

# **Yunnan Yuntianhua Co., Ltd.**

## **Environmental, Social, and Governance (ESG)**

### **Management Measures**

#### **Chapter One General Provisions**

**Article I** Yunnan Yuntianhua Co., Ltd. (hereinafter referred to as “the Company”) has developed the Management Measures, based on its specific circumstances, to meet the demand for sustainable development, establish a robust environmental, social, and governance (ESG) management system, improve the management performance of ESG tasks, and institutionalize the management of ESG matters.

**Article II** The term “ESG”, as defined in this Management Measures, refers to an investment philosophy and corporate assessment standard that focuses on the Company’s environmental, social, and governance (ESG) performance rather than its financial performance. The Company’s ESG matters include, but are not limited to, ESG-related management, supervision and assessment, information disclosure, and capital market ratings. ESG topics encompass, but are not limited to, workplace safety, occupational health and safety, chemical management, product quality, waste management, climate change and carbon emissions, environmental stewardship, anti-corruption, and employee rights and interests.

**Article III** The Management Measures are developed in accordance with the *Code of Corporate Governance for Listed Companies* published by the China Securities Regulatory Commission (CSRC), the *Guidelines for Periodic Reports of Listed Companies on the Shanghai Stock Exchange*, the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and the *IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), and the MSCI ESG capital market ratings.

**Article IV** The Management Measures apply to Yunnan Yuntianhua Co., Ltd. and all of its subsidiary companies.

## Chapter Two ESG Management Structure

**Article V** The Company has established a structurally complete, hierarchically clear, and highly efficient ESG management structure with well-defined duties and responsibilities in order to implement the ESG development philosophy and provide organizational support for corporate ESG management. This framework clearly outlines the responsibilities of personnel at various levels, departments, and positions to establish a more comprehensive ESG management mechanism and enhance the Company's ESG performance across the board.

**Article VI** The Company's ESG management structure features a three-tier framework comprising the Board of Directors and the Strategy Committee, the ESG Management Committee, and the ESG Management Committee Office and its subordinate units.

**Article VII** The Board of Directors serves as the highest decision-making body and governance unit for the Company's ESG work. It is primarily responsible for the Company's ESG management matters and oversees and reviews the Company's ESG-related development strategies, goals, plans, and other matters that may have a significant impact on the Company.

**Article VIII** The Strategy Committee, authorized by the Board of Directors, supports decision-making on ESG matters and comprehensively coordinates and supervises ESG-related tasks. It is the executive unit responsible for the Company's environmental stewardship strategy and performance, health and safety, climate change, and carbon emissions, among other ESG topics. It is tasked with the following responsibilities:

- (1) Formulate the Company's ESG strategy, goals, and plans, and supervise the execution of these plans.
- (2) Review the results of the Company's ESG risk and opportunity assessments, and supervise the response to and management of ESG-related risks and opportunities that significantly impact corporate operations.
- (3) Review the Company's annual ESG report and submit it for deliberation by the Board of Directors.
- (4) Review dedicated ESG mechanisms, submit them for deliberation by the Board of Directors, supervise the implementation of the Company's ESG management system, and provide recommendations to the Board of Directors.

**Article IX** The ESG Management Committee is established as the management unit for ESG work. The Committee is led by the Company's General Manager, serving as the Director, with the Board Secretary as the Deputy Director and heads of functional departments at the headquarters as Committee Members. The ESG Management Committee further comprises several Subcommittees, namely the ESG Reporting Disclosure Subcommittee, the ESG Risk Subcommittee, and the Climate Change Subcommittee. These Subcommittees specialize in managing ESG initiatives in various fields, providing a more targeted and efficient ESG management approach. The main responsibilities of the ESG Management Committee and its Subcommittees include:

(1) Coordinate the implementation of the Company's ESG strategy, goals, and plans.

(2) Evaluate ESG-related risks and opportunities that significantly impact the Company's operations and provide recommendations to the Strategy Committee.

(3) Supervise and guide the Company's ESG policies, ensuring up-to-date compliance with national policies, laws, and regulations.

(4) Coordinate the allocation of resources required for the preparation of the Company's annual ESG report.

(5) Review ESG management mechanisms.

(6) Review significant ESG-related matters.

**Article X** The ESG Management Committee Office is established as the executive unit for ESG work. The Office is led by the head of the Company's Securities Department, serving as the Director, and its Members consist of staff from the Securities Department. The ESG Management Committee Office further establishes multiple dedicated ESG Task Forces, comprised of staff from the Securities Department and other functional departments with high relevance to corporate ESG topics. These Task Forces collaborate to implement specialized ESG initiatives. The main responsibilities of the ESG Management Committee Office and its Task Forces include:

(1) Develop and implement ESG work plans based on the Company's ESG strategy, goals, and plans.

(2) Identify ESG-related risks and opportunities that significantly impact the Company's operations.

(3) Prepare the Company's annual ESG report.

(4) Formulate ESG management mechanisms.

(5) Conduct ESG publicity initiatives, such as organizing ESG-related meetings and training sessions, participating in external ESG-related conferences, and engaging in exchanges with ESG rating agencies and research institutions.

(6) Engage with relevant departments and subsidiary companies, and coordinate the advancement of ESG tasks.

(7) Handle other ESG-related matters, such as identifying the Company's materiality topics, maintaining the internal ESG information system, and staying informed about the ESG-related public opinion and media trends.

**Article XI** The subordinate units comprise liaison personnel from the relevant ESG functional departments of both the headquarters and subsidiary companies. Their main responsibilities include:

(1) Collaborate with the ESG Management Committee and the ESG Management Committee Office in managing ESG issues and indicators, gathering ESG information, and completing the submission and review of materials for the annual ESG report. The Safety and Environmental Supervision Department is mainly responsible for issues such as environmental stewardship, resource utilization, emissions and waste, biodiversity, green opportunities, and climate change response. The Human Resources Department is mainly responsible for issues

such as human capital. The Procurement Department is mainly responsible for issues such as supply chain management. The Discipline Inspection Commission Office is mainly responsible for issues such as corporate behavior. The Party Committee Work Department is mainly responsible for issues such as community relations. The Operations Management Department, the Marketing Center, and the Research and Development Center are mainly responsible for issues such as product responsibility. The Securities Department and the Risk Management Department are primarily responsible for issues such as corporate governance and corporate behavior. For a comprehensive list of ESG issues, indicators, and definitions that each department is responsible for, please refer to *Yunnan Yuntianhua Co., Ltd. ESG Information Management Manual*.

