

2024

SUSTAINABILITY REPORT



YUTO

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About the Report

Shenzhen YUTO Packaging Technology Co., Ltd. (hereinafter referred to as “YUTO”, “the Company” or “we”) is pleased to release its 2024 Sustainability Report (“the Report”), which provides a comprehensive explanation of YUTO’s practices and performance in sustainability this year.

Reporting Scope

The Report is an annual report covering the results of the Company’s and its subsidiaries’ efforts in sustainable development from January 1, 2024 to December 31, 2024. To enhance the comparability and completeness of the Report, some of the contents are reported with appropriate timeline extension.

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

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

Reporting Standard

This Report has been prepared in accordance with Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation) (the “SZSE Guidelines”) issued by the Shenzhen Stock Exchange, with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (the GRI Standards) and the United Nations Sustainable Development Goals (SDGs). An index to the content of the SZSE Guidelines and the GRI Standards is provided at the end of this Report for quick reference.

Confirmation and Approval

The Report was issued upon approval by the Board of Directors of the Company on April 25, 2025. The Board of Directors undertakes to monitor the content of the Report, and ensures that it does not contain any false or misleading statements, and is responsible for the truthfulness, accuracy and completeness of the content.

Terminology

Term	Refers to	Reference
Shenzhen YUTO	refers to	the headquarters of Shenzhen YUTO Packaging Technology Co., Ltd.
Shenzhen YUTO Longgang Branch	refers to	Shenzhen YUTO Packaging Technology Co., Ltd. Longgang Branch
India YUTO (Noida) ¹	refers to	YUTO Printing and Packaging (India) Private Limite
India YUTO (Bangalore)	refers to	YUTO Printing and Packaging (India) Private Limited
Suzhou YUTO	refers to	Suzhou YUTO Printing Co., Ltd.
Sanhe YUTO	refers to	Sanhe YUTO Printing and Packaging Co., Ltd.
Hefei YUTO	refers to	Hefei YUTO Printing and Packaging Co., Ltd.
Indonesia YUTO	refers to	Indonesia YUTO Packaging Technology Co., Ltd.
Mexico YUTOTECH	refers to	Mexico YUTOTECH Packaging Technology Co., Ltd.
Philippines YUTO	refers to	Philippines YUTO Packaging Technology Co., Ltd.
Yuhua Vietnam	refers to	Yuhua Vietnam Packaging Technology Co., Ltd
Pingyang YUTO	refers to	Pingyang YUTO Packaging Technology Co., Ltd.
Xuchang YUTO	refers to	Xuchang YUTO Printing and Packaging Co., Ltd.
Suzhou YUTO Kunshan Lianhe Road Branch	refers to	Suzhou YUTO Printing Co., Ltd. (Lianhe Road, Kunshan)
Suzhou YUTO Kunshan Luchang Road Branch	refers to	Suzhou YUTO Printing Co., Ltd. (Luchang Road, Kunshan)
Yantai YUTO	refers to	Yantai YUTO Printing and Packaging Co., Ltd.
Thailand YUTO	refers to	Yuto-Cosmo (Thailand) Co., Ltd.
Kunshan YUJIN	refers to	Kunshan YUJIN Green Packaging Co., Ltd.

Access to the Report

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

¹ India YUTO (Noida) refers to the former India YUTO (Delhi).

Chairman's Message

Against the backdrop of deepening global consensus on sustainable development and the shift toward new growth drivers, the printing and packaging industry is facing the imperative of fostering new quality productive forces. This brings both historic opportunities for industrial upgrading and multifaceted challenges during the transition process. As an industry leader, YUTO has deeply aligned itself with national development strategies, using green innovation as a driving force to advance the R&D, and application of green, low-carbon, innovative design and functional new materials. The Company continues to upgrade its packaging solutions while promoting intelligent manufacturing and sustainable practices in tandem, striving to achieve a win-win outcome of commercial value and social benefit.

YUTO's pragmatic actions in sustainability management have yielded remarkable results and earned widespread recognition. In 2024, we scored Management Level (Level B) for Climate Change, Water Security, and Forests in CDP's globally authoritative questionnaires. YUTO also participated in the S&P Global Corporate Sustainability Assessment (CSA) 2024 and was selected for inclusion in the S&P Global Sustainability Yearbook (China Edition) 2025, as the only company from China's container and packaging industry to be featured. In China's ESG rating, we also achieved a "AAA" rating from the CNI ESG Index, an "AA" rating from Wind ESG, and an "A" rating from Huazheng ESG, ranking first in all corresponding sub-industry categories across the three rating systems.

We are committed to green development, driving quality transformation through intelligent transformation. Amid the broader green transition, we continue to strengthen and promote our "YUTOECO" brand, actively exploring cutting-edge technologies in eco-friendly packaging, optimizing the design and production of sustainable products, and focusing on innovative green materials to deliver reliable eco-friendly solutions and excellent services. These efforts support the green transition and upgrading of the packaging industry. We have developed a comprehensive green operation system centered on the concept of a circular economy, spanning the entire lifecycle of packaging—from raw material procurement and production to logistics. This approach aims to reduce energy consumption and carbon emissions while improving resource efficiency.

YUTO actively fulfills its responsibilities on carbon reduction, with the ambitious goal of achieving carbon neutrality by 2040. Annual emission reduction targets are set and pursued through various energy-saving measures, including the procurement of electric power energy and the construction and promotion of photovoltaic power stations. In 2024, we further enhanced our capacity to generate clean energy in-house, bringing the number of operational photovoltaic power stations to 16. We also continue to advance our digital and intelligent transformation, reshaping the future of manufacturing. Smart factory construction has rapidly expanded across major regions in China. Internationally, our first overseas smart factory—Vietnam Smart Factory—has commenced operation. As of now, YUTO has built and put into operation a total of 10 smart factories.

We grow together with our partners to achieve mutual success. YUTO has established a dual-cycle sustainability system that fosters internal consensus while promoting responsible sourcing in collaboration with our suppliers. By the end of 2024, the proportion of suppliers that had signed ESG assessment requirements with us rose from over 70% last year to 80%. Moving forward, we will continue to advocate sustainability principles with our supplier partners and work together to advance collaborative industry governance.

We are continuously optimizing our talent development system and

reinforcing our talent pipeline. A fair and transparent career development path has been built to help every employee find their own direction and realize their professional aspirations. We prioritize the well-being and career growth of our employees, supporting them through a comprehensive benefits system and vibrant cultural activities, so that every member of YUTO can enjoy a healthy, fulfilling, and vibrant life beyond their efforts at work. We are committed to creating an inclusive, equitable, safe, and healthy workplace environment, striving to become a model of diversity and inclusion in the industry. In recent years, we have maintained a 100% employee training participation rate. Internationally, we have recruited 4,724 local employees across nine countries. We firmly believe that a diverse and inclusive culture is the foundation where breakthrough innovation takes root and thrives.

"YUTO Together," using acts of kindness to spread love and responsibility. The Company adheres to compliance standards, strengthens its risk control system, and fosters a culture of fairness, integrity, and ethical business conduct. Integrity and ethical business conduct are embedded in the Company's DNA, laying a solid foundation for its sustainable development. YUTO is also a socially responsible company with a human touch, actively fulfilling its social responsibilities, and advancing green public welfare projects to encourage the general public to protect the environment and embrace a low-carbon lifestyle. The Company is dedicated to promoting education, healthcare, and social development, supporting aspiring students, rural revitalization, and making donations to healthcare. By the end of 2024, the total donations had exceeded 52 million CNY.

In 2025, YUTO embraces change and innovation with a vision for the future. As it moves forward, the Company will uphold its sustainable development vision of "focusing on technological innovation, advancing intelligent manufacturing, improving resource efficiency, creating outstanding eco-friendly products, and practicing low-carbon operations". To address global political and economic uncertainties, the Company will continue to enhance its expertise, create continuous innovation, and maintain stability while seeking progress.

We will leverage YUTO's core strengths to fully showcase the green value of eco-friendly raw materials and products, gaining the understanding and trust of more clients and consumers in our green and intelligent manufacturing path. We will unite the forces across the entire industry chain, working with relevant stakeholders to "Jointly Build an ESG Ecosystem", so as to tackle new challenges, seize new opportunities, and lead the company's sustainable transformation and value creation with the ESG concept. We will also partner with more suppliers to establish a shared sustainable development value system and create a collaborative carbon footprint management mechanism, achieving deep emission reductions across the entire supply chain—from raw materials to end products.

At present, while the world is facing a turbulent and complex situation, many sectors of society are filled with doubts about the prospects of sustainable development. However, as time goes by, green development has emerged as an irreversible trend, and our commitment to green development remains unchanged. The future is already here. Let us work together to forge a new partnership of win-win cooperation and create a shared community for mankind!



Chairman of the Board and President of YUTO
April 2025

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ABOUT YUTO



About YUTO

Our Profile

Founded in 1996, YUTO has established multiple business segments spanning cultural and creative industries, new materials, intelligent equipment, and advanced manufacturing. The Company was listed on the Shenzhen Stock Exchange in 2016 (stock code: 002831). As an industry-leading and internationally recognized provider of premium packaging solutions, YUTO is committed to delivering one-stop packaging solutions and sustainable intelligent manufacturing services to its clients.

Corporate Culture



Soul

Integrity

Sturdiness

Progressiveness

Pragmatism

Mission

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



Vision

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

Core Values

Client Orientation

Value Employee Dedication

Innovative Creation

Win-Win Cooperation



YUTO Business Philosophy

Honesty

Pragmatism

Efficiency

Innovation

Our Business

YUTO closely follows the global shift in industrial production and remains committed to international development. We have continually optimized and expanded our global footprint, now operating over 100 subsidiaries and establishing production bases and service centers in key cities across China, as well as in Vietnam, India, Indonesia, Thailand, Malaysia, the Philippines, Mexico, the United States, and Australia, among other countries—providing clients with accessible services worldwide.

While our dedicated project teams serve clients in consumer electronics, wine and spirits, personal care, food, healthcare, and tobacco industries, YUTO also emphasizes business diversification. We have developed product lines such as pet products, electronics components, and new materials, along with customized services including eco-friendly plastic substitution, premedia, retail display materials, cultural and creative products, injection molding, and photolithography. These offerings support numerous Fortune 500 companies and renowned domestic and international brands. In 2024, the Company recorded a revenue of approximately 17.157 billion CNY.



100+

Global subsidiaries



17.157 billion CNY

In 2024, YUTO recorded a revenue of about

YUTO has always regarded “independent innovation and sustained technological leadership” as a core strategy. Through the establishment of specialized R&D departments and the continuous recruitment and development of high-level talent, we have invested heavily in foundational materials and process innovation. To date, we have secured over 1,000 industry-leading technologies and proprietary intellectual property rights, providing abundant creativity and strong technical support for our sustained growth.

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

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



Honors and Awards

<p>CDP</p> <p>Climate Change, Water Security, and Forests Rated Management Level (Level B)</p>	<p>S & P Global</p> <p>Selected for inclusion in the S&P Global Sustainability Yearbook (China Edition) 2025, as the only company from China's container and packaging industry to be featured, based on the 2024 corporate sustainability assessment results</p>
<p>Wind ESG</p> <p>AA Rating Ranked 1st in Containers and Packaging Industry</p>	<p>CNI ESG</p> <p>AAA Rating Ranked 1st in Secondary Industry (Basic Materials)</p>
<p>Huazheng ESG</p> <p>A Rating Ranked 1st in Tertiary Industry (Containers and Packaging)</p>	<p>China Sustainability Tribune</p> <p>2024 Golden Key Outstanding SDG Contribution Solution</p>
<p>Keyin Media, "Printing Manager" Magazine</p> <p>Top 100 Printing and Packaging Enterprises in China 2024, Ranked No.1 for Consecutive Years</p>	<p>Harvard Business Review, HKUST Business School, etc.</p> <p>China's Excellent Management Company Gold Award Winner</p>
<p>All-China Federation of Industry and Commerce</p> <p>Top 500 Private Manufacturing Enterprises in China (Ranked for Six Consecutive Years)</p>	<p>Guangdong Federation of Industry and Commerce</p> <p>Top 100 Private Enterprises in Guangdong 2024</p>
<p>Guangdong Federation of Industry and Commerce</p> <p>Top 100 Private Manufacturing Enterprises in Guangdong 2024</p>	<p>Shenzhen Municipal Bureau of Human Resources and Social Security</p> <p>Top 10 Demonstration Carriers for Lifelong Vocational Skills Training</p>
<p>AIA (sponsor), HRflag (co-organizer)</p> <p>2024 Asia's Best Workplace (Chinese Mainland) Healthiest Employer Award</p>	<p>China (Shenzhen) International Pet Products Exhibition</p> <p>"Mao Wude" Eco-friendly Pet Brand: "Brand of the Year" "Best Eco-Friendly & Sustainable Innovation Brand of the Year"</p>



S&P Global



CNI ESG Rating



华证 ESG



Wind ESG



Wind ESG



Organizational Affiliation

No.	Organization Name
1	China Packaging Federation
2	Design Committee of China Packaging Federation
3	Electronics Industry Packaging Technology Committee of China Packaging Federation
4	Packaging and Printing Committee of China Standardization Collaborative Innovation Platform
5	Paper-based Green Packaging Materials and Products Professional Committee of China Technical Association of Paper Industry
6	China Intellectual Property Society
7	China Association for Public Companies
8	National Technical Committee on Packaging Standardization
9	National Technical Committee on Printing
10	National Technical Committee on Printing Machinery of Standardization Administration of China
11	Packaging and Environment Sub-Technical Committee of the National Technical Committee on Packaging Standardization
12	Package Printing Sub-Technical Committee of the National Technical Committee on Printing
13	Screen Printing Sub-Technical Committee of the National Technical Committee on Printing
14	Group Standard Committee of China Paper and Pulp Industry Chamber of Commerce
15	Paper Products Sub-Technical Committee of the National Technical Committee on Food Contact Materials and Articles of Standardization Administration of China
16	Guangdong Packing Technology Association
17	Guangdong Provincial Technical Committee on Printing Standardization
18	Guangdong Printing Association
19	Guangdong Industrial Design Association
20	Shenzhen Printing Industry Association
21	Shenzhen Packaging Industry Association
22	Shenzhen Standardization Association
23	Shenzhen Industrial Design Profession Association
24	Shenzhen Patent Association
25	Shenzhen Listed Companies Association
26	Shenzhen Quality City Promotion Association
27	China Emissions Exchange
28	Top 100 Enterprises of Five Key Categories in Bao'an District Association
29	Listed Companies Association of Bao'an District, Shenzhen
30	Xiangmi Lake Women Directors Initiative Alliance
31	APIA Active and Intelligent Packaging Industry Association
32	SUSTAINABLE PACKAGING COALITION
33	World Green Design Organization (WGDO)

Key Performance Indicators



Demonstration Factories for Reducing Carbon Emission

Objective

By 2030, YUTO's headquarters base and the Shenzhen YUTO Longgang Branch will reduce carbon emissions by an absolute value of 4.2% annually (based on 2022 levels).

Performance in 2024

In 2024, our headquarters base and Shenzhen YUTO Longgang Branch's carbon emission stood at 14,922 tons (market based)², which met the annual emission reduction target of 4.2%.



PV Power Plants

Objective

18 solar photovoltaic power stations are expected to be completed by the end of 2025.

Performance in 2024

By the end of 2024, the Company had completed the construction of 16 photovoltaic power plants, with a total electricity generation of 20.98 million kWh.



Water

Objective

By 2030, four subsidiaries including India YUTO (Noida), Suzhou YUTO, Sanhe YUTO, and Hefei YUTO will achieve an average annual decrease in water usage intensity of 1.5% (based on 2022 levels) to manage use of water resources.

Performance in 2024

Compared to 2023, the water usage intensity of the four subsidiaries has decreased by 7.8%, which met the annual reduction target of 1.5%.



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



Environment

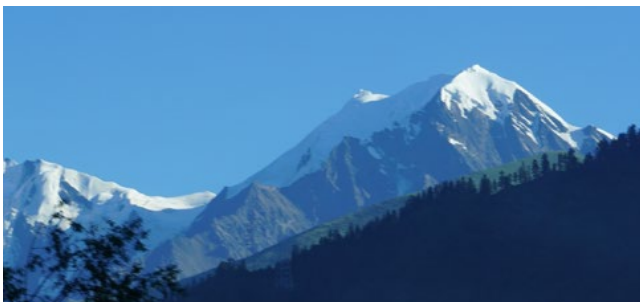
Carbon

We have completed the submission of our SBTi commitment, dedicated to driving deep emissions reduction across the value chain.



Three Types of Waste

- As of the end of 2024, our 4 production bases have obtained the Platinum certification for zero waste to landfill, and 5 production bases have obtained the Gold certification for zero waste to landfill.
- In 2024, we achieved 100% compliance with three types of waste emissions standards.



Equality and Inclusion

In 2024, our employee count reached 22,074, with nearly 40% of the workforce being female.



Employment

Health and Safety

- In 2024, the Company invested 49.75 million CNY in production safety and environmental protection.
- 26 subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System certification.
- 28 subsidiaries have obtained Production Safety Standardization certification.
- Our safety training covered 54,499 participants.



Training and Development

- In 2024, the employee training participation rate reached 100%, with a total training duration of 320,489 hours.
- 240 employees obtained vocational skill level certification, bringing the total number of certifications to 706.



Corporate Governance

Anti-corruption

Anti-corruption training covered 100% of employees.



Board of Directors

Among the 7 directors on the company's board, there are 2 female directors and 3 independent directors.





Product Responsibility

Intellectual Property Rights

In 2024, the Company filed 105 patent applications and was granted 210 patents.



Sustainable Supply Chain

- We have applied ESG assessment requirements to 6,325 suppliers, with approximately 80% of the required suppliers having signed the agreement.
- Based on 2023 data, we identified 148 high-emission impact suppliers (contributing 35% of our Scope 3 total emissions) and conducted research on their climate change actions to drive emissions reduction in the supply chain.



Eco-friendly Products

- In 2024, the revenue from eco-friendly products accounted for 7.41% of total revenue; the Company offers more than 30 types of eco-friendly products.
- In the production of products, degradable, recyclable and renewable products accounted for 59.7%.
- R&D investment accounted for 4.34% of total revenue, with a total of 1,904 R&D employees, making up 8.63% of the total workforce.



Community Engagement



Public Welfare

- In 2024, YUTO Foundation donated 1.92 million CNY.
- As of the end of 2024, YUTO and YUTO Foundation have donated a total of over 52 million CNY.





GLOBAL TALENT COLLABORATION

BUILDING AN INTERNATIONAL BRAND
THROUGH CULTURAL DIVERSITY



Global Talent Collaboration

Building an International Brand through Cultural Diversity

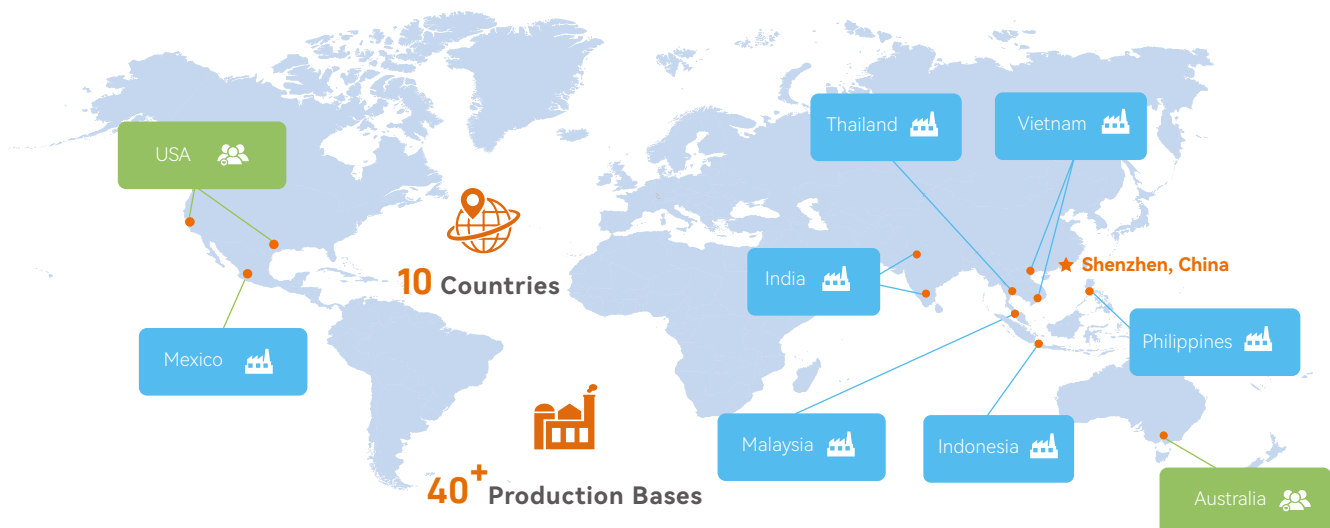
In the global business landscape, the printing and packaging industry is facing dual challenges: responding to a material revolution driven by climate goals while meeting the diverse needs of clients worldwide. In step with the times, YUTO transforms geographic diversity into the ability to decode client needs, injecting sustainable momentum into industry innovation and business agility through a “cross-cultural intelligence matrix” and a “multi-time-zone innovation engine.”

Our Global Presence

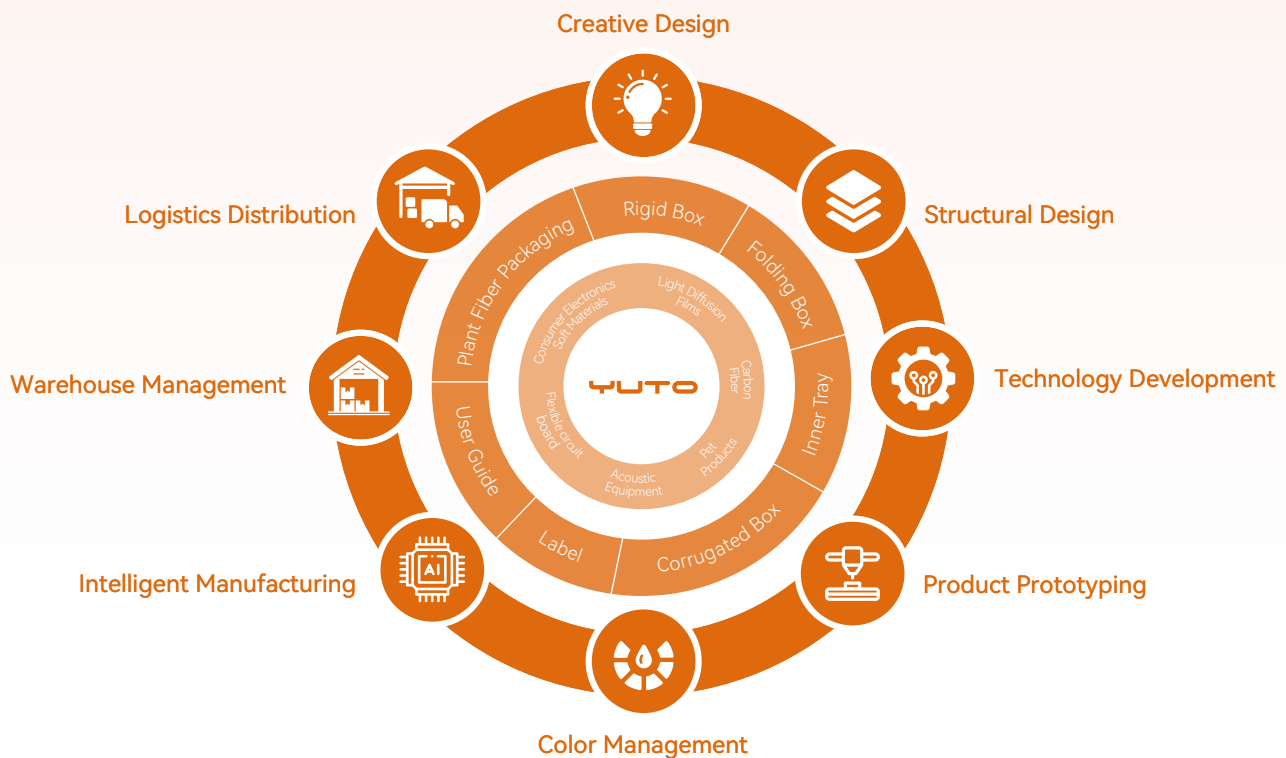
As a global leader in premium paper packaging, YUTO has steadily advanced its globalization strategy over nearly three decades of deep industry expertise and rapid growth. We have established over 40 production bases across China, Vietnam, India, Indonesia, Thailand, and Malaysia, among other countries. Meanwhile, we have actively expanded our global service network, setting up four major service centers in countries and regions including the United States and Australia to better serve our global clients with fast, timely, and efficient support. In 2024, we further accelerated our global expansion, with new factories launched in the Philippines and Mexico, strengthening our competitive edge amid a pivotal phase of industry consolidation.

Pioneering transformation within the industry, YUTO has led the way in implementing and refining comprehensive packaging solutions. Our services range from integrated intelligent manufacturing and supply strategies, to creative design and innovation pathways, and multi-region operations and service networks. Our integrated product lines work in synergy with our globally distributed delivery bases, allowing us to fully leverage the advantages of globalized manufacturing. This has significantly shortened our production and logistics timelines, reduced procurement costs for clients, and enabled agile, large-scale delivery. In doing so, we can not only meet clients' needs for integrated packaging solutions but also enhance our differentiation and product value. Additionally, our global presence makes it possible for us to respond flexibly to the increasingly complex geopolitical landscape, ensuring uninterrupted service to our clients and laying a solid foundation for YUTO's continued stable and sustainable growth.

Our Global Footprint



Our Business and Products



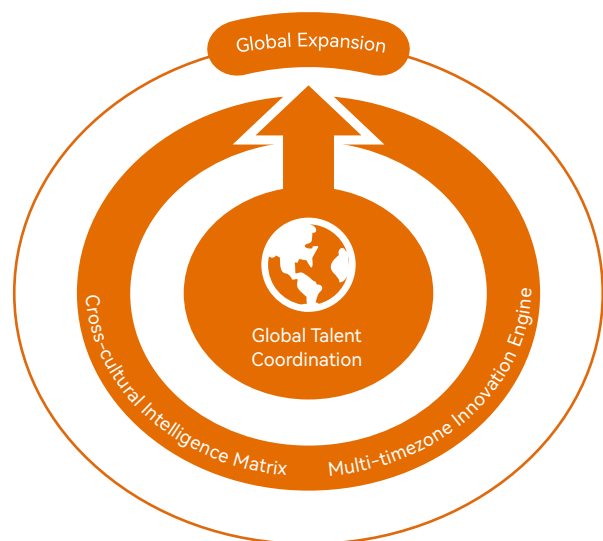
Our Talent Coordination Philosophy

Building a young, professional, international, and YUTO-oriented team of talented people is a key driver of our global strategy, empowering us to strengthen brand influence and core competitiveness. Through a localized, inclusive, and empowering talent ecosystem, we aim to unlock the multiplier effect of collaborative innovation and accelerate business agility—transforming our client needs into rapid execution and elevating responsiveness into market-shaping capability. This enables us to lead demand foresight, incubate future needs, and give back to the industry through technological advancement.

Our integrated packaging solutions design team consists of over 100 outstanding designers with extensive cross-industry and cross-sector experience. With team members based in China, the United States, Vietnam, and other countries and regions, we are well-positioned to respond quickly and adapt to diverse client needs. We also implement a regional and project-based business strategy, forming dedicated teams for both major and emerging business units with clearly defined roles and strategic goals. Moreover, we optimize resource allocation and operational processes across regions and projects, while enhancing their capabilities.

Guided by an approach of being “specialized and sophisticated”, we have developed industry-leading product lines across six core sectors: consumer electronics, wine & spirits, personal care, food, healthcare, and tobacco. In segmented markets, we adopt a project-based model to concentrate our efforts and support the execution of regional strategies. Driven by “intelligent transformation,” we have also completed the construction of

benchmark smart factories across key regions and are actively expanding smart factory operations overseas, leveraging digitalization and intelligent manufacturing to enhance global production and supply chain coordination.



Talent Coordination Philosophy

Our Talent Coordination Pathway

We strongly advocate for and foster an equal and inclusive work environment, where employees of diverse backgrounds, cultures, experiences, and skill sets are regarded as our most valuable assets. We are committed to creating opportunities for every employee to thrive, empowering them to contribute, grow, and realize their personal values—while marching towards a brighter future with us.


