

2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About This Report

Basis for preparation

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide (2019 Edition)*¹ published by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange) and the *Notice of Shanghai Stock Exchange on Strengthening the Corporate Social Responsibility of Listed Companies and Issuing Shanghai Stock Exchange's Guidelines for the Disclosure of Environmental Information of Listed Companies*.

Reporting scope

Reporting scope: It includes Flat Glass Group (the "Company" or "Flat Glass") and its subsidiaries (collectively the "Group"), which is consistent with the financial year covered by the Annual Report of the Company.

Reporting period: The information published in this Report is for the period from 1 January 2020 to 31 December 2020 (the "Reporting Period"). Some statements and data may be traced back to previous years as appropriate.

Source of data

Unless otherwise stated, the data and cases mentioned in the Report are derived from Flat Glass and its subsidiaries during actual operations.

Financial data in the Report are denominated RMB, unless otherwise stated. Should any inconsistency and ambiguity arise between financial data herein and the annual report of the Company, the Annual Report of the Company shall prevail.

Reporting principles

This Report is in compliance with the reporting principles determined by Stock Exchange *ESG Reporting Guide*. The reporting principles are detailed as follows:

- **Materiality**

Based on the principle of materiality, this Report offered an analysis of substantive concerns, which were submitted to the Board of Directors for consideration, and ensured the full disclosure of information that has a material impact on investors and other stakeholders.

- **Quantitative**

Based on the quantitative principle, this Report presented statistics on ESG quantitative performance and disclosed 3-year historical data.

- **Balance**

Based on the principle of balance, this Report provided complete and clear disclosure of the Company's ESG practices, thereby avoiding potential improper impacts of choices, omissions or presentation formats on the decisions or judgments of the reader to this Report.

- **Consistency**

Based on the principle of consistency, this Report employed a consistent and uniform approach for disclosing contents, and provided clear explanations on the calculation formula and statistical caliber of ESG quantitative performance, so that meaningful ESG data comparison can be achieved in the future.

¹Hong Kong Stock Exchange issued a revised *Environmental, Social and Governance Reporting Guide* in December 2019, which came to be effective from the fiscal year after July 2020.

About Flat Glass

Flat Glass Overview

<p>Year of Establishment</p> <p>1998</p>	<p>Company name</p> <p>Flat Glass Group Co., Ltd.</p>	<p>Ownership and legal form</p> <p>Listed on Shanghai Stock Exchange (stock code: 601865) Listed on Hong Kong Stock Exchange (stock code: 06865)</p>
<p>Principal businesses</p> <p>Flat Glass is a comprehensive enterprise with an integration of research and development, manufacturing, processing, and sales of glass. Its main products cover photovoltaic(PV) glass, float glass, energy-saving architectural glass, and household glass.</p>		
<p>Locations</p> <p>Main locations of Flat Glass and its subordinates include Jiaxing of Zhejiang province and Chuzhou of Anhui province in China, and Vietnam.</p>	<p>Headquarters</p> <p>Jiaxing , Zhejiang Province, China</p>	

<p> Vision</p> <p>Committed to establishing a global presence in the glass sector</p>	<p> Mission</p> <p>Co-creating a green lifestyle for all</p>
<p> Core value</p> <p>Integrative development for common prosperity, win-win through collaboration</p>	<p> Spirit</p> <p>Credible, Pragmatic, Dedicated, Passionate, Innovative</p>

Social Responsibility Management

Idea of social responsibility

As a global leading PV glass manufacturer, Flat Glass takes "co-creating a green lifestyle for all" as its mission and integrates the business philosophy of "centering on customer satisfaction, to expand market with quality, to win customers with service, to develop with improvement" into the Company's corporate culture and strategic planning.

The Company attaches great importance to long-term sustainable development, delivers value for society while developing its own business, and shares the fruits of prosperity and development with its stakeholders, with a view to achieving sustainable business operation. The Company has put in place a CSR management system and set up a CSR model. At Flat Glass, we follow such basic codes of conduct as good faith management and strict compliance with regulations, actively undertake responsibilities to shareholders, the environment, employees, customers and the community, and has proposed the ESG management strategy featuring "sound management", "co-prosperity through co-existence", "green sustainability" and "win-win through collaboration".