(2) Support the ESG Management Committee Office in implementing ESG training.

(3) Assist the ESG Management Committee Office in completing other ESG-related tasks.

## Chapter Three ESG Management Meeting Mechanism

**Article XII** The ESG management meeting mechanism consists of the Strategy Committee meetings, the ESG Management Committee meetings, and ad-hoc ESG meetings.

**Article XIII** The Strategy Committee incorporates ESG-related matters into internal meeting discussions, and the meeting mechanism follows the *Implementation Rules of the Strategy Committee under the Board of Directors of Yunnan Yuntianhua Co., Ltd.*

**Article XIV** The ESG Management Committee meetings are conducted on both a regular and ad-hoc basis. The ESG Management Committee's regular meetings should summarize, discuss, and decide on the Company's ESG matters, including ESG work plans, ESG progress, ESG risk assessment, and response strategies. The ESG Management Committee meetings can be conducted through in-person, teleconferencing, and video-conferencing formats.

**Article XV** The ESG Management Committee Office and its dedicated ESG Task Forces may organize ad-hoc ESG meetings as needed and invite heads of relevant functional departments and liaison personnel to attend the meetings based on work requirements. The ESG Committee Office should regularly prepare ESG progress reports, including ESG work plans, ESG progress, ESG risk assessment, and response strategies. These reports, after being confirmed by heads of relevant functional departments, will be submitted to the ESG Management Committee for further consideration.

**Article XVI** The ESG Management Committee should formulate an overall ESG work plan in line with the meeting resolutions. The ESG Management Committee Office should then proceed with relevant tasks and follow up on the progress based on this plan. Matters beyond the authority of the ESG Management Committee should be presented as proposals by the ESG Management Committee Office to the ESG Management Committee. The ESG Management Committee will submit these proposals, along with the checklist of goals and plans, risk assessments, annual reports, and other outcomes, to the Strategy Committee for deliberation and approval.

**Article XVII** In the event of an unforeseen major ESG issue, the ESG Management Committee should convene an ad-hoc meeting in line with the relevant organization procedures and actual circumstances in order to discuss and respond to the issue.

## Chapter Four Stakeholder Engagement

**Article XVIII** To maintain harmony between the Company and its stakeholders while effectively meeting compliance requirements in business operations, it is essential for the Company to establish a stakeholder engagement mechanism. Each key functional department should identify and thoroughly consider the expectations and demands of various stakeholders, and respond to their concerns. In this way, a robust stakeholder response mechanism and diversified communication channels can be established, ensuring timely and efficient communication and feedback between both parties.

**Article XIX** The Company's stakeholders include customers, employees, suppliers, the public, shareholders, investors, regulatory agencies and local governments, as well as environmental groups. Different departments within the Company are responsible for different stakeholders:

- **Customers:** Responsibilities fall under the Company's Operations Management Department and other units responsible for sales.
- **Employees:** Responsibilities fall under the Company's Human Resources Department.
- **Suppliers:** Responsibilities fall under the Company's Operations Management Department and other units responsible for procurement.
- **The Public:** Responsibilities fall under the Company's Strategic Development Department and the Party Committee Work Department.
- **Shareholders and Investors:** Responsibilities fall under the Company's Securities Department.
- **Regulators and Local Governments:** Responsibilities fall under the Company's Securities Department, the Safety and Environmental Supervision Department, the Strategic Development Department, and the Corporate Office, among other relevant departments.
- **Environment:** Responsibilities fall under the Company's Safety and Environmental Supervision Department.

**Article XX** Due to explicit demands from customers, shareholders, investors, regulatory agencies, and local governments regarding the Company's ESG matters, the Management Measures has outlined special explanations of the communication details.

**Article XXI** The Operations Management Department and other units responsible for sales are tasked with responding to ESG inquiries from customers. Customers have key expectations and demands in dimensions such as

product quality and responsible marketing. The response process primarily includes:

**Receive inquiries:** The Operations Management Department receives inquiries from customers interested in the Company's ESG management. This includes requests for the Company to complete ESG-related questionnaires. Channels for receiving inquiries include, but are not limited to, product complaint hotlines, official telephones, and official emails.

**Classify questions:**

- The Operations Management Department first assesses whether it can independently respond to the questionnaire. If, after referring to the ESG policy repository, the Company's official website, annual reports, and ESG reports, it identifies unresolved issues that cannot be addressed directly, the relevant ESG questions are then submitted to the ESG Management Committee Office for further consideration.

- The ESG Management Committee Office assesses the significance of the issues and analyzes whether it can independently respond to the related content. If it determines that the importance of the issues is high and thus cannot address them directly, the relevant ESG questions are submitted to the ESG Management Committee for further consideration.

**Respond to demands:** The ESG Management Committee Office is responsible for collecting and classifying questions, preparing responses, and completing questionnaires. After internal review by the ESG Management Committee (if required), the Operations Management Department submits the completed questionnaire to formally respond to customer demands.

Please refer to the Company's ESG Customer Response Procedures outlined in the appendix for a detailed operational process.

**Article XXII** The Securities Department is tasked with responding to ESG inquiries from shareholders and investors. Shareholders and investors have key expectations and demands in dimensions such as the Company's operational compliance, performance, risk management, and investment returns. The response process primarily includes:

**Receive inquiries:** The Securities Department should engage in regular communication with shareholders and investors who are interested in the Company's ESG topics. Communication channels include, but are not limited to, official telephones, official emails, meetings, and roadshows.

**Classify questions:**

- The Securities Department first assesses whether it can independently respond to the relevant content. If, after referring to the ESG policy repository, the Company's official website, annual reports, and ESG reports, it identifies unresolved issues that cannot be addressed directly, the relevant ESG questions are then submitted to the ESG Management Committee Office for further consideration.

- The ESG Management Committee Office assesses the significance of the issues and analyzes whether it can independently respond to the related content. If it determines that the importance of the issues is high and thus cannot address them directly, the relevant ESG questions are submitted to the ESG Management Committee for further consideration.

**Respond to demands:** The ESG Management Committee Office is responsible for collecting and classifying questions, preparing responses, and completing questionnaires. After internal review by the ESG Management Committee (if required), the Securities Department formally responds to shareholders and investors.