Local employees overseas
93%+


Overseas management team³
9 people



Employees by nationality

Number

China (including Hong Kong, Macao and Taiwan)	17,278
Indonesia	111
India	93
Thailand	128
Malaysia	173
Vietnam	4,159
Other overseas regions (the Philippines, Myanmar, the United States of America, Mexico, etc.)	132

Upholding Equal Opportunities to Empower Talent Development in Their Careers

In the talent recruitment process, we consistently adhere to the principles of "fairness, openness, and justice," establishing clear and standardized hiring procedures. We are committed to ensuring that no discrimination or differential treatment occurs at any stage of employment, including hiring, compensation, promotion, and resignation, based on gender, age, race, marital status, religious beliefs, or other factors. We provide an equally competitive platform for all applicants. We advocate workplace inclusivity, actively hiring people with disabilities to promote equal employment opportunities for disabled groups. In response to the national call, we also recruit veterans, offering them a broad stage to leverage their strengths. In 2024, we employed a total of 113 employees with disabilities.

We continue to uphold the concept of "being deeply rooted in local communities, and giving back to society," and actively seek local talent. In 2024, we widely recruited local talent in our global operations, including in Thailand, Vietnam, Mexico, and India, through campus recruitment, university-industry cooperation, and social recruitment, providing employment and career development opportunities for local talented people.

Promoting Knowledge through Action, Seeking Knowledge through Action – Delegation from Hanoi University of Industry Visits Yuhua Vietnam

In 2024, Yuhua Vietnam, in collaboration with Hanoi University of Industry, organized multiple university-business partnership activities, including company visits and employment seminars. These activities aimed to provide local talent with further employment guidance and opportunities, fostering the integration of industry, academia, and research. During the events, Yuhua Vietnam introduced the company's development history, project achievements, industry background, and strategic plans, helping outstanding students gain a comprehensive understanding of the company and the industry's current development. Additionally, we actively provided internship opportunities to assess the students' employment intentions and offered job opportunities for those who wished to stay, empowering local youth to grow.



Delegation of Hanoi University of Industry visits Yuhua Vietnam

While providing local employment opportunities, we are actively promoting the enhancement of local talent skills. The Company has established clear pathways for talent development and building leadership pipelines. Measures such as knowledge and skills training, one-on-one mentorship, and employee capability assessments have been implemented for local employees. By concentrating resources, we aim to fully improve the management, technical, and other abilities of local employees, empowering them to grow. By the end of 2024, the proportion of local management in India YUTO reached 85.5%; and in Indonesia YUTO, it reached 57.1%.



Skill training for local employees at Indonesia YUTO

³ Overseas management team refers to managers at director level and above.

Keep Learning and Growing in Career: Yuhua Vietnam Launches Language Skills Enhancement Training for Local Employees

In 2024, Yuhua Vietnam conducted Chinese language training programs for local employees, combining foundational pronunciation, daily conversation practice, and training assignments to help enhance their Chinese language proficiency and address real challenges encountered in the workplace. Looking ahead, the company plans to offer additional language courses such as English, equipping local employees with cross-cultural communication strategies and skills. These efforts aim to ensure equal career development opportunities and foster shared growth and success.



Chinese Language Training
Completion Ceremony

🔑 Empowering Women and Advancing Gender Balance in the Workplace

YUTO is committed to fostering an inclusive work environment and promoting gender balance, ensuring that women are supported, valued, and respected. We actively encourage a gender-diverse workforce and strive to increase female representation in management, aiming to build a gender-balanced leadership team. As part of this commitment, YUTO has joined the Xiangmi Lake Women Directors Initiative, pledging to raise the proportion of women on the board and in executive roles—an important step toward innovative governance and advancing gender equality and women's empowerment.

We have also established a Women's Federation and a Women's Committee within the Labor Union to provide dedicated support and protection for female employees. As of December 31, 2024, women made up 38.42% of our total workforce, including 40.2% of employees in overseas operations. Notably, women held 46.92% of managerial roles in revenue-generating functions such as sales, reflecting our continued efforts to strengthen female representation and influence in key positions. Looking ahead, we will continue to improve our gender balance strategies, and provide more career development opportunities for women so as to promote greater diversity and equity in the workplace.

YUTO is also dedicated to creating a supportive work environment for our female employees through multiple channels. Lactation rooms have been set up in several operating locations, offering private, safe, and hygienic spaces for our breastfeeding employees. Additionally, we organize celebrations for International Women's Day and other occasions in collaboration with the Women's Federation, Labor Union, and Party Branch—delivering warm wishes and meaningful recognition to our female colleagues.

Inspiring Women to Pursue Goals: YUTO Celebrates International Women's Day

In 2024, to mark the 114th International Women's Day, YUTO held a series of themed events across its global locations to celebrate and support its female employees. Activities included the distribution of holiday gifts and floral arrangement workshops, reflecting the Company's ongoing care and appreciation for women in the workplace. We also organized Women's Day-themed talks featuring inspirational stories and skills development sessions, encouraging female employees to leverage their strengths, embrace their talents, and continue unlocking their full potential.



Women's Day Floral Arrangement Workshop



Women's Day Gift Distribution

🔑 Fostering Cultural Inclusion for Harmonious Development

YUTO respects the cultures and customs of all regions and ethnic groups around the world. At our overseas subsidiaries, we adopt bilingual versions of management documents and cultural messaging to promote effective communication and cultural understanding. Additionally, we have established dedicated facilities such as prayer rooms, lounges, and tea/coffee rooms in accordance with local employees' religious beliefs and daily practices, ensuring their spiritual and cultural needs are fully respected and supported.



Poster on
Mexican Culture



Poster on
Vietnamese Culture

We organize and host various cultural exchange activities, team-building events, and celebrations of ethnic festivals at our domestic and overseas locations. In doing so, we actively promote the development of a diverse, equal, and inclusive corporate culture, fostering mutual understanding, recognition, and respect among employees from different cultural backgrounds. These efforts help strengthen employee relationships and create a bridge for cross-cultural communication and integration. Additionally, we offer outstanding employees from different countries and regions opportunities to study and exchange in China, and we organize Chinese expatriate employees to learn local languages, continuously cultivating a vibrant and inclusive cultural atmosphere.

YUTO Carried Out a Variety of Cultural Activities Across the Globe



India YUTO (Noida)
Annual Excellence Recognition Program



Indonesia YUTO
5th Anniversary Celebration Event



Mexico YUTOTECH
Cross-cultural Exchange



Philippines YUTO
Birthday Party



Yuhua Vietnam
Team-building Activity



Pingyang YUTO
Sports Activity

Learning and Growing Together: Overseas Employee Representatives Visit China for Training and Exchange

In 2024, YUTO organized an advanced training and exchange program in China for 17 outstanding employee representatives from its overseas subsidiaries, including Indonesia, India and Thailand. During the program, the participants visited Suzhou and Shenzhen to exchange knowledge on processes, technologies, and management practices. They also took part in a variety of team-building activities, such as collaborative challenges and an international football friendly match, which further promoted cross-cultural understanding and strengthened team cohesion.



Visit by outstanding overseas employee representatives



Team-building activity for outstanding overseas employee representatives



SUSTAINABILITY GOVERNANCE

Sustainability Governance

YUTO is committed to integrating the concept of sustainable development into its corporate strategy, upholding the mission and vision to “insist on technological innovation, develop intelligent manufacturing, improve resource efficiency, create excellent eco-friendly products, and practice low-carbon operation.” We continuously enhance our sustainability governance and proactively listen and respond to the concerns and expectations of stakeholders regarding the Company’s sustainable development. In our daily operations, we strive to balance environmental, social, and economic progress, advancing low-carbon practices, industry development, and shared prosperity.



Sustainability Governance Structure

To support the decision-making, implementation, and supervision of sustainability governance, YUTO has established a top-down, three-tier governance structure. The Board of Directors, with the assistance of the Sustainability Management Committee, oversees the Company’s sustainability efforts, covering key focus areas identified by YUTO, including but not limited to climate change, energy management, water resource management, management of three types of waste, eco-friendly products and raw materials, employee recruitment, training and development, and business ethics.

The Sustainability Management Committee monitors the implementation progress and fulfilment of action plans on a quarterly basis, in alignment with the Company’s sustainability vision and goals, and supervises the performance of relevant departments. The Secretariat of the Sustainability Management Committee reports major decisions and risk-related matters to the Board of Directors and the Committee on a quarterly basis, while routine matters are reported on an ad hoc basis. Relevant departments are responsible for executing tasks assigned by the Committee, regularly collecting and submitting relevant information and data, and providing timely feedback to the Committee.

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

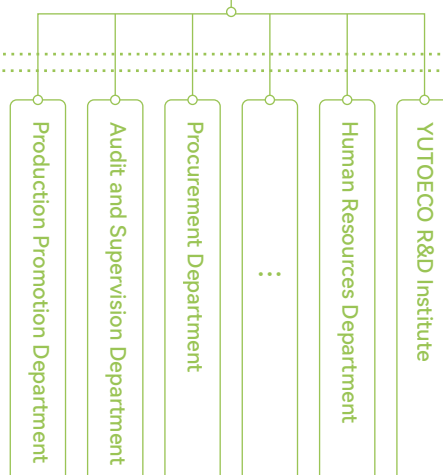
Board of Directors

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

Sustainability Management Committee

Core Responsibilities:

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



Sustainability Governance Structure

In addition, we have formulated internal policies such as the Sustainability Management System and the Safe Production Management System, which clarify departmental responsibilities and link the execution and management of sustainability efforts to annual performance evaluations. These measures help ensure ongoing oversight of sustainability-related performance and support the effective implementation of the Company's sustainability strategies and initiatives.

YUTO also places great importance on building sustainability expertise across all levels of the organization. Personnel responsible for system certifications are required to participate in internal greenhouse gas verification training and pass the internal verifier assessment. Each year, the Company also organizes internal and external sustainability-related training programs for employees at all other levels to continuously enhance their professional skills and capabilities in sustainability.

Sustainability Strategy

While strengthening its core business, YUTO integrates the concept of sustainable management into its corporate strategic planning by setting clear sustainability goals and developing phased roadmaps. These roadmaps serve as guidance for setting objectives and implementing follow-up action plans, supporting the Company's long-term development.



Sustainability Road Map

Guided by the United Nations Sustainable Development Goals (SDGs), YUTO conducts ESG governance by identifying the six goals most relevant to its operations, value chain, and business ecosystem, based on its business characteristics and current operations.



Good Health and Well-being

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



Decent Work and Economic Growth

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



Responsible Consumption and Production

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



Affordable and Clean Energy

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



Industry, Innovation and Infrastructure

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



Climate Action

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

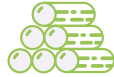
Under the guidance of the SDGs, YUTO has identified four key areas of sustainability that are most relevant to its business and offer the greatest potential for contribution: eco-friendly products and raw materials, climate change and resource management, innovative design and production, and employee health and development. Based on its actual circumstances, the Company has set sustainability goals, formulated and implemented corresponding action plans, and regularly reviewed its performance and progress in each key area to ensure the steady advancement of its sustainability efforts.

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

R&D of Eco-friendly Products



Procurement and Application of
Eco-Friendly Raw Materials



Sustainable Forestry and
Biodiversity Conservation



Key Area II of Sustainable Development
Innovative Design and Production

Innovative Processes and Technologies



Superior Design Solutions



Intelligent Manufacturing



Key Area III of Sustainable Development
Climate Change and Resource Management

Climate Change and Carbon
Emission Management



Energy Management



Water Resource Management



Management of Three Types of Waste
(Wastewater, Waste Gas, and Solid Waste)



Key Area IV of Sustainable Development
Employee Health and Development

Occupational Health and Development



Employee Training and Development



Stakeholder Communication

Maintaining close communication with stakeholders is a vital component of effective sustainable management. YUTO has established a stable, effective, and transparent communication mechanism to actively listen to and respond to the expectations and concerns of stakeholders, working together with all parties to continuously enhance the Company's sustainability performance.

Stakeholders	Concerns	Communication and Response
Governments Supervisory Institutions 	Corporate governance Responding to national policies Leading industry development	Compliance disclosure Policy consultation and implementation Job creation
Shareholders Investors 	Financial performance Safeguarding investor rights Preventing operational risks Anti-corruption Corporate transparency	Improving profitability Holding a general meeting of shareholders Improving internal control system Improving internal policies Information disclosure
Clients 	Quality product Fine client service Information security User privacy	Ensuring product quality and safety Enhancing client service quality Improving information security management Protecting client privacy
Employees 	Protection of employee rights and interests Occupational Health and Safety Performance and promotion Career development Employee care	Optimizing the system of compensation and benefits Implementing an effective occupational safety management system Performance communication and clear promotion mechanisms Conducting regular employee training Employee communication platform and diverse activities
Suppliers Cooperators Partners 	Business code of conduct Sustainable supply chain Mutual benefits	Standardized management and optimization of the supply chain Responsible procurement Regular communication and exchange
Industry Associations Organizations 	Technology R&D and innovation Promoting industry development	Participation in industry technical exchanges Participation in industry seminars
Community and the Public 	Community Welfare Promoting local employment	Organizing community volunteer activities Participation in community development
Non-profit Organizations Foundations 	Public welfare and charity	Diverse charitable activities and donations

Double Materiality Assessment

In alignment with its strategic planning and business realities, YUTO conducts double materiality assessments by referring to the SZSE Guidelines and applying recognized professional methodologies. Based on the prioritized assessment results, the Company ensures targeted and effective information disclosure to address the concerns of all stakeholders.

Assessment Methods and Assumptions

Building on the results from our previous years' materiality assessments and recognizing the inherent complexity in quantifying the sustainability-related impacts, risks, and opportunities for our business, our dual materiality assessment this year was primarily qualitative, supplemented by quantitative evaluation where feasible. Moving forward, we will continue to closely monitor updates to regulatory requirements and methodologies, improve our dual materiality assessment processes and methods, and carefully apply quantitative evaluation tools. This will enable us to responsibly gather the concerns and ideas of stakeholders, providing a scientific basis for our sustainability planning and business decision-making.

Scope

We have evaluated the environmental and social impacts of our operations, as well as the sustainability risks and opportunities our business faces. In terms of impact materiality assessment, we have considered both positive and negative impacts, as well as actual and potential impacts related to ESG issues. Regarding financial materiality, we have assessed both the positive and negative effects, as well as the actual and potential risks and opportunities, on our business.

Stakeholder Engagement

Due to the far-reaching impact of the dual materiality principle on our management and disclosure matters, as well as the wide range of ESG topics involved, some of the assessment requirements demand a certain level of industry understanding. Therefore, we invited both internal and external stakeholders to participate widely in the impact materiality assessment, while limiting the stakeholders for the financial materiality assessment to a select group of senior internal managers and external sustainability experts.

Threshold

We set the importance threshold at 2.5 points. This means that any impact, risk, opportunity, or issue that reaches or exceeds this threshold in either the impact or financial importance dimension is considered a significant matter for that dimension.

Scoring Methodology

When assessing the "severity" of impacts, we consider the scale of the impact, the scope of its reach, and the irreparability of any negative effects. This involves a comprehensive evaluation of the extent of human or environmental impact, the breadth of the affected area, and the time and economic cost of damage repair

scores range — 1 to 5

In assessing the "likelihood" of an impact occurring, we evaluate the probability of potential impacts occurring within the next five years

scores range — 0.2 to 1

For assessing the financial "impact scale," we use a percentage of the pre-tax profit for the year 2023 as the judgment threshold

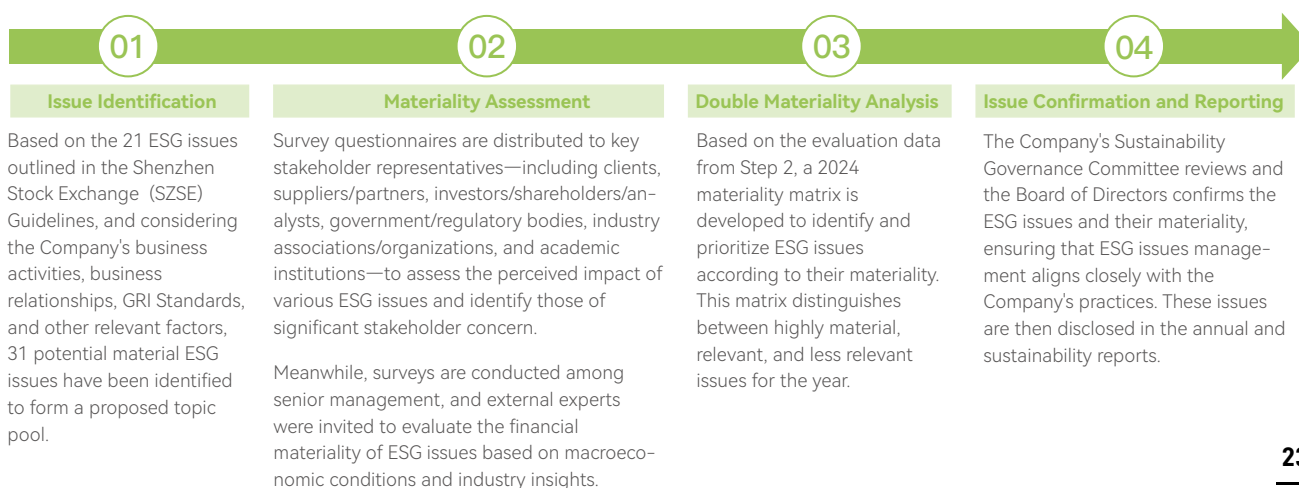
scores range — 1 to 5

When evaluating the "likelihood" of a financial risk or opportunity occurring, we assess the probability of the risk or opportunity arising within the next five years

scores range — 0.2 to 1

Evaluation Process

The Company conducts stakeholder surveys and industry analyses to assess the importance of ESG issues. Based on the principle of double materiality, the Company ranks and performs a comprehensive analysis of these ESG issues.



📌 Evaluation Results

The double materiality assessment results indicate that the Company's most important sustainability issues, from an impact materiality perspective, include: Eco-friendly raw material procurement and application, Climate change and carbon management, Circular economy, Product quality, Eco-friendly product development, Research and application of new processes, Client satisfaction and complaint management, Client information and privacy protection, Wastewater discharge management, Intellectual property rights protection, Anti-corruption management mechanism, Employee benefits and care. Among these, Eco-friendly raw material procurement and application, Climate change and carbon management are identified as issues of both impact materiality and financial materiality.



The Company has reviewed its sustainable development strategy and goal-setting based on the evaluation results, and has examined the management of significant sustainability-related impacts, risks, and opportunities. The table below lists the significant sustainability-related impacts, risks, and opportunities identified through the assessment. The impact of these issues on the Company's strategy and business, as well as the measures and actions taken by the Company for monitoring, prevention, management, and control, will be further elaborated in the subsequent sections:

ESG Issues	Impact Materiality			Financial Materiality		Timeframe ⁴	Response Actions
	Major Impact	Impact Category ⁵	Materiality Level	Major Risks/Opportunities	Materiality Level		
Procurement and application of eco-friendly raw materials 	The use of non-eco-friendly raw materials and the generation of waste in packaging may have negative impacts on the environment.	—	■■■	Risk: Eco-friendly raw materials may face supply shortages or higher costs, potentially impacting financial performance.	■■■	Medium term	Product Innovation: Keeping Pace with the Times
Climate change and carbon management 	Packaging manufacturing is an energy-intensive industry that relies on fossil fuels and purchased electricity, potentially exacerbating climate change and contributing to air pollution.	—	■■■	Risk: The production of paper products generates direct greenhouse gas emissions, which may increase regulatory compliance costs or require significant emission reduction investments.	■■■	Medium term	Low-carbon Operation: Thriving in Harmony with Nature
Circular economy 	The high recycling rate of paper packaging reduces landfill and incineration, lowers resource consumption, and supports the development of the recycled paper industry. It also enhances supply chain efficiency while meeting the environmental expectations of consumers, brand owners, and regulators, thereby promoting the development of a circular economy.	—	■■■	Risk: Inefficient packaging design can lead to higher procurement and logistics costs, negatively affecting financial outcomes. Opportunity: Investing in waste reduction, proper waste management, and recycling and reuse can result in long-term cost savings. Recycled paper packaging enhances market appeal, boosts brand value, and creates additional revenue streams, expanding green business opportunities.	■■■	Medium term	Low-carbon Operation: Thriving in Harmony with Nature
Product quality 	The use of bioaccumulative or toxic substances or chemicals in packaging may have negative effects on the health of workers and consumers.	—	■■■	Risk: Product quality issues may result in returns or redesigns, leading to increased costs, reduced revenue, and damage to brand value.	■■■	Long term	Product Innovation: Keeping Pace with the Times

⁴ Based on YUTO's industry, strategic planning, and operational practices, our definitions for short, medium, and long term are: short-term (0-1 year), medium-term (1-5 years), and long-term (5+ years).

⁵ "—" represents negative impact, while "+" represents positive impact.

ESG Issues	Impact Materiality			Financial Materiality		Timeframe	Response Actions
	Major Impact	Impact Category	Materiality Level	Major Risks/Opportunities	Materiality Level		
Eco-friendly product R&D 	The development of eco-friendly products promotes the application of eco-friendly products, thereby reducing the negative impact on the environment.	+	■■■	Risk: Growing consumer demand for eco-friendly product design presents potential opportunities to attract new clients or command premium pricing for high-quality products.	■■■	Medium term	Product Innovation: Keeping Pace with the Times
Research and application of new processes 	Reducing energy consumption and waste emissions enhances both environmental performance and economic efficiency.	+	■■■	Risk: Potential technical challenges, equipment compatibility issues, and increased employee training costs. Opportunity: Potential to improve production efficiency and increase capacity.	■■■	Long term	Product Innovation: Keeping Pace with the Times
Client satisfaction and complaint management 	Effective client satisfaction and complaint management can build trust, promote fair business practices, and drive product and service improvements, thereby advancing industry development.	+	■■■	Risk: Low client satisfaction or poor complaint handling may lead to client loss, requiring greater resources to attract new clients, increasing market development costs, and reducing profits. Opportunity: Effective complaint management can help reduce returns and market development costs through continuous improvement. High client satisfaction enhances client loyalty, leading to increased sales.	■■■	Long term	Premium Services: Sharing Success with Clients
Client information and privacy protection 	Robust client information and privacy protection strengthens client trust and supports fair business conduct.	+	■■■	Risk: Client information breaches may lead to legal action, incurring legal expenses and potential financial losses due to reputational damage.	■■■	Long term	Premium Services: Sharing Success with Clients

ESG Issues	Impact Materiality			Financial Materiality		Timeframe	Response Actions
	Major Impact	Impact Category	Materiality Level	Major Risks/Opportunities	Materiality Level		
Wastewater discharge management 	Packaging manufacturing may generate process wastewater, which, if not properly treated, can pollute local water bodies and negatively impact ecosystems and residents' access to clean water.	—	■■■	Risk: Process wastewater from packaging manufacturing, if improperly treated, may violate water quality regulations, resulting in compliance costs or legal fees from litigation, along with reputational and financial damage.	■■■	Long term	Low-carbon Operation: Thriving in Harmony with Nature
Intellectual property rights protection 	Intellectual property rights protection provides legal safeguards for innovators, fostering technological advancement and industrial upgrading.	+	■■■	Risk: Additional investments may be required for technology R&D and patent applications, along with enforcement and litigation costs, potentially impacting profitability. Opportunity: Innovation outcomes can be transformed into real productive capacity during commercialization, directly driving revenue growth.	■■■	Medium term	Product Innovation: Keeping Pace with the Times
Anti-corruption management mechanisms 	An effective anti-corruption management mechanism reduces resource waste and misallocation due to corruption, allowing social resources to be distributed more equitably.	+	■■■	Opportunity: An effective anti-corruption management mechanism can reduce the risk of corruption in business operations, lower operating costs, and enable growth in a fairer competitive environment, thereby enhancing competitiveness and innovation capacity.	■■■	Long term	Operation with Compliance: Upholding Integrity
Employee benefits and care 	Comprehensive employee benefit programs can enhance employee satisfaction and well-being, reduce social tensions caused by inequality in working conditions and compensation, and help build a fair and harmonious social environment.	+	■■■	Opportunity: Comprehensive employee benefits and care can boost motivation and creativity, foster a stable and efficient work environment, enhance the company's appeal in the talent market, and strengthen overall competitiveness and economic performance, supporting long-term development.	■■■	Long term	Empowering Growth: Building a Better Future with Employees



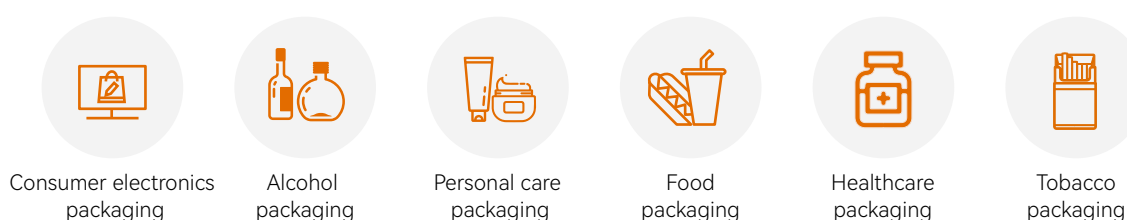
PRODUCT INNOVATION: KEEPING PACE WITH THE TIMES



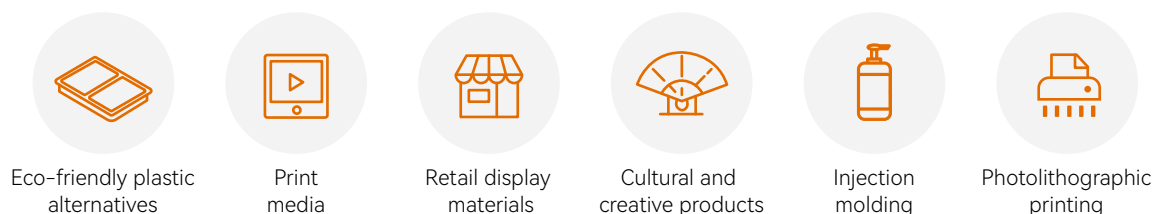
Product Innovation: Keeping Pace with the Times

YUTO is client-value oriented and driven by intelligence, fully promoting its "1+N+T" industrial layout. The Company has continuously introduced new technologies, materials, and processes, driving the transformation and application of technological achievements to enhance the core competitiveness of its products. The Company's main product is paper packaging, accounting for 72.38% of total revenue in 2024. While continuing to deepen its presence in various industry packaging markets, we are expanding into related fields such as pet products, consumer electronics components, new materials, cultural and creative industry, and technological industries in the new era. In doing so, we aim to build a unique business ecosystem distinctive to YUTO, continuously creating value for our clients.

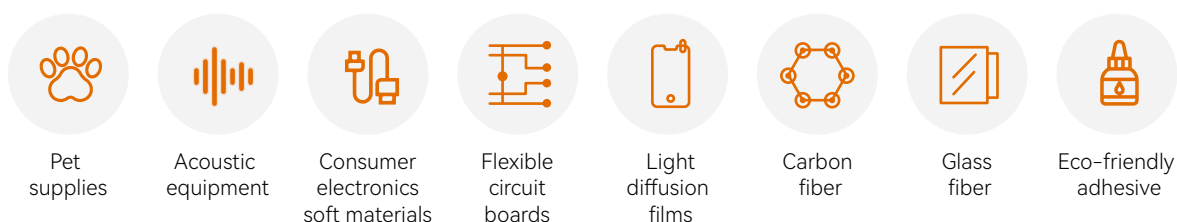
YUTO Packaging Business



YUTO Customization Business



YUTO N Business



YUTO T Business

S & T industry in the new era

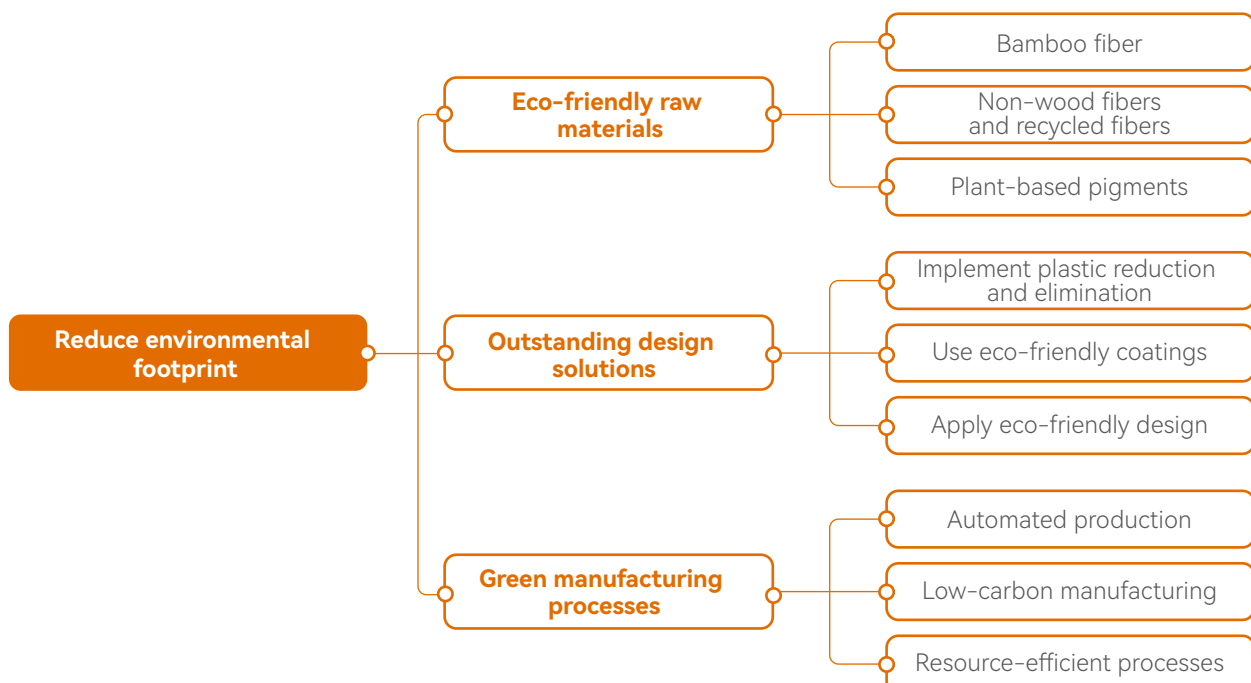
Commitment to Product Innovation

At YUTO, innovation is a core principle that runs through everything we do. The Company places great emphasis on independent innovation, making substantial investments in R&D to improve advanced packaging processes and technologies, and driving product upgrades through forward-thinking ideas. To effectively promote innovation and R&D management, we have established a comprehensive internal management process that covers all stages—from gathering client needs to the release and application of R&D outcomes—clearly defining our innovation management goals and plans to ensure smooth execution and successful implementation.

