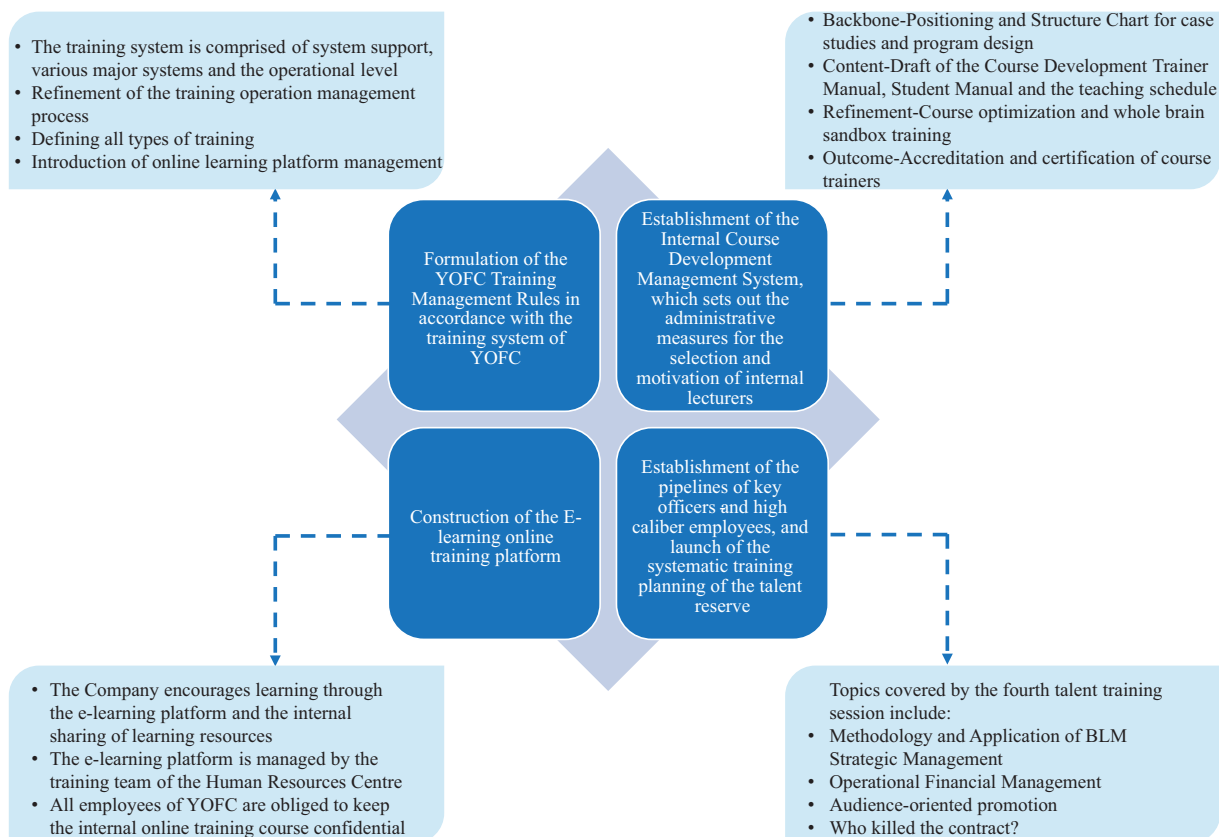


Training System of YOFC



## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

During the Reporting Period, we introduced or revised four training system documents and optimized staff training management by the following measures:



Relying on our constantly optimizing training system, during the Reporting Period, the total training hours amounted to 187,010 hours and our employees received 42 hours of training on average.

**Training course for internal trainers of YOFC**




Through the “Internalization of Job Experience-Course Design and Development and Internal Trainers Nurturing Program”, the Human Resources Centre of YOFC developed 203 sets of online and offline courses under various series and approaches in the form of face-to-face classes, microlectures and video courses covering the product, technique, research and development, quality, supply chain and sales functions of the Company. The courses are under operation and maintenance, which has been conducive to our operation and production, management control and sales expansion.