Please refer to the Company's ESG Investor Response Procedures outlined in the appendix for a detailed operational process.

**Article XXIII** The Securities Department is tasked with responding to ESG inquiries from stock exchanges and regulators. Regulators have key expectations and demands in dimensions such as the Company's operational compliance. The response process primarily includes:

**Receive inquiries:** The Securities Department receives inquiries from regulators interested in the Company's ESG topics. Channels for receiving inquiries include, but are not limited to, official telephones and official emails.

**Classify questions:**

- The Securities Department first assesses whether it can independently respond to the relevant content. If, after referring to the ESG policy repository, the Company's official website, annual reports, and ESG reports, it identifies unresolved issues that cannot be addressed directly, the relevant ESG questions are then submitted to the ESG Management Committee Office for further consideration.

- The ESG Management Committee Office assesses the significance of the issues and analyzes whether it can independently respond to the related content. If it determines that the importance of the issues is high and thus cannot address them directly, the relevant ESG questions are submitted to the ESG Management Committee for further consideration.

**Respond to demands:** The ESG Management Committee Office is responsible for collecting and classifying



questions, preparing responses, and completing questionnaires. After internal review by the ESG Management Committee (if required), the Securities Department formally responds to regulators.

Please refer to the Company's ESG Regulator Response Procedures outlined in the appendix for a detailed operational process.

**Article XXIV** The Safety and Environmental Supervision Department is tasked with responding to ESG inquiries related to safety and the environment. Local governments have key expectations and demands in dimensions such as environmental protection, clean production, and safe operations. The response process primarily includes:

**Receive inquiries:** The Safety and Environmental Supervision Department receives inquiries from local governments interested in the Company's ESG topics such as safety and environmental protection. After coordinating with government officials, it receives government inspections, official admonition, and official notifications, among other possible forms of communication.

**Classify questions:**

- The Safety and Environmental Supervision Department first assesses whether it can independently respond to the relevant content. If, after referring to the ESG policy repository, the Company's official website, annual reports, and ESG reports, it identifies unresolved issues that cannot be addressed directly, the relevant ESG questions are then submitted to the ESG Management Committee Office for further consideration.
- The ESG Management Committee Office assesses the significance of the issues and analyzes whether it can independently respond to the related content. If it determines that the importance of the issues is high and thus cannot address them directly, the relevant ESG questions are submitted to the ESG Management Committee for further consideration.

**Respond to demands:** The ESG Management Committee Office is responsible for collecting and classifying questions, preparing responses, and completing questionnaires. After internal review by the ESG Management Committee (if required), the Safety and Environmental Supervision Department formally responds to local governments.

Please refer to the Company's ESG Local Government Response Procedures outlined in the appendix for a detailed operational process.

**Article XXV** Subsidiary companies are tasked with responding to ESG inquiries from local governments.

Local governments have key expectations and demands in dimensions such as environmental protection, clean production, safe operations, and social responsibility. The response process primarily includes:

**Receive inquiries:** Subsidiary companies receive inquiries from local governments interested in the Company's ESG topics. After coordinating with government officials, they receive government inspections, official admonition, and official notifications, among other possible forms of communication.

**Classify questions:** Subsidiary companies first assess whether they can independently respond to the relevant content. If, after referring to the ESG policy repository, the Company's official website, annual reports, and ESG reports, they identify unresolved issues that cannot be addressed directly, the relevant ESG questions are then submitted to the ESG liaison personnel at subsidiary companies for further consideration.

**Respond to demands:** The ESG liaison personnel of subsidiary companies are responsible for collecting information. Subsidiary companies formally communicate their responses, which should first be reviewed and approved by their General Managers, to local governments.

Please refer to the Company's ESG Local Government Response Procedures outlined in the appendix for a detailed operational process.

## Chapter Five ESG Information Disclosure

**Article XXVI** ESG information disclosure serves as a channel for the Company to showcase the results of its ESG-related efforts to external parties. It is beneficial for establishing a robust interactive mechanism between the Company and its stakeholders, such as shareholders and customers, by providing a comprehensive picture of the Company's ESG performance.

**Article XXVII** ESG disclosures include the Company's annual ESG report, ESG chapters in mid-term and annual reports, responses to capital index ratings, responses to investors' ESG inquiries, and the publication of ESG information on the official website. The Company should disclose ESG information separately on its official website, official WeChat public account, and stock exchanges. Specifically, the ESG report should be disclosed on an annual basis, and other ESG-related information, including ESG policies and ESG news, should be disclosed periodically based on the actual circumstances of the Company.

**Article XXVIII** The Company's ESG report is published annually, and the preparation process includes four stages: determining the annual disclosure plan, information collection, report drafting and review, and report approval and release. Depending on actual needs, the ESG report is overseen by the ESG Management Committee Office.

**Determine the annual disclosure plan:** The annual ESG report disclosure plan is formulated by the ESG Report Disclosure Team. The plan includes the annual disclosure priorities, specific disclosure points, and the overall design style, and is then checked and confirmed by the ESG Management Committee Office.

**Collect information:** The ESG Report Disclosure Team collects ESG-related information throughout the year according to the requirements for report preparation, communicates with the relevant parties, and coordinates the entire process. The ESG Report Disclosure Team organizes the relevant materials from different departments according to the requirements, ensuring the accuracy and integrity of information and statistical methods, as well as the consistency of the information scope. The compiled information is then submitted to the ESG Management Committee Office as required.

**Draft and review the report:** The ESG Report Disclosure Team is responsible for aligning the collected information, as well as drafting, designing, and producing the report. The ESG Management Committee Office is responsible for checking and ensuring the accuracy of textual content and quantitative data, as well as submitting suggestions on revision to the ESG Management Committee for review.

**Approve and release the report:** After the review, the ESG Management Committee reports to the Strategy

Committee on the content of the report and submits the report to the Board of Directors for deliberation. Upon approval by the Board, the ESG Management Committee Office releases the report in line with disclosure requirements from regulators. The report is simultaneously published on the Company's official channels based on its disclosure schedule and publication time, and is disseminated through various media outlets.

Please refer to the Company's ESG Report Information Disclosure Procedures outlined in the appendix for more details.