YUTO also recognizes the vital role of the circular economy in achieving sustainability. Looking ahead, we will actively expand and invest in this area, enhancing the environmental performance of our products and reducing their ecological footprint through holistic efforts across product design, raw material sourcing, manufacturing, and waste recycling.

This year, our innovation efforts focused on key areas such as product sustainability, surface differentiation, anti-counterfeiting, and packaging structure. Emphasizing eco-friendly raw materials, outstanding design solutions, and resource-efficient manufacturing processes, we leveraged digital simulation tools to shorten design and development cycles, improve design efficiency, and continuously deliver high-performance, customized, and sustainable packaging solutions.

In 2024, the share of revenue from the Company's plant fiber eco-friendly products continued to grow, accounting for 7.41% of total revenue. In the production of products, degradable, recyclable and renewable products accounted for 59.7%. R&D investment accounted for 4.34% of total revenue, and the Company had a total of 1,904 R&D personnel, representing 8.63% of the overall workforce.



Eco-friendly Raw Materials

YUTO is actively building a green and sustainable business model through innovative thinking, working with clients and ecosystem partners to achieve shared sustainability goals and become a builder of a greener future. YUTOECO, a brand under YUTO, is an innovation-driven brand founded on the principle of sustainability, going beyond traditional packaging solutions. It focuses on the development of plant fiber-based, home-compostable, and naturally degradable eco-friendly products and new materials while advancing new equipment development and innovative processes to drive the green transformation of product design and manufacturing.

In the context of today's green transition, YUTOECO, guided by the Company's sustainability strategy, actively collaborates with leading industry players and research institutions, investing in R&D to jointly promote the development and production of bio-based resources such as non-wood fiber, bio-adhesives, and bio-wax. The Company has owned a number of core proprietary technologies in areas including "new plant fiber products," "bio-based functional materials," and "bio-based high-barrier packaging." As of the end of the reporting period, the Company had developed and produced more than 30 types of eco-friendly products. Moving forward, we will continue to expand our portfolio of eco-friendly products and drive the green transformation of the packaging industry.

Bamboo Fiber

YUTO uses natural materials such as bamboo fiber to create packaging products that are fully biodegradable. During the reporting period, the Company applied innovative design approaches using bamboo fiber and other natural materials in the packaging of various branded gift boxes. These designs not only align with the aesthetic and conceptual goals of the products but also ensure that the packaging can completely degrade in the natural environment—enhancing both interactivity and environmental performance and reflecting YUTO's commitment to the efficient use of natural resources.



Rigid boxes made from bamboo fiber and bagasse



Other fiber materials (bamboo shoot sheath & Pennisetum giganteum z.x.lin)

Non-wood Fibers and Recycled Fibers

Under its eco-friendly pet brand ecopawfect, YUTOECO has launched a revolutionary plant fiber cat litter made from non-wood plant fibers and recycled fibers. This product features excellent absorbency, zero starch additives, and low dust, making it suitable for both manual and automatic cat litter boxes.

In 2024, YUTO debuted its new eco-friendly cat litter "Mao Wude (Cat of Five Virtues)" at the 11th Shenzhen International Pet Products Exhibition ("SZ Pet Expo"). Meanwhile, we launched the eco-friendly Chinese-style pet brand "Mao Wu De" along with a new product line—the Plant Fiber Eco-Friendly Cat Litter (Sugarcane Series). Made from non-wood plant fibers, the product has received 97% USDA Biobased Product Certification and the EU OK Biobased Four-star Certification—the highest rating. In addition to its use of sustainable raw materials, Mao Wude features significant breakthroughs in antibacterial performance and usage efficiency, combining environmental sustainability with safety and health.



YUTO at the Shenzhen Pet Expo 2024

Plant-based Pigments

In response to the continued reliance on petroleum-derived pigments in printing inks, YUTO has innovatively developed a seaweed-based ink using plant-derived pigments. This ink extracts algal black pigment from algae and uses it as a natural alternative to conventional petroleum-based mineral pigments. Seaweed-based ink offers significant environmental benefits: for every 1 kilogram of algal black pigment used, it can reduce petroleum consumption by approximately 3 kilograms and reduce greenhouse gas emissions by around 4 kilograms—making it a more eco-friendly and sustainable solution.



Outstanding Design Solutions

YUTO continues to advance in innovative packaging design and the implementation of eco-friendly concepts, delivering packaging solutions across core sectors such as food and consumer electronics with exceptional printing technology and creative design. We are also expanding into industries such as cosmetics and fast-moving consumer goods (FMCG), aiming to provide packaging that highlights brand identity and product features while meeting the diverse needs of end consumers, such as creativity, cost efficiency, and environmental protection.

This year, our design solutions have received multiple prestigious awards in China and beyond, including the MUSE Design Awards in the United States and the WorldStar Awards.

Implementing Plastic Reduction and Phasing Out Plastics

The Company has established a dedicated R&D team focused on the demand for redesigning heavy packaging to eliminate plastics, aiming to drive the reduction and phasing out of plastics in heavy packaging. This year, the Company is replacing non-eco-friendly plastic packaging materials such as EPS (expanded polystyrene) and plastic strapping with eco-friendly corrugated paper. While meeting the requirement to reduce plastics, this change ensures the products are well-protected and guarantees a positive unboxing experience for consumers through thoughtful design.



Corrugated Heavy Packaging (LCD Monitors)

In product design, YUTO also adopts innovative paper-based and plant fiber materials to replace traditional plastics, demonstrating its commitment to sustainability. The Company has introduced eco-friendly paper roll structures to effectively replace plastic roll bands. It has also launched an eco-friendly paper-plastic milk packaging, which can be repurposed after use: the milk container can be turned into a flowerpot, the box can be used as a storage container, and the lid can serve as a phone stand, thus extending its lifecycle for environmental purposes. Additionally, we use advanced integrated molding technology to design plant fiber-based eco-friendly transfer pallets, which ensures precise dimensions and stability of the pallets. These pallets feature waterproofing, anti-static properties, good breathability, and wear resistance, and are reusable, making them an ideal alternative to traditional plastic transfer pallets.



Plant fiber-based, eco-friendly transfer pallets

The Eco-Friendly, Biodegradable Animal-Themed Food Preservation Box Wins MUSE International Gold Award

In 2024, the Company innovatively designed an eco-friendly, biodegradable animal-themed visible food preservation box using plant fibers such as bamboo fiber and bagasse. The design incorporates a transparent cellulose film window, which ensures that the packaging fully decomposes in the natural environment while providing consumers with a clear view for easy meat identification, and greatly enhancing the interactivity and environmental friendliness of the purchasing experience. This year, YUTO won the MUSE International Gold Award for the eco-friendly biodegradable animal-themed visible food preservation box.



Eco-friendly, biodegradable animal-themed visible food preservation box and the award certificate

Adoption of Eco-Friendly Coatings

YUTO uses eco-friendly coatings in its product designs. In particular, YUTOECO has independently developed a fluorine-free, fully plant-based oil-resistant agent. This groundbreaking, innovative coating combines proprietary plant extraction, biomimetic bonding technology, and in-pulp additive processes to deliver superior leak resistance for plant fiber eco-products—even under extreme heat or cold—greatly expanding the application scenarios for plant fiber packaging.

The product has obtained dual biobased certifications from the USDA and Europe's DIN, as well as compostability certifications from the U.S. BPI and the European Seedling label. It has also passed U.S. FDA tests for food contact materials.



Plant fiber-based eco-friendly products

YUTO's eco-friendly products have earned multiple certifications



Applying Eco-friendly Design

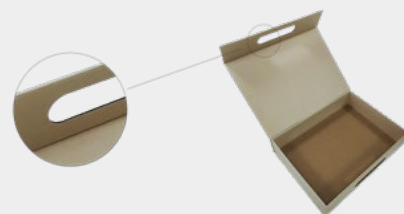


YUTO integrates eco-friendly design principles into its packaging development, balancing functionality and market appeal with eco-friendly elements such as lightweighting, biodegradability, and reusability—delivering outstanding design aligned with market trends. In the R&D process, YUTO considers the reuse potential of packaging and has developed a highly functional laptop gift box. Its outer structure can be easily transformed into a laptop stand and features the appearance of a business briefcase, enabling repeated use and extending the product's lifecycle.

We also apply lightweighting techniques, using B-flute, corrugated board, and E-flute die-cutting in place of traditional greyboard. Preliminary testing shows that converting rigid boxes from greyboard to corrugated board can reduce box weight by approximately 30%. Additionally, we have developed optimized cushioning structures for transport packaging that can reduce material use while maintaining protection. These new designs improve folding efficiency and eliminate central cushioning components, increasing material's effective utilization rate to 97%.



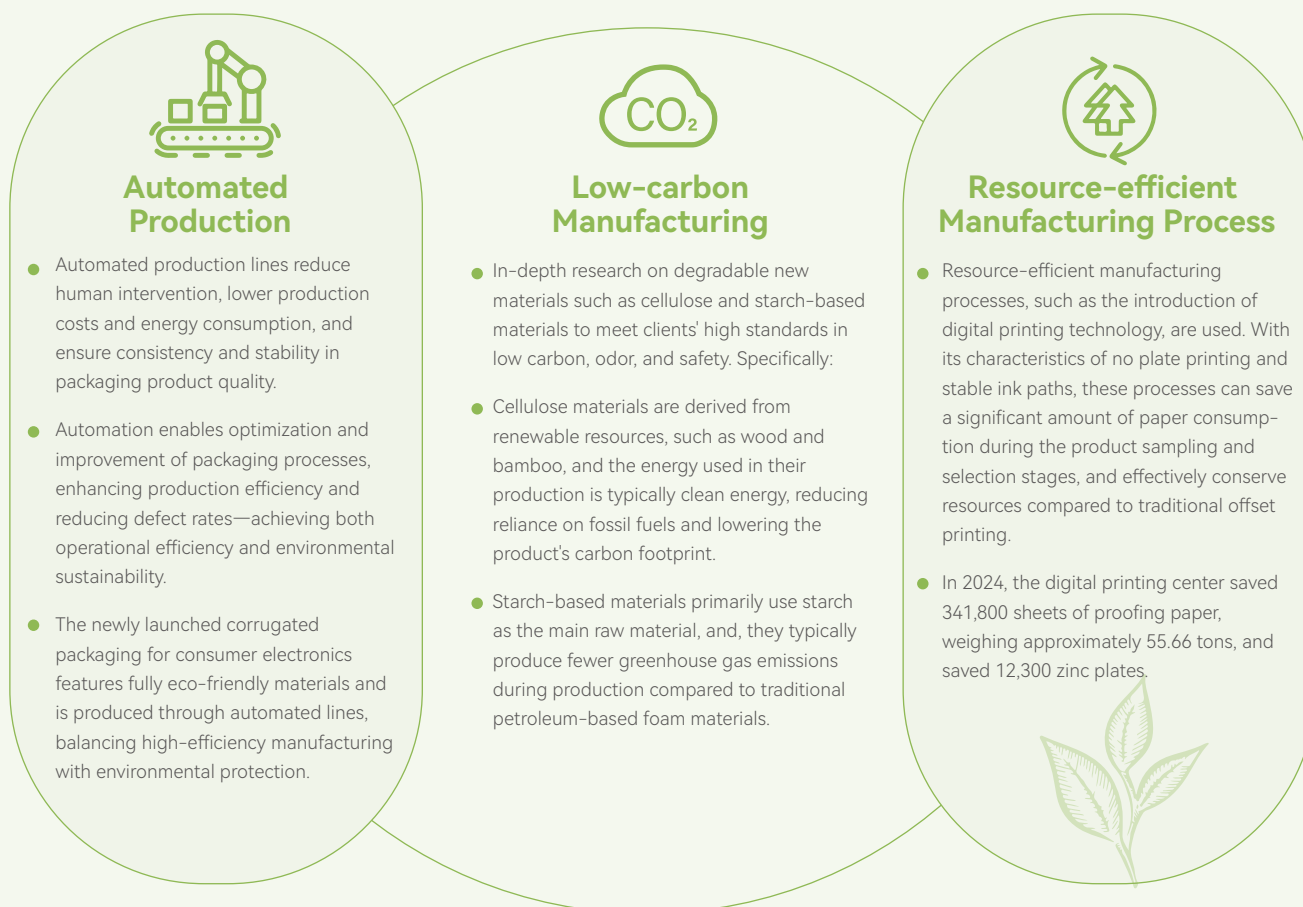
Functional laptop rigid box design



Minimized transport packaging cushioning structure

Green Manufacturing Processes

YUTO integrates green principles across all stages of its manufacturing operations, focusing on automation, low-carbon production, and resource-efficient processes to minimize its carbon footprint and reduce resource consumption. These green manufacturing practices lay a solid foundation for sustainable development. For more information on green manufacturing, please refer to the section of Low-carbon Operation: Thriving in Harmony with Nature in this Report.



Training and Exchange on Innovation

YUTO consistently focuses on the introduction and cultivation of outstanding design and technical personnel to continuously drive the Company's innovative development. In terms of internal training, the Company actively conducts various training and sharing sessions related to design and technical skill enhancement, to improve employees' professional knowledge and technical abilities. This year, the Company held multiple training sessions on AI technology applications, simulation applications, pulp molding structure design, among other topics. Additionally, by analyzing the entire process from idea generation to production using the latest design cases in the packaging industry, the Company seeks to comprehensively enhance its creative design capabilities.



YUTO conducts training sessions to improve employees' skills



The Company places great emphasis on the development of high-quality technical and skilled talent, continuously strengthening communication across the value chain, and promoting the concept of sustainable development to students, partners, and other groups. The Company works closely with institutions of higher learning such as Shenzhen Polytechnic University and Guangdong University of Technology, to conduct joint training, helping to improve students' professional skills. Additionally, the Company collaborates with partners in three key areas—standards, innovation, and sustainable development—to explore cutting-edge technologies, jointly leading the industry towards a green and innovative future, and contributing to the creation of a better business ecosystem.



YUTO collaborates with partners to explore cutting-edge technologies

Product Quality Assurance

YUTO regards quality as the cornerstone of its corporate development. The Company strictly complies with relevant laws and regulations in the countries and regions where it operates, such as the Product Quality Law of the People's Republic of China, and continuously enhances the maturity and scientific nature of its quality management system. The Company has established a systematic management framework that includes the "Quality Control Process," "Non-conforming Product Control Procedure," "Quality Performance Management System," and "Corrective and Preventive Action Control Procedure," to standardize the quality management processes and standards across product design, production, and delivery. This comprehensive quality management system drives the Company's commitment to high-quality product delivery and supports its outstanding development.

Moreover, we continue to advance the Company's quality certification efforts, having obtained certifications such as ISO 9001 Quality Management System, FSSC 22000 Food Safety Management System, QC 080000 Hazardous Substances Management System for Electrical Appliances, and G7 Standardized Printing Management System, reflecting YUTO's pursuit of excellent quality as an industry leader. In 2024, the Company did not experience any major health and safety incidents related to its products and services.

We have developed the "5M Inspection Work Instruction" to standardize the 5M (Manpower, Machine, Material, Method, Measurement) inspection procedures for each production process at our manufacturing bases. This ensures consistent and standardized quality control and operations at various stages of production in different manufacturing bases, enhancing product quality and customer satisfaction. We also assign quality engineers to oversee key quality checkpoints at each stage, analyze and address any anomalies, and enforce strict quality management throughout the entire process ranging from product development to delivery.

Product Development

The Design Quality Engineer (DQE) strictly controls the design of new products, develops relevant quality requirements and standard documents, and conducts trial production based on client product requirements, identifying and resolving issues in the production process.

Product Process

The Product Quality Engineer (PQE) is responsible for quality control during the production process, establishing systematic checkpoints such as first quality inspection, patrol inspection, sampling inspection, and lab testing; analyzing and resolving quality issues during manufacturing to ensure a smooth transition from development to mass production.

Product Delivery

A dedicated Client Quality Engineer (CQE) is assigned to each client. The CQE is directly accountable to the client, assisting in resolving quality issues after product delivery. In the event of a quality issue, the CQE coordinates all necessary resources to analyze and address the problem, ensuring high-quality delivery.

We leverage intelligent tools such as the incoming material inspection and feedback improvement information-based platform, logistics inventory system, engineering sampling system, and production site dashboards to efficiently complete quality supervision, testing, and auditing. This ensures the highest quality product delivery and continues to implement quality management responsibilities. Product quality is integrated into the employee performance evaluation system, with different technical position levels and performance incentive mechanisms to encourage employees' continuous progress, strengthen their quality management awareness, and comprehensively enhance product quality.

We also give a priority on improving employees' quality awareness, quality management knowledge, and technical capabilities. Through activities like quality monthly meetings and the release of quality monthly reports, we promote quality culture. Additionally, we regularly organize training sessions on product quality with technical experts from various fields, embedding quality assurance into every aspect of our daily operations. This ensures that quality awareness is implemented at all levels of the Company to continuously advance the standardized, normalized, and systematic quality management for technical personnel.

Training on Quality Key Control Points

In 2024, we conducted training for employees on quality control points related to cartons, gift boxes, and labels, explaining key quality inspection criteria and common categories of quality issues, along with relevant inspection methods. This further enhanced employees' ability to manage and control product quality.



Training site on quality key control points

Training on Quality "Red Lines"

In 2024, we conducted targeted training on quality "red lines" for employees, clearly outlining ten key "red lines" in quality management and explaining YUTO's specific requirements. This initiative further strengthened product quality control.



Training site on quality "red lines"

Intellectual Property Rights Management

Intellectual property rights (IPR) protection is the key to ensuring the innovative vitality of an enterprise. YUTO attaches great importance to intellectual property protection, strictly abiding by laws and regulations such as the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China. It has also formulated a series of IP-related systems such as the Patent Management Measures, Measures for Managing IPR-related Documents, and the Patent Review System to standardize the requirements and procedures for internal IPR management of the Company. In addition, we conduct an annual review of these systems to further optimize the IPR protection system. In 2024, YUTO applied for 105 patents and was granted 210 authorized patents.

2024

Applied for patents **105**

Obtained authorized patents **210**

This year, we adhered to the strategic goal of IPR management and took a series of actions to strengthen the layout of intellectual properties, and achieved the protection of the Company's research and development results through high-quality IPR declaration and application strategies. The Company has taken corresponding task measures to implement IPR management requirements through measures such as IPR risk control and early warning, optimization of IPR management system, IPR talent training, and development of the IPR-related information tools.

Putting into Operation of YUTO's IPR Management System

In 2024, the YUTO's IPR management system underwent system development, user testing and other related work, and officially entered the system operation stage. The system further expanded the scope of IPR application management, greatly reduced compliance risks, and completed the interfacing with the office automation (OA) system, realizing the online management of the entire process of patent applications. Furthermore, our patent retrieval system currently utilizes Zhihuiya.com, one of the best commercial retrieval systems available in China. Through the functional upgrade, the system now serves two purposes: technician retrieval and patent engineer retrieval, and has achieved the functions of understanding the technological developments in the industry, handling project technical guidance, product infringement analysis, competitor investigations, and novelty searches.

YUTO continued to strengthen the building of internal IPR awareness, actively organizes various types of IPR management training, and cultivates professional talents in IPR management. This year, we comprehensively promoted IPR training and carried out thematic training on patent basics, trade secrets, domestic trademark registration, enterprise foreign trademark registration and protection for various business departments to enhance employees' awareness of IPR protection. Additionally, we joined the China Intellectual Property Society (CIPS) and the Shenzhen Patent Association, and became an institutional director of the Shenzhen Patent Association. Through exchanges and cooperation with industry associations, we can stay informed about the latest industry trends regarding IPR protection and promote the high-quality development of the Company's IPR business.



Training on IPR management

Promoting Industry Development

YUTO actively participates in industry cooperation and exchanges. While continuously advancing the process of technological innovation, the Company strengthens exchanges and cooperation through the formulation of industry standards, industry exchanges and sharing of cutting-edge industry perspectives. We strive for the high-quality and sustainable development of the industry through complementary strengths and shared resources, and work with relevant parties to promote the establishment of printing and packaging industry norms. In 2024, YUTO obtained the approval to establish the "China Eco-friendly Packaging Materials Research Center (Shenzhen)". In the future, it will give full play to its advantages in the field of packaging R&D, and contribute to further improving the overall technical level of the packaging industry.



China Eco-friendly Packaging Materials Research Center (Shenzhen)

YUTO Participates in Standard Formulation

This year, the Company participated in the formulation of several national and industry standards, including: Product Carbon Footprint – Quantification Requirements and Guidelines – Paper Boxes; Greenhouse Gas – Product Carbon Footprint Quantification Methods and Requirements – Paper Packaging Products; Packaging And Environment – Environmentally Aware Packaging Design Guidelines Based on ISO 18600 Series of Standards; Requirements and Standards for Environmental Communication of Printed Products; and Sustainability of Graphic Technology.

YUTO at Industry Exhibitions



LUXE PACK 2024

In June 2024, YUTO participated in the exhibition event with the theme of "The premier trade show for sustainable packaging" in Paris, France, showcasing eco-friendly solutions such as plant fiber packaging, eco-friendly corrugated paper perfume boxes and other luxury packaging.

The 2nd China International Supply Chain Promotion Expo ("Chain Expo")

In November 2024, YUTO made its debut at 2024 China International Supply Chain Expo (CISCE) as a supply chain partner for renowned international brand. At 2024 CISCE, the Company showcased its fully automated packaging production lines, de-plasticized innovative packaging products, as well as an intelligent factory sandbox. This fully demonstrates its advanced supply chain capabilities and commitment to sustainable development, while conveying the strong power of Chinese manufacturing to the world.



SPC Impact 2024

YUTO took part in the flagship spring event of the Sustainable Packaging Coalition (SPC) in New Orleans, U.S.A., showcasing innovative eco-friendly products such as eco-friendly transparent films and retractable boxes, and customized eco-friendly tote bags for the event together with SPC Impact.

Seminars and Exchanges

In May 2024, YUTO, together with the China Packaging Federation (CPF) and the Electronics Industry Packaging Technical Committee of the China Packaging Federation, jointly held the "China Electronics Industry Packaging Innovation Salon (EIPTC Innovation Camp 04 – Join YUTO)" event. The event focused on brand development, green creativity, eco-friendly packaging, color management, printing standards, innovative technology, ESG and other topics for in-depth exchanges and discussion, opening up new possibilities for the development of the industry.



China Electronics Industry Packaging Innovation Salon 2024

In November 2024, YUTO attended the Sustainable Packaging Summit (SPS) in Amsterdam and gave a keynote speech at the Innovation Stage, analyzing the opportunities and challenges of plant fiber packaging. Moreover, we showcased the Company's various plant fiber packaging solutions at the summit, demonstrating the Company's ability to provide clients with personalized eco-friendly packaging and lay the foundation for a greener future.



SPS 2024



LOW-CARBON OPERATION: THRIVING IN HARMONY WITH NATURE

Low-carbon Operation: Thriving in Harmony with Nature

YUTO continues to explore the path of green development. We integrate the concept of sustainable development into the production and operation process, and continue to establish and improve the environmental management system, ensuring that three types of waste (wastewater, waste gas and solid waste) are discharged, emitted or disposed of according to regulations. We continue to improve the level of controls over the said wastes and resource utilization efficiency, and practice green management commitments. In addition, as a responsible enterprise, YUTO keeps a close eye on climate change and actively takes measures to respond. While identifying and managing related risks, it seizes green development opportunities, effectively responds to China's carbon peaking and carbon neutrality strategy, and leads a low-carbon future with green development.

Green Manufacturing

YUTO strictly complies with the laws and regulations of the countries and regions where it operates, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Air Pollution Prevention and Control, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Environmental Protection Law of the Socialist Republic of Vietnam, and the Environmental Protection Law of India. Furthermore, we have adopted a series of internal systems, such as Guidelines for the Management of Exhaust Gas Emissions and the Guidelines for Management of Wastewater and Rainwater to standardize and guide pollutant management and implemented system management requirements and energy-saving and emission reduction measures from five dimensions: intensive land use, harmless raw materials, clean production, waste resource utilization, and low-carbon energy, to create a green factory. By the end of 2024, our headquarters base, and Xuchang YUTO were recognized by Chinese authorities as national green factories and 70% of YUTO's branches and subsidiaries (37) have obtained the ISO 14001 Environmental Management System certification. The remaining manufacturing bases under construction or newly established are also improving their environmental management systems in accordance with ISO14001 requirements. Our factory building and operation have not had a significant impact on ecosystems and biodiversity.



The Company insists on incorporating environmental management into the control system and promoting sustainable development through sound and open environmental policies. The general managers of the Company's manufacturing bases, as the highest decision-making body, commit to and supervise the implementation of environmental management policies and continuously improve environmental performance. The Company has defined environmental management responsibilities, established an environmental management accountability system to ensure that departments at all levels effectively implement relevant policies, and set specific environmental management goals (see the key performance section for details) to reduce the impact of operations on the environment. Additionally, we use various channels to enhance the awareness of internal and external stakeholders about environmental management policies, and strengthen employee training so that they fully understand the impact of work activities on the environment and jointly promote green and low-carbon development.



Energy Management

We strictly comply with the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on the Promotion of Clean Production, and other laws and regulations of the countries and regions where we operate. We have developed and implemented a series of internal systems, including the Energy System Management Manual, Energy Objectives, Indicators, and Control Procedures, and the Energy Conservation Management System. These systems clearly define energy management responsibilities and objectives, and regulate the management processes for the energy use, energy-saving renovations, and other related areas. We also plan, coordinate, and manage all energy-saving initiatives and enforce a system of rewards and penalties for energy consumption, strengthening energy management and supervision.

We continued to improve the Company's energy management system, with multiple manufacturing bases already having obtained ISO 50001 Energy Management System certification. Moreover, we have enhanced energy intelligent management through technological empowerment by launching energy management platforms at our headquarters base, Suzhou, Xuchang, and other sites. These platforms are responsible for monitoring and analyzing energy use of key energy-consuming equipment, providing detailed data support for managing high-energy-consumption equipment and driving energy-saving and consumption-reduction efforts. Based on this data, we carry out targeted equipment upgrades and, through digital management methods, continually improve our energy management capabilities. Additionally, we actively implement various energy-saving and consumption-reduction projects and promote the use of renewable energy, steadily improving the energy efficiency of the Company.

Energy-saving Renovation Projects in 2024

Shenzhen YUTO Longgang Branch took multiple measures to effectively reduce energy consumption

- The air compressor output pressure reduction project effectively reduced annual electricity consumption by 130,000 kWh
- Longgang Branch retrofitted the central air conditioning system for remote control, and enabled timely on/off switching and temperature adjustments based on ambient conditions, saving an annual electricity consumption of 60,000 kWh.
- By replacing the fluorescent lights with energy-efficient LED lights, a total of 2,745 LED lights will be installed within the year, saving an annual electricity consumption of approximately 90,000 kWh, and saving a total cost of 57,000 CNY.