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### 6.3 HEALTH AND SAFETY

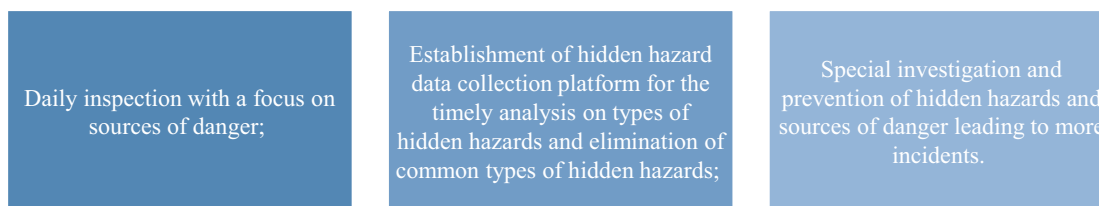
YOFC has always regarded protecting employees' safety and health as one of its key tasks by maintaining strict compliance with the *Production Safety Law of the People's Republic of China*, the *Special Equipment Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws and regulations relating to employee health and safety. During the Reporting Period, it has made two updates to the *Safety and Environmental Performance Appraisal Management Regulations* to include the scope and details of safety assessment for subsidiaries. It also set safety targets for 8 indicators, made plans for onsite supervision and inspection on a regular basis and assessed the safety performance of subsidiaries in every quarter.

Safety target		
Item	Target	Description
Work-related fatalities	0	Redline indicator
Major fire accidents	0	Redline indicator
Explosion accidents	0	Redline indicator
Leakage of dangerous chemicals required to be reported to government	0	Redline indicator
Major acute industrial poisoning	0	Redline indicator
Over-limit emission rate of waste water, exhaust gas and waste residue	0/0/0	Redline indicator
Non-compliance of working environment indicator by employees	0	Internal indicator
Material non-compliance within the Environment & Health & Safety system found during internal or external audit	0	Internal indicator

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Prevention of safety incident

Accidents are often due to failure to timely address or identify hidden hazards. In order to eliminate health and safety risks and hidden hazards in the production process, the Group adopted the following measures to prevent safety incidents in the Reporting Period:



The hidden hazard data collection platform enables the Group to implement 14 relevant processes on the environmental safety module of the office system. We can conduct time-based analysis and compare data from the platform with information for the same period, so as to identify safety trend. We can also closely monitor the progress of rectification and prevention of incidents through the platform to avoid missing out.

### Occupational health and safety

The Group strictly abides by the relevant laws and regulations of the regions in which it operates, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Administration of Occupational Health Examination* and the *Regulation on Work-Related Injury Insurances*. According to the requirements of GB/T 28001-2011 *Occupational Health and Safety Management Systems*, it maintains stringent management of occupational health and safety of employees. During the Reporting Period, apart from improving workplace environment through technology upgrade, we also reduced the risks of staff accidents or safety incidents with the advanced intelligent manufacture model.

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Technology upgrade improves working conditions

**LED curing technology:** YOFC adopted the circulating water cooling system in place of the air cooling system for the curing process, which eliminated noise generation from air ventilation and reduced noise by approximately 15~20db for each LED curing furnace, so that employees were less exposed to hazards of noise and were able to enjoy a better working environment.



**Special vacuum pump silencer for extrusion molding machines at the jacket workshop:** porous and multi-layered acoustic panels are used for the interior structure and special acoustic glass fibres are filled to eliminate noise through absorption and conversion to heat. The silencer facilitates the layered noise reduction of high-, mid-and-low-frequency range and maximizes band broadening to reduce noise. The renovation eliminates the source of noise and lowers the noise level to below 80db, thereby enhancing production safety at the plants.



## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Intelligent manufacturing reduces hidden hazards in production safety

Under our intelligent manufacturing proposal, we achieved automatic adjustment and intelligence control of the manufacturing process of optical fibres and cables, where the automatic logistics and storage system integrates with the manufacturing execution system (MES) for the intelligent control of the logistic system. Based on the MES system, we implement all-rounded informatization of five key elements in the workshops, namely, people, machines, materials, methods and environment, so as to ensure 100% accurate management of employees' production safety. For the project, we have adopted an intelligent arranging device for sheaths and finished cables, which fully replaced a worker for the task and eliminates potential safety hazards.



During the Reporting Period, there were 5 cases of worked-related injuries within the Group, resulting in 204 working days lost. There were no fatalities due to work-related injuries. After each of the incident involving work-related injuries, we have promptly taken rescue and emergency actions, conducted investigation of the cause of incident in a timely manner and carried out technological transformation for existing safety risks. In order to prevent the re-occurrence of these incidents involving work-related injuries, we have provided safety training for all staff after the incidents to raise their awareness of safe production.

## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Safety training

The Group organized production safety education and training on a regular basis, with the aim of enhancing staff's safety awareness and operational skills.

Safety training



In August, the Company held the training on safety management qualification certification for the responsible officer and competent safety officers



The Company organised a first-aid training in the year and all departments participated in single-topic training in accordance with the drill schedule in the emergency plan

### 6.4 EMPLOYEE CARE

#### Employee Communication

We are committed to employees' wellbeing and recognize the importance of two-way communication with staff, hence we encourage them to communicate and exchange ideas and foster a cooperative culture. We also attach great importance to the collection and feedback of employees' opinions, so as to promote their engagement in corporate operation and strengthen our core competitiveness. YOFC has a wide range of internal communication and feedback channels in place. During the Reporting Period, it established an internal staff community to boost interaction among colleagues.



## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### 2018 YOFC Staff Democratic Communication Meeting

Mr. Yan Changkun, our vice president, briefed our staff representatives regarding the production and operation of the Company, concluded on our achievements, analyzed the market landscape and highlighted areas of enhancement and improvements in the future. The management also replied to concerns and suggestions raised by staff representatives in relation to staff benefits and corporate management.

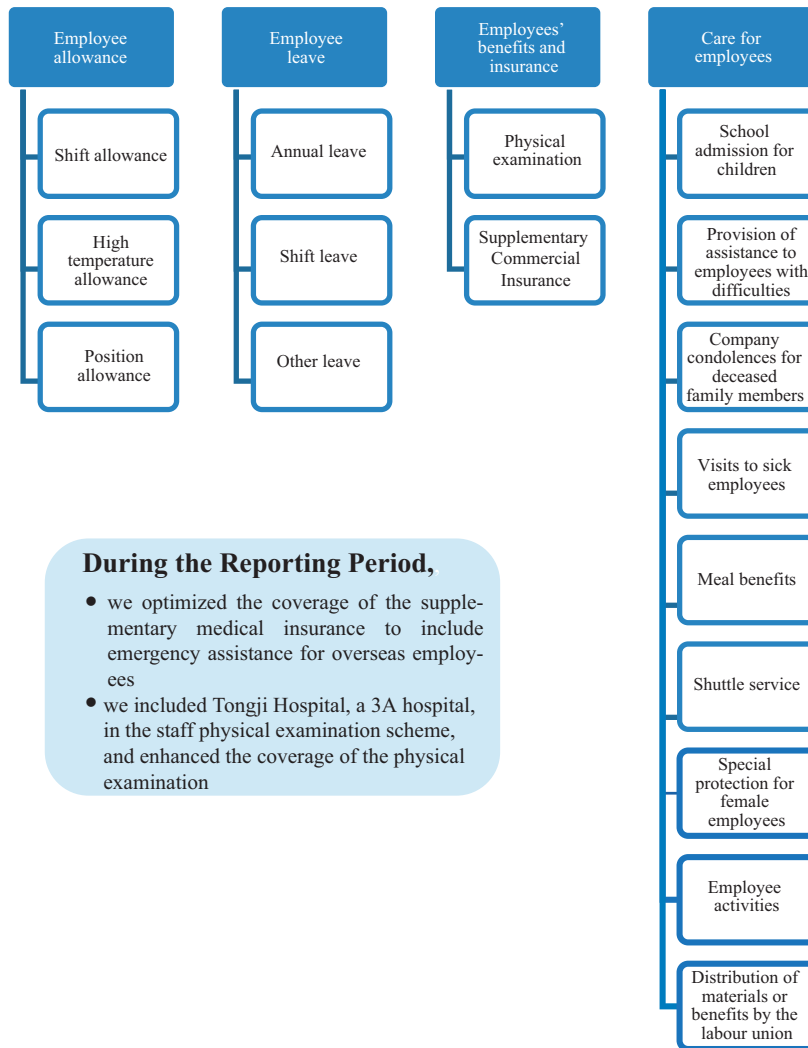


## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Employee Benefit

YOFC strictly follows the national and group-wide remuneration and benefit policy and offers competitive remuneration. While attracting external top-notch talents, we also emphasize the incentives and fairness of internal remuneration and benefit policy, so as to meet our needs for high-caliber talents.