**Article XXIX** Information disclosures on the official website include ESG policies, principles, commitments, goals, progress, actions, projects, key performance indicators, as well as the Company's ESG-related reports or summary documents, including but not limited to the annual ESG report and ESG chapters in mid-term and annual reports. ESG information disclosure on the official website should cover three stages: information collection, information review, and information publication.

**Information collection:** The ESG Management Committee Office periodically collects ESG information from various departments and subsidiary companies, and then summarizes and aligns the collected information for disclosure on the official website.

**Information review:** The ESG Management Committee is tasked with reviewing the relevant content and providing suggestions for modification (if necessary). The Securities Department is tasked with assessing and reviewing the sensitive information.

**Information publication:** After confirming the accuracy of the information, the ESG Management Committee Office sends the report to the Securities Department, which then discloses it on the official website.

Please refer to the Company's ESG Official Website Information Disclosure Procedures outlined in the appendix for more details.

**Article XXX** Information disclosures by the Company's media outlets mainly include the release of ESG information, introduction of ESG activities, achievements in ESG awards, as well as ESG press releases. This information is disclosed through the Company's official website, the official WeChat public account, and external media channels. ESG information disclosure by media should cover three stages: information collection, information review, and information publication.

**Information collection:** The ESG Management Committee Office periodically collects media ESG disclosures, and summarizes and aligns the collected information before submitting it to the ESG Management Committee.

**Information review:** The ESG Management Committee is tasked with reviewing the relevant content and providing suggestions for modification (if necessary). The Securities Department is tasked with assessing and

reviewing the sensitive information.

**Information publication:** After confirming the accuracy of the information, the ESG Management Committee Office sends the report to the Party Committee Work Department, which then discloses it on official media channels such as the Company's official WeChat public account or contacts external media outlets for publication.

Please refer to the Company's ESG Media Information Disclosure Procedures outlined in the appendix for more details.

## **Chapter Six Supplementary Provisions**

**Article XXXI** The Management Measures apply to Yunnan Yuntianhua Co., Ltd. and all of its subsidiary companies.

**Article XXXII** The Management Measures comes into effect from the date of issuance upon approval by the Strategy Committee under the Board of Directors.

**Article XXXIII** The Strategy Committee assumes the interpretation authority of the Management Measures.

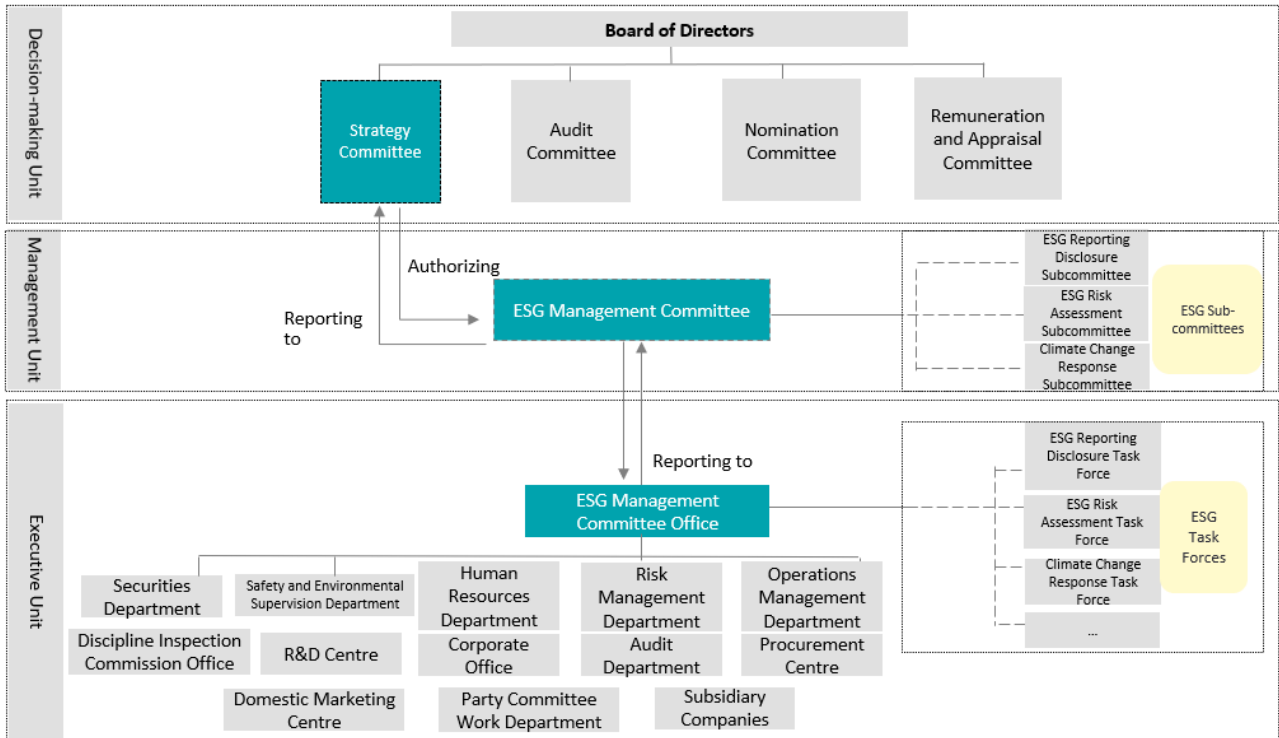
**Article XXXIV** The Management Measures are subject to revision by the ESG Management Committee Office.

**Article XXXV** Matters not covered in the Management Measures should be addressed in accordance with applicable laws, regulations, and the Articles of Association.

**Article XXXVI** Subsidiary companies of Yunnan Yuntianhua Co., Ltd. can refer to this Management Measures when they formulate and improve their respective ESG management measures.