In 2024, Kunshan Yujin implemented a project to replace the insulating boards on molding machines with aerogel-based materials. By using molecular insulation materials to separate the mold and the molding base, the project effectively reduced heat loss by approximately 79 kWh per day per machine. In total, this project reduced greenhouse gas emissions by 769 tons in 2024.

In 2024, Hefei YUTO reduced environmental pollution and energy consumption by installing smart time control switches and manual motor shutdown devices, and improving product processes, achieving efficient resource utilization and conservation.

Xuchang YUTO implemented a technological renovation to recover and reuse the compressed heat from air compressors in the factory, using it to heat domestic water and provide heating for the air handling unit. This project saves energy for the dormitory water heating unit and air handling unit heating. It can save 656,600 kWh of electricity annually and reduce carbon dioxide emissions by 381 tons.

Renewable Energy Use



In addition to efficient energy use, we are also actively exploring the use of renewable energy and the application of energy storage technologies. This year, the Company has continued to advance the building of solar photovoltaic power plants in Haikou, Yantai, and other locations. By the end of 2024, the Company has built 16 photovoltaic power plants with a total power generation of 20.98 million kWh. It is expected that two more photovoltaic power plants will be completed in 2025. By 2040, the Company aims to achieve 100% renewable energy usage.



The Company is committed to implementing the principles of lean production management, focusing on enhancing the expertise of lean experts and helping our branches and subsidiaries effectively address issues in the production process. To strengthen the lean capabilities of our branches and subsidiaries, we take an on-site, real-object, real-world approach, empowering teams and providing on-site support to improve specific areas. We leverage a variety of channels, including innovation workshops, improvement sharing sessions, lean boot camps, lean cloud lectures, and lean instructor certifications, using a hybrid of online and offline methods. This ensures continuous identification of innovative projects while promoting the consolidation of standardized practices and methodologies, guaranteeing the scientific, systematic, and sustainable development of lean improvements. In 2024, over 45 branches and subsidiaries implemented lean production improvements, submitting more than 7,000 suggestions for improvement, identifying 230 key innovations (related to lean production), and successfully executing 117 items.



Lean boot camp 2024



Participation in the energy management job training of Industry and Information Technology Bureau of Shenzhen Municipality in 2024

The Company actively conducts energy-saving training and awareness programs to further strengthen energy management, improve employees' energy management skills, and drive energy conservation initiatives. In 2024, three employees at our headquarters base participated in greenhouse gas emissions management system internal auditor training and earned internal auditor certificates. Additionally, two employees took part in energy management skills training organized by the Industry and Information Technology Bureau of Shenzhen Municipality and obtained energy manager certificates, officially qualifying to contribute to our energy management efforts. Furthermore, we have actively promoted the implementation of energy management responsibilities. This year, we successfully completed the energy-saving target responsibility assessment for 2021-2023, submitted the energy-saving plan report for 2024-2026, and passed the on-site audit and expert review conducted by the Industry and Information Technology Bureau of Shenzhen Municipality. We also completed the submission of relevant energy data of an enterprise to the Information Platform of the Shenzhen Institute of Measurement and Testing Technology.

In 2024, the Company's total energy consumption was 676,170 megawatt-hours, with non-renewable energy consumption amounting to 573,222 megawatt-hours, and renewable energy consumption totaling 102,948 megawatt-hours.

Energy Consumption Table

Indicator	Unit	2024	2023
Total energy consumption	MWh	676,170	642,832
Total energy density	MWh/10,000 CNY operating revenue	0.394	0.422
Fossil fuels	MWh	36,814	34,509
Purchased heat energy	MWh	27,882	69,783
Purchased thermal power	MWh	508,526	432,788
Green electricity	MWh	102,948	105,752

Water Resource Management

The Company places great emphasis on the efficient use of water resources during operations. We conduct environmental footprint assessments for specific products, evaluate water usage, and actively promote and apply new water-saving technologies, processes, and equipment. Additionally, we regularly maintain and manage water supply pipe networks and facilities to reduce leakage. We are also actively engaged in water-saving and reclaimed water recycling projects, such as adding wastewater collection tanks to the pure water process to collect and recycle wastewater for workshop adhesive cleaning, and installing spray and water circulation systems to recycle water used in the spraying process. This system not only cools the factory but also reduces water resource wastage, optimizing water resource management. In 2024, the Company participated in the CDP Water Security Questionnaire and scored a management level (Level B).



CDP Disclosure Badge 2024

Improvement in Refined Management of Water and Electricity Consumption

Shenzhen YUTO Longgang Branch has replaced three DN100 water meters at the three major water sources of the tap water pipeline (main meter, dormitory, and factory) with new alternatives. By connecting these new meters to the smart electricity monitoring cloud platform, an alarm push function has been added. When the Company's underground tap water pipeline bursts or when the water flow rate or consumption exceeds the preset threshold, a text message alert is sent, allowing for timely intervention or repairs to prevent waste.



Electricity Monitoring Data Cloud Platform

Printer Water Tank Cooling

Shenzhen YUTO Longgang Branch has invested in two closed-loop cooling towers to reduce the frequency of replacing cooling towers and packing, effectively lowering maintenance labor costs and downtime caused by repairs. According to the project statistics, this initiative saves 9,600 minutes of manual cleaning and maintenance time, reduces 5 kW of power consumption, and cuts costs by approximately 50,000 CNY.

Circulating Water Pump for Central Air Handling

Shenzhen YUTO Longgang Branch has successfully replaced two 45KW power frequency pumps with one 37KW variable frequency pump through replacing pipelines, valves, pump bodies and electrical circuits with those technically improved alternatives, thereby reducing energy consumption and noise. Based on an operation time of six months per year, this project can save over 190,000 CNY annually.

Water Risk Assessment

To identify potential risks related to water resource access at each operational site, we used the WRI Aqueduct Water Risk Atlas 3.0 to model water availability scenarios for all our factories. By identifying the locations of the Company's assets that may be in areas of high water resource pressure in the future, we assessed the potential water pressure risks that the Company's assets could face in 2030 and 2040 under different climate and development scenarios. This provides a data-driven foundation for developing targeted water resource management plans for the Company.

The model's predictions show that under both high-carbon (SSP3/8.5) and low-carbon (SSP2/4.5) scenarios, by 2030 and 2040, 15 out of the 29 selected operational asset regions will face high water pressure risks. However, since the Company's production process does not require large amounts of fresh water, the water pressure risks predicted by the model do not reflect any current substantial risks to the Company. Currently, our operations are not impacted by water resource pressure. The Company's Sustainability Management Committee closely monitors the dynamic changes in water pressure-related risks and has developed prioritized water-saving strategies to address water pressure risks in different asset operation regions in the future. Additionally, we are gradually building water reclamation facilities, water-saving equipment, and rainwater harvesting systems to further reduce water intake and actively address potential water pressure risks.

The Company uses municipal water from third-party sources for both employee domestic use and industrial production. In 2024, the Company's fresh water use (referring to third-party freshwater intake) reached 3,885,794 tons, with a water discharge of 2,703,630 tons and water consumption of 1,182,164 tons. Of this, fresh water use, water discharge, and water consumption in high water pressure areas were 847,579 tons, 578,490 tons, and 269,089 tons respectively. These figures cover all of the Company's manufacturing bases, accounting for 100% of operating revenue.

Water Resource Usage Table

Indicator	Unit	2024
Fresh water use	Ton	3,885,794
Fresh water use intensity	Ton / 10,000 CNY operating revenue	2.265
Water discharge	Ton	2,703,630
Water consumption	Ton	1,182,164

Environmental Compliance Management

YUTO strictly abides by the the Law of the People's Republic of China on the Prevention and Control of Pollution, Water Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on Prevention and Control of Soil Contamination, Regulations on Safe Management of Hazardous Chemicals, and other regulatory requirements for waste gas, wastewater, waste and noise control in each country and region where it operates. The Company has developed a series of internal management systems to effectively prevent environmental emergencies and ensure the scientific management of environmental matters. To implement environmental management requirements effectively, we have set goals for the management of waste gas, wastewater, and waste (the "three wastes") at all functional levels, and these goals are broken down to individual departments, clarifying the management responsibilities of each department to promote the stable development of environmental compliance. We also place great emphasis on the management of hazardous chemicals and have established strict internal systems and measures to ensure the proper handling of hazardous chemicals.

The Company placed great importance on environmental governance according to relevant laws and regulations, and had no accumulated environmental liabilities (referring to unpaid fines or penalties, including expected fines for cases that have not yet been concluded) at the end of the past three years.



Waste Gas Emissions Management

The main sources of waste gas generated by the Company are volatile organic compounds (VOCs) emitted from printing inks, adhesives and organic solvents, generator exhaust and canteen fumes. To effectively manage waste gases, the Company has established and improved the waste gas management system, developed and implemented internal guidelines such as the Guidelines for the Management of Waste Gas Emissions, and Guidelines for Management for Waste Gas Treatment Facilities. These guidelines standardize the collection and treatment requirements of manufacturing base waste gas and canteen fumes, ensuring strict enforcement of waste gas management practices, and achieving eco-friendly treatment of waste gas through the following means. In 2024, we did not face any major administrative penalties or criminal liabilities due to pollutant emissions.

Identifying the sources of waste gas emissions

Known waste gas sources are identified and evaluated on a regular basis every year, the identified waste gas emission sources are compiled into the Waste Gas Emission Source List, which is revised in a timely manner according to the update of the emission sources.

Standardizing waste gas treatment technologies

By implementing standardized waste gas treatment processes and technologies, the Company has established comprehensive waste gas treatment systems at all manufacturing bases. Through processes such as waste gas pre-treatment, adsorption and desorption using activated carbon boxes, and low-temperature catalytic combustion, we ensure the effective treatment of the waste gases.

Regular testing and maintenance for waste gas treatment

- Set performance indicators such as the frequency of industrial waste gas emission compliance testing and compliance rates. The effectiveness of these measures is assessed through regular evaluations to improve the level of waste gas management;
- Environmental protection and safety departments regularly maintain waste gas treatment facilities to ensure their effective operation;
- Entrust a third-party organization with testing qualifications to sample and test all waste gases at least once a year to evaluate the compliance of emissions and ensure emissions compliance.

In addition, we are actively enhancing waste gas treatment by requiring the adoption of measures such as substituting raw materials, improving processes, and upgrading equipment to reduce waste gas emissions at the emission source. We also implement clean air projects at some manufacturing bases, achieving significant reductions in waste gas emissions through improvements in source substitution, process control, and end-of-pipe treatment. These reduction measures are being rolled out across the entire Company.

Upgrade of waste gas treatment facilities

In 2024, we invested 6.5 million CNY to upgrade and retrofit the treatment systems of 5 sets of low-temperature plasma waste gas treatment facilities and 1 set of UV photolysis and activated carbon adsorption facilities. The systems were upgraded to include activated carbon adsorption/desorption and catalytic combustion processes, improving the removal efficiency of waste gas pollutants from 40% to 83%, significantly enhancing the effectiveness of waste gas treatment.



Upgrade and Retrofit of Waste Gas Treatment System



Wastewater Discharge Management

The Company's wastewater mainly comes from production wastewater and domestic wastewater. We have established a science-based, tiered industrial wastewater treatment system, implementing a combined process of "physicochemical pretreatment + biochemical degradation" to ensure full-process control. A total of 27 self-built wastewater treatment stations are operated by qualified institutions or personnel, with key discharge indicators such as COD and SS consistently outperforming regulatory standards.

In regions without discharge permits, certified institutions conduct specialized disposal using anti-leakage tanker trucks. By complying with relevant regulations, the Company has installed online monitoring systems and anti-seepage pipelines. Concurrently, we optimize pollution-generating processes through clean production technology upgrades to reduce wastewater generation at the source. Eight sets of low-temperature solidification units for water-based waste liquids and reclaimed water reuse systems further reduce and recycle industrial wastewater, reinforcing our ongoing commitment to green manufacturing.



Self-built wastewater treatment plant



Waste Management

The waste generated by YUTO is primarily categorized into hazardous waste and general solid waste. At each manufacturing base, we strictly comply with relevant regulations such as the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste and implement management requirements outlined in systems such as the Guidelines for Waste Management and Hazardous Waste Management System. These systems standardize the collection, storage, transportation, utilization, and disposal of waste. Additionally, we conduct annual audits of waste treatment agencies, which include self-assessments, on-site evaluations, and the provision of audit reports or Environmental Management System (EMS) certificates to ensure compliance in waste management. Furthermore, we provide at least one waste management training session annually for personnel in charge of waste management in workshops. Waste classification requirements are also incorporated into the onboarding training for new employees to ensure they fully understand the relevant laws, regulations, and internal policies regarding waste management, as well as the environmental impact of their activities. This continuous training helps enhance employees' waste management capabilities and awareness of environmental policies and impacts.

Hazardous waste

Clearly define the requirements for collection, storage, transportation, and disposal, and entrust qualified hazardous waste disposal agencies to handle the treatment in a unified manner

General waste

- General waste is classified within the factory premises and then collected and disposed of by recycling vendors
- Kitchen waste is collected by a third-party disposal agency that holds a valid license for the collection and treatment of kitchen waste.
- Domestic waste is processed by the municipal sanitation department or by organizations certified for the collection and treatment of domestic waste.



On the basis of compliance, the Company has also made significant strides in promoting clean production, implementing various measures to maximize the use of production resources and achieve waste reduction. As of now, our headquarters base, Shenzhen YUTO Longgang Branch, Suzhou YUTO Kunshan Lianhe Road Branch, and Suzhou YUTO Kunshan Luchang Road Branch have all achieved Platinum-level certification for Zero Waste to Landfill. Meanwhile, Yantai YUTO, Yuhua Vietnam, India YUTO (Bangalore), and Thailand YUTO have obtained Gold-level certification for Zero Waste to Landfill.

Waste minimization

- Design product layouts and packaging formats properly to reduce material waste and minimize packaging waste;
- Strengthen raw material quality inspection and quality control throughout the workshop production process to minimize the generation of defective products;
- Waste is classified and collected separately, with dedicated storage facilities set up for each type;
- Unqualified outsourced parts purchased are treated as recyclable waste and coordinated by the supplier for return, aiming to minimize waste generation.

Waste Discharge Report		
Indicator	Unit	2024
Total quantity of waste	Ton	135,204
Waste density	Ton/10,000 CNY operating revenue	0.079
By source and attribute		
Total quantity of non-production related waste	Ton	3,388
Total quantity of production related waste	Ton	131,816
By severity of harm		
Total quantity of hazardous wastes	Ton	3,484
Total quantity of general solid wastes ⁶ including	Ton	131,720
Total quantity of scrap paper and wood wastes	Ton	119,166
By method of disposal		
Total quantity of recycled/reused wastes	Ton	130,562
Total quantity of wastes that has entered disposal, including	Ton	4,642
Total quantity of landfilled wastes	Ton	87
Total quantity of burned wastes (with energy recovery)	Ton	3,526
Total quantity of burned wastes (without energy recovery)	Ton	1,001
Total quantity of wastes disposed of otherwise	Ton	28



Hazardous Chemicals Management

The Company has formulated and continuously refined several management and control systems, including Guidelines for Operations on Chemicals Management, Procedures for Managing and Controlling Chemicals and Dangerous Goods, and Emergency Plan for Accidents Involving Leaking Hazardous Chemicals. These documents specify the rigorous management, import, use, transport, storage, emergency response, disposal, and hazard warning procedures for all chemicals involved in production. By strictly following these systems, we ensure comprehensive compliance with regulatory standards across all stages of hazardous chemical management.




We conduct hazard assessments of chemicals or choose to use safer alternative substances to proactively control chemical hazards. For hazardous chemicals necessary in production, we have established a dedicated hazardous chemicals warehouse, where chemicals and dangerous goods are registered and managed. Special storage areas are designated, and environmental control measures are implemented to ensure hazardous chemicals are stored in an appropriate humidity environment. This year, we further optimized the storage management of hazardous chemicals by separating flammable and non-flammable chemicals into different storage areas. We have also added explosion-proof air handling units to the flammable chemicals warehouse and used solid walls to partition the hazardous chemicals storage areas, enhancing the safety of hazardous chemical storage.

In addition, we have equipped the storage areas with Material Safety Data Sheets (MSDSs) and occupational hazard informing cards. This year, we further optimized the management of safety signage by posting risk warnings and safety reminders for hazardous chemicals. We have purchased emergency supplies storage cabinets and equipped them with sufficient emergency materials to respond to emergencies. Flammable gas detectors have been installed, and protective equipment is provided for use. Employees are required to wear protective equipment to ensure preventive safety measures are put in place. Relevant departments regularly conduct safety inspections and organize chemical spill drills to enhance employee safety awareness and minimize the negative impact on both the environment and staff.

⁶ Except for the categories listed above, the Company generates small amounts of other waste types, including waste metals and waste plastics. The quantities are minimal, and their environmental impact is not significant, so they are not disclosed separately.

Green Office Practice

In our daily operations, we actively promote green office practices by implementing measures to conserve water and electricity, encourage paperless office operations, and strictly manage and recycle office wastes to reduce resource consumption and discharge.

 Water and electricity conservation	<ul style="list-style-type: none"> • Post water conservation signs in water usage areas, encourage water reuse, and remind employees to turn off taps after use. • Strengthen the daily maintenance of faucets, water pipelines, and other water supply equipment to prevent unnecessary water resource waste. • Optimize lighting control on each office floor, ensuring lights are turned off when not in use and eliminating "always-on" lights. • Reduce the electricity consumption of electronic office equipment like computers and printers, and turn off the power after work to minimize standby energy usage. • Adjust the number and configuration of electric water dispensers in the office building, control their operating hours, and reduce unnecessary energy consumption. • Set air conditioning temperatures within a reasonable range and ensure doors and windows are closed when the air handling unit is in use.
 Resource recycling and reuse	<ul style="list-style-type: none"> • Set up separate recycling bins and display promotional slogans to distinguish between recyclable and non-recyclable wastes. • Ensure that office wastes are properly sorted, and collected, regularly transported, and disposed of in a responsible manner. • Conduct waste sorting training to guide employees in proper recycling practices.
 Emission reduction	<ul style="list-style-type: none"> • Encourage digital file transmission, streamline document printing to avoid unnecessary or duplicate prints, and implement paperless office practices; • Update the YUTO Group Vehicle Management System to manage and monitor the use of the Company's vehicles, strengthen exhaust emissions control, and manage energy consumption; • Promote the use of online communication and collaboration tools instead of in-person meetings, and reduce unnecessary business travel.

Climate Change Mitigation

Climate change has become one of the most pressing global challenges today, and addressing it has become an international consensus. As an industry leader, YUTO deeply understands its responsibility toward the global environment. We focus on and continuously explore the impact and opportunities climate change presents to our company, actively responding to the national "carbon peak and carbon neutrality" policies. We have initiated climate risk identification efforts, and, based on our actual operations, developed corresponding measures to integrate carbon emissions management across the entire value chain. We have submitted our commitment to the Science Based Targets initiative (SBTi) and are dedicated to our own operation and driving deep emission reductions within our value chain.

Climate Change Mitigation Framework

YUTO has established a clear and well-defined governance framework for addressing climate risks. We have adopted the IFRS S2 Climate-related Disclosures framework, and implemented climate change governance based on our sustainable development management system in a top-down manner. The Company's Board of Directors (BoD) oversees the governance of climate risks and other sustainability-related tasks. Under the guidance of the BoD, the Sustainable Development Management Committee of the Company identifies and assesses climate risks and opportunities, formulates and refines climate-related strategies, and monitors and reviews the implementation of climate change mitigation measures. The Company's relevant departments and manufacturing bases integrate climate risk management into their daily operations, actively take measures to address climate change, and incorporate these into the annual key work plan.

Governance

YUTO has established a comprehensive climate governance system. The Company's BoD is responsible for overseeing climate governance and other sustainability-related efforts. Beneath the BoD, the Sustainable Development Management Committee is tasked with implementing climate-related governance, driving the development of the Company's climate strategy, and ensuring the achievement of climate-related objectives.

Strategy

To enhance climate resilience and effectively control climate-related risks, the Company has partnered with third-party professional organizations and worked closely with relevant internal departments of the Company to identify climate-related risks and opportunities, and assess their potential impact on the Company's financial performance.

Risk management

In response to the identified climate-related risks, the Company has developed targeted mitigation measures for the short, medium, and long term, and incorporated them into the annual key work plan to ensure these risks remain within the Company's control and minimize the Company's potential losses due to climate change. Additionally, by monitoring and optimizing these mitigation measures, the Company continuously enhances its adaptability to climate change and strengthens its strategic resilience.

Metrics and Targets

The Company sets a series of indicators and targets to measure and monitor the implementation of climate change mitigation measures. During the reporting period, the Company conducted greenhouse gas accounting, actively disclosed greenhouse gas emissions data, and plans to achieve carbon neutrality at the operational level (Scope 1 and Scope 2) by 2040.

🌱 Climate Change Risks and Opportunities

The Company actively monitors climate change trends and continuously assesses the impact of climate change on our short-term, medium-term, and long-term production and operations. We have identified and reviewed the relevant climate change risks and opportunities. YUTO has recognized two main categories of climate risks highly relevant to our business: physical risks and transition risks. Based on the Company's strategy and development, we have developed targeted mitigation measures. Looking ahead, we will continue to monitor the challenges and opportunities in addressing climate risks, adjusting our response strategies and corporate development strategies as needed to ensure effective implementation of measures and accurate resource allocation. The Company has assessed the identified physical risks, including the impact of extreme weather events (such as floods, typhoons), extreme temperatures, sea level rise, droughts, and others on production operations, and has developed the following climate adaptation plan:

Infrastructure optimization:

Strengthen the weather resilience of production facilities and enhance flood and wind resistance to reduce the impact of extreme weather events on production.



Supply chain resilience enhancement:

Optimize the supply chain layout, diversify suppliers, and reduce the risk of supply chain disruptions caused by climate events.



Water resource management:

For regions under high water resource pressure, promote water recycling and improve water usage efficiency to address potential future water shortages. Additionally, optimize site selection strategies, such as avoiding water-scarce areas for new plants with high water consumption processes, to align with climate resources.



Production energy efficiency improvement:

Upgrade equipment and implement intelligent manufacturing to reduce the impact of extreme temperatures (both high and low) on production efficiency.



Business stability amid climate change impacts:

To ensure business stability amid climate change impacts, the Company has developed targeted climate adaptation plans for each business unit (BU) and plans to gradually update all BU's climate adaptation plans over the next five years. In planning and investing in new businesses, the Company will incorporate 100% climate risk assessment to ensure new facilities and supply chains are more climate-resilient.



Physical risks

Physical Risks	Description	Potential Harm	Timeframe ⁷	Potential Primary Financial Impact	Potential Impact Level ⁸	Mitigation ⁹ Measures
Acute risks	Flood	<ul style="list-style-type: none"> Production interruptions, affecting employee safety and health 	Short-term, and medium-term	<ul style="list-style-type: none"> Delivery delays (reduced revenue) Facility damage (increased costs) 	Low, medium	<ul style="list-style-type: none"> Factories have formulated emergency plans, stocked supplies, and conducted regular drills in accordance with relevant regulations. YUTO's primary material suppliers are located across multiple regions; changes in the upstream supply chain are closely monitored.
	Typhoon			<ul style="list-style-type: none"> Increased insurance premiums (increased costs) Supply chain disruptions (reduced revenue) 		
Chronic risks	Extreme heat	<ul style="list-style-type: none"> Power shortages leading to factory shutdowns Hindered facility operations and restricted factory siting 	Long-term	<ul style="list-style-type: none"> Sunk costs of suspended work and production (increased costs) Order loss due to inability to supply (reduced revenue) 	Low, medium	<ul style="list-style-type: none"> Some of the factories in high-risk water-pressure areas have established rainwater harvesting systems for non-major water consumption projects; areas without such a system need to be evaluated. Business strategies will be adjusted as climate change impacts evolve; such adjustments may include the feasibility assessment of relocating factories in areas affected by rising sea levels to low-risk Future industrial layout planning incorporates climate change considerations to ensure that site selection is appropriate, well-informed, and effective.
	Extreme cold	<ul style="list-style-type: none"> Drought leading to water shortages Significant risks of fires and explosions due to high temperatures 		<ul style="list-style-type: none"> Labor cost increase (increased cost) 		
	Rising sea level	<ul style="list-style-type: none"> Likely occurrence of raw material damage, employee health issues, and decreased production efficiency due to extremely high temperature and high humidity 		<ul style="list-style-type: none"> Restricted factory siting (increased costs) 		
	Drought	<ul style="list-style-type: none"> Chronic risks disrupting the supply chain, forcing suppliers to relocate, and increasing procurement challenges 		<ul style="list-style-type: none"> Supply chain disruption (increased costs) 		

Transition risks

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

⁷ Timeframe: short-term (1-3 years), medium-term (3-5 years), long-term (5 years and longer).

⁸ Impact level: high (above 300 million), medium (150 million to 300 million), low (below 150 million).

⁹ Uncertainty factors: changes in policies and regulations, progress in technological innovation, accuracy of climate change model predictions, the Company's business development focus, etc.

Climate opportunities

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

Carbon Management and Carbon Emission Reduction

Emission Reduction at Operation Level

YUTO recognizes the importance of carbon emissions management in addressing climate change and strictly implements carbon emissions management requirements to enhance the resilience of its production and operations in response to climate change. To thoroughly assess the current state of our carbon emissions management, we conduct annual carbon auditing for each manufacturing base according to the ISO 14064 standard. Through a detailed assessment of the greenhouse gas emissions generated during actual production and operations at each site, we gain insights into the carbon emissions composition and reduction potential, laying a solid foundation for setting future quantitative carbon reduction targets. To effectively promote carbon auditing, we released a comprehensive greenhouse gas inventory planning forms and training materials in 2022, which we continue to improve. We also conduct relevant training to guide our branches and subsidiaries in completing the carbon inventory tasks. Our carbon emissions management team actively participates in annual carbon emissions auditor training organized by the Shenzhen Emissions Exchange Ltd. and government agencies, continuously improving the team's carbon auditing and management capabilities.

We set carbon emission targets annually and employ a range of energy-saving and emission-reducing measures such as green factory construction, renewable energy promotion, and green electricity procurement to gradually reduce carbon emissions and fulfill our carbon reduction responsibilities. See "Resource Management" section for details.

Our headquarters base and the Shenzhen YUTO Longgang Branch actively respond to the Shenzhen's carbon auditing requirements. Through self-directed emission reduction initiatives, we ensure compliance with carbon commitments and proactively reduce carbon emissions. In 2024, the carbon emissions of our headquarters base and Shenzhen YUTO Longgang Branch stood at 14,922 tons, down 40% from 2023, which met the annual reduction target of 4.2%. In 2023, we launched the target defining plan to join the Science Based Targets initiative (SBTi), completing the submission of our target commitment by the end of that year. In 2024, we completed a carbon emissions inventory for Scope 3 based on the GHG Protocol's standards and guidelines. We are also driving the validation of scientific carbon targets using the guidelines and tools provided by SBTi, with plans to submit the SBTi submission form for review in 2025.

Greenhouse Gas Emissions Report ¹⁰

Indicator	Unit	2024	2023
Greenhouse gas emissions (Scope 1) ¹¹	tCO ₂ e	20,252	16,246
Greenhouse gas emissions (Scope 2 – market-based)	tCO ₂ e	293,735	311,739
Greenhouse gas emissions (Scope 2 – location-based) ¹²	tCO ₂ e	360,919	444,995
Greenhouse gas emissions (Scope 1&Scope 2 – market-based)	tCO ₂ e	313,987	327,985
Greenhouse gas emission intensity (Scope 1&Scope 2)	tCO ₂ e/10,000 CNY operating revenue	0.183	0.215





Demonstration Factory Greenhouse Gas Emissions Report ¹³

Indicator	Unit	2024	2023
Greenhouse gas emissions (Scope 1)	tCO ₂ e	1,252	464
Greenhouse gas emissions (Scope 2 – market-based)	tCO ₂ e	13,670	24,537
Greenhouse gas emissions (Scope 2 – location-based)	tCO ₂ e	36,020	56,751
Greenhouse gas emissions (Scope 1&Scope 2 – market-based)	tCO ₂ e	14,922	25,001
Greenhouse gas emission intensity (Scope 1&Scope 2)	tCO ₂ e/10,000 CNY operating revenue	0.033	0.047

Supply Chain Emissions Reduction

Based on 2023 data, the Company identified 148 high-impact suppliers, which collectively account for 35% of its Scope 3 emissions. To drive supply chain decarbonization, we conducted a systematic assessment of these suppliers' climate actions, evaluating their current emissions, reduction initiatives, renewable energy adoption, and other key factors.