Our employee benefits mainly include employee allowance, employee leave, benefits and insurance and a variety of caring activities. In addition, a series of events that integrate employee activities and corporate culture are regularly carried out with details as follow:



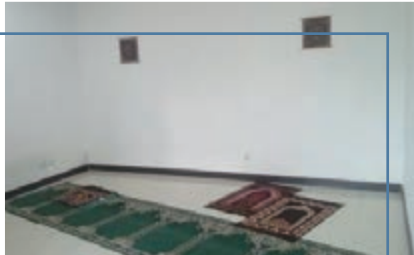
In 2017, YOFC published and implemented the *Collective Contract on the Protection of Rights and Interest of Female Employees*, which offers fair or appropriate protection to female employees in terms of recruitment, promotion and special rights. During the Reporting Period, the Company stepped up its protection of female employees' special rights by building a breastfeeding room for them. Moreover, we set up budgets for visits to sick staff, burial grants for employees' immediate family members and gifts to retiring colleagues, financial assistance for serious illness, and reimbursement mechanism for family visits, so as to create a harmonious workplace for our staff.



## 6. WIN-WIN RESULTS THROUGH TALENT DEVELOPMENT

### Staff Activities

In order to promote the interaction of and establish closer relationship among the employees and satisfy the practical needs of each staff member, we organize diversified activities for our staff every year, including large-scale cultural and sports events, spring festival gala and sports days, etc. We also organize caring activities for subsidiaries overseas, targeting staff with different cultural background.



Prayer room for employees at PT Yangtze Optical Fibre Indonesia



Sports Day



Finals of the 4th Voice of YOFC



Finals of the 8th Youth Basketball Competition



Spring festival gala



"Love in Europe" dating activities in Greenland City

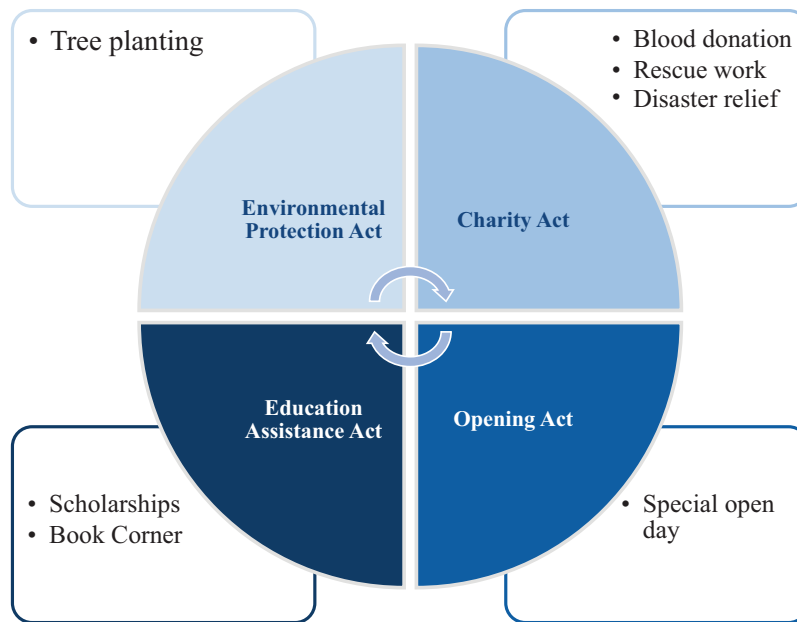


Summer camp for children of YOFC's employees

## 7. CONNECT THE WORLD WITH LOVE

YOFC not only creates high-quality optical fibre and cable products leveraging its professional technology to connect the world and facilitate communication, but also organizes various charity activities around the world with its love and dedication and thus extending its caring spirit and bringing happiness to the world. YOFC adheres to the social responsibility concept of “Making joint efforts for win-win results”, establishing our corporate social responsibility model according to three layers, including “responsibility we must perform, responsibility we should perform, and responsibility we are willing to perform”.

With “responsibility” as our core belief, we have carried out social charity activities in four aspects, “Education Assistance Act”, “Environmental Protection Act”, “Charity Act” and “Opening Act”, setting up the brand of “YOFC is Taking On Responsibility, Social Charity Act” to fulfill our corporate social responsibility.