# Appendix

## Figure of ESG Management Structure



## ESG Policy Repository

ESG Issues	Policies	Competent Departments
<p>Environment and Climate Change</p>	<p>Environmental Protection Management Measures of Yunnan Yuntianhua Co., Ltd.</p> <p>Environmental Pollution Prevention and Control Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Management System for Environmental Protection Equipment and Facilities of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Regulations on the Investigation and Handling of Potential Hazards of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Regulations on “Three Simultaneities” of Environmental Protection of Yunnan Yuntianhua Co., Ltd.</p> <p>Pollutant Discharge Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Solid Waste Classification Management Method of Yunnan Yuntianhua Co., Ltd.</p> <p>Environmental Monitoring Management Regulations of Yunnan Yuntianhua Co., Ltd.</p> <p>Radiological Work Safety Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Safety and Environmental Protection Responsibility System of Yunnan Yuntianhua Co., Ltd.</p> <p>Comprehensive Assessment Method for Safety and Environmental Protection of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for Comprehensive Utilization of Phosphogypsum of Yunnan Yuntianhua Co., Ltd.</p>	<p>Safety and Environmental Supervision Department</p>
<p>Health and Safety</p>	<p>Safety and Environmental Protection Responsibility System of Yunnan Yuntianhua Co., Ltd.</p> <p>Comprehensive Assessment Method for Safety and Environmental Protection of Yunnan Yuntianhua Co., Ltd.</p>	<p>Safety and Environmental Supervision Department</p>



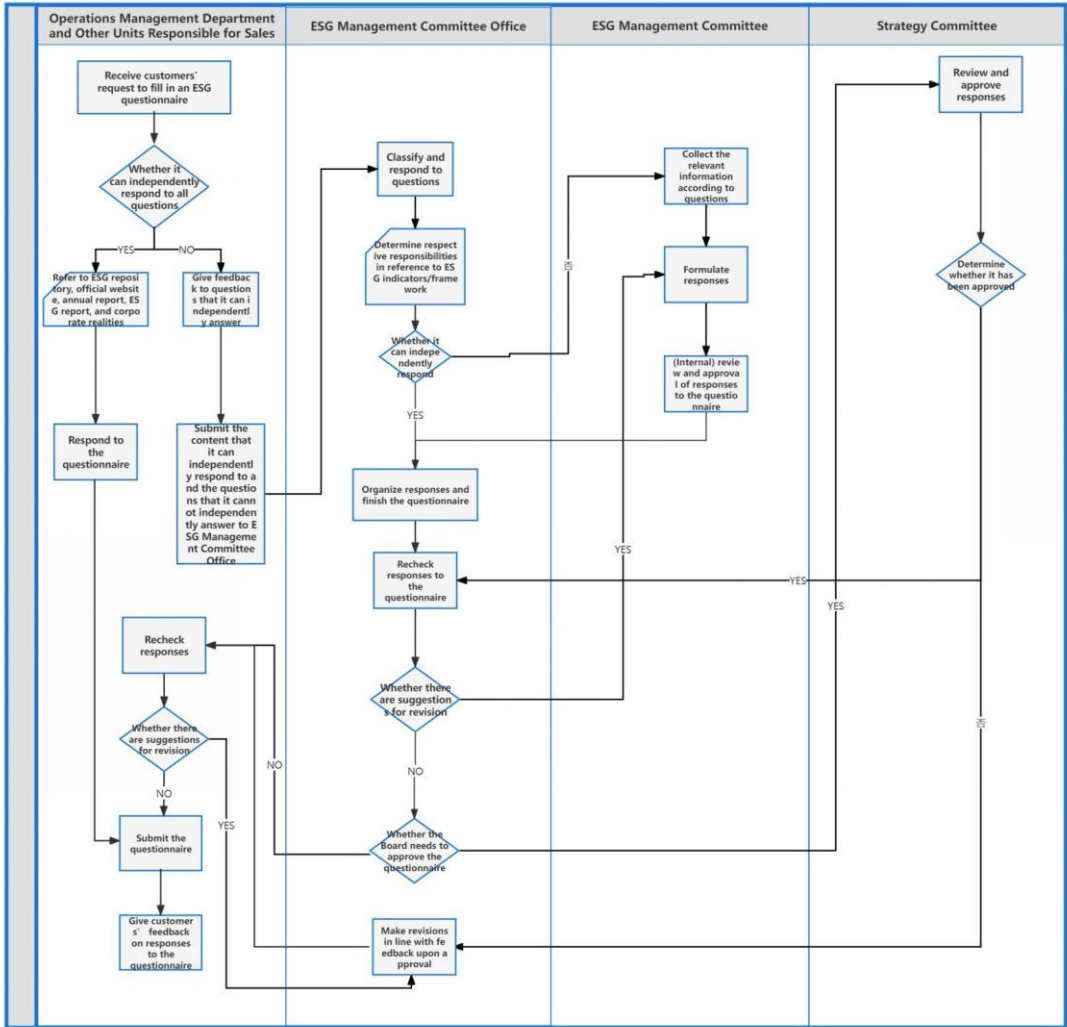
	<p>Management System for Safety Inspections and Handling of Potential Hazards of Yunnan Yuntianhua Co., Ltd.</p> <p>Implementation Measures for the System of “Party and Government Joint Responsibility, Dual Responsibility for One Position, Joint Management, and Accountability for Negligence” in Workplace Safety at Yunnan Yuntianhua Co., Ltd.</p> <p>Comprehensive Emergency Plan for Workplace Safety Incident of Yunnan Yuntianhua Co., Ltd.</p> <p>Special Emergency Plan for Workplace Safety Incidents in Operating Hazardous Chemicals (Without Storage) at Yunnan Yuntianhua Co., Ltd.</p> <p>Management System for the Investigation and Handling of Incidents at Yunnan Yuntianhua Co., Ltd.</p> <p>Occupational Health Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Major Hazard Source Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Hazardous Chemicals Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for the Registration of Hazardous Chemicals of Yunnan Yuntianhua Co., Ltd.</p> <p>Safety Management System for Tailings Pond, Phosphogypsum Slag Yard, and Reservoir of Yunnan Yuntianhua Co., Ltd.</p>	
Employee Training and Development	<p>Guide to Career Development and Employment Management of Yunnan Yuntianhua Co., Ltd.</p> <p>Position Management Measures of Yunnan Yuntianhua Co., Ltd</p> <p>Management Guidelines for Basic Salary Standards of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Employee Education and Training of Yunnan Yuntianhua Co., Ltd.</p> <p>Business School Management System of Yunnan Yuntianhua Co., Ltd.</p>	Human Resources Department