During the evaluation, we applied a supplier climate assessment framework, focusing on the following areas:

Carbon Emissions Data & Verification 	Carbon Emissions Data & Verification: Assess whether suppliers disclose greenhouse gas (GHG) emissions data and if it has been independently verified.	Reduction Targets & Measures 	Reduction Targets & Measures: Evaluate whether suppliers have set carbon reduction targets and examine their specific mitigation actions, such as energy efficiency improvements and low-carbon technology adoption.
Renewable Energy Usage 	Renewable Energy Usage: Review suppliers' renewable electricity consumption and its proportion in total energy use.	Supply Chain Emissions Management 	Supply Chain Emissions Management: Assess if suppliers are driving emission reductions in their own supply chains and establishing sustainable procurement standards.

Based on the assessment results, we will further improve our supplier management system, explore collaborative carbon reduction mechanisms, and encourage suppliers to develop clearer emission reduction action plans—jointly building a low-carbon, sustainable supply chain.

¹⁰ The data collection scope covers all branches and subsidiaries of the Company, with a time span from January 1, 2024, to December 31, 2024.

¹¹ Scope 1 greenhouse gas (GHG) emissions primarily originate from the direct emissions generated by the Company's operations and production processes, including the consumption of fossil fuels (such as gasoline, diesel, and natural gas) and the use of refrigerants. In 2024, we additionally collected and accounted for GHG emissions arising from activities such as wastewater treatment and the use of fire extinguishers.

¹² Scope 2 greenhouse gas emissions primarily result from indirect greenhouse gas emissions generated by the purchased electricity and steam consumed during the Company's operations/production processes.

¹³ The data collection scope for the demonstration factory covers YUTO's headquarters base and the Shenzhen Longgang Branch, with a time span from January 1, 2024 to December 31, 2024.



Premium Services: Sharing Success with Clients



Premium Services: Sharing Success with Clients

YUTO places client experience and needs at the core of its operations. The Company continuously improves its client service system, actively attends to client feedback through various channels, strengthens client privacy protection, and comprehensively safeguards the legal rights and interests of our clients. Additionally, YUTO continues to advance intelligent manufacturing by leveraging automation, digitalization, and intelligent management to enhance delivery efficiency, operational excellence, and product quality—meeting the diverse and evolving needs of our clients.

Quality Client Service

YUTO has established a diverse array of communication channels to genuinely listen to client feedback. The Company has standardized its client complaint management procedures and actively responds to client concerns to ensure that issues are addressed in a prompt and effective manner—delivering a high-quality service experience.

Improving Service Quality

YUTO adheres to the service philosophy of “enhancing quality, optimizing delivery, and promoting service excellence.” The Company has established quality management, delivery management, and client service management mechanisms, to ensure service quality through professional process controls. In addition, multiple initiatives have been implemented to further enhance service standards.



The Company regularly conducts quarterly business review meetings and on-site visits with clients to collect feedback and evaluations in areas such as design, technology, prototyping, quality, and delivery. Based on this input, YUTO reviews its product models and formulates improvement plans for products and services to better meet client expectations.

YUTO collaborates with clients on product marketing initiatives and holds periodic discussions and exchanges with key personnel in product development and R&D. Relevant training sessions are also offered to deepen clients' understanding of the Company's product offerings.



The Company provides differentiated solutions and better services to help clients highlight their product value propositions. For example, new materials and processes are introduced into the production workflow to meet the environmental requirements of international clients, thereby supporting their commitment to sustainability through concrete actions.

Measures Improving Service Quality

New Quality, Green Development – YUTO at Kweichow Moutai's Procurement and Supply Chain Conference

In 2024, YUTO focused on enhancing its comprehensive customer service capabilities and was invited to attend the 2025 Procurement and Supply Chain Conference hosted by Kweichow Moutai, themed “New Quality, Green Development, and a Connected Future”. Together with multiple supplier representatives, YUTO explored new pathways for supply chain development and jointly envisioned a new blueprint for future growth. During the conference, YUTO shared insights on ESG trends and the joint pursuit of a sustainable future, highlighting the company’s achievements in sustainability and reaffirming its commitment to advancing comprehensive upgrades in supply chain sustainability through collaborative efforts with all stakeholders.



YUTO Speaks at Kweichow Moutai's Procurement and Supply Chain Conference

Attendance to Client Feedback

The Company has established an “iron-triangle” service team with standardized complaint-handling procedures focused on delivery and quality, to ensure client complaints are resolved in a fast and effective fashion. We have set up a unified client service center, where client complaint receivers receive, record, and aggregate complaints, providing clients with real-time updates on the progress of complaint resolution. Support for works related to client complaints, such as investigations and proposal formulation and implementation, is provided by other departments. With concerted efforts from the client service center and other departments, we have established a system that oversees the entire complaint-handling process.

Receive complaints

Upon receipt of a bad complaint from a customer, the customer receiver creates a customer complaint acceptance form in the customer complaint system and records the information related to the complaint.

Formulate a Solution

Based on the specific complaints, the client complaint receiver will identify the responsible department (e.g., quality, delivery, or service), and require the responsible employee to analyze the issues raised by the client and to promptly develop a solution

Confirm the solution

The client complaint receiver submits the solution to the client and seeks confirmation of the proposed solution

Implement the solution

Upon confirmation by the client, the responsible employee will implement the proposed solution and submit feedback on the result to the client complaint receiver

Record the result

The client complaint receiver records the result of complaint handling in the complaint system and assesses whether the complaint warrants further evaluation based on its type and impact

Summarize experience

The responsible employee documents the lessons learned from the complaint in the complaint system to prevent similar issues from recurring in the future

Complaint Handling Process

Meanwhile, we categorize and consolidate client complaints to establish corresponding handling procedures that improve processing efficiency. A set of reward and penalty guidelines has been developed: responsible personnel for products with severe or frequent complaints are subject to disciplinary action, while factories with no client complaints throughout the year are recognized and rewarded. These measures aim to motivate all employees to ensure product quality and reduce client complaints at the source. During the reporting period, the Company achieved a 100% complaint resolution rate.

Protection of Client Rights and Interests

Following responsible marketing principles, we have continued to standardize our promotion and marketing efforts while enhancing information security and client privacy protection to safeguard their legal rights and interests.

🔑 Marketing and Labeling Compliance

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

In 2024, we did not experience any violations or cases related to product and service information, labeling, and marketing.



🔑 Safeguarding Information Security

YUTO prioritizes the information security of itself and its clients. With strict compliance with laws and regulations including the Cybersecurity Law of the People's Republic of China, and the Data Security Law of the People's Republic of China, we have actively promoted the development of a standardized information system. A high-standard, fully integrated data security management system with regulatory compliance has been established, providing a solid foundation for information security in serving clients at home and abroad. In 2024, the Company reported zero data security incidents.

Information Security Management

The Company has formulated and implemented a series of internal policies, including the General Provisions on Information Management, the Employee Information Security Code, and the Emergency Management and Reporting System for Network and Data Security. These policies aim to regulate client information management and ensure compliance with network and software security standards, while clearly defining responsibilities related to information security. Information security policies are continuously enforced across multiple stages, including access rights management, code development, database creation, maintenance, and backups.

To strengthen the protection of core corporate information and trade secrets, YUTO has established an Information Security and Trade Secret Management Office, led by the Company's Strategy Committee. This office is responsible for the overall planning, implementation, and enforcement of information security and confidentiality initiatives. Multiple measures have been taken to build a robust information security defence system. The Company continues to enhance its network and data security protection capabilities—effectively mitigating risks and safeguarding corporate data assets.



Cybersecurity Protection

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

Data Security Guarantees

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

To ensure the effectiveness of the Company's information security management system, regular external audits and third-party security assessments are conducted, including:

- **External Audit of the Information Security Management System:** The Company engages professional audit institutions to conduct annual reviews of its IT infrastructure and management systems to verify compliance with industry standards and regulatory requirements.
- **Third-Party Vulnerability Scanning and Penetration Testing:** Professional third-party organizations are regularly invited to perform network and system vulnerability scans to identify and remediate potential security weaknesses.
- **Offensive and Defensive Drills:** The Company regularly conducts simulated cyberattack and defense exercises with third-party experts to continuously optimize security strategies and enhance network defense capabilities.

In 2024, the Company obtained ISO 27001 certification for its information security management system, further standardizing information management processes and comprehensively safeguarding information security and service quality.



Information Security Management System Certification (ISO 27001 Certificate)

Raising Employee Awareness of Information Security

The Company has established an information security policy for all employees, along with corresponding preventive procedures, to enhance cybersecurity awareness and enable effective responses to potential security threats. Key measures include:

- **Information Security Incident Reporting Mechanism:** All employees are required to report any suspected security incidents through the procedures prescribed by the Company, ensuring timely response and resolution.
- **Security Awareness Assessment and Performance Linkage:** Information and cybersecurity responsibilities are incorporated into the Company's Code of Conduct and employee performance evaluation system. Violations may affect individual performance appraisals and lead to disciplinary actions.

To strengthen employee awareness of information security, the Company provides both online and offline training programs covering information security (including privacy protection) and technical skills. In addition, regular security risk alert emails, awareness videos, and simulation exercises are conducted to enhance employees' sensitivity to information security risks and their ability to respond effectively.



YUTO's Information Security Training

Protecting Client Privacy

YUTO strives to protect client privacy throughout the entire business process. In accordance with laws and regulations such as the Personal Information Protection Law of the People's Republic of China, we have formulated and implemented internal policies such as the General Provisions on Employee Information Security and the Data and Privacy Protection Policy. These policies clearly define employee responsibilities regarding the security of client data and require all internal employees and external contractors with access to YUTO factories to sign a non-disclosure agreement to ensure the protection of client information.



Fully Closed-off and Isolated Production Workshops

YUTO practices fully closed-off management to protect highly confidential workshops, with strict access control and security inspections. At YUTO, no one is allowed to bring electronic devices with storage or photographic functions into workshops. In addition, all persons entering or leaving the workshop undergo strict identity verification, and unauthorized employees are not permitted to enter or exit workshops.

In terms of client information management, we implemented stringent data classification management while practicing minimal data processing. At YUTO, only employees with job responsibilities highly correlated with client information may access client data. The default configuration of the Company's email system prohibits outgoing emails to external recipients, with all outbound communications subject to review under an email auditing policy. YUTO implements server access segregation measures, including whitelisting access to high-risk and business-critical ports. Bastion host systems are deployed to secure server access, and all new or modified access requests are subject to rigorous permission reviews to ensure data access segregation. A document encryption system is applied to files involving client privacy, enabling automatic encryption and restricting access and editing rights to authorized personnel with specific credentials, operating within a secured environment. To safeguard the security of core information systems, device and location verification mechanisms are activated at user login. In case of abnormal access behavior, immediate alerts are issued and two-factor authentication is required to proceed—establishing a strong barrier for protecting client information and privacy.

In 2024, the Company reported zero incidents of client privacy breaches.

Intelligent Manufacturing

YUTO actively responds to the national strategy for intelligent transformation by continuously enhancing its intelligent manufacturing system and promoting the digital upgrade of its production operations. The Company is committed to fostering a modern intelligent manufacturing ecosystem for printing and packaging, driving the transition from traditional manufacturing to intelligent manufacturing. At YUTO, we are shaping a new industry landscape with intelligent technologies.

Construction of Intelligent Factories

Since 2019, YUTO has been laying out digital intelligent factories, becoming the first enterprise in the industry to establish a fully integrated intelligent manufacturing facility. By incorporating digital twin and Internet of Things (IoT) technologies, the Company has achieved autonomous and controllable information management systems, significantly enhancing production efficiency and product quality, and accelerating its transition toward high-quality development. As of the end of 2024, the Company had completed and put into operation 10 intelligent factories, while also actively promoting the building of overseas intelligent manufacturing factories. Notably, the Company launched its first intelligent warehousing system at Yuhua Vietnam.



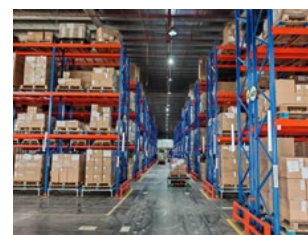
launched its first intelligent warehousing system at Yuhua Vietnam

Yuhua Vietnam's Intelligent Warehousing System

To address key challenges in warehouse and logistics management—such as insufficient professional capacity, weak foundational systems, high labor intensity, low efficiency, and limited mobility and timeliness of logistics operations—YUTO successfully implemented Phase I of its intelligent warehousing system at Yuhua Vietnam, significantly improving material management efficiency.

The factory uses Automated Guided Vehicles (AGVs) to transport materials throughout the production process—from raw material inbound and finished goods transfer to warehouse and outbound logistics. Production equipment is equipped with automatic loading and unloading systems, which interface seamlessly with AGVs to enable fully automated storage, transportation, and intelligent distribution of production materials.

The factory also plans to deploy a Warehouse Management System (WMS), integrated with enterprise-level systems such as SAP (System Applications and Products), MES (Manufacturing Execution System), and scheduling systems. This integration enables close coordination between equipment, AGVs, and information systems to ensure automatic data collection and real-time transmission. Intelligent control covers all stages including maintenance, inbound, internal storage, outbound operations, and report management. A smart warehouse dashboard has also been installed to display real-time operational, management, production, and planning status, as well as exceptions. This allows for timely issue identification and notification of responsible personnel to handle alerts, thereby improving the accuracy and efficiency of production planning and ensuring high-performance manufacturing.



Automated Guided Vehicle, AGV



Smart Warehouse Dashboard

Digital Operation

As it continues to advance digital development, YUTO aims to develop an integrated platform for “procurement, sales, inventory, human resources, finance, and asset management,” featuring core components that include System Applications and Products (SAP), Enterprise Resource Planning (ERP), financial shared service center, and Digital Human Resource (DHR). In 2024, the Company completed the development of the level-2 industry node, which is part of China's industrial internet program, promoting online collaboration across upstream and downstream partners and contributing to the development of broader industry ecosystem. It also built and actively promoted an Energy and Carbon Management Platform, supporting the Company's green manufacturing strategy. In parallel, YUTO advanced the rollout of its SAP ERP system across subsidiaries in Vietnam, the Philippines, and Mexico, and expanded implementation of its DHR and supply chain platforms in subsidiaries located in Vietnam, India, and Malaysia.

Enterprise Resource Planning (ERP)

- Horizontally, the system integrates production, supply, and sales, enhancing collaboration among business and operation departments. This enables more flexible production planning and enhances the Company's ability to respond effectively to market demand.
- Vertically, it achieves the integration of financial affairs. The SAP ERP system brings together master data concerning materials, clients, and suppliers, as well as statistics on material loss and corporate finance, to facilitate centralized management and control.

Digital Supply Chain Platform

- The Company adopts Robotic Process Automation (RPA) to automatically collect, process, and analyse market data, thereby improving the timeliness and accuracy of shared market information.
- Based on market data, the platform provides a cross-verification function between procurement prices and prevailing market prices, ensuring alignment between the two and effectively mitigating procurement risks.

Financial Shared Service Platform

- The platform integrates corporate payments and expense reimbursements with front-end systems such as the supply chain platform and OA (Office Automation), enabling end-to-end management of payment and reimbursement processes.
- It also supports direct bank-enterprise connectivity for foreign currency transactions, enhancing the efficiency of cross-border fund management.

Digital Human Resource Management System

- The system encompasses nine major business modules, including recruitment management, organisation management, personnel and contract management, attendance, compensation, and training. It is designed to serve as an integrated platform that combines HR operations, professional services, and talent development.

"YUTO Space" Mobile Platform

- The Company is progressively rolling out and launching functions such as personal expense reimbursement, supply chain mobile interface, RPA management, and security management via the "Xiaoyu Assistant" platform.
- A new AI-powered version of "Xiaoyu Assistant" has also been introduced, featuring capabilities such as intelligent voice-based office functions and a knowledge-based text assistant.

Digital Platform Deployment and Use

In 2024, YUTO continued to develop the level-2 industry Internet parsing node and successfully completed all acceptance and performance testing requirements. We have developed four applications: Supplier Relationship Management (SRM), Manufacturing Execution System (MES), Warehouse Management System (WMS), and Transportation Management System (TMS). We have also become integrated with parsing nodes of the national industry Internet through our enterprise service bus (ESB). As of December 31, 2024, the registered volume of YUTO's level-2 industry Internet node has reached 1,500 million, with a daily average parsing volume exceeding 120,000 times. The node has onboarded 4,547 companies, progressively contributing to greater collaborative development across the industry.



07

Empowering Growth: Building a Better Future with Employees



Empowering Growth: Building a Better Future with Employees

Talent is the key driver of enterprise development and growth. Committed to the core values of “Client Orientation, Value Employee Dedication, Innovative Creation, Win-Win Cooperation,” we aim to build a young, professional, and international team of talented people. The Company provides employees with competitive compensation, a comprehensive talent development system, and broad career development opportunities. YUTO continuously enhances employees’ sense of mission, well-being, and responsibility, while improving an all-round employee benefits and protection system. Through a variety of employee care initiatives, the Company fosters an inclusive and collaborative working environment—empowering employees in their pursuit of a fulfilling life.

Employees’ Rights Protection

YUTO respects and adheres to the Universal Declaration of Human Rights by the United Nations and the Declaration on Fundamental Principles and Rights at Work by the International Labor Organization (ILO). The Company actively supports the principles of the United Nations Global Compact, the Discrimination (Employment and Occupation) Convention, and the Abolition of Forced Labor Convention, among other international conventions. YUTO recognizes the fundamental right to freedom of association, strictly prohibits and opposes all forms of child labor and forced labor, and is committed to eliminating all forms of workplace discrimination and harassment—fully safeguarding the legitimate rights and interests of its employees.

Employment Compliance

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

We have also signed labor contracts with employees on an equal and voluntary basis to clarify the rights and obligations of YUTO and its employees, practiced equal pay for equal work, and paid social insurance premiums in accordance with the law to protect employees’ rights and interests and create harmonious, stable employment relations. In 2024, the Company’s internal hiring rate—defined as the percentage of vacant positions filled by internal candidates—was 27.47%.

- We respect human rights and oppose human trafficking. YUTO has released the YUTO Declaration against Slavery and Human Trafficking on its official website. YUTO continues to monitor and safeguard labor rights along the entire value chain. We cut business ties with any individual or company found to have violated these standards.
- We prohibit the employment of child labor and strictly implement policies such as the Provisions on the Prohibition of Using Child Labor. During recruitment, we adopt a combination of device-based, manual, and system-based identification methods to rigorously verify applicant identity information and prevent incidents of child labor. Additionally, we strengthen supply chain oversight by explicitly prohibiting suppliers from employing child labor in the Provisions on the Management of Labor Dispatch Suppliers.
- YUTO also prohibits forced labor. We have formulated and implemented the Rules on Employee Attendance Management to protect employees’ right to reasonable rest and vacations, make clear the employee overtime application process, and pay overtime compensation according to the relevant provisions.

In addition, YUTO has established a Compliance Diagnosis Task Force, which has developed detailed compliance risk control points covering all stages of employment, including recruitment, onboarding, employment, and termination. These checkpoints address issues such as labor contract signing, child labor, and social insurance. Annual compliance reviews are conducted across subsidiaries, with the initiative currently being piloted in the South China region and planned for further rollout in the future. In 2024, the Company did not find any violations related to human trafficking, child labor, or forced labor, and no labor disputes occurred during the reporting period.

Attracting Outstanding Talent

YUTO has formulated a talent acquisition strategy aimed at attracting top talents through employer branding, campus recruitment, and social recruitment channels. The Company continues to strengthen industry-academia partnerships with domestic and international universities to build a diversified talent pool. To enhance flexibility and alignment in talent development, part-time and internship opportunities are offered for selected positions—supporting employee career growth while meeting the Company’s diverse talent needs.

Campus Recruitment

On 20 October, 2024, YUTO officially launched its 2025 campus recruitment campaign. The Company visited universities across China, including Beijing, Hunan, Shaanxi, Tianjin, Guangxi, and Henan to host information sessions. These sessions introduced YUTO’s corporate culture and shared insights into cutting-edge developments in the industry, allowing graduating students to gain a comprehensive understanding of the Company and extending an open invitation for them to join YUTO.



Campus Recruitment Poster



Campus Briefing Session

Industry-Academia Collaboration

In 2024, YUTO continued to deepen its industry-academia-research cooperation with several key universities, promoting the integration of education and industry through a range of practical initiatives. The Company not only shares cutting-edge technologies and hands-on experience with university students, but also provides project mentorship—helping students translate their theoretical knowledge into practical skills and nurturing high-calibre talent aligned with market needs.



Delivering a Lecture at a University



Establishment of Strategic Talent Training Partnerships

In 2024, the total number of new employees reached 6,778, of which the number and percentage by gender, age group, and region are given below:

Total number of new employees¹⁴ by gender, age group, and region

		Number of new employees	Percentage (%)
Gender	Male	4,169	61.51
	Female	2,609	38.49
Age group	Under 30	3,503	51.68
	30-50	3,253	47.99
	Above 50	22	0.33
Region	China (including HK, Macao and Taiwan)	4,450	65.65
	Indonesia	22	0.32
	India	57	0.84
	Thailand	58	0.86
	Malaysia	103	1.52
	Vietnam	1,979	29.20
	Other Overseas Regions (including the Philippines, Myanmar, the United States, Mexico, etc.)	109	1.61
Total number of new employees		6,778	

¹⁴ New employees refer to the number of employees who joined the Company during the year and were still employed as of December 31, 2024.

Equality and Inclusion

YUTO values, appreciates, and encourages diverse perspectives and viewpoints. The Company fully respects freedom of association and is committed to creating a friendly, inclusive, and non-discriminatory working environment. We pledge that no discrimination or differential treatment will occur on the basis of gender, age, ethnicity, marital status, religious beliefs, or other personal attributes in any employment-related processes—including recruitment, compensation and benefits, promotion, or termination—ensuring equal development opportunities for all employees. Further details can be found in the special section “Global Talent Collaboration – Building an International Brand through Multicultural Inclusion.”

To uphold equality and respect, the Company has established a reporting process for incidents of discrimination and harassment (including both sexual and non-sexual harassment such as bullying or verbal abuse). Employees are encouraged to report concerns through the HR department, the compliance office, or anonymous reporting channels. All complaints are reviewed by a designated team and investigated within a reasonable timeframe, following principles of fairness and confidentiality. The whistleblower is protected against retaliation. If a violation is confirmed, the Company will take appropriate disciplinary actions—including verbal warnings, formal reprimands, performance review, demotion, or dismissal—and may also offer remedial measures where necessary. YUTO continuously improves its policies, raises employee awareness, and promotes open communication to collectively foster a fair, respectful, and safe working environment. In 2024, no incidents of discrimination or harassment were reported.

As of December 31, 2024, the total number of employees at YUTO stood at 22,074, of which the number and percentage by gender, age group, nationality, and level are given below:

Total number of employees by gender, age group, and nationality ¹⁵			
		Number of employees	Percentage (%)
Gender	Male	13,593	61.58
	Female	8,481	38.42
Age group	Under 30	6,596	29.88
	30–50	14,688	66.54
	Above 50	790	3.58
Nationality	China (including HK, Macao and Taiwan)	17,278	78.28
	Indonesia	111	0.50
	India	93	0.42
	Thailand	128	0.58
	Malaysia	173	0.78
	Vietnam	4,159	18.84
	Other Overseas Regions (including the Philippines, Myanmar, the United States, Mexico, etc.)	132	0.60
Total number of employees		22,074	

¹⁵ In terms of the employment type, all employees included in the table are full-time/long-term employees

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

		Directors and higher-level employees	Managers	Section chiefs	Staff-level employees	Technicians and lower-level employees
Gender	Male	161	540	933	1,882	10,077
	Female	20	173	409	1,524	6,355
Age group	Under 30	1	10	98	1,368	5,119
	30–50	138	662	1,209	1,991	10,688
	Above 50	42	41	35	47	625
Region	China (including HK, Macao and Taiwan)	172	699	1,272	2,904	12,231
	Indonesia	–	1	1	23	86
	India	–	–	5	37	51
	Thailand	–	–	5	10	113
	Malaysia	1	2	3	36	131
	Vietnam	–	6	49	367	3,737
	Other Overseas Regions (including the Philippines, Myanmar, the United States, Mexico, etc.)	8	5	7	29	83
Ethnicity ¹⁶	Ethnic minority	5	23	46	144	1,171
	Han	167	676	1,226	2,760	11,060

Employee Training and Development

YUTO is committed to providing employees with diverse career development opportunities by continuously improving career progression pathways and establishing training programs that cover employees at all levels and across all functions. These training initiatives are designed to enable more employees to realize their potential and achieve personal and professional growth.

In 2024, the Company's annual training expenditure reached 1.6 million CNY. 100% of the Company's employees participated in training sessions, with 320,489 training hours. The specific training statistics are given on the right:

Average training hours by gender and level		
		Average training hours per person (hours)
Gender	Male	14.5
	Female	14.5
Level	Directors and higher-level employees	5.8
	Managers	15.9
	Section chiefs	25.0
	Staff-level employees	22.6
	Technicians and lower-level employees	12.0

¹⁶ The ethnicity category only includes Chinese employees (ethnic minorities and Han)

Talent Development System

YUTO has formulated the Personal Training Management System and other mechanisms and processes related to talent training, and established a Complete Talent Echelon Training System. It focuses on new employee training, professional training, high-potential executives training and on-the-job leadership training, with a priority to cultivate the key abilities required by employees at each stage of their career development and support employees in enhancing their professional competitiveness.

On-the-job leadership training

Rising Tiger (Tenglong) Program: leadership training for current general manager and directors

Flying Tiger (Feilong) Program: leadership training for current managers

Crouching Tiger (Qianlong) Program: leadership training for medium and grassroots section chiefs

General management courses: regular management course training

YUTO High-potential Candidates training

Induction training: YUTO High-potential Candidates newly recruited

Vocational training camp for new hires: YUTO High-potential Candidates newly recruited

High-efficiency core employee training camp: YUTO High-potential Candidates with a length of employment of over 2 years

New Cadre Regiment: high-potential employees and section chiefs training class

Complete
Talent Echelon
Training
System

Professional talent training

Training for talents holding key positions: the program includes five key positions, covering business supervisors, project managers, structural designers,, product engineers, and quality controllers

High-potential executives training

Dagger Squad: high-potential general manager training class

Invincible Battalion: high-potential manager training class

New Cadre Regiment: high-potential employees and section chiefs training class



"Dagger Squad" Training

Procurement Professional Competency Training Program

From July 2023 to December 2024, YUTO has been continuously implementing a training program aimed at enhancing procurement professional competencies. The program focuses on improving the standardization, compliance, and international competitiveness of the procurement system. Covering 251 employees within the procurement system, the training plan includes five key modules: operation of the procurement information platform, procurement management systems, basic procurement knowledge, advanced procurement expertise, and cross-departmental procurement collaboration. It is designed to comprehensively enhance the technical skills, professional ethics, and cross-functional collaboration capabilities of procurement personnel. The core objectives of the training program are to:

- **Improve Procurement Efficiency:** Streamline procurement processes, reduce procurement cycles, and enhance response times.
- **Strengthen Procurement Collaboration:** Enhance cross-departmental communication and supply chain collaboration to improve decision-making efficiency in procurement.
- **Support International Development:** Cultivate professionals who meet international procurement standards and boost global procurement competitiveness.



Procurement Professional Competency Training

This training has not only improved the professionalism of procurement operations but also enhanced cross-departmental collaboration and made procurement decision-making more efficient. Moving forward, the Company will continue to monitor the effectiveness of the training and expand into international procurement training to further enhance global procurement competitiveness. This effort aims to drive the procurement system toward greater integrity, standardization, professionalism, and internationalization.

Thematic Seminar: Winning Before Fighting

From February 22 to 29, 2024, YUTO hosted the Six Key Lectures—a thematic seminar: Winning Before Fighting. The seminar explored six key dimensions: strategy, organizational vitality, finance, flagship products, cost management, and key account management. Utilizing a blend of video learning, practical exercises, and team discussions, the seminar introduced employees to new external knowledge, stimulated critical thinking, and invigorated team dynamics. This study achieved remarkable outcomes, with 1,357 employees completing the training and producing 127 detailed team discussion summaries.



Thematic Seminar: Winning Before Fighting

The YUTO High-potential Candidate Program, a crucial component of YUTO's talent development system, targets outstanding graduates from colleges and universities. With systematic career planning and training, the program aims to foster young talents as future YUTO executives. We have introduced the YUTO High-potential Candidate Acceleration Program, which focuses on the first three years of career development across five key stages. Corresponding courses are provided to support the comprehensive enhancement of participants' workplace soft skills.