<b>Environmental Protection Act</b>	<ul style="list-style-type: none"> <li>Carrying out tree-planting activities continuously in different regions and different years with environmental protection foundations that are strongly linked with the government. For example, China Environmental Protection Foundation</li> <li>Contacting the local government and cooperate with employees and clients to fulfill our social responsibility.</li> </ul>
<b>Charity Act</b>	<ul style="list-style-type: none"> <li>Actively responding to national requirement</li> <li>Revisiting areas that have received donations in the past.</li> </ul>
<b>Opening Act</b>	<ul style="list-style-type: none"> <li>Organizing commemorative open days with various meanings according to our target recipients, setting up pilot trials and increase open days in the following years.</li> </ul>
<b>Education Assistance Act</b>	<ul style="list-style-type: none"> <li>On the basis of college scholarships, the naming of “YOFC Book Corner” will introduce our industry’s information technology to colleges and universities.</li> <li>Assisting students in finding accurate professional goals, developing professional talents, and influencing potential customers.</li> <li>Uniting industry associations, company leaders sharing their opinions as technological leaders, and leading the industry’s technology trend.</li> </ul>

## 7. CONNECT THE WORLD WITH LOVE

While developing rapidly, YOFC is always committed to practicing its social welfare responsibilities. In recent years, we have made tremendous contribution in supporting the development of social talents and participating in disaster relief, and thus receiving praises from the community. YOFC realizes its corporate social responsibility through the support for education. The implementation of the “YOFC Scholarship” program not only encourages students to overcome difficulties and make progress in pursuing education, but also effectively facilitates the improvement of research application standard of colleges and universities as well as the cultivation of talents in the industry which accumulate a strong momentum for the development of China’s optical communication industry.

During the reporting period, YOFC invested a total of RMB2,130,000 in charitable donations, of which “YOFC Scholarship” project accounted for RMB900,000. The project covered a number of colleges and universities, including Huazhong University of Science and Technology, Wuhan University of Technology, Beijing University of Posts and Telecommunications, Chongqing University of Posts and Telecommunications, Nanjing University of Posts and Telecommunications, Xi’an University of Posts & Telecommunications, Jilin University, Zhejiang University and Peking University. In addition, we invested RMB300,000 in “YOFC Book Corner” covering Huazhong University of Science and Technology, Beijing University of Posts and Telecommunications, Nanjing University of Posts and Telecommunications and Chongqing University of Posts and Telecommunications.

“2018 Student Recognition Conference – YOFC Scholarship Award Ceremony”  
at Nanjing University of Posts and Telecommunications



As early as 2001, YOFC initiated “YOFC Scholarship” program to provide subsidies for outstanding students from several colleges and universities including Nanjing University of Posts and Telecommunications. At present, 209 students from Nanjing University of Posts and Telecommunications were provided with subsidies amounting over RMB5,000 per capita. At the same time, YOFC has also carried out long-term in-depth cooperation with Nanjing University of Posts and Telecommunications in terms of talent development and scientific research, achieving remarkable results.

## 7. CONNECT THE WORLD WITH LOVE

We always encourage employees to participate in a variety of charitable activities with an aim to facilitating the development of public welfare.

### Establish Silver Caring Fund and visit elderly homes and impoverished schools



In March 2016, Yangtze Optical Fibre and Cable Shenyang Co., Ltd (“YOFC Shenyang”) established Silver Caring Fund, the donation of which mainly came from the personal reward fund of the general manager and the chief technology officer and the donation of the Company’s staff during daily operation. Since 2017, Yangtze Optical has arranged visit to the Social Welfare Institute of Tieliang for three times, sending festive greetings and daily necessities such as rice and oil to the elderly at the Institute, and helped them to install street lights.

On 25 December 2018, the Lei Feng Volunteer Team of Yangtze Optical arranged its staff to visit the impoverished students of Changtu Ertai Middle School in Tieling County and purchased complete sets of learning equipment for the students.

### “Let’s run, Guanggu!”– Half Marathon

#### YOFC sent its largest running teams ever in paying tribute to pursuing bright future



Sponsored by YOFC, “Let’s run, Guanggu!” Half Marathon 2018 covered a total of 21km from Huazhong University of Science and Technology to Donghu High-tech Administration Centre. 40 employees from YOFC in total participated in the event with an accumulative charitable engagement of 240 hours.

## 7. CONNECT THE WORLD WITH LOVE

2018 Tour of China - Qianjiang Bicycle Race



As the title sponsor, YOFC strenuously supported the Tour of China Bicycle Race, which is a high level international tournament represented by national brands. A total of 22 YOFC employees participated in the event with an accumulative charitable engagement of 132 hours.