	<p>Business School Online Learning Management System of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for Joint Postgraduate Training Program of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for Cultivation of Management Trainees of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for Cultivation of Managerial Reserve Talents of Yunnan Yuntianhua Co., Ltd.</p> <p>Management Measures for Professional Managers, Compensation, and Performance Appraisal of Yunnan Yuntianhua Co., Ltd.</p>	
<p>Research &amp; Development and Innovation</p>	<p>Administrative Measures for Research and Development of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Production Technology Innovation of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Incentive Management of Scientific and Technological Innovation of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Publishing the List of Successful Scientific and Technological Projects (For Trial Implementation)</p> <p>Administrative Measures for Grading and Classification for Technical and Skilled Talents (Talent Pool)</p> <p>Administrative Measures for Leading Talents (Technical and Skilled Talents)</p> <p>Administrative Measures for Intellectual Property of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Trademark of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Research and Development of Yunnan Yuntianhua Co., Ltd.</p> <p>Administrative Measures for Patent of Yunnan Yuntianhua Co., Ltd.</p>	<p>Research and Development Center</p>
<p>Supplier Management</p>	<p>Material Procurement Management</p>	<p>Procurement Center</p>

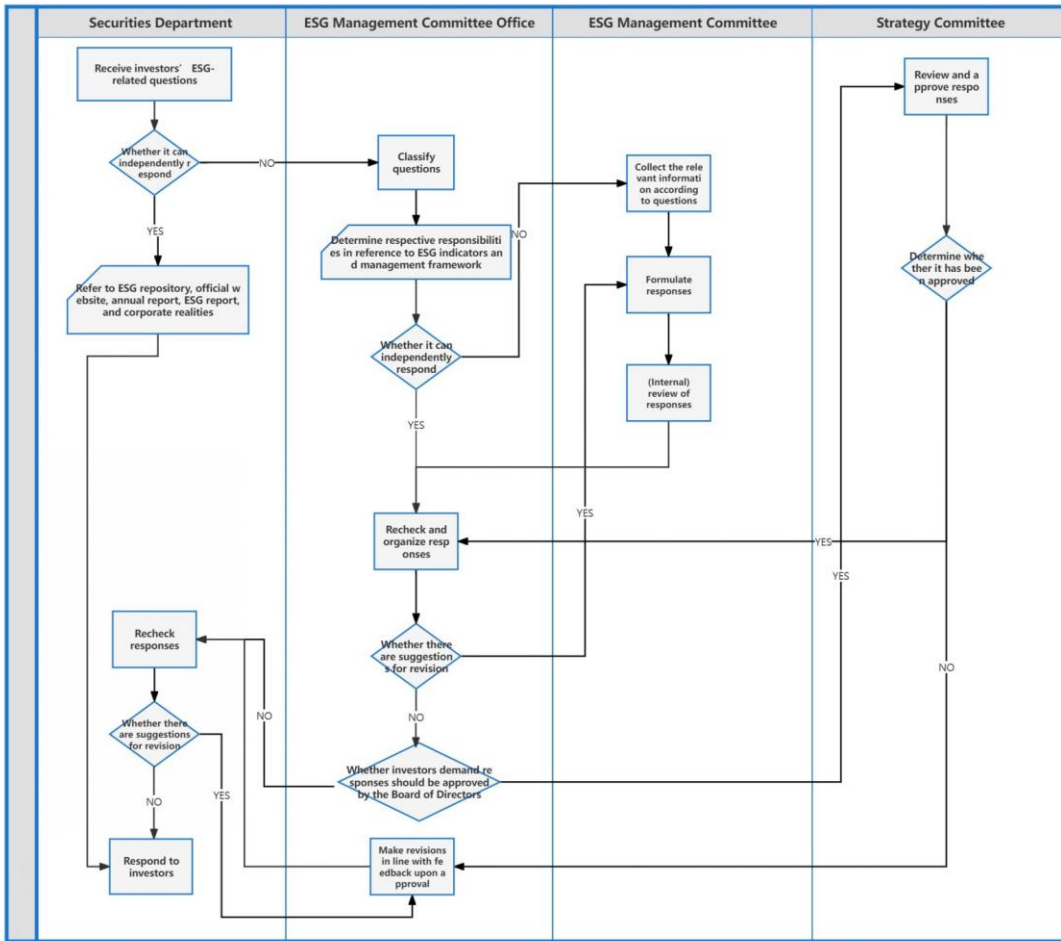
	System of Yunnan Yuntianhua Co., Ltd. Supplier Management System of Yunnan Yuntianhua Co., Ltd. Centralized Procurement Management System of Yunnan Yuntianhua Co., Ltd. Carrier Safety Management System of Yunnan Yuntianhua Co., Ltd.	
Customer Management	Customer Management Measures of Yunnan Yuntianhua Co., Ltd.	Domestic Marketing Center
Social Welfare	External Donation Management System of Yunnan Yuntianhua Co., Ltd.	Party Committee Work Department
Risk Management	Internal Control Management Manual of Yunnan Yuntianhua Co., Ltd.	Risk Management Department
Authority and Accountability Management	Guidelines for the Authority of Decision-Making Mechanism of Yunnan Yuntianhua Co., Ltd.	Securities Department (Investor Relations)
Business Ethics and Anti-corruption	Leadership Task Division and Responsibility List for Party Conduct and Integrity of Yunnan Yuntianhua Co., Ltd.	Discipline Inspection Commission Office