YUTO High-potential Candidate Acceleration Program

2024 Onboarding Camp for YUTO High-potential Candidates

● 2024 Onboarding Camp for YUTO High-potential Candidates

YUTO organized 2024 Onboarding camp for YUTO High-potential Candidates, with a total of 145 participants. The training achieved an impressive satisfaction score of 97.8 points. Centered around the themes of "Cultural Experience, Integration and Transition, Learning through Engagement, and Real-time Learning and Examinations," the program featured a variety of activities. These included team-building exercises, coursework, online examinations, and creative hands-on workshops. To motivate and reward outstanding performance, an innovative "YUTO Coin" points system was introduced. This initiative not only facilitated the rapid integration of new employees into the Company's culture but also significantly enhanced their teamwork and professional skills.



Group Photo of 2024 YUTO High-potential Candidates

● YUTO High-potential Candidate Acceleration Program

Based on a win-win philosophy aimed at accelerating the growth of "YUTO High-potential Candidate" and enhancing the value of talent utilization within business departments, YUTO has developed the "Empowerment Courses for the YUTO High-potential Candidate". This comprehensive program spans three core themes—interpersonal skills, communication proficiency, and work-learning strategies—comprising a total of nine courses. Between 2023 and 2024, we organized in-person training sessions that were attended by 566 participants, achieving an impressive average satisfaction score of 96.3. In 2024, we furthered our commitment to professional development by launching the "Professional Acceleration Training Camp." This initiative involved internal instructors recording online video courses, which were then made available on our e-Student platform. By expanding the learning channels for High-potential Candidate, we aim to provide them with a robust foundation for swift and effective career advancement.



On-site Training for the YUTO High-potential Candidate Acceleration Program

Online Learning Platform

YUTO has introduced e-Student, a one-stop learning platform, to enhance knowledge accumulation and optimize talent development efficiency through intelligent training management, ultimately boosting overall company performance. Featuring four key functional modules—Online Classroom, Livestream & Micro-course Center, Training Center, and Digital Management of Offline Learning—the platform fosters a diverse and flexible learning ecosystem, which is designed to support the achievement of the Company's strategic objectives. The core goals include:

Enhance Operational Efficiency and Optimize Resource Allocation:

By leveraging online training, we reduce the costs associated with organizing on-site training sessions while increasing training coverage, making learning resources more flexible and efficient, minimizing business disruptions, and optimizing the allocation of human capital.



Strengthen Business Capabilities and Support Company Growth:

Through specialized training modules and project operation empowerment, we ensure that core business teams stay updated with the latest industry knowledge and practical skills, thereby enhancing project execution, operational efficiency, and market competitiveness.



Reinforce Knowledge Management and Mitigate Operational Risks:

Systematic course development and training management help minimize knowledge loss caused by employee turnover, safeguarding the sustainability of key positions and core business operations.



Enhance Compliance Capacity for Long-Term Steady Development:

Features such as integrity and self-discipline training, along with standardized learning management can help raise employees' compliance awareness. These measures reduce legal and ethical risks, ensuring the Company's steady operations while expanding its business footprint.



Homepage of the e-Student Learning Platform

In 2024, the e-Student Learning Platform delivered quantifiable achievements in advancing employee learning and development, as well as boosting corporate performance. These accomplishments include:

- **Course Resource Accumulation:** A total of 744 courses have been developed, covering a wide range of topics including professional training, project operations, internal trainer empowerment, integrity and self-discipline.
- **Employee Learning Engagement:** Throughout the year, 6,469 employees participated in learning activities, with a total learning duration of 61,088.1 hours and the average learning time per employee of 9.4 hours. Overall employee competencies have been effectively enhanced.
- **Enhanced Training Operational Capability:** The Company organized intermediate and advanced Learning Operations Officer training camps to enhance internal training organization capabilities and ensure the efficient operation of the training system. The training camps achieved a 100% completion rate, with 57 participants earning intermediate certificates and 43 obtaining advanced certificates as Learning Operations Officers.
- **Savings & Efficiency:** Compared to traditional on-site training, the online learning platform significantly reduces training costs while increasing employees' autonomy and flexibility in learning.

Teaching Staff Development System

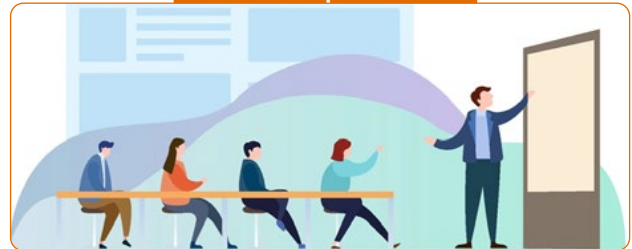
To effectively underpin the Company's talent cultivation system, YUTO focuses its efforts on empowering internal trainers and mentors, consistently expanding the teaching staff, and holistically improving their capabilities, to nurture and provide more exceptional talented people for the enterprise.

Resource Development



On July 10, 2024, YUTO officially launched the "Internal Trainer Training Camp." It focuses on three key areas: interpreting the updated training management system, developing course content and teaching techniques, and mastering PPT creation skills. Through systematic learning, the initiative aims to empower more internal trainers to develop high-quality courses and confidently step onto the podium to share their expertise.

Mentor Empowerment



To enhance the coaching capabilities of internal mentors, YUTO introduced a premium external course titled Effective Coaching for Faster Onboarding. This course was complemented with real-life coaching case studies from within the organization. In 2024, a total of 362 employees completed the mentorship training program and passed the corresponding exams. YUTO also released a series of three internal coaching case studies, featuring in-depth interviews with experienced mentors.

Certification of Vocational Skill

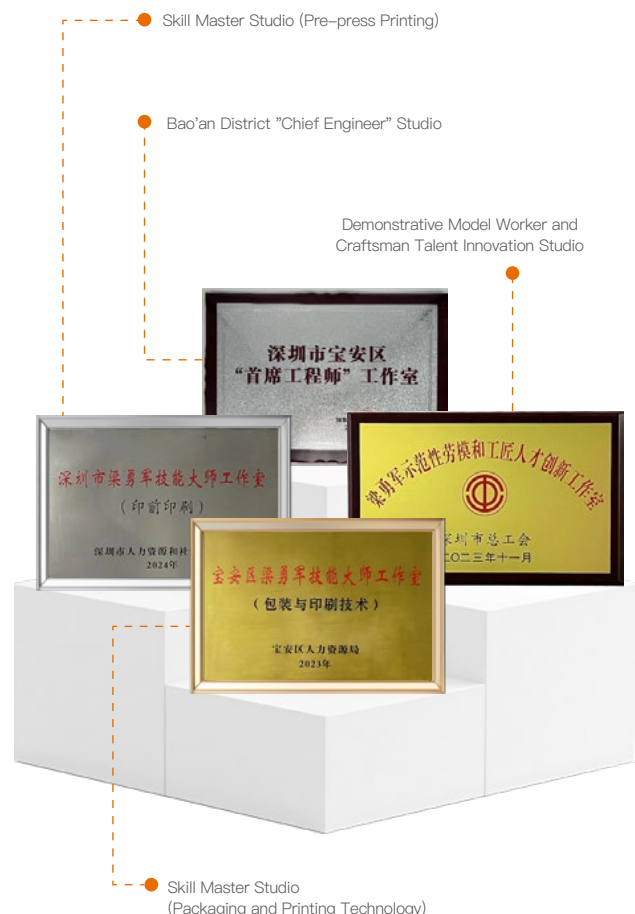
At YUTO, the certification of vocational skill levels has remained a consistent focus. In 2021, we obtained the internal self-assessment qualification through registration with the Skills Appraisal Office of the Human Resources and Social Security Bureau of Shenzhen Municipality. In 2024, the Company was approved to independently certify Chief Technicians and Senior Technicians, and was honored with the "Top Ten Demonstration Platforms" award for lifelong vocational skills training in Shenzhen. Because of its strong emphasis on nurturing skilled talent, the Company has been successively awarded several prestigious titles in recent years, including: Shenzhen "Skill Master Studio (Pre-press Printing)", Bao'an District "Skill Master Studio (Packaging and Printing Technology)", Bao'an District "Chief Engineer" Studio and Shenzhen "Demonstrative Model Worker and Craftsman Talent Innovation Studio".



Top Ten Demonstration Platforms



Certificate of "Top Ten Demonstration Carriers"



We have conducted vocational skill level certification, through a rigorous process that includes document review, theoretical exams, practical exams, and comprehensive defense presentations. As of 2024, a total of 706 individuals have successfully completed and received their certificates. The certified employees span across Shenzhen Yuto, its Longgang branch, Yuhua Vietnam, Binh Duong Yuto, Thailand Yuto, Indonesia Yuto, and the Philippines Yuto.

We have established a subcommittee for the certification of vocational skill levels under the Technical Committee to develop certification standards and organize YUTO's certification efforts. In 2024, we continued to enhance our vocational skills level certification system by updating the YUTO Implementation Measures for the Evaluation of Vocational Skill Levels and improving four vocational evaluation guidelines. These updates aim to shorten the time required for certification upgrades, expand our pool of qualified assessors, and enrich our question bank. Specifically, we have uploaded 7,600 theoretical exam questions to the e-Student platform to facilitate employee learning and certification efforts, thereby fostering and certifying professional technical talent within the Company.

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



The scene of certification of vocational skill levels

Employee Performance and Promotion

YUTO adheres to the principle of “recruiting talents widely, and making the best of talents”, aiming at “expanding employee development channels, leading employees to improve their abilities, and enabling the clear matching of talents and positions. Through the establishment of scientific and comprehensive compensation and performance management system, we ensure that employees receive objective evaluations and reasonable rewards on fair, open and impartial mechanisms.

Regarding compensation management, we consider multiple factors including job value, work performance, skill levels, and market salary benchmarks, to offer employees more competitive compensation and benefits compared to the market. Furthermore, we have formulated the YUTO Compensation Management System to specify our compensation compositions and management principles. At YUTO, the monthly compensation of employees consists of fixed pay and variable pay, including regular compensation, skill allowance, performance-based compensation, overtime compensation, tenure-based compensation, and commissions. To underscore the motivating aspect of employee compensation, we have established different compensation structures (ratio between fixed pay and variable pay) for each job rank according to a set of rules to ensure fair, stimulating compensation management.

Regarding performance evaluation and goal management, we establish measurable performance objectives for employees to ensure their personal development aligns with the Company's strategic goals. Employee performance is directly tied to compliance with our code of conduct; any violations will result in corresponding deductions from their performance scores. Our performance assessment system employs a multi-dimensional evaluation approach, encompassing: Manager evaluations, Cross-departmental collaboration feedback, Peer reviews and Self-assessments. This 360-degree feedback mechanism provides a holistic view of an employee's work performance and contributions. Furthermore, we have introduced team-based performance evaluations that assess the achievement of collective goals, collaborative efficiency, and innovative outcomes. This approach not only encourages teamwork and cross-functional cooperation but also drives overall performance improvement.

In order to enhance the dynamism and flexibility of performance management, we advocate for an “Agile Communication” mechanism that emphasizes regular communication and continuous feedback. Department leaders conduct quarterly performance reviews with employees and document goal adjustments, growth feedback, and improvement actions through the performance management system. This ensures real-time tracking and transparency in the performance evaluation process.

Performance results apply to such matters as performance pay, chances of promotion, compensation adjustment, and excellence rating, forming a closed-loop management system that ensures fairness and incentivization in compensation. By the end of 2024, 90% of the Company's subsidiaries and branches have successfully implemented the performance management system, significantly improving management efficiency and decision-making accuracy. This initiative has achieved a dual-driven approach, fostering both individual employee growth and corporate development.

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

Review of Reserve Talents

Define key positions based on its strategic business plans and evaluate the vacancy of key positions;
Identify high-performing and high-potential talent and include them in our reserve talent pool.

Training of Reserve Talents

Conduct specialized training, job rotation, and project-based development for reserve managers, who will, in turn, enter the talent candidate pool once their key capabilities and experience are fully built.

Hiring & Management

Establish a performance management system based on goal setting and results evaluation;
Provide differentiated incentives such as salary adjustments, flexible bonuses, priority promotions, and honor recognitions.

Onboarding of Reserve Talents

Assess their performance, capabilities, potential, and values;
Achieve precise talent-to-position matching based on the assessment results.

Employment Communication and Care

At YUTO, we respect and care for our employees by establishing diverse communication channels to attend to employee feedback. We continuously enhance our employee welfare programs and organize a vibrant array of engaging activities, aiming to cultivate a work environment imbued with humane care, build harmonious teams and elevate employee satisfaction. To gain deeper insights into our employees' work experiences, we regularly conduct comprehensive employee engagement surveys. These surveys cover various themes, including job satisfaction, sense of purpose and intrinsic motivation, happiness, and stress levels. The results highlight the work experiences and satisfaction levels across different employee groups. Notably, a significant proportion of respondents expressed highly positive views on our company culture and work environment, providing exceptionally high satisfaction ratings. Leveraging this valuable feedback, we continuously revise and optimize our employee care initiatives. By doing so, we aim to boost employee engagement and well-being, fostering a more attractive and supportive workplace.

Attending to Employee Feedback

We are committed to honoring our employees' legal rights to freedom of association and collective bargaining. Established in 2007, the Yuto Union plays an essential role in promoting democratic management within the Company. By representing employees in decision-making processes, the Union effectively communicates their needs and aspirations, fostering a more transparent and rational approach to corporate decision-making. Furthermore, it organizes various employee care initiatives, ensuring workforce stability and the harmonious development of the Company. As of the latest reporting period, an impressive 82.54% of employees are covered by the Shenzhen Yuto Union. In 2024, the Union convened two plenary sessions of the Workers' Congress, during which seven departmental regulations were approved and seven proposals from employee representatives were reviewed on site. Through follow-ups with responsible departments, the Union strengthened its efforts to safeguard the legitimate rights and interests of employees.

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

We have also established a departure interview session for employees who have expressed an intention to leave YUTO. Specifically, the Human Resources Center first conducts an interview to determine the reasons for departure, generates interview records, establishes a feedback channel and a departure warning mechanism, and retains key talents through internal transfers and other means to improve the retention of high-potential personnel, core business employees, and managers.



Enhancing Employee Benefits

YUTO ensures that our employees not only receive statutory benefits but also enjoy a diverse range of perks. In addition to the statutory benefits mandated by the state—including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund—we also provide a wide range of non-salary benefits to all employees. These initiatives aim to strengthen employees' sense of identity, belonging, and loyalty toward the Company.

Employee Non-Salary Benefits



Leave Benefits

Paid annual leave, paid maternity leave, paternity leave and parental leave (approximately 27 weeks for primary caregivers and around 3 weeks for non-primary caregivers)



Allowances

High-temperature allowance, dispatch allowance, transportation allowance, opt-out housing and meal allowances



Health Benefits

Annual health check-ups, employer's liability insurance and sports events



Activities

Team-building events, birthday treats and employee birthday celebration



Care Programs

Award for continued service, education advancement incentives, support for employees in financial hardship and workplace stress relief initiatives

Fire Relief Assistance for Employees of Yuhua Vietnam

On the evening of September 15, 2024, a fire broke out at the home of an employee of Yuhua Vietnam due to aging electrical wires, causing significant damage. Following the incident, the Yuhua Union quickly initiated a donation appeal through various channels, calling on employees to provide assistance. Within a month, the Company successfully raised 32,890,000 Vietnamese dong. This contribution brought immense warmth and strength to the affected family.



Assistance to Overseas Employees



We extend our care to employees stationed overseas. With the adoption of the Measures for Managing Overseas Personnel Benefits, employees working overseas receive benefits including travel allowances for family visits, paid annual leave, expatriate allowance, and business travel insurance. This better protects overseas employees' rights and interests.

Enriching Employee Lives

YUTO remains providing “warm and heartfelt care for employees” through a diverse array of cultural and recreational activities. These initiatives are designed to enrich employees’ leisure time, fulfill their spiritual and cultural needs, and cultivate a lively, positive, and healthy working environment.



Movie Watching Event on Women's Day



The 12th Yuto Good Voice & Talent Show Competition



Excellent Staffs Recuperation Activities



Seminar on Law Popularization for Employees



Basketball Contest



Tug-of-war Competition



A Badminton Match



Parent-child Sports Day



Parent-child DIY Activity



Occupational Health and Safety

YUTO strictly abides by the laws and regulations of the countries and regions where we operate, including the Law of the People's Republic of China on Work Safety, Fire Control Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Regulations on the Safety Management of Hazardous Chemicals, and Law of the Socialist Republic of Vietnam on Occupational Safety and Health. We have established robust occupational health and safety management systems to implement safety management in all operations. Furthermore, YUTO has intensified efforts to foster and promote a culture of safety. We have carried out safety improvement initiatives and focused on employee health management to provide employees with a safe and healthy working environment.

Work Safety Management

YUTO endeavors to establish a culture of safety for all, advance the certification of Occupational Health and Safety Management System (OHSMS) and standardize safety behaviors across our manufacturing bases. The Company's occupational health and safety policies and commitments include:

- Being applicable to all employees within the Company's business scope, as well as relevant parties under the Company's supervision;
- Encouraging joint participation in occupational health and safety management through effective communication with employees and relevant parties;
- Developing key action plans tailored to the actual conditions of the business, with a focus on continuously optimizing safety management;
- Setting internal goals for improving occupational health and safety performance, thereby driving ongoing enhancement;
- Overseen and decided by the General Managers of each Business Unit (BU) under the Company, with work safety management departments/personnel responsible for assisting the General Managers in implementing relevant policies.

To address the diverse needs of various business scenarios, the Company has developed the occupational health and safety plan, ensuring that all safety management measures are effectively implemented, thereby minimizing health and safety risks. Key components include:

- **Strategic Action Plans and Goals:** We identify and assess occupational health and safety risks based on our specific business conditions, pinpointing critical areas for focused management; By setting goals for enhancing safety standards, we drive the implementation of targeted initiatives; Our plans are continuously reviewed and optimized to align with our evolving business landscape.
- **Health and Safety Risk Management:** We prioritize factors that could impact our employees' health and safety, evaluating their potential effects; Implementing robust measures to mitigate these risks, we actively support comprehensive employee health management; Regular reviews of our safety practices ensure continuous improvement and innovation in our safety protocols.
- **Incident and Health Issue Management:** We have established a streamlined incident reporting and response mechanism to ensure swift action whenever necessary; Through detailed analysis of incidents and health issues, we uncover root causes and implement corrective actions; Raising safety awareness across the organization, we minimize potential risks and foster a culture of vigilance.
- **Supply Chain Security Requirements:** In supply chain management, we integrate occupational health and safety standards by setting stringent requirements for our suppliers; We evaluate our partners' safety performance based on actual operational needs; Through collaborative efforts and open communication, we elevate safety management practices across our entire supply chain.

Improve the Safety Management System

- We have formulated and implemented internal management systems covering the Work Safety Management System, Key Management System for Occupational Health, Management System for the Safety Acceptance of New Equipment and Chemical and Hazardous Materials Control Procedures. These efforts have helped us ensure fire safety, production line safety, equipment safety, and more, as YUTO continues to reduce, control, or eliminate safety risks and hazards.
- We have introduced the Leased Factory and Warehouse Fire Safety Management System to strengthen the fire safety management of leased factories and warehouses.
- In accordance with the principle of "safety first, prevention foremost, and comprehensive governance," we have established the Small-Scale Engineering and Miscellaneous Operations Safety Construction Agreement. This agreement will be uniformly signed with suppliers to enhance on-site safety production management for small-scale engineering and miscellaneous operations.
- We have conducted an inventory of the primary responsible persons across all Business Units (BUs) and formulate a standardized version of the Primary Responsible Person Safety Responsibility Statement for unified signing. This will clarify the safety responsibilities and safety objectives of the main responsible individuals.

Enhance safety management Supervision

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

Organize Safety Case Promotion

- YUTO and its subsidiaries regularly organize activities such as safety education, safety case promotion, safety months, occupational health weeks, and emergency drills, to raise safety awareness among employees, and fortify the line of defense for safety production. In 2024, the Company recorded a total of 54,499 safety training attendances.

Work Safety Management Measures



Fire Drill



Safety Training

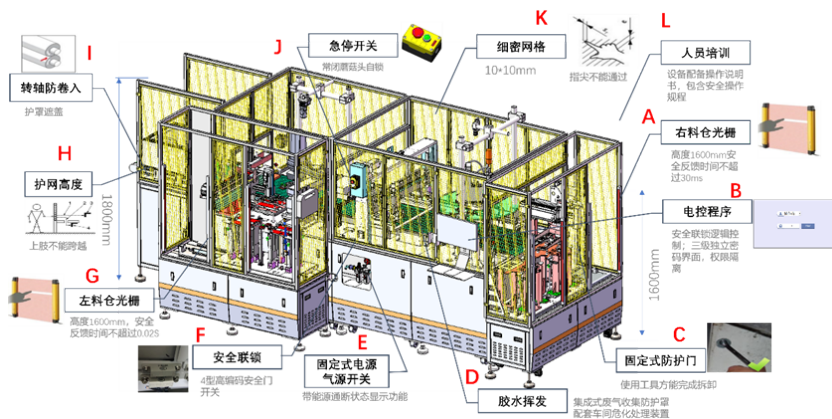
By the end of 2024, 26 subsidiaries were certified under the ISO 45001 Occupational Health and Safety Management System (OHSMS); 28 subsidiaries received certification for standardized work safety.

Safety Improvement

YUTO consistently executes its safety action plan, covering regular safety inspections, facility upgrades, and specific environmental remediation, which area all aimed at improving the Company's overall safety performance. In 2024, YUTO invested 49.75 million CNY in production safety and environmental protection, of which 26 million CNY was allocated to environmental protection initiatives, while 23.62 million CNY was invested in safety and occupational health programs. The Company provided industrial accident insurance for its employees, with a coverage rate of 100%.

We have conducted on-site cyclic safety inspections and rectification reviews across our manufacturing bases in accordance with national, local, and industry regulations and risk management principles. Our inspections covered modules including fire safety, environmental protection, occupational health, mechanical safety, hazardous chemicals, and electrical safety. By the end of 2024, safety inspections were completed for 60 manufacturing business units (BUs)/bases, with follow-up inspections conducted for 10 manufacturing BUs. Our first round of inspections covered all business units and bases and eliminated 75% of the hazards. After rectification, our BUs recorded an average safety score of 90/100.

In 2024, we continued to prioritize machinery safety by closely integrating the safety acceptance process for newly acquired, relocated and resold equipment, with the Company's fixed asset management platform. This integration ensures mandatory implementation of the acceptance procedures. Additionally, we conducted comprehensive and systematic risk assessments and safety upgrades across production workshops (see diagram below). By thoroughly inspecting potential hazardous zones in the workshops and installing safety enhancements such as guardrails, protective covers, and safety nets, we significantly enhanced the safety of existing equipment. In that year alone, we completed safety upgrades for nearly 3,000 pieces of equipment and over 200 assembly lines.



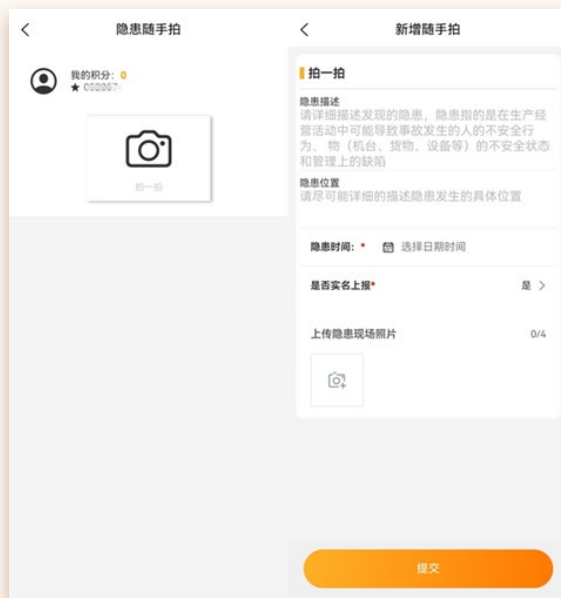
In addition, we compiled and organized the safety tools, safety upgrades, and safety management case studies conducted by the Company. These best practices were shared with all employees through the Company's internal system to foster a safety consciousness. By the end of 2024, the Company had published a total of eight issues of safety tools and case studies for organizational learning.



Safety Tool/Case Sharing

Digital Safety Management

YUTO's Safety Commission has advanced digital safety management together with the Process and IT Department to facilitate efficient, convenient, and intelligent safety management. With joint efforts, the departments established a safety management platform featuring swift online notification of safety hazard rectification and easy confirmation of rectification results. Moreover, the platform automatically ranks the rectification status of each responsible department, allowing for more transparency in safety management. In 2024, the Company added a "Quick Hazard Snap" feature to the DHR mobile app, encouraging all employees to participate in identifying potential safety hazards. It enables a full-process closed-loop management system for hazards, from detection and reporting to verification and elimination and effectively addresses issues related to inefficiencies in the Company's hazard identification and resolution mechanisms, while also turning "post-facto relief and remedy" into "prevention in advance".



Interface of Quick Hazard Snap

Employee Health Care

At YUTO, top priority is given to occupational health and safety. Tailored to the needs of employees, we have implemented comprehensive health and safety programs on physical health, mental well-being, and the health awareness, to inspire and guide employees towards a more positive and healthier lifestyle.

- YUTO offers employee health examinations and free medical consultations, introduces the "YUTO Health and Well-being" health day and provides the "See Your Doctor at YUTO" Service on the 20th of each month at the Shiyao Park in Shenzhen.
- At YUTO, employees are provided with essential protective gear such as shoes, gloves, goggles, and noise-canceling earplugs.
- YUTO also prioritizes the mental well-being of employees. We have launched educational activities to promote mental health knowledge and provided emotional counseling and mental health guidance to employees in need.
- YUTO is fully equipped with Automated External Defibrillators (AEDs) and first aid kits and offers first aid training to help employees become more health-aware and master skills to protect their safety.



Free Medical Consultations for Employees

08

Operation with Compliance: Upholding Integrity



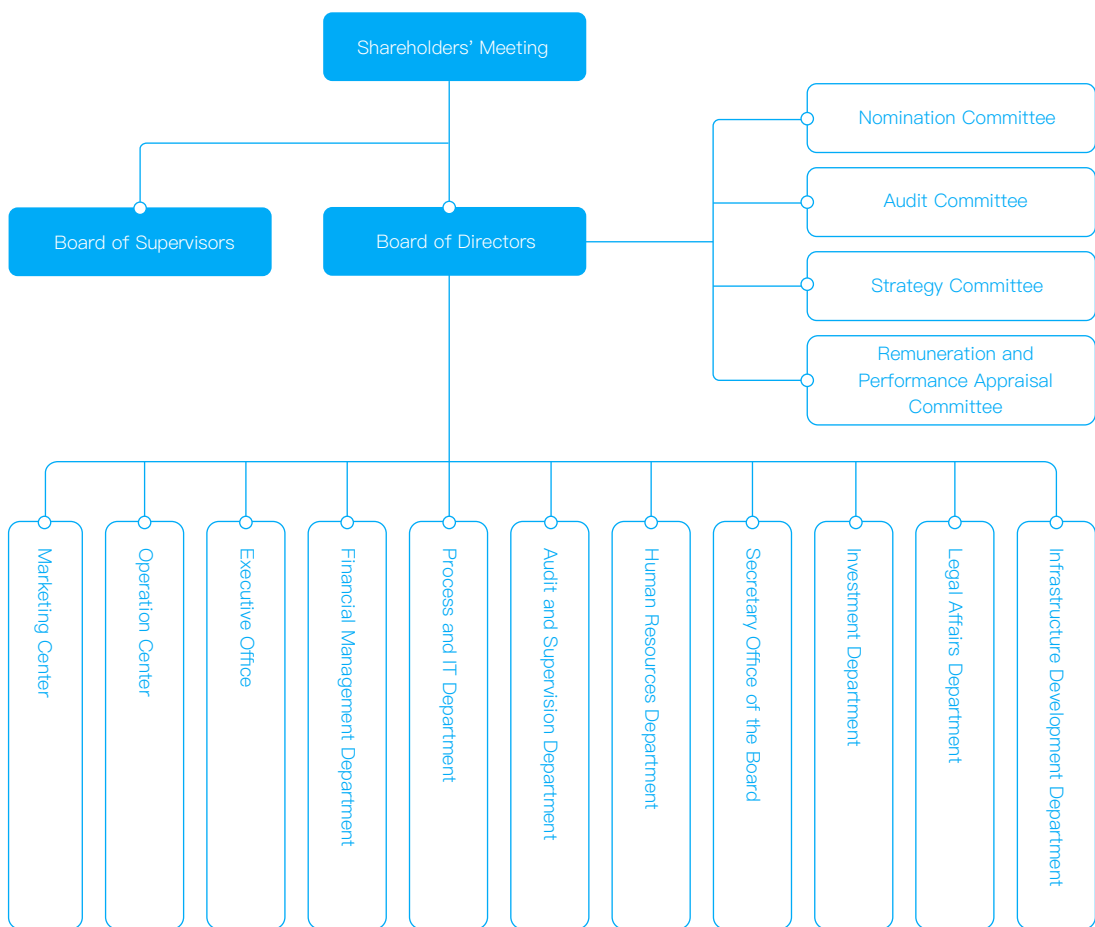
Operation with Compliance: Upholding Integrity

Committed to compliance, integrity, and prudent operations, YUTO have continuously enhanced the rigor and transparency of decision-making, improving risk control systems and adhering to high ethical standards in business conduct. By fostering a corporate culture rooted in fairness, integrity, and anti-corruption principles, we aim to build impartial and positive relationships with all stakeholders. This provides a solid foundation for the corporate sustainable development and long-term value creation.