## 7. CONNECT THE WORLD WITH LOVE

We also pay attention to and support the local social welfare activities of the areas where our overseas subsidiaries operate and actively donate all kinds of materials which stimulated the awareness of public welfare and social responsibility of the entire community.

### PT Yangtze Optical Fibre Indonesia (“YOFI”) and PT Yangtze Optics Indonesia (“YOI”) donated to the Indonesian Red Cross for the post-earthquake reconstruction in Central Sulawesi, Indonesia

In September 2018, Sulawesi of Indonesia encountered a 7.4 magnitude earthquake and tsunami that caused serious casualties. This disaster related to every employee of YOFI and YOI. Therefore, our subsidiaries in Indonesia donated 20,000,000IDR through the local Red Cross in assisting post-disaster reconstruction in disaster-stricken areas.



## 8. APPENDIX

### 8.1 LIST OF LAWS, REGULATIONS AND SYSTEM PROCEDURES

#	Names of Laws and Regulations	Management and Control Procedures
<b>Laws</b>		
1	Labour Law of the People's Republic of China	Code of Conduct on Commercial Behaviours of YOFC's Employees Management Measures of Staff Position Change and Personnel Allocation YOFC Talent Pool Management Measures Training Management Procedures Year-end Debriefing Management Measures Code of Conduct for Overseas Dispatch Personnel Management System for Foreign Employees Stationed in China Management Procedures of YOFC's Human Resources Committee Responsibilities and Workflow Human Resources Management System of YOFC's Engineering General Contracting Projects Competition Restrictions Management Regulations Management Procedures of YOFC's Employee Performance Management Regulations of Expatriate Personnel's Subsidy Recruitment Management Regulations YOFC Position Management Measures YOFC Internal Curriculum Development Management System YOFC Internal Lecturer Management System YOFC Retirement Management Measures Attendance Management Regulations YOFC Staff Code
2	Labour Contract Law of the People's Republic of China	Labour Contract Management Regulations
3	Trade Union Law of the People's Republic of China	YOFC Collective Contracts
4	Production Safety Law of the People's Republic of China	Safety Production Responsibility System Management Regulations of Certification Examination of Production Department
5	Environmental Protection Law of the People's Republic of China	Environmental, Occupational Health and Safety Management Manual
6	Fire Service Law of the People's Republic of China	Fire Control Procedures

## 8. APPENDIX

#	Names of Laws and Regulations	Management and Control Procedures
7	Law of the People's Republic of China on Prevention and Control of Occupational Diseases	Measurement and Monitoring Procedures for Performance of Environmental, Occupational Health and Safety Occupational Health and Safety Inspection Procedures
8	Special Equipment Safety Law of the People's Republic of China	Special Equipment Management Procedures
9	Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution	Noise Control Procedures
10	Law of the People's Republic of China on Prevention and Control of Water Pollution	Wastewater Control Procedures
11	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes	Solid Waste Control Procedures
12	Law of the People's Republic of China on the Prevention and Control of Air Pollution	Exhaust Control Procedures
13	Environmental Protection Tax Law of the People's Republic of China	Noise Control Procedures Wastewater Control Procedures Solid Waste Control Procedures Exhaust Control Procedures
14	Law of the People's Republic of China on Environmental Impact Assessment	Regulations on Environmental and Occupational Health and Safety and Other Requirements and Compliance Assessment Procedures
15	Law of the People's Republic of China on the Energy Conservation	Energy Management Regulations
16	Emergency Response Law of the People's Republic of China	Emergency Preparedness and Response Control Procedures
17	Criminal Law of the People's Republic of China	Management Procedures of Receiving Gifts Management Regulations of Anti-fraud and Complaint Report Management Regulations of Employees' Integrity and Probity Code of Conduct for Cadre YOFC Staff Code
18	Anti-unfair Competition Law of the People's Republic of China	Management Procedures of Receiving Gifts Management Regulations of Anti-fraud and Complaint Report Management Regulations of Employees' Integrity and Probity Code of Conduct for Cadre YOFC Staff Code
19	The Advertisement Law of the People's Republic of China	YOFC Advertising Management Measures