# Procedures of Response to Stakeholders' ESG Demands

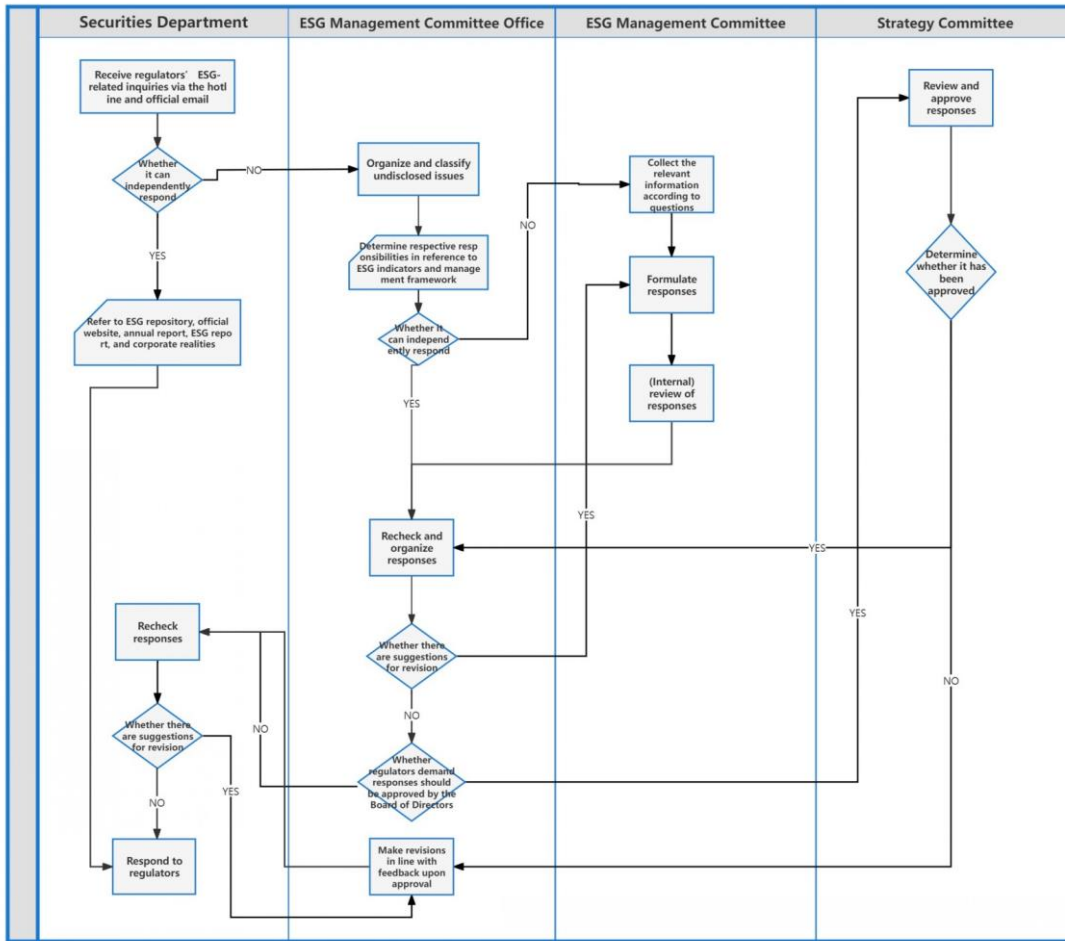
## Procedures of ESG Response to Customers



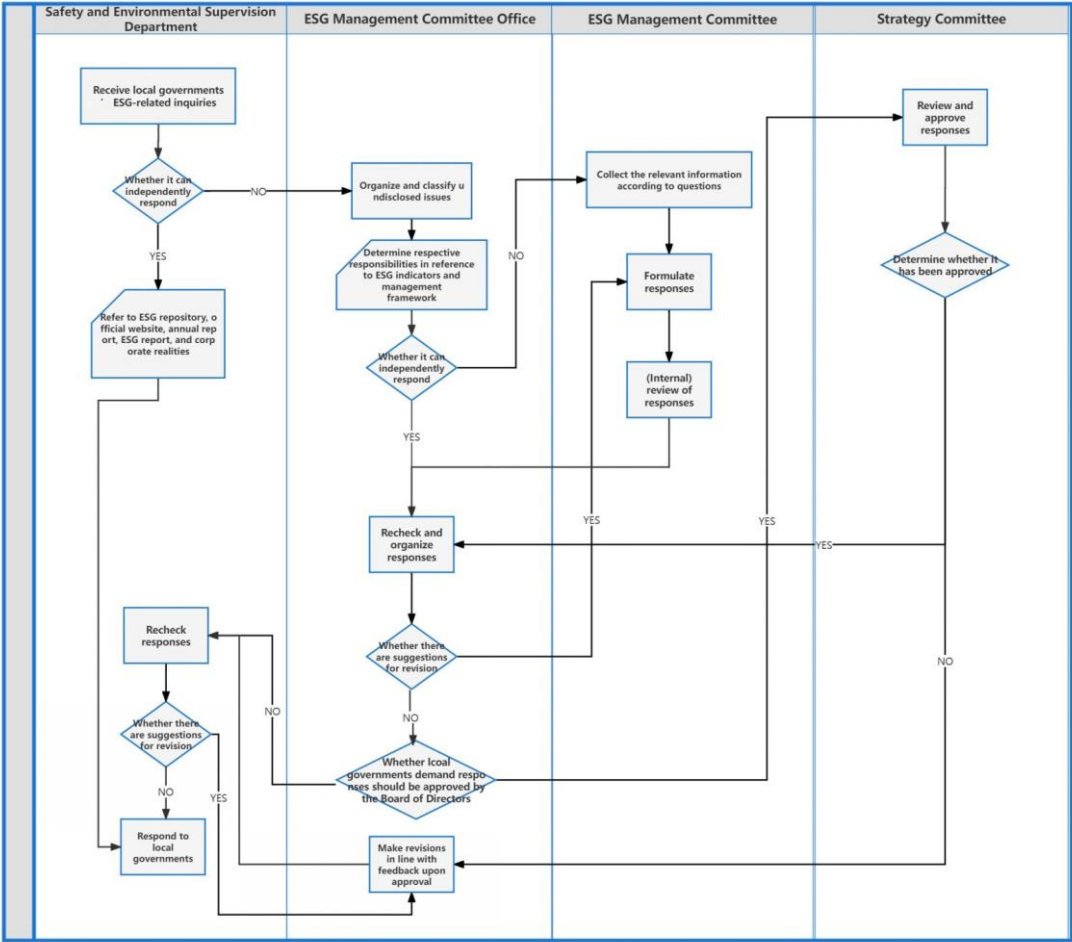
## Procedures of ESG Response to Investors



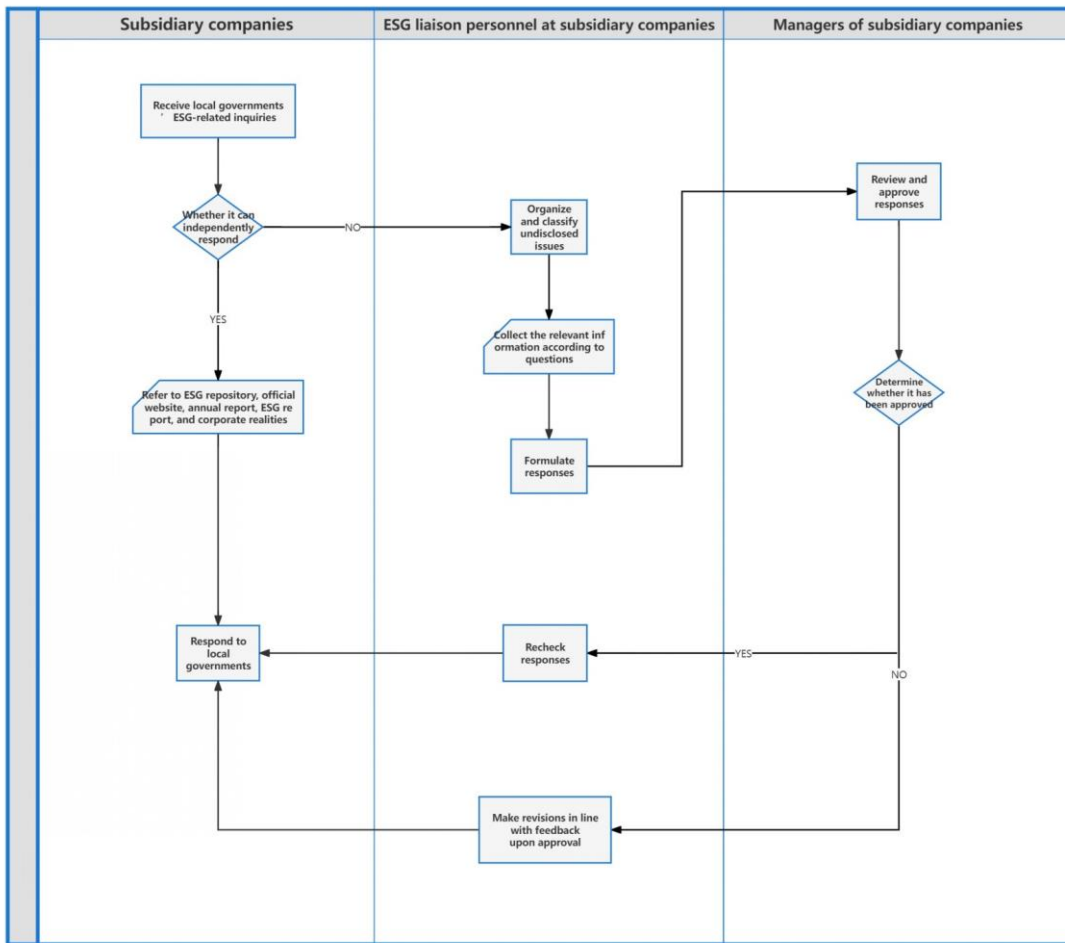
## Procedures of ESG Response to Regulators



# Procedures of ESG Response to Local Governments: Yunnan Yuntianhua Co., Ltd.



## Procedures of ESG Response to Local Governments: Subsidiary Companies





## **Explanation of Identification and Determination of ESG Materiality Topics**

Basis of identification and determination of ESG materiality topics: The identification and determination of ESG materiality topics are based on the GRI (Global Reporting Initiative) Standards developed by the GSSB (Global Sustainability Standards Board). The issuer is required to identify and determine the actual and potential impacts related to its environmental, social, and governance (ESG) performance, rank these ESG topics in order of significance, and assess their materiality from the two dimensions of “importance to stakeholders” and “importance to corporate development.”

Procedures of identification and determination of ESG materiality topics: The identification and determination of ESG materiality topics should be aligned with industry benchmarks at home and abroad, corporate development strategies and plans, national policies, industry policies and standards, domestic and international ESG standards, and media disclosures. Through stakeholder surveys and analyses, the issuer assesses the impact of different topics on corporate development and stakeholders, identifies annual materiality topics, and ultimately generates a matrix reflecting their significance. The determination results are released jointly with the annual ESG report.

The identification and determination of ESG materiality topics is led by the ESG Management Committee Office.

## ESG Disclosure Reference and Explanation

In conducting ESG information disclosure, the Company can refer to the *Code of Corporate Governance for Listed Companies* developed by the China Securities Regulatory Commission, the *Guidelines for Periodic Reports of Listed Companies on the Shanghai Stock Exchange* and the *Guidelines for the Preparation of the Report on Corporate Social Responsibility* developed by the Shanghai Stock Exchange, as well as the United Nations Sustainable Development Goals (SDGs) and the core framework outlined in the Global Reporting Initiative's GRI Standards. Additionally, ESG information disclosure should be consistent with rating indices such as MSCI, S&P, CDP, and Sustainalytics, the requirements of international standards such as the Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB). The disclosure should be tailored to industry and corporate characteristics, meet regulatory compliance requirements, and address key concerns in the capital market. The Company should also follow the reporting principles of materiality, quantification, balance, and consistency, disclosing relevant performance indicators as required.

<b>Abbreviations of ESG Standards and Ratings</b>	<b>Brief Introduction of ESG Standards and Ratings</b>
GRI	The Global Reporting Initiative (GRI) is an independent international standard-setting organization aimed at assisting businesses, governments, and other institutions in better understanding and communicating their impacts on topics such as climate change, human rights protection, and corruption.
MSCI	Morgan Stanley Capital International (MSCI) is an international company that provides global indices and derivative financial offerings. The MSCI indices, widely referenced by investors, are among the most adopted investment benchmarks by global portfolio managers.
S&P	The Dow Jones Sustainability Index (DJSI) is the world's first sustainability index, serving as a valuable reference for ESG investment decision-making in numerous investment institutions.

CDP	The Carbon Disclosure Project (CDP) is a non-governmental organization that sets the global standard for carbon emissions disclosure methodologies and corporate processes. It has established the most comprehensive self-reported environmental database worldwide.
Sustainalytics	Morningstar Sustainalytics is a company that provides ESG risk assessment and research analysis for global listed companies. Its ESG risk scores are widely adopted by independent third-party investment research and fund rating agencies.
TCFD	The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies to disclose climate-related data. This facilitates stakeholders such as investors, lenders, and insurance companies in understanding related risks and enhances transparency of investment information.
ISSB	On March 31, 2022, the International Sustainability Standards Board (ISSB) released two exposure drafts for the IFRS Sustainability Disclosure Standards (ISDS). The drafts aim to provide comprehensive, complete, and consistent sustainability-related disclosures for global investors and the capital market.

**Explanation of International ESG Standards/Ratings**