Corporate Governance

YUTO strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, as well as the laws and regulations stipulated in relevant documents, such as the Code of Corporate Governance for Listed Companies in China issued by China Securities Regulatory Commission, Stock Listing Rules of the Shenzhen Stock Exchange, the Self-regulator Guidelines for Listed Companies on Shenzhen Stock Exchange No. 1-Standardized Operation of Listed Companies on the Main Board,. The Company continues to promote the standardized operation of the Company, improve information disclosure and investor relations management, to enhance corporate governance, ensuring the compliance and stability of corporate operations.

YUTO has established a corporate governance structure comprising the Company's Shareholders' Meeting, Board of Directors, Board of Supervisors, and Senior Management. This structure ensures strict compliance with laws, regulations, and our Company's Articles of Association, facilitating standardized operations. Authority and responsibilities are executed through shareholder resolutions, the election of directors and supervisors, and the appointment of senior management, all in accordance with our corporate governance structure. In 2024, our Shareholders' Meeting, Board of Directors, Board of Supervisors, and Senior Management rigorously adhered to regulatory guidelines and internal policies in their decision-making processes and operational oversight.



YUTO's Governance Structure

The Shareholders' General Meeting of the Company enjoys the decision-making rights as stipulated in laws and regulations and the Articles of Association, and exercises the right to decide on major matters such as operation policies, fundraising, investment, and profit distribution in accordance with the laws. The Company convened and held shareholders' meetings in strict accordance with the provisions and requirements of the Rules for General Meetings of Listed Companies and the Rules of Procedure for General Meetings, ensuring that all shareholders, in particular the minority shareholders, enjoy equality, and facilitating shareholders' participation in shareholders' meetings as far as possible to enable them to fully exercise their rights as shareholders. During the reporting period, the Board of Directors of the Company convened three shareholders' meetings and considered a total of 13 motions.

Shareholders' meetings

3

Motions considered

13

The Company elects members of the Board of Directors in strict accordance with the laws of the People's Republic of China, including the Company Law of the People's Republic of China, and the selection and appointment procedures stipulated in the Articles of Association; the size and composition of the Board of Directors comply with statutory requirements and the provisions of the Articles of Association. The Board of Directors of the Company has established the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Performance Appraisal Committee to provide expert recommendations and insights for board decision-making. All directors operate in full compliance with Company Law of the People's Republic of China, the Rules of Procedure of the Board of Directors and the Working System of Independent Directors of the Company. They diligently attend board and shareholders' meetings, actively participate in professional training programs, and maintain thorough familiarity with relevant laws and regulations. During the reporting period, the Company's Board of Directors held three meetings of the board, deliberating on 28 motions, and convened seven meetings of board committees.

Board meetings

3

Motions considered

28

Board committee meetings

7

Among the existing seven members of the Board of Directors, among them are 2 female directors and 3 independent directors (including 1 female independent director). Independent directors constitute the majority of the Nomination Committee, the Audit Committee and the Remuneration and Performance Appraisal Committee, and matters involving the responsibilities of the committee are submitted to the Board for consideration after being approved by the designated committee, which better facilitates the independent directors to play their roles.

The Board of Supervisors of the Company is accountable to the General Meeting of Shareholders, supervises the decision-making procedures and resolutions of the Board of Directors and the operation of the Company in accordance with the laws, and effectively supervises the members of the Board of Directors, managers, and other senior management of the Company in performing their respective duties in a lawful manner. All the supervisors have diligently fulfilled their responsibilities with integrity, diligence, and commitment. The procedures for convening, conducting meetings, voting, and information disclosure by the Board of Supervisors fully comply with relevant regulations.

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

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

Risk Management and Internal Oversight

YUTO has established a risk management framework aligned with modern corporate governance structures. This framework consists of three lines of defense designed to effectively mitigate risks, with a strong emphasis on the prevention of significant risks. Guided by internal protocols like the Internal Audit System, we have streamlined the identification, assessment, and reporting procedures of material risks. Moreover, the management, communication, and supervision of material risks have been strengthened to safeguard company assets and ensure lawful, efficient, and sustainable business operations.

Three Lines of Defense in Risk Management

First Line of Defense

We have established dedicated operational teams across all production processes and customer delivery operations to manage risk identification and mitigation in day-to-day operations. Each team member possesses specialized expertise in their respective fields, enabling them to promptly identify and address operational risks. This ensures the smooth functioning of business processes while maintaining alignment with established standards and objectives. These operational teams report directly to senior management on risk-related matters and implement risk control measures as part of their daily responsibilities, ensuring that the Company's operations meet predetermined standards and objectives.

Second Line of Defense

We have set up a Relevant Risks Management and Compliance Department, which is responsible for overseeing and supporting the corporate overall risk management processes. This department conducts regular assessments of various risks faced by the Company, develops corresponding mitigation strategies, and provides necessary guidance and support to ensure the achievement of risk management goals. Operating independently from operational teams, the Relevant Risks Management and Compliance Department reports periodically to senior leadership on the status of risks and progress in managing them. It also plays a key role in formulating and improving the Company's risk control policies and procedures.

Third Line of Defense

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

To strengthen the management of various risks across business processes, YUTO has implemented multiple risk management initiatives aimed at preventing and reducing risks at their source.

Risk Management Process

We have established a comprehensive risk management process to ensure the thorough identification, assessment, and management of various potential risks. Each year, the Company conducts a systematic identification and evaluation of operational risks, analyzing their likelihood and potential impact. Through regular audits and anti-corruption audits, we ensure timely detection and control of risk exposures, particularly in critical areas such as procurement, finance, and supply chain management. This approach safeguards operational compliance and supports sustainable development.

All the employees of the Company, especially senior management, maintain a high level of risk awareness. The Company integrates risk management into its corporate culture. Regular risk management training is provided to all non-executive directors to enhance their understanding of corporate risks and their ability to respond effectively. Across the organization, comprehensive training programs on risk management principles are conducted to ensure that all employees understand and adhere to the Company's risk management policies. Furthermore, during the development of new products and services, strict risk standards are incorporated to ensure that these innovations align with the Company's risk tolerance levels.

Internal and Anti-Corruption Audits

- Internal control audits covering all YUTO entities are conducted annually, and a company-wide anti-corruption audit is completed at least once every three years.

Post Responsibility Mechanism

- We have standardized our day-to-day operational procedures and adopted the Authorization Management System to specify the authority and responsibilities of authorization to prevent fraud;
- At YUTO, major business decisions require approval from the Board of Directors or the shareholders' meeting to prevent any individual from making unilateral decisions or altering an approved decision.

Self Correction Mechanism

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

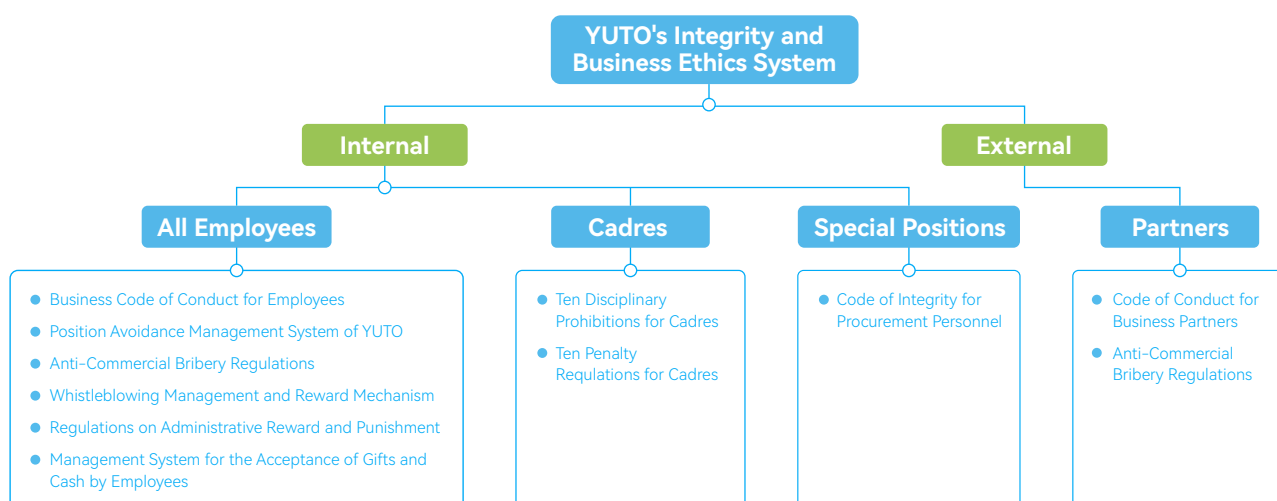
Risk Management Measures

Anti-Corruption and Business Ethics

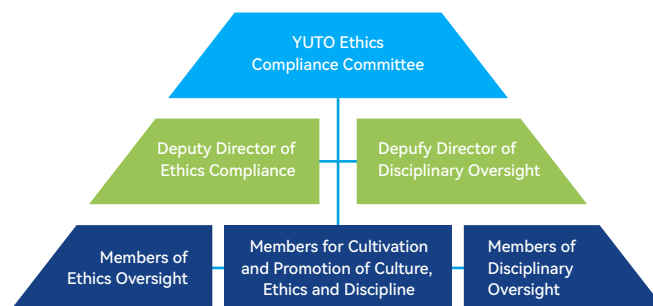
YUTO maintains a zero-tolerance stance against any conduct that breaches business ethics. We strictly abide by the Law of the People's Republic of China on Supervision, the Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery, and other laws and regulations of countries and regions where we operate. We have established robust anti-briber, anti-fraud, and fair competition systems to mitigate risks associated with corruption and business ethics for corporate sustainable development. In 2024, YUTO did not make any direct or indirect political contributions, and there were no incidents of conflict of interest, money laundering, or insider trading. The Company did not engage in any acts of commercial bribery or corruption that could significantly impact our operations, nor experience any lawsuit of unfair competition, antitrust, and anti-monopoly proceedings.

A Culture of Anti-Corruption and Good Business Ethics

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



We have established the YUTO Ethics Compliance Committee at the headquarter level and the Ethics Compliance Office at the regional level to manage and supervise employee conduct and manager records, thereby strengthening the cultivation and promotion of YUTO culture and corporate discipline.



Structure of YUTO Ethics Compliance Committee

At YUTO, anti-corruption and ethical business training has remained a priority. We conduct anti-business bribery and anti-corruption training for all the directors, management and employees across the Company. And a special training program is provided for employees holding key positions, reserve managers, new hires, and suppliers. During festivals, we issue reminders about self-discipline and integrity to all employees and suppliers, fostering a strong culture of ethical conduct. In 2024, the anti-commercial bribery and anti-corruption training of the Company covered 100% of all the directors, management and employees.

In 2024, the Company launched the 'YUTO Culture and Ethics Compliance, Integrity and Self-Discipline Annual Cultivation and Examination' online learning program which covers the Company's staff-level employees and above, and is required to be completed by new employees during their probationary period, and by current employees by 31 December each year. At the end of 2024, a total of 17,016 participants of the Company completed specialized training programs, and 16,921 participants completed course learning and examinations.

17,016 person-times

Completion of specialized learning projects

16,921 person-times

Completion of coursework and examinations



Integrity Training Underway

Meanwhile, the Company promoted the signing of the Letter of YUTO's Commitment for Integrity and Self-discipline, requiring the Company's staff-level employees and above, as well as employees of key processes and positions, to sign it at their induction procedure. Only the employees who have signed the Letter of Commitment and obtained the necessary authorization are permitted to represent the Company in signing contracts, agreements, or performing official duties externally. Shenzhen YUTO and its subsidiaries are required to incorporate the implementation of the Employee Integrity and Self-Discipline Commitment as a key criterion in employee evaluation, assessment, and appointment decisions, thereby reinforcing self discipline among employees.

Anti-Monopoly and Anti-Unfair Competition

The Company always adheres to the principle of fair and free competition, strictly abides by anti-monopoly and anti-unfair competition related laws and regulations, systematically regulates market competition behaviors, and is committed to maintaining honesty, fairness, and freedom of the market order and business environment.

In the Code of Conduct for Business Partners, the Company encourages its partners to comply with anti-monopoly and anti-unfair competition laws and regulations, and strictly prohibits any form of market monopoly or unfair competition, whether acting alone or with the complicity of other partners. In addition, the Company carries out training for its suppliers to promote the system of the Code of Conduct for Business Partners, covering the promotion and education of the anti-monopoly culture, in order to cultivate a cultural atmosphere of fair competition and provide a solid guarantee for the Company's compliance operation.

Anti-Corruption and Good Business Ethics Actions

The Company attaches great importance to anti-corruption and business ethics, and takes a series of control measures in close connection with the actual situation of production and operation to ensure the strict implementation of the system, firmly establish the risk awareness, and safeguard the healthy and stable operation of the Company.

Sign Letter of Commitment for Integrity

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

Internal control audit and anti-fraud audit

- YUTO's Audit Committee has strengthened communication with auditing agencies and organized regular audits;
- In 2024, we initiated a comprehensive internal control audit and anti-fraud audit to promptly identify fraud risks and assess the effectiveness of our internal control measures, building an impenetrable "firewall".

Incorporate fraud risk into corporate risk assessment

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

Strengthen internal control measures in areas with high fraud risk

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

Establish the anti-fraud notification mechanism

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

The Company strictly prohibits any of its employees from violating the regulations to solicit and accept property from partners, as well as participating in entertainment activities arranged by partners or having personal interests with them. In order to strengthen the participation and supervision of internal and external personnel in our integrity-building efforts, we have set up a wide range of reporting channels and introduced the Whistleblowing Management and Reward Mechanism.



Whistleblowing Channels

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

The Audit and Supervision Department, as a permanent institution responsible for YUTO's anti-corruption and anti-fraud efforts, carries out annual fraud risk assessments, handles reports from whistleblowers, conducts case investigations, and issues opinions on the handling of relevant cases. This department reports to and is overseen by the Audit Committee and the Board of Directors. At YUTO, reports from all whistleblowers are accepted, retained, and handled according to the prescribed procedures, subject to review and supervision by the Audit and Supervision Department. If any misconduct is verified, the Company shall promptly handle and punish the case in accordance with relevant provisions of the Incentive and Disciplinary Regulations, the Code of Conduct and Disciplinary Measures for Management, and the Group Accountability System. Business departments with insufficient internal control measures will be urged to take corrective actions; employees found to have engaged in fraud will be subject to the corresponding administrative disciplinary measures in accordance with the relevant provisions, and employees criminally liable for their behaviors will be transferred to judicial authorities, where they will be tried in accordance with the law.

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

Integrity Supply Chain Management

YUTO has consistently stepped up efforts to build a supply chain backed by integrity and honesty. With a focus on key procurement processes and high-risk areas, we have implemented measures to mitigate corruption risks, leaving no room for corruption in our supply chain.

In terms of internal management, we have

- established a procurement management committee, to make critical procurement decisions;
- made the Code of Integrity for Procurement Personnel to regulate the behaviors of procurement personnel and enhance risk prevention;
- clarified the procurement process and established online bidding and price inquiry platforms to avoid human interference;
- introduced the Job Rotation Policy for Procurement Personnel, which requires job rotations of all procurement personnel, and the first round of rotation of supply chain-related positions was completed in 2024.

For external partners and suppliers, we have

- adopted the YUTO Code of Conduct for Business Partners and YUTO Group Anti-Commercial Bribery Policy, and signed the Letter of Commitment for Integrity by Suppliers/Contractors/Service Providers with our its partners and supplies to communicate the Company's bottom line of integrity;
- provided integrity promotions through various platforms and channels, such as reminders posted on the homepage of our supply chain platform and targeted alerts for holidays for all suppliers.
- had a certain number of suppliers organized to carry out 'YUTO Integrity Policies Training' in an online format each year.
- also publicly criticized any breaches of integrity policies or commitments by suppliers or partners via email, supply chain platforms, and other channels. Depending on the severity of the breach, YUTO may terminate the sales/service/engineering contract and cut business ties with the party involved. During the reporting period, 37 suppliers were blacklisted for failing to adhere to our integrity policies.



09

A WIN-WIN COOPERATION: WORKING TOGETHER WITH PARTNERS

A Win-Win Cooperation: Working Together with Partners

YUTO maintains close communication with its suppliers, takes the supplier full life cycle management mechanism as a starting point, and continuously establishes and improves the supplier management mechanism. By integrating the concepts of environmental and social sustainability management into the supplier management, the Company works with its suppliers to share responsibility for sustainable development and jointly build a win-win, responsible ecosystem that delivers shared value.

Supplier Management

The Company strictly complies with the Bidding and Tendering Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and other laws and regulations of the countries and regions in which it operates. It has formulated internal management systems such as the Guidelines on Auditing Supplier On-site, and established management requirements covering all stages of supplier assessment, screening, admission, evaluation and withdrawal, and continuously strengthened the regulated and standardization of suppliers through the supply chain ecological platform. During the year, we optimized the procurement process, strengthened the centralized procurement management of suppliers, and increased the supervision of supplier management of our subsidiary companies through the development of a supplier management maturity assessment model, to ensure that the requirements of supplier management are implemented in practice and to maintain the stability and high quality of the supply chain.

During the year, we made our supply chain ESG programme one of the key directions of our sustainability efforts, and further strengthened the management requirements of our suppliers in terms of Environmental, Social Responsibility and Corporate Governance (ESG). We strengthen the consideration of ESG factors in our supplier selection and contract award process, encouraging and prioritizing suppliers with better ESG performance. In order to ensure the effective implementation of ESG objectives, the Company has clarified that the monitoring of supplier ESG programme is the responsibility of the Sustainability Management Committee, which conducts regular reviews in conjunction with the Procurement Department. We ensure that our suppliers strictly adhere to the relevant standards through regular supplier ESG performance assessments, combined with on-site audits, data monitoring and compliance checks. At the same time, we continue to improve our supplier management processes, explore more effective ways to enhance supplier ESG compliance, and strengthen the knowledge and awareness of responsibility of relevant personnel within the Company in relation to supplier ESG management, in order to promote the effective implementation of ESG requirements.

We require our suppliers to sign A Letter to Related Parties, which specifies a Supplier Code of Conduct that requires suppliers to comply with ESG-related requirements and incorporates them into supplier access requirements and supplier evaluation, notably:

Environmental dimension

Suppliers are required to obtain environmental permits and focus on saving resources, reducing emissions and restricting the use of toxic and hazardous substances, including, but not limited to, greenhouse gas emissions, resource and energy consumption, water resource management, and three industrial wastes emissions.

Social dimension

Prohibiting human trafficking, forced labor or child labor, treating employees fairly, anti-discrimination, respecting employees' freedom of association, and safeguarding their legitimate rights and interests.

Governance dimension

Compliance with business ethics, strict prohibition of any form of corruption, no undue advantage, anti-unfair competition, etc.

Supplier Admission

Adhering to the principles of objectivity and fairness, YUTO conducts on-site supplier audits in accordance with the Guidelines on Auditing Supplier On-site. We evaluate suppliers using quantifiable indicators across dimensions that include quality, technical capability, environmental protection, social responsibility, and corporate governance. Only suppliers who meet the required scores and standards are admitted. Based on the audit results, we have issued rectification reports to optimize the product and service quality of suppliers through a clear, transparent, and standardized admission assessment mechanism, which creates a front-end risk management node.

In the supplier admission process, we take into account country-, industry-, and product-specific ESG risks to further strengthen sustainable supply chain management:



Case

Enhancing Supply Chain Due Diligence to Ensure the Exclusion of Conflict Minerals

YUTO promises not to use conflict minerals. Suppliers are required to sign a guarantee against the use of conflict minerals. We urge suppliers to establish a complete set of policies on conflict minerals, management systems, and due diligence frameworks. Additionally, our suppliers are requested to trace the sources of minerals such as tantalum, tin, tungsten, and gold in their products and conduct chain of custody due diligence procedures, making sure that they do not provide funding for armed groups that violate human rights in Congo and surrounding areas. At the same time, we will continue to optimize our mineral traceability and risk assessment processes across the supply chain to strengthen the identification and management of minerals originating from conflict-affected and high-risk areas. The process mainly includes:



Supplier Evaluation

To ensure long-term quality control of products and services, YUTO has clearly defined the evaluation criteria for process assessment through the Guidelines on Supplier Performance Assessment. A multi-department team conducts dynamic performance evaluations using a combination of manual scoring and system-based scoring. We have put into place the corresponding accountability mechanisms to ensure fair, impartial, and objective assessment ratings, and prevent situations such as the illicit pursuit of personal gains, the suppression and elevation of ratings, and the arbitrary modification of assessment data. In the event of any of the above cases, the scorers involved will be held accountable according to the relevant YUTO policy. We also track the real-time rectification progress based on assessment results. In light of the assessment results and rectification progress, we have adjusted the procurement quota and urged partners to improve their product and service quality to consistently optimize our supply chain structure.

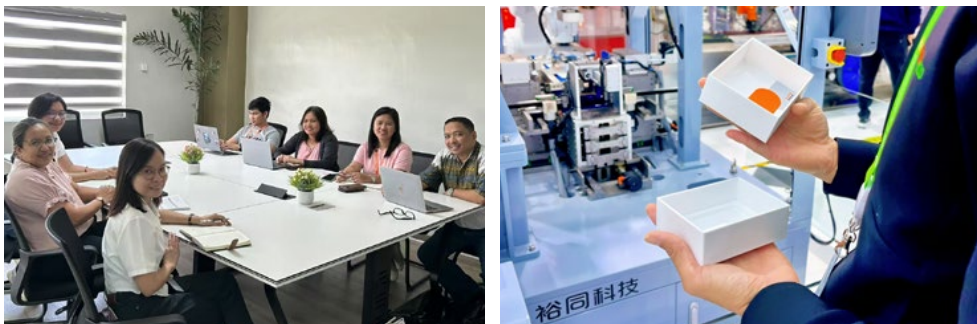
We continuously improve our supplier ESG management system by incorporating ESG performance into the evaluation framework and establishing multi-tiered assessment and improvement mechanisms. Suppliers are subject to desktop assessments and systematic evidence reviews to validate the compliance of their ESG management systems. Based on supplier type and risk level, we may also conduct on-site assessments or commission independent audits (e.g., third-party testing of raw materials for hazardous substances) to comprehensively review supplier ESG operations, policies, systems, and outcomes. For any issues identified during the assessment process, we will work proactively with suppliers to develop improvement plans that address root causes and include measurable, actionable remediation steps to drive continuous improvement. YUTO also supports supplier capability building and plans to offer targeted ESG training to enhance overall supply chain sustainability.

Supplier Communication

YUTO places great emphasis on building stable and in-depth cooperative relationships with its suppliers. Through regular meetings, training sessions, technical exchanges, and supplier conferences, we maintain ongoing communication and engagement with our suppliers. We aim to foster a partnership based on integrity and mutual benefit, working together with our suppliers to achieve shared growth and create value.

Sustainable Supply Chain

We incorporate the Procurement and Application of Eco-friendly Raw Materials into our sustainable procurement system. By strengthening our governance structure, strategic planning, risk management mechanisms, and performance monitoring indicators, we implement sustainable procurement requirements and continuously advance the development of a sustainable supply chain.



Supplier communication scene

Governance

YUTO strictly complies with relevant laws and regulations on supplier management in all regions where we operate. The Supplier Management Department is responsible for overseeing sustainable procurement and related matters, ensuring sustainable procurement accountability of suppliers through regular review and evaluation of procurement management strategies, plans, and progress toward management objectives. At the institutional level, we have signed documents including the Supplier's Quality Commitment, Supplier's Commitment on Confidentiality, and Supplier's Statement on Environmental Protection with our suppliers, to strengthen our sustainable procurement management system and operational framework.

Strategy

YUTO recognizes that risks related to sustainable procurement may have significant implications for our business. In formulating our strategy, we consider not only internal factors such as operational characteristics and development goals, but also external market demands for green products and the forecasted evolution of relevant policies. We conduct comprehensive risk assessments to identify and prioritize key risks and opportunities related to our business and value chain. The risks and opportunities identified are presented below. Details on the processes and methods used to identify and assess sustainable procurement-related risks and opportunities are provided in the section titled Impact, Risks and Opportunities Management.

Risks and Opportunities		Description
Risk	Technological Risk	As we continue to invest in the research and development of eco-friendly materials against the backdrop of sustainable development, we face challenges in innovation and application.
	Policy Risk	If the supplier's industry becomes subject to stricter regulations under new environmental policies, the supplier may fail to meet environmental management standards or face increased raw material costs, which could affect the stability of environmentally friendly raw material supply.
	Market Risk	The Company takes the initiative to align with sustainability trends and enhance its competitive advantage through the procurement and application of environmentally friendly raw materials. Conversely, failure to implement green material sourcing and usage may result in a loss of market share.
Opportunity	Product and Service	The procurement and adoption of environmentally friendly raw materials will help attract more new customers and facilitate broader collaboration across the value chain, thereby enhancing our competitive edge.

To effectively manage sustainability-related risks and opportunities in procurement, we have developed a multi-pronged mitigation strategy and action plan. A comprehensive supplier lifecycle management system has been established, supported by a digital management platform to implement sustainability requirements throughout key processes such as supplier selection, admission, and evaluation. For the Company's key suppliers—namely, suppliers of production materials—we have incorporated strict ESG assessments into both the admission and annual audit processes to ensure alignment with the Supplier Code of Conduct and compliance with our sustainable procurement standards. In 2024, the Company continued to expand the coverage of its supplier ESG assessments, issuing ESG assessment requirements to 6,325 suppliers. Approximately 80% of the suppliers have signed the required agreements. These assessments focus on evaluating suppliers' capabilities in managing environmental and social risks, serving as an important basis for supplier selection. The processes and methods for supplier management are summarized in the above section titled Supplier Management.

We maintain strategic reserves of alternative materials and designate backup suppliers. To ensure supply stability, we have established the Management Measures for the Integration and Optimization of Bulk Material Resource Pools and incorporated risk control measures for sole-source supplier disruptions into our supplier management procedures—such as the Sole-Source Supplier Supply Risk Monitoring and Prevention Assessment Form. In parallel, we are progressively enhancing our risk management mechanisms and system development to mitigate risks related to over-concentration in a single region or supplier, supplier financial and credit risks, and abnormal supply disruptions. These efforts aim to ensure the stability of the supply chain while improving the overall supply security index.

In raw material management, we prioritize the selection of safe and environmentally friendly materials. We have formulated the Rules for Restricted Substances Management, which clarifies the scope of environmental substances whose use is restricted in products. Suppliers are required to provide valid third-party testing reports on hazardous substances to make sure that the purchased raw materials contain no restricted substances and comply with relevant regulations in our operating regions, including the EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Restriction of Hazardous Substances Directive (RoHS), the EU Cadmium Directive, Polyvinyl Chloride (PVC) restrictions, and the EU Packaging and Packaging Waste Directive.

We also actively carry out training and awareness-building programs for procurement personnel to continuously enhance their professional capabilities in sustainable sourcing and further strengthen the Company's sustainable supply chain management. In 2024, we delivered 20 training sessions covering five key areas—procurement management policies, procurement information platform operations, and specialized procurement knowledge. The sessions covered employees from 63 relevant departments and included targeted assessments. These efforts further improved employees' understanding of supplier management systems and deepened their awareness of sustainable supplier development. They also clarified the roles and responsibilities of employees in ESG supplier management, thereby promoting the effective implementation of ESG requirements throughout supply chain operations.

Impact, Risk and Opportunity Management

YUTO places great emphasis on the development of a robust risk management system. Guided by internal protocols such as the Internal Audit System, we have adopted a risk-oriented approach to streamline the identification, assessment, and reporting procedures of material risks. We have strengthened the management, communication, and oversight of significant risks, while continuously improving and optimizing the risk management framework to adapt to evolving external conditions and internal management needs. These efforts aim to effectively mitigate relevant risks and ensure the Company's efficient and sustainable operations. An overview of the risk management system is provided in the section titled Risk Management and Internal Oversight above.