## 8. APPENDIX

#	Names of Laws and Regulations	Management and Control Procedures
<b>Regulations</b>		
1	Regulations of the People’s Republic of China on Administration of Chemicals subjected to Supervision and Control	Control Procedures of Hazardous Chemicals, Chemical Handling and Storage Operations
2	Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used	Control Procedures of Hazardous Chemicals, Chemical Handling and Storage Operations
3	Regulation on the Administration of Precursor Chemicals	Control Procedures of Hazardous Chemicals, Chemical Handling and Storage Operations
4	Regulations on the Safety Administration of Hazardous Chemicals	Control Procedures of Hazardous Chemicals, Chemical Handling and Storage Operations
5	Regulations on the Administration of Construction Project Environmental Protection	Environmental and Occupational Health and Safety Management Procedures of Contractors
6	Administrative Regulations on the Work Safety of Construction Projects	Control Procedures of “Three Simultaneities”
7	Special Rules on the Labor Protection of Female Employees	YOFC Special Collective Contracts of Protection of Female Employees’ Rights and Interests
8	Regulation on Work-Related Injury Insurances	Reporting Procedures of Work Injury Insurance
9	Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents	Accident (Incident) Investigation, Reporting and Disposition Procedures
10	Corporate Governance Code under Appendix 14 of Listing Rules of the Stock Exchange	Risk Management and Internal Control System Risk Assessment Standards
11	Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	N/A

## 8.2 INDICES FOR CONTENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE BY HONG KONG STOCK EXCHANGE

Indices	Details	Section Reference
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	5.2 Emission Management
KPI A1.1	The types of emissions and respective emissions data	5.2 Emission Management
KPI A1.2	Greenhouse gas emissions in total and intensity	5.1 Resource Conservation
KPI A1.3	Total hazardous waste produced and intensity	5.2 Emission Management
KPI A1.4	Total non-hazardous waste produced and intensity	5.2 Emission Management
KPI A1.5	Measures to mitigate emissions and results achieved	5.2 Emission Management
KPI A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5.2 Emission Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources can be used in production, storage, transportation, buildings and electronic equipment.	5.1 Resource Conservation
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	5.1 Resource Conservation
KPI A2.2	Water consumption in total and intensity	5.1 Resource Conservation
KPI A2.3	Energy use efficiency initiatives and results achieved	5.1 Resource Conservation
KPI A2.4	Water efficiency initiatives and results achieved	5.1 Resource Conservation
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced	5.1 Resource Conservation
<b>Aspect A3: Use of Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.3 Green Culture
KPI A3.1	Significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.3 Green Culture

## 8. APPENDIX

Indices	Details	Section Reference
<b>B. Society</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1 Employee Overview
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	6.1 Employee Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region	To be disclosed in the future
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Relating to provision of a safe working environment and protecting employees from occupational hazards. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6.3 Health and Safety
KPI B2.1	Number and rate of work-related fatalities	6.3 Health and Safety
KPI B2.2	Lost days due to work injury	6.3 Health and Safety
KPI B2.3	Occupational health and safety measures adopted, how they are implemented and monitored	6.3 Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training represents occupational training including internal and external courses paid by employers.	6.2 Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category	To be disclosed in the future
KPI B3.2	The average training hours completed per employee by gender and employee category	6.2 Employee Development

Indices	Details	Section Reference
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Relating to prevention of child labour and forced labour. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1 Employee Overview
KPI B4.1	Measures to review employment practices to avoid child and forced labour	6.1 Employee Overview
KPI B4.2	Steps taken to eliminate such practices when discovered	6.1 Employee Overview
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	3.2 Reliable Supply
KPI B5.1	Number of suppliers by geographical region	3.2 Reliable Supply
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	3.2 Reliable Supply
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Relating to health and safety, advertising, labelling and privacy matters of products and services provided and remedy actions. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Quality Assurance 3.3 Customer Service
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.3 Customer Service
KPI B6.2	Number of products and service related complaints received and how they are dealt with	3.3 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	4.1 Research and Innovation
KPI B6.4	Description of quality assurance process and recall procedures	3.3 Customer Service
KPI B6.5	Consumer data protection and privacy policies, how they are implemented and monitored	3.3 Customer Service

## 8. APPENDIX

Indices	Details	Section Reference
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Relating to bribery, extortion, fraud and money laundering. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	2.2 Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	2.2 Corporate Governance
KPI B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	2.2 Corporate Governance
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	7. Connect the World with Love
KPI B8.1	Focus areas of contribution	7. Connect the World with Love
KPI B8.2	Resources contributed to the focus areas	7. Connect the World with Love