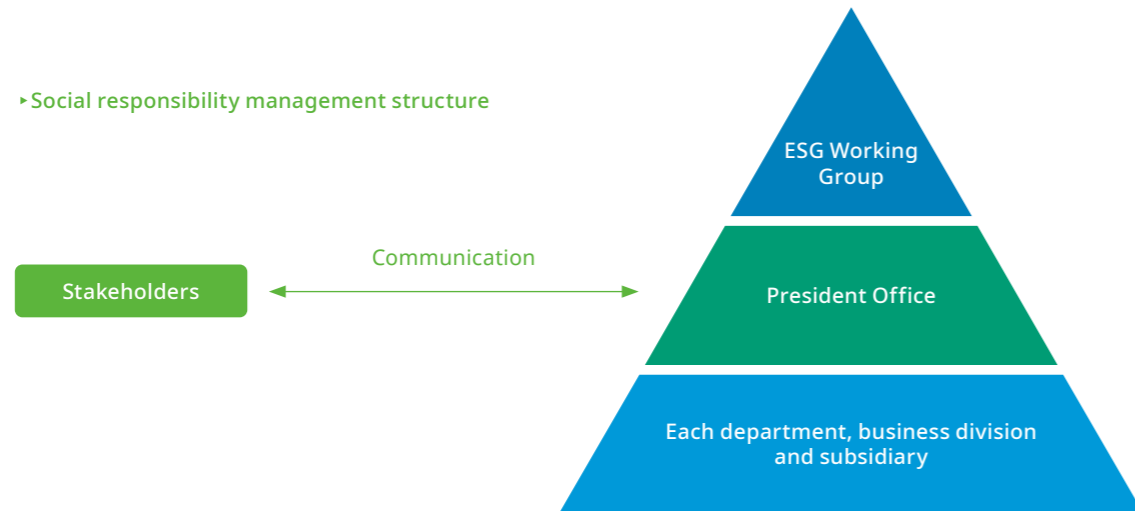
To become a global leading eco-friendly enterprise who excels in value-creating

<p>Co-prosperity through co-existence</p> <p>To create a sound workplace for our employees, promote individual development, and insist on giving back to the society to achieve ongoing return.</p>	<p>Green sustainability</p> <p>To fully implement the concept of green and environmental protection and strive to build a resource-saving, eco-friendly and harmonious enterprise.</p>
<p>Sound management</p> <p>To govern the Company in accordance with laws and regulations, grow at a steady pace, and build our core competitiveness.</p>	<p>Win-win through collaboration</p> <p>To take a customer-first approach and ensure customer satisfaction by valuing the concept of quality services and promise.</p>

Social responsibility management structure

The Company's philosophy on corporate social responsibility is deeply rooted in our corporate culture and daily operations. At Flat Glass, the Senior Management has established an Environmental, Social and Governance (ESG) Working Group, which is responsible for coordinating ESG management, communication and information disclosure, evaluating the Company's ESG risks, ensuring internal control and supervision of ESG risks, formulating and approving ESG-related policies, and reporting to the Board of Directors on the progress and results of ESG work; the President's Office is responsible for publicizing the Company's philosophy on ESG internally and externally, promoting the implementation of ESG policies and measures in the Company, and reporting the progress and results of ESG work to the ESG Working Group; each department, business division and subsidiary is responsible for the implementation of specific ESG work.

► Social responsibility management structure



Identification of material issues

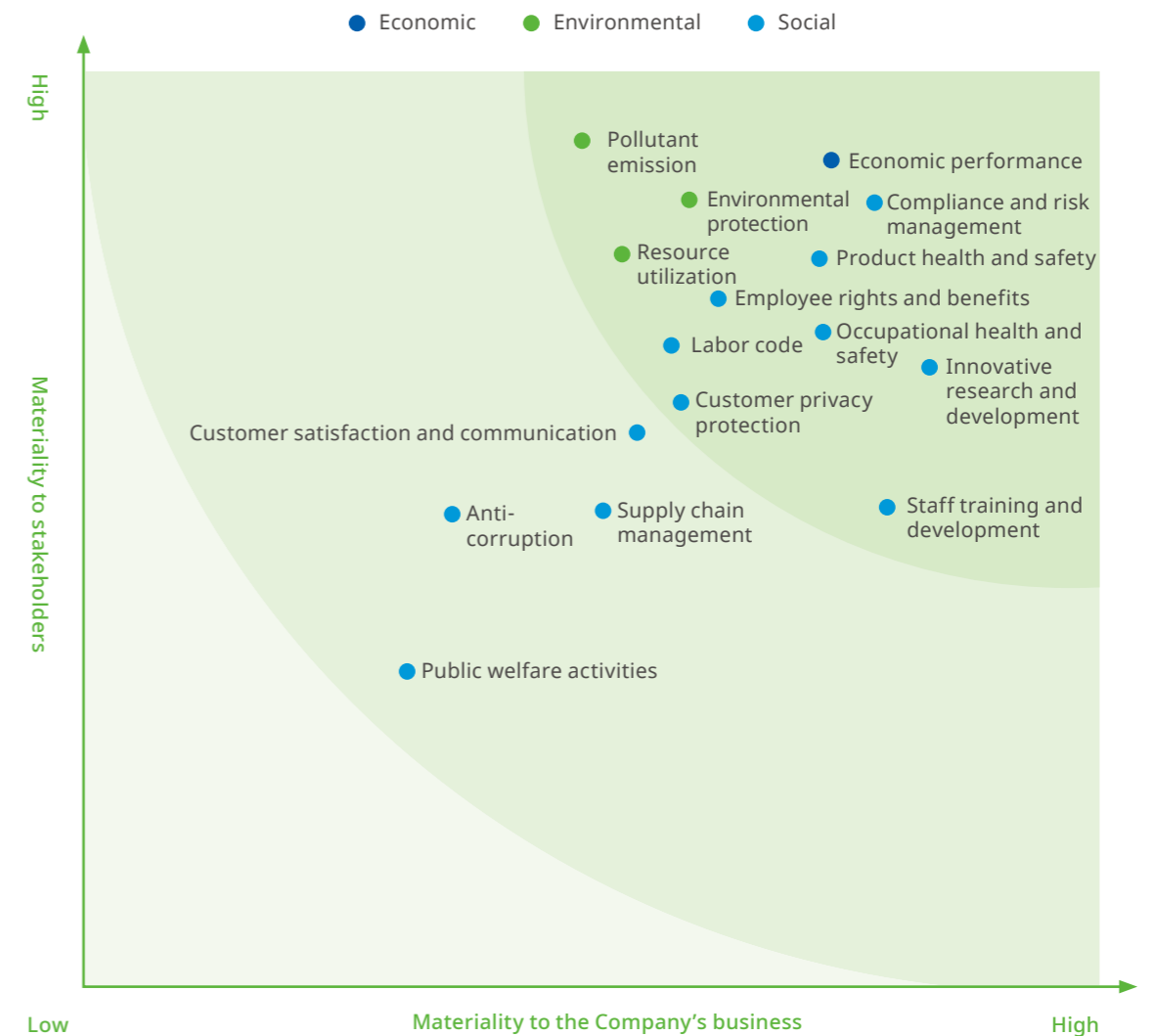
The Company values the opinions of various stakeholders, including shareholders and investors, employees, customers, suppliers, communities, industries, governments and regulators. To gain a deeper understanding of the issues and demands of each party, the Company has established a regular communication mechanism with its stakeholders, incorporated their issues into the Company's operation and decision-making process, and actively responded to their demands and expectations while enhancing the Company's sustainable development.

Major stakeholder	Channels of communication	Issues
Shareholders and investors	<ul style="list-style-type: none"> Shareholders' meeting Information disclosure External e-mail 	Compliance and risk management Economic performance
Governments and regulators	<ul style="list-style-type: none"> Communication through meeting Supervision and inspection 	Compliance and risk management Anti-corruption Emission management Resource utilization Environmental protection
Customers	<ul style="list-style-type: none"> Customer satisfaction survey Customer visit Exchange through forum/summit 	Product health and safety Technological innovation Satisfaction and communication Customer information security and privacy protection
Suppliers	<ul style="list-style-type: none"> Supplier evaluation and survey 	Supply chain management Anti-corruption
Staff	<ul style="list-style-type: none"> Regular meeting Staff activity Complaints and feedback 	Labor code Employee rights and benefits Staff training and development Occupational health and safety
Industries	<ul style="list-style-type: none"> Conference Trade association Exchange through forum/summit 	Innovative research and development Intellectual property right
Communities	<ul style="list-style-type: none"> Community activity Official WeChat account and other media 	Environmental protection Public welfare activities

In accordance with the procedures of identification, evaluation and screening, the Company has conducted an analysis of substantive issues and identified the Company's stakeholders' material ESG issues by taking into consideration of its own business and operational characteristics and drawing on the experience of peers at home and abroad. The materiality has been analyzed and ranked based on full consideration of stakeholders' requirements and issues.

To ensure the effectiveness of the Company's ESG strategy, the Board of Directors reviews the results of the identification of the Company's material ESG issues on an annual basis to ensure that our ESG strategy covers material ESG. The process of determining materiality is guided by the following principles.

- Incorporating input from key stakeholders and identifying key stakeholders' ESG issues;
- Incorporating input from the operating management and identifying ESG issues that have a material impact on the Company's business;
- The Board of Directors reviews material ESG issues including those of high concern to stakeholders and have a material impact on the Company's business.



Good Governance and Good Faith Management

Flat Glass always takes operational compliance as the bottom line. By improving its own management system and institution to enhance its risk response capability, Flat Glass has ensured sound operation and sustainable profitability in return for shareholders.

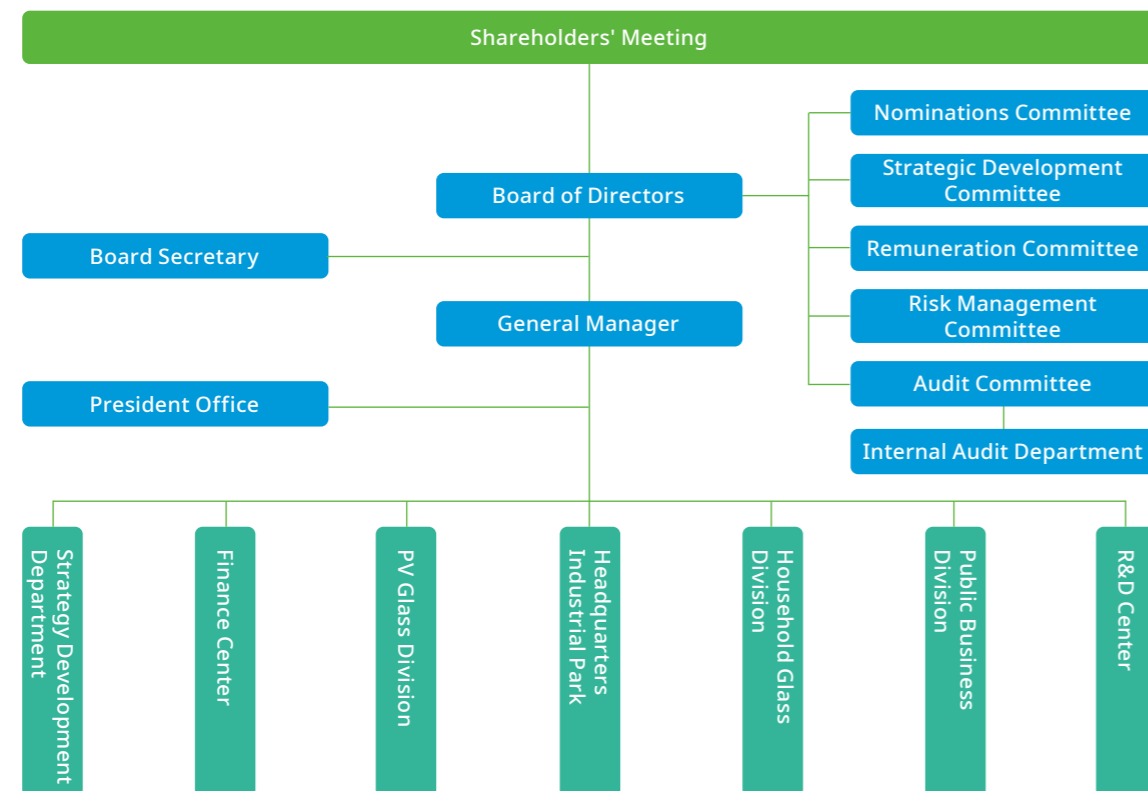
Sound Corporate Governance

Sound corporate governance is the cornerstone of corporate development. Flat Glass who insists on operating in good faith has established a complete management system and institution, made timely information disclosure, and actively communicated with various stakeholders to continuously improve its own value.

Governance architecture

The Company always adheres to improve corporate structure by following the principle of open operation and transparent authority and responsibility. According to the Company's *Articles of Association*, there are a total of seven members in the Board of Directors of the Company. The Board of Directors is accountable to the shareholders, reports to them, and implements their resolutions. The Company held a total of 17 board meetings in 2020.

Organizational structure



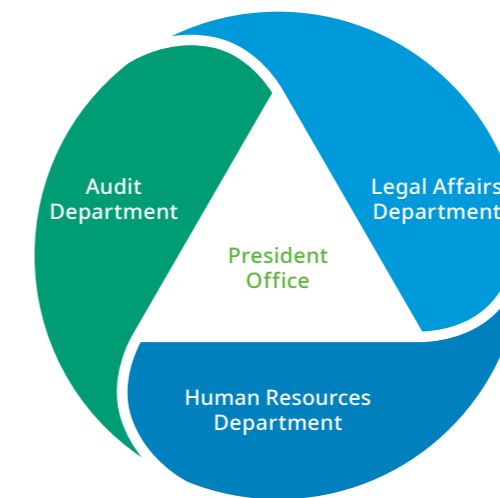
Information disclosure

The Company attaches importance to the transparency and fairness of information disclosure and has put in place the *Information Disclosure Management System*, the *Internal Reporting System for Material Information*, the *Registration and Reporting System for Informants of Insider Information* and other systems to regulate the Company's information disclosure behavior and ensure that the Company discloses information in accordance with laws and regulations and the relevant regulations of the China Securities Regulatory Commission (CSRC), Shanghai Stock Exchange and the Hong Kong Stock Exchange. During the Reporting Period, there was no violation of laws and regulations such as the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and *Articles of Association*, and the Company has disclosed relevant information regarding the results of operations, financial statements, and material decisions in a timely, accurate, and standardized manner.

Risk Control and Management

The Company attaches importance to the development of the compliance system. We have continuously improved the organizational system of risk management, and actively carried out risk assessment and internal audit work in order to accurately identify and strictly control various potential risk events that may affect the Company and effectively enhance its overall risk management capability.

Division of responsibility for risk management



President Office Organize the preparation of risk management plan and promote the implementation of the plan, coordinate efforts to promote the day-to-day work of risk management	Audit Department Strengthen the development of the system regarding corruption punishment and prevention, combat corruption and uphold integrity, prevent ethical risks, carry out risk management, internal audit, and other work
Legal Affairs Department Strengthen the development of the system regarding corruption punishment and prevention, improve the anti-corruption and integrity work mechanism	Human Resources Department Promote the construction of the integrity system for all employees and actively carry out the building of enterprise risk management culture

► Risk management process



In 2020, the Company carried out work related to risk identification and identified a total of 21 risks concerning our strategy, operation, and finance.

Risk category	Risk Contents	Risk Description
Strategy	Organizational architecture	Internal control system design was subject to the change of enterprise size and management structure
	Development strategy	Inappropriate strategies affected the feasibility of new project investment and follow-up
	Human resources	The enterprise expansion led to an increase in the demand for manpower
	Corporate social responsibility	Hazards arose from safety management, safe production/emergency response, hazardous chemicals management and environmental pollution
Operation	Procurement business	Poor procurement planning led to inventory backlogs or shortages, production stagnation or wasting of resources
	Sales business	Failure in recovery of payment for goods or suffered from fraud
	Asset management	Unreasonable arrangement of procurement plan or inaccurate prediction of raw material price led to shortage, overstock, loss and damage of inventory
	Project management	Failure to establish a post-project evaluation system, misleading engineering decision-making
	Information system	Inadequate operation and maintenance of information systems led to information disclosure
Finance	Contract management	Improper handling of contract disputes led to failure of corporate litigation and damage to economic interests

The Company formulates annual audit plans and conducts internal audits every year. In 2020, the Company established the *Self-Evaluation Management System for Internal Control* to regulate the efforts in internal control and conducted special audits in areas such as production safety and environmental protection, etc. to control operational risks and ensure the Company's compliance application.

Compliance and Business Ethics

The Company values compliance as the basis for fulfilling its corporate social responsibility. During the Reporting Period, the Company has not been punished or warned by regulatory authorities for zero violations to laws and regulations governing product quality, customer services, intellectual property protection, environmental protection, labor engagement, etc. A list of laws and regulations governing the areas in which the Company involves is detailed in the table below.

Area	Main laws and regulations that we abided by	Compliance
Product and service liability	<i>Product Quality Law of the People's Republic of China, Law of the People's Republic of China on Protection of Consumer Rights and Interests, Foreign Trade Law of the People's Republic of China, Advertising Law of the People's Republic of China, etc.</i>	Observed
IP protection	<i>Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, etc.</i>	Observed
Environmental protection	<i>Environmental Protection Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Water Pollution Prevention and Control Law of the People's Republic of China, Cleaner Production Promotion Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, etc.</i>	Observed
Labor engagement	<i>Labor Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, Labor Dispute Mediation and Arbitration Law of the People's Republic of China, Trade Union Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Women's Rights and Interests, Provisions of Zhejiang Province for Labor Protection of Female Workers, etc.</i>	Observed
Occupational health and safety	<i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Regulations on Work-Related Injury Insurance, Work Safety Law of the People's Republic of China, etc.</i>	Observed
Anti-corruption	<i>Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery, China Internal Audit Principles, Basic Internal Control Norms for Enterprises, etc.</i>	Observed

To eliminate corrupt practices, the Company has restrained the behavior of employees in the Employee Handbook, and clearly defined the penalties and treatment measures for employees' bribery. At the same time, during the procurement process, the Company has incorporated clear integrity clauses in most of its contracts signed to communicate anti-corruption principles to suppliers.

The Company is scheduled to further improve its anti-corruption management and training mechanism in 2021. During the Reporting Period, the Company has not witnessed any corruption litigation cases filed and concluded against the Company or its employees.

Customer First and Quality Excellence

With over 23 years of experience in the glass industry, Flat Glass with a vision of "committed to establishing a global presence in the glass sector", insists on embracing integrity and quality to become a Chinese national brand engaged in the glass industry. The Company has continued its efforts to improve the quality management and service level and carry out technological innovation to create ongoing value for customers.

Stringent Quality Control

Improvement of quality management system

The Company holds high the great banner of quality policy featuring "quality first, quality is everyone's business" and carries out product production in strict compliance with national and international standards. Through well-established quality management system, sound quality management institution and various management measures, we, at Flat Glass, have ensured the effective implementation of quality control measures in all aspects of production.

Abided by both national and international standards

- Strictly complied with the provisions of both national and international standards to carry out production of various glass products.

Put in place quality management system

- Certified by GB/T19001-2016/ISO9001: 2015 quality management system, and formulated the quality management procedure in accordance with the requirements of this system;
- Established a "tri-inspection system" for quality control, implemented quality management and quality testing related work, and assigned more than 150 professional inspectors.

Formulated quality management rules

- Developed institutional documents such as *Flat Glass Quality Management, Non-conforming Product Control Procedures and Regulations on the Management of Abnormal Raw PV Glass*;
- Implemented standardized management of workshop site, developed SOPs for operation and product quality control.

Adopted quality management measures

- Set up multiple KPIs such as raw glass yield rate and processing yield rate, and tracked the accomplishment of such KPIs and made continuous improvement accordingly;
- Conducted month-end, quarterly and annual product quality analysis meetings, regular quality-related accident analysis meetings and quality-related thematic meetings;
- Strengthened the quality-related training for operators to enhance their quality awareness.

► "Tri-inspection System" for quality control

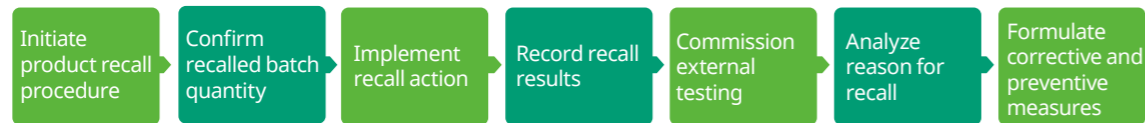


► Measures for quality management in 2020

	Specific measures
Introduction of advanced testing equipment	<p>To improve product quality, we have introduced advanced testing equipment in place of manual testing, so that process abnormalities were detected in time.</p> <ul style="list-style-type: none"> • The online thickness gauge was used in place of manual sampling to detect the thickness change, which ensured increase of monitoring frequency and improvement of detection accuracy; • The online coating color measuring instrument was used in place of artificial visual judgment, which ensured accurate judgement on color of coating plate surface and reduction of undetected errors; • The online thickness gauge was used in place of manual sampling to detect the size change, which ensured increase of monitoring frequency and timely detection of process abnormalities.
Quality training	<p>To improve product quality, we have increased quality training relating to management and technology to improve quality awareness and technical ability of our staff.</p> <ul style="list-style-type: none"> • We have carried out quality awareness improvement training on sampling inspection, incentive management, time management, employee professional awareness management and other topics.

In addition, the Company has established the *Non-conforming Product Recall Process* system to strengthen product safety management and protect the legitimate rights and interests of customers as well as their life and property safety. The Company's General Manager serves as the highest decision maker of product recall, the Sales Department is responsible for the specific implementation of the recall, and the Quality/Technology Department is responsible for the reverse tracing of the non-conforming products. The Company saw zero product recall in 2020.

►The Company's product recall process



As a leading manufacturer in the glass industry, the Company has also taken a leading role in drafting and compiling several industry standards. In addition to strictly complying with international standards, national standards and industry standards, the Company has continued its efforts to pursue product quality and promote improvement of quality standards in the industry.

Leading the preparation of the following industry standards

Solar glass Part 1: Ultra-clear patterned glass (GB/T 30984.1-2015), The norm of energy consumption per unit product of ultra-white patterned glass (GB 30252-2013), PV glass: Test method and performance evaluation of exposure to hot-dry and sand-dust environment (GB/T 34613-2017), PV glass: Test method and performance evaluation of exposure to urban environment in temperate climate (GB/T 34614-2017), PV glass: Test method and performance evaluation of exposure to damp heat outdoor environment (GB/T 34561-2017), The norm of energy consumption per unit products for glass products and cast stone (GB 21340-2019), Anti-soiling and easy-to-clean coated glass (GB/T 37830-2019), Lightweight crystalline silicon PV laminated glass (GB/T 37896-2019), Easy clean glass (T/ZBH 008-2019), Test and evaluation methods for light transmission property of cover glass for crystalline silicon PV module (GB/T 37240-2018), Test method for stress in flat glass (GB/T 36405-2018), Determination of trace nickel for plate glass (GB/T 36269-2018), Anti-reflective coating PV glass (T/ZZB 0305-2018), The requirements and evaluations of appearance quality of glass in building (T/ZBH 001-2017), Light weight thermally strengthened glass (GB/T 34328-2017), Green product assessment: Building glass (GB/T 35604-2017), etc.

Participating in the preparation of the following industry standards

Anti-reflective coated glass for PV modules (JC/T 2170-2013), Standard for design of energy conservation of flat glass plant (GB/T 50527-2019), Copper-free silver mirror on flat glass (GB-T 28804-2012), etc.

Reinforcement of supplier management

The Company has established and continuously improved its sourcing management system and formulated the *Supplier Management Code* to regulate the quality management of suppliers. In addition, the Company has taken corporate social responsibility into consideration when introducing suppliers, and has signed environmental protection agreements with some suppliers and has planned to gradually cover more suppliers in the future. Moreover, suppliers have been required by the Company to use underage workers in compliance and prohibit the use of child labor.

►Flat Glass supplier category

- Supplier for energy sources: fuel oil
- Suppliers for raw materials: fine quartz sand, aluminum hydroxide, limestone, dolomite, mirabilite, etc.
- Providers for services: third-party environmental testing and assessment, etc.
- Other suppliers: the materials and systems required for new equipment and equipment transformation according to technical transformation

►Environmental and social management requirements for new suppliers

<p>Environmental liability</p> <ul style="list-style-type: none"> • Take measures to prevent and control environmental pollutants including waste water, waste gas and solid waste; • Adopt green product design to save resources as much as possible; • Adopt green production to minimize the environmental impact on the production process; • Save resources and recycle water resources as much as possible. 	<p>Labor</p> <ul style="list-style-type: none"> • Prohibition of the use of child labor; • Compliance with the use of underage workers; • Safety and emergency measures taken; • Safety education and training provided.
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In addition, the Company has put in place the *Procurement Control Procedure* and an audit rule for supplier quality system. At Flat Glass, we conduct annual assessment of important suppliers in accordance with the *Audit Checklist for Supplier Quality System*, which covers not only product quality but also suppliers' environmental and labor performance. For those who are found to have poor environmental management and labor management during the audit, the Company issues correction notices and conducts annual reviews. Through continuous monitoring, tracking and supervision of rectification, we have continuously improved the environmental and social responsibility performance of our suppliers.

►Evaluation and management requirements for partial cooperative suppliers

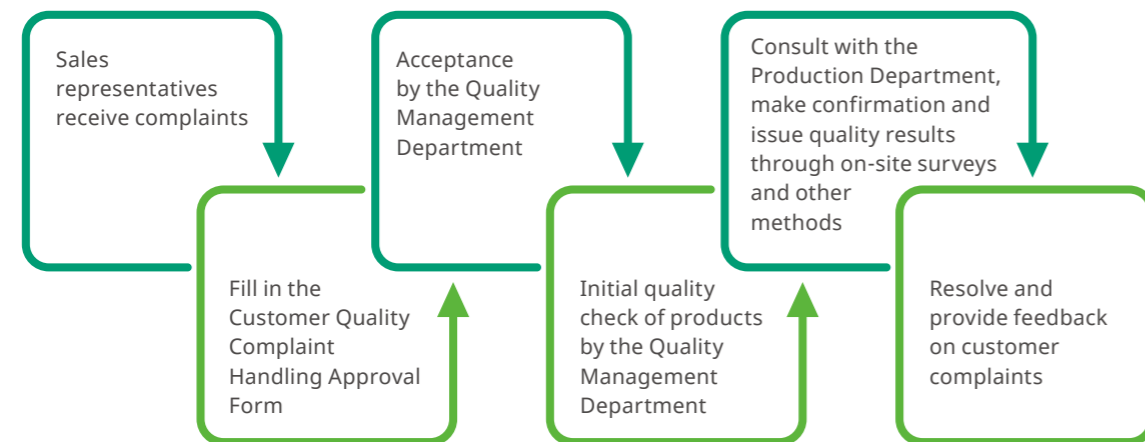
<p>Environmental liability</p> <ul style="list-style-type: none"> • Eligibility of ISO14001 environmental management system certification; • Environmental assessment results; • Effective treatment of waste water, waste gas and solid waste. 	<p>Labor</p> <ul style="list-style-type: none"> • The efforts of safety assessment and fire assessment; • The efforts of occupational health and safety measures for employees; • The efforts of safety education and training.
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Safeguarding Customers' Rights and Interests