We closely monitor sustainability-related risks and opportunities throughout the Company's operations. To optimize resource allocation, we integrate the identification and assessment of sustainability-related impacts, risks, and opportunities into our broader risk management process. Risks identified in sustainable procurement are carefully evaluated, and targeted management measures are implemented to ensure such risks and their impacts remain within controllable limits.

Metrics and Targets

As of 31 December 2024, YUTO had established partnerships with 6,325 suppliers. The regional distribution of these suppliers is as follows:

Region	Number of Suppliers	Proportion (%)
East China	1,734	27.42
South China	2,495	39.45
Central China	317	5.01
North China	274	4.33
Southwest China	646	10.21
Northeast China	11	0.17
Northwest China	26	0.41
Overseas	822	13.00
Total	6,325	100.00

YUTO practices green procurement. We pledge to prioritize the purchase of environmentally friendly, energy-efficient, and easily recyclable raw materials, products, and services, accounting for both economic and environmental benefits. We plan to raise the proportion of eco-friendly materials including paper, ink, glue, and varnish to 90% and above before 2030. In 2024, the proportion of eco-friendly materials including paper, ink, glue, and varnish purchased reached about 91%. In all paper procurement, 23% of the paper procured was certified by the Forest Stewardship Council (FSC), and about 55% was renewable and recycled paper and pulp. Additionally, 23 subsidiaries have obtained FSC CoC certification. In the future, we will continue to promote the use of environmentally friendly materials such as FSC-certified paper and advocate localized procurement at each manufacturing base to actively fulfill our environmental and social responsibilities. Moreover, we are working with suppliers to establish a raw material traceability system and trace the source and origin of raw materials, actively fulfilling our environmental and social responsibilities.

Equal Treatment of Small and Medium-sized Enterprises (SMEs)

YUTO is committed to upholding fairness and equity within the supply chain and safeguarding the equal status of small and medium-sized enterprises (SMEs) in business cooperation. A series of measures have been implemented to support and promote SME participation and development, including fair trading conditions, timely payments, quality empowerment, and the creation of additional business opportunities. These efforts aim to build a more inclusive and sustainable supply chain ecosystem and promote the healthy development of the industry.

As of 31 December 2024, the Company's accounts payable balance (including notes payable) did not exceed 30 billion CNY and accounted for less than 50% of total assets. Furthermore, neither the Company nor its subsidiaries experienced any overdue payments to SMEs that required public disclosure via the National Enterprise Credit Information Publicity System.



10

Public Welfare and Social Integration

Public Welfare and Social Integration

YUTO upholds the belief of “Commitment to and Participation in Public Welfare.” While delivering economic benefits through prudent operations, we have contributed to charitable causes and created value for society. Mr. Wang Huajun, Chairman of YUTO, and Ms. Wu Lanlan, Vice Chairman of YUTO jointly established and provided the founding donation for the Shenzhen YUTO Foundation (“YUTO Foundation”) in 2017, which is a nationally recognized 4A-level social organization. YUTO Foundation is committed to promoting education, healthcare, and technological advancement. It has made extensive efforts to advance charitable causes through initiatives such as educational support, medical donations, and cultural development projects. In 2024, YUTO Foundation donated a total of 1.92 million CNY. As of December 2024, YUTO and YUTO Foundation donated over 52 million CNY.

Environmental Protection

YUTOECO, as a pioneering brand at the forefront of innovation beyond packaging solutions under the guiding principle of sustainable development, is committed to putting sustainable practices into action across various fronts.

YUTO Upholds Green Development and Continues to contribute to the SDGs

In November 2024, the Golden Key – China Actions for the SDGs award ceremony, hosted by the Sustainable Development Economic Review, was held in Beijing. YUTO received high recognition from the panel of experts for its practical initiative on “the integrated utilization of non-wood and non-primary plant fiber materials”. The Company was honored with the 2024 Golden Key – Excellent SDG Solution for a Zero-Waste World. This award serves as a powerful encouragement for YUTO to continue advancing its sustainability journey and actively contribute to the achievement of the Sustainable Development Goals (SDGs).



YUTO Awarded the 2024 Golden Key – Excellent SDG Solution

Beyond the brand’s influence, YUTOECO actively engages with environmental NGOs, collaboratively organizing environmental charity events and educational campaigns. Through mutual learning and collaboration, we aim to advance the long-term development of environmental initiatives and promote a greener, more inclusive, and sustainable future for all.

World Environment Day –Protecting Clean Water into the East China Sea

On 5 June 2024, World Environment Day, YUTOECO participated in the “Yangtze River Source to Estuary Clean-up Campaign” jointly organized by Baoshan District of Shanghai and Green River, an environmental non-profit organization. The event was held along the Yangtze River shoreline at Paotaiwan Wetland Park, located within the Shanghai International Cruise Tourism Resort. Following the tidal surge, volunteers collected and sorted tidal waste while promoting public awareness of Yangtze River ecological protection. The initiative aimed to encourage environmental responsibility and support the ecological preservation and green development along the Yangtze River.



Clean-up Site: Yangtze River Source to Estuary

World Cleanup Day – Spend One Day Cleaning up Our Planet



Cleaning Up Typhoon Debris Along the Yangtze River Estuary

In September 2024, Typhoons Bebinca and Pulasan made landfall near Shanghai. On 20 September, World Cleanup Day, the Yangtze River Estuary Green Development Promotion Center, in collaboration with the Yangtze No. 11 Post Office, mobilized volunteers to clean up debris left by the typhoons along the Yangtze River estuary. YUTOECO responded by encouraging employees from its Shanghai plant to actively participate. Through hands-on action—picking up waste and cleaning the river—volunteers inspired wider public participation in the World Cleanup Day initiative, echoing the global call to “spend one day cleaning up our planet.”

Lush Greenery and a Wonderful Journey Along the Yangtze River

On 20 July 2024, YUTOECO, in collaboration with Green River, organized an environmental public welfare family activity themed “Crossing the Yangtze River” for its partners. The event featured the Yangtze Nature Lecture Hall, offering educational sessions on nature, ecology, culture, and environmental protection. Participants also embarked on a nature exploration journey at the Wusong estuary of the Yangtze River, where they experienced the ecological and cultural beauty of the river within a short but enriching timeframe.



On-Site Highlights of the “Crossing the Yangtze River” Environmental Family Program

Coexisting with Water: From Exploration to Protection



Decathlon China 4th Water Sports Eco Month

In August 2024, Decathlon held its 4th China Water Sports Eco Month event in Chuansha Town, Pudong New Area, Shanghai, under the theme “Coexisting with Water: From Exploration to Protection.” As Decathlon’s partner and the packaging supplier for its eco-friendly goggle cases, YUTOECO participated in the event. The initiative aimed to raise consumer awareness of sustainable packaging, encourage green consumption practices, and inspire broader participation in environmental protection efforts.

Charity for Education

Education is a bridge to the future. YUTO remains committed to supporting, participating in, and contributing to the development of public welfare in education. Through active donations and scholarship program, the Company strives to help improve the quality and equity of education—empowering every aspiration and enabling dreams to take flight.

YUTO Scholarship

YUTO Scholarship, a charity program co-launched by YUTO Foundation and the Jiujiang Charity General Federation in 2006, has offered scholarships to help financially challenged college students complete their studies for 18 consecutive years, as the program advances equity in education. In 2024, the YUTO Scholarship continued its donation of 513,500 CNY to the Jiujiang Charity Federation in support of the program, providing financial assistance to 158 university students from low-income families. The initiative aims to encourage students to overcome temporary hardships and successfully complete their academic journeys.

As of the end of 2024, the YUTO Charity Education Fund has cumulatively supported 3,790 financially disadvantaged university students, with total donations reaching 7.65 million CNY.

YUTO Scholarship Fund

YUTO Scholarship Fund, a long-term education aid mechanism established by YUTO Foundation in 2017 for the children of low-ranking employees at YUTO, aims to help the children of financially challenged employees complete their university studies. As of the end of 2024, the program had provided assistance to a total of 572 recipients, with cumulative funding reaching 2.23 million CNY.

YUTO Education Foundation

The YUTO Education Foundation is a public welfare project established in 2020 by YUTO Foundation at the Central School of Tongle Miao Township in Sanjiang Dong Autonomous County, Liuzhou City, Guangxi Zhuang Autonomous Region, to support education in Tongle Miao Township and reward outstanding students enrolled at the school.

In July 2024, the YUTO Foundation donated an additional 300,000 CNY to continue supporting the program, with the hope that the fund would further inspire students' enthusiasm for learning and contribute to the healthy development of education in the township.

As of the end of 2024, the YUTO Education Foundation has provided awards to 1,646 outstanding students, with total donations reaching 600,000 CNY.

YUTO Ayi Dream Library

In 2024, YUTO Foundation continued the "YUTO Ayi Dream Library" program together with Liangshan Education Foundation and the "Su Zhengmin" Volunteer Service Team from Zhongnan University of Economics and Law. This initiative aims to serve the children of migrant workers, relocated families, left-behind children, and other children in need, as well as the surrounding community, in Chuangxing Town, Xichang, Liangshan Prefecture, Sichuan Province. As part of the initiative, experts were invited to provide volunteer training at the YUTO Ayi Dream Library in Xichang. A summer program titled "The Power of Companionship: Warming Every Heart" was launched, featuring activities such as reading sessions, extracurricular learning, and homework assistance—bringing care and support to every child involved.



"YUTO · Ayi Dream Library" – On-Site Activity

Supporting the Development of Qiu Zhen College at Tsinghua University

In September 2023, the Shenzhen YUTO Foundation signed an agreement with the Shenzhen Hui'ai Public Welfare Foundation to provide dedicated funding for the development of Qiu Zhen College at Tsinghua University. The funding is primarily used to support initiatives such as the Basic Science Conference, international collaboration programs with overseas universities, and artificial intelligence summer camps. In 2024, these collaborative projects were progressively implemented, contributing to the cultivation of world-class talent in support of national development goals.



2024 Youth Math & AI Summer Camp

Medical Care

Medical care is closely related to people's livelihoods, and medical equipment represents a major building block of the medical sector. In 2024, with its commitment to medical welfare initiatives, YUTO Foundation hosted a charity concert and offered free health clinics in western China. Our efforts have provided both spiritual and material support for the advancement of healthcare services.

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

The "YUTO Campaign for Love and Brightness" is a philanthropic program funded by the Shenzhen YUTO Foundation. In collaboration with charitable partners, the program delivers free medical consultations and cataract restoration surgeries in remote towns across western China. It is dedicated to serving farmers and herders in underserved areas who lack access to medical services, building a compassionate healthcare access channel and supporting the development of rural healthcare.

In 2024, the YUTO Foundation continued its partnership with Ruyi Tree Charity Promotion Association to carry out the "YUTO Campaign for Love and Brightness: Health Promotion in West China 2024: Xinlong Station in Ganzi" public welfare initiative. The program provided one-stop medical assistance services to local residents in urgent need, including health check-ups, distribution of medical supplies, health education, cataract restoration surgeries, and emergency care. These efforts aim to raise local awareness of health and improve overall well-being in the region.



On-site Highlights of the "YUTO Campaign for Love and Brightness: Health Promotion in West China 2024 Xinlong Station in Ganzi"



Smiles Return to Cataract Patients After Surgery



With the joint efforts of numerous medical professionals and volunteers, the Xinlong Station initiative in Ganzi benefited a total of 17,093 residents in Xinlong County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province. Out of the cataract patients identified during the trip, 172 received cataract surgeries sponsored by YUTO Foundation.

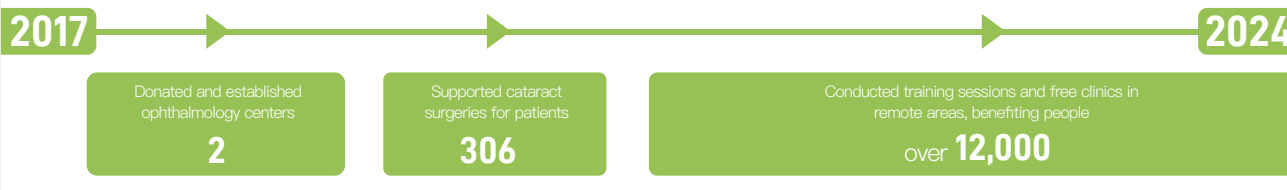
Donations to Medical Centers

YUTO Foundation reached a long-term strategic partnership with the Shenzhen Municipal Committee of Jiu San Society in 2017 to launch charitable programs that focus on education, medical care, and science and technology in remote areas, with plans for donating 30 million CNY across a decade. In 2024, the “Jiusan · YUTO” Ophthalmology Centre project was highly recognized by the Guangdong Provincial Committee of the Jiusan Society. In October, a series of free medical aid activities—including consultations and surgeries—were carried out at the “Jiusan · YUTO” Ophthalmology Centre in Wangcang County People’s Hospital.

As of the end of 2024, YUTO Foundation has contributed to the establishment of two ophthalmology centers via donations, helping 306 patients go through cataract surgery. Moreover, we have also organized teams of medical experts to host events covering talent training and free clinics in remote areas, benefiting more than 12,000 people.



“Jiusan · YUTO” Ophthalmology Centre



“YUTO’s Love of Music” Public Welfare Concerts



Public Welfare Concerts

YUTO Foundation launched “YUTO’s Love of Music” Public Welfare Concerts to promote the idea of “health plus art” through cultural development at hospitals, delivering a message of love. Since 2018, we have hosted 78 impressive charity concerts, benefiting over 8,000 people. This earned us the Top 100 Citizen Satisfaction Project award. In 2024, YUTO Foundation held 14 charity concerts at medical institutions including Shenzhen Hospital of Southern Medical University and the University of Hong Kong-Shenzhen Hospital, creating a warm, harmonious atmosphere for patients and medical staff.



Community Engagement

YUTO remains committed to fulfilling its corporate social responsibility by actively integrating into local communities. Through a systematic stakeholder engagement plan, the Company assesses the impact of its operations on surrounding communities and promotes community interaction and public welfare initiatives to foster harmonious and coexistent relationships.

The Company has established a Community Stakeholder Engagement Policy, which is reviewed, approved, and overseen by the Sustainability Management Committee to ensure its effective implementation. The policy primarily includes the following components:

Identifying Vulnerable Groups

When formulating community welfare initiatives, attention is given to vulnerable populations within the community—such as low-income groups, the elderly, and children—to ensure their needs are reasonably considered.

Complaint and Grievance Mechanism

A dedicated community feedback channel has been established to ensure that the opinions and concerns of community residents are responded to and addressed in a timely manner.

In its local operations, the Company implements a community stakeholder engagement program focused on impact assessment, capacity building, communication and interaction, and feedback collection, with the goal of fostering constructive and sustained engagement with the community.

Assessment of Operational Impact on the Community

The Company regularly evaluates the impact of its business operations on the local community, including effects on residents' lives, the environment, and local economic development. Based on the evaluation results, operational strategies are adjusted to minimize potential negative

Community Capacity Building and Communication

YUTO continuously supports the capacity building of local residents, helping them better understand the Company's operations, while strengthening communication through the following measures:

- Regularly updating the community on Company projects and their impacts to ensure information transparency;
- Encouraging community feedback to optimize future engagement methods;
- Enhancing communication through activities such as charitable donations and educational support;
- Identifying new issues through regular meetings with community representatives, and optimizing the engagement plan based on residents' feedback

Grievance and Complaint Management

A dedicated community complaints mechanism has been put in place to ensure that residents' concerns are properly addressed. In 2024, the Company did not receive any community complaints.

YUTO's public welfare blood donation events

In January and July 2024, YUTO's Party Branch partnered with the Bao'an District Central Blood Centre in Shenzhen to organize voluntary blood donation drives under the themes "Spreading Youthful Energy, Sharing Love Through Donation" and "Advance with Action, Boundless Compassion." Party members and employees actively participated, with a total blood donation volume reaching 29,000 mL. YUTO's Party Branch demonstrated a strong sense of leadership and exemplary service, reflecting the Company's commitment to social care and service.



On-Site Highlights of the Blood Donation Activity

Flood Relief Support in Jiaoling County

In October 2024, in response to the severe flood control situation in Jiaoling County, Meizhou City, Guangdong Province, the YUTO Foundation acted swiftly by donating a total of RMB 100,000 to the Jiaoling County Women's Federation and the Jiaoling County Sunshine Charity Association. The funds were specifically allocated to support flood prevention, emergency relief, and post-disaster reconstruction efforts in the affected areas.



Flood Relief and Prevention Support for Jiaoling County

Rural Revitalization

The revitalization of the nation depends on the revitalization of its rural areas. YUTO YUTO actively contributes to rural charity programs to bolster the development of rural China by participating in public welfare initiatives that support rural development. Through a combination of technological assistance and industrial support, the Company is committed to promoting rural economic development and improving livelihoods, advancing rural revitalization in a solid and practical manner.

In alignment with the new phase of east-west collaboration between Guangdong and Guangxi, the Company has extended targeted assistance to villages such as Dasu Village in Jiagui Township and Bafu Village in Changmei Township, located in Du'an and Huanjiang Counties, Hechi City, Guangxi Zhuang Autonomous Region. Since 2024, YUTO has allocated 50,000 CNY each to Dasu and Bafu Villages. The funds have supported infrastructure construction in the demonstration hamlet of Dasu Village—such as micro-vegetable gardens, wall murals, and village signage—and assisted Bafu Village's Kenting Hamlet in hardening its rice-drying yard. These projects aim to improve local industrial development and living conditions, thereby driving rural industrial revitalization.

In addition, the Company supports the improvement of rural educational conditions and promotes the preservation and development of rural culture. These efforts aim to enhance the well-being of rural residents and advance the revitalization of rural cultural life.

On 22 October 2024

the YUTO Foundation donated 265,080 CNY to the Public Welfare Promotion Association of Chigangshan Village in Chigang Town, Puning City. The funds were specifically allocated for the purchase of air conditioning equipment for Chigangshan Primary School, with the aim of improving the school's teaching and learning environment.



Supporting the Installation of Air Conditioning Facilities at Chigangshan Primary School

On 21 November 2024

the YUTO Foundation donated 100,000 CNY to the Pengze Charity Federation to support the 6th Children's Spring Festival Gala 2025 in Pengze County, enriching the spiritual and cultural life of rural communities.



2025 Pengze County Children's Spring Festival Gala



Appendix:

Content Index of the Shenzhen Stock Exchange ESG Guidelines

Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)	Chapter and/or Description
Climate response	Low-carbon Operation: Thriving in Harmony with Nature
Pollutant discharge	Low-carbon Operation: Thriving in Harmony with Nature
Waste disposal	Low-carbon Operation: Thriving in Harmony with Nature
Ecosystem and biodiversity conservation	Low-carbon Operation: Thriving in Harmony with Nature
Environmental compliance management	Low-carbon Operation: Thriving in Harmony with Nature
Energy utilization	Low-carbon Operation: Thriving in Harmony with Nature
Water resources utilization	Low-carbon Operation: Thriving in Harmony with Nature
Circular economy	Low-carbon Operation: Thriving in Harmony with Nature
Rural revitalization	Public Welfare and Social Integration
Social contributions	Public Welfare and Social Integration
Innovation	Product Innovation: Keeping Pace with the Times
Ethics of science and technology	Not Applicable
Supply chain security	A Win-Win Cooperation: Working Together with Partners
Equal treatment of SMEs	A Win-Win Cooperation: Working Together with Partners
Product and service safety and quality	Premium Services: Sharing Success with Clients
Data security and customer privacy	Premium Services: Sharing Success with Clients
Employees	Empowering Growth: Building a Better Future with Employees
Due diligence	A Win-Win Cooperation: Working Together with Partners
Stakeholder engagement	Sustainability Governance
Anti-commercial bribery and anti-corruption	Operation with Compliance: Upholding Integrity
Fair competition	Operation with Compliance: Upholding Integrity

Appendix:

Content Index of the GRI Standards

GRI Standard		Chapter and/or Description
GRI 2: General Disclosures 2021		
2-1	Organizational details	About YUTO
2-2	Entities included in the organization's sustainability reporting	About YUTO
2-3	Reporting period, frequency, and contact point	About the Report
2-4	Restatements of information	Not applicable
2-5	External assurance	/
2-6	Activities, value chain and other business relationships	About YUTO; A Win-Win Cooperation: Working Together with Partners
2-7	Employees	Empowering Growth: Building a Better Future with Employees
2-8	Workers who are not employees	A Win-Win Cooperation: Working Together with Partners
2-9	Governance structure and composition	Operation with Compliance: Upholding Integrity
2-10	Nomination and selection of the highest governance body	Operation with Compliance: Upholding Integrity
2-11	Chair of the highest governance body	Operation with Compliance: Upholding Integrity
2-12	Roles of the highest governance body in overseeing the management of impacts	Operation with Compliance: Upholding Integrity
2-13	Delegation of responsibility for managing impacts	Operation with Compliance: Upholding Integrity
2-14	Roles of the highest governance body in sustainability reporting	Sustainability Governance
2-15	Conflicts of interest	Operation with Compliance: Upholding Integrity
2-16	Communication of critical concerns	Sustainability Governance
2-17	Collective knowledge of the highest governance body	Sustainability Governance
2-18	Evaluation of the performance of the highest governance body	Sustainability Governance
2-19	Remuneration policies	Empowering Growth: Building a Better Future with Employees
2-20	Process to determine remuneration	/
2-21	Annual total compensation ratio	/
2-22	Statement on sustainable development strategy	Sustainability Governance
2-23	Policy commitments	Sustainability Governance
2-24	Embedding policy commitments	Sustainability Governance
2-25	Processes to remediate negative impacts	/
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Governance
2-27	Compliance with laws and regulations	Product Innovation: Keeping Pace with the Times Low-carbon Operation: Thriving in Harmony with Nature Premium Services: Sharing Success with Clients Empowering Growth: Building a Better Future with Employees Operation with Compliance: Upholding Integrity A Win-Win Cooperation: Working Together with Partners Public Welfare and Social Integration

GRI Standard		Chapter and/or Description
GRI 2: General Disclosures 2021		
2-28	Membership associations	About YUTO
2-29	Approach to stakeholder engagement	Sustainability Governance
2-30	Collective bargaining agreements	Empowering Growth: Building a Better Future with Employees
GRI 3: Materiality Issues 2021		
3-1	Process to determine materiality issues	Sustainability Governance
3-2	List of materiality issues	Sustainability Governance
3-3	Management of materiality issues	Sustainability Governance
Economic section		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Our Business
201-2	Financial implications and other risks and opportunities due to climate change	Low-carbon Operation: Thriving in Harmony with Nature
201-3	Defined benefit plan obligations and other retirement plans	Empowering Growth: Building a Better Future with Employees
201-4	Financial assistance received from government	/
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2	Proportion of senior management hired from the local community Financial assistance received from government	Global Talent Collaboration: Building an International Brand Through Cultural Diversity
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Public Welfare and Social Integration
203-2	Significant indirect economic impacts	Public Welfare and Social Integration
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Operation with Compliance: Upholding Integrity
205-2	Communication and training about anti-corruption policies and procedures	Operation with Compliance: Upholding Integrity
205-3	Confirmed Incidents of Corruption and Actions Taken	Operation with Compliance: Upholding Integrity
GRI 206: Anti-Competitive Behaviour 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Operation with Compliance: Upholding Integrity
GRI 207: Tax 2019		
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207-2	Tax governance, control, and risk management	/
207-3	Stakeholder engagement and management of concerns related to tax	/
207-4	Country-by-country reporting	/

GRI Standard		Chapter and/or Description
Environmental Section		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	/
301-2	Recycled input materials used	/
301-3	Reclaimed products and their packaging materials	/
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Low-carbon Operation: Thriving in Harmony with Nature
302-2	Energy consumption outside the organization	Low-carbon Operation: Thriving in Harmony with Nature
302-3	Energy intensity	Low-carbon Operation: Thriving in Harmony with Nature
302-4	Reduction of energy consumption	Low-carbon Operation: Thriving in Harmony with Nature
302-5	Reductions in energy requirements of products and services	/
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Low-carbon Operation: Thriving in Harmony with Nature
303-2	Management of water discharge related impacts	/
303-3	Water withdrawal	Low-carbon Operation: Thriving in Harmony with Nature
303-4	Water discharge	Low-carbon Operation: Thriving in Harmony with Nature
303-5	Water consumption	Low-carbon Operation: Thriving in Harmony with Nature
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	/
304-2	Significant impacts of activities, products and services on biodiversity	/
304-3	Habitats protected or restored	/
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Low-carbon Operation: Thriving in Harmony with Nature
305-2	Energy indirect (Scope 2) GHG emission	Low-carbon Operation: Thriving in Harmony with Nature
305-3	Other indirect (Scope 3) GHG emissions	Low-carbon Operation: Thriving in Harmony with Nature
305-4	GHG emissions intensity	Low-carbon Operation: Thriving in Harmony with Nature
305-5	Reduction of GHG emissions	Low-carbon Operation: Thriving in Harmony with Nature
305-6	Emissions of ozone-depleting substances (ODs)	/
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	/
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Low-carbon Operation: Thriving in Harmony with Nature
306-2	Management of significant waste-related impacts	Low-carbon Operation: Thriving in Harmony with Nature

GRI Standard		Chapter and/or Description
306-3	Waste generated	Low-carbon Operation: Thriving in Harmony with Nature
306-4	Transport of hazardous waste	Low-carbon Operation: Thriving in Harmony with Nature
306-5	Water bodies affected by water discharges and/or runoff	Low-carbon Operation: Thriving in Harmony with Nature
GRI 308: Supplier environmental assessment 2016		
308-1	New suppliers that were screened using environmental criteria	A Win-Win Cooperation: Working Together with Partners
308-2	Negative environmental impacts in the supply chain and actions taken	A Win-Win Cooperation: Working Together with Partners
Social Section		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Empowering Growth: Building a Better Future with Employees
401-2	Global Talent Collaboration: Building an International Brand Through Cultural Diversity	Empowering Growth: Building a Better Future with Employees
401-3	Parental leave	Empowering Growth: Building a Better Future with Employees
GRI 402: Labor/management relations 2016		
402-1	Minimum notice periods regarding operational changes	/
GRI 403: Occupational health and safety 2018		
403-1	Occupational health and safety management system	Empowering Growth: Building a Better Future with Employees
403-2	Hazard identification, risk assessment, and incident investigation	Empowering Growth: Building a Better Future with Employees
403-3	Occupational health services	Empowering Growth: Building a Better Future with Employees
403-4	Worker participation, consultation, and communication on occupational health and safety	Empowering Growth: Building a Better Future with Employees
403-5	Worker training on occupational health and safety	Empowering Growth: Building a Better Future with Employees
403-6	Promotion of worker health	Empowering Growth: Building a Better Future with Employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Empowering Growth: Building a Better Future with Employees
403-8	Workers covered by an occupational health and safety management system	/
403-9	Work-related injuries	Empowering Growth: Building a Better Future with Employees
403-10	Work-related ill health	Empowering Growth: Building a Better Future with Employees
GRI 404: Training and education 2016		
404-1	Average hours of training per year per employee	Empowering Growth: Building a Better Future with Employees
404-2	Programs for upgrading employee skills and transition assistance programs	Empowering Growth: Building a Better Future with Employees
404-3	Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees	Empowering Growth: Building a Better Future with Employees
405-2	Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Empowering Growth: Building a Better Future with Employees

GRI Standard		Chapter and/or Description
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Incidents of discrimination and corrective actions taken	Empowering Growth: Building a Better Future with Employees
GRI 408: Child labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Empowering Growth: Building a Better Future with Employees
GRI 409: Forced or compulsory labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Empowering Growth: Building a Better Future with Employees
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Public Welfare and Social Integration
GRI 413: Local communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Public Welfare and Social Integration
413-2	Operations with significant actual or potential negative impacts on local communities	Public Welfare and Social Integration
GRI 414: Supplier social assessment 2016		
414-1	New suppliers that were screened using social criteria	A Win-Win Cooperation: Working Together with Partners
414-2	Negative social impacts in the supply chain and actions taken	A Win-Win Cooperation: Working Together with Partners
GRI 415: Public Policy 2016		
415-1	Political contributions	Public Welfare and Social Integration
GRI 416: Customer health and safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Low-carbon Operation: Thriving in Harmony with Nature
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Low-carbon Operation: Thriving in Harmony with Nature
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Premium Services: Sharing Success with Clients
417-2	Incidents of non-compliance concerning product and service information and labeling	Premium Services: Sharing Success with Clients
417-3	Incidents of non-compliance concerning marketing communications	Premium Services: Sharing Success with Clients
GRI 418: Customer privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Premium Services: Sharing Success with Clients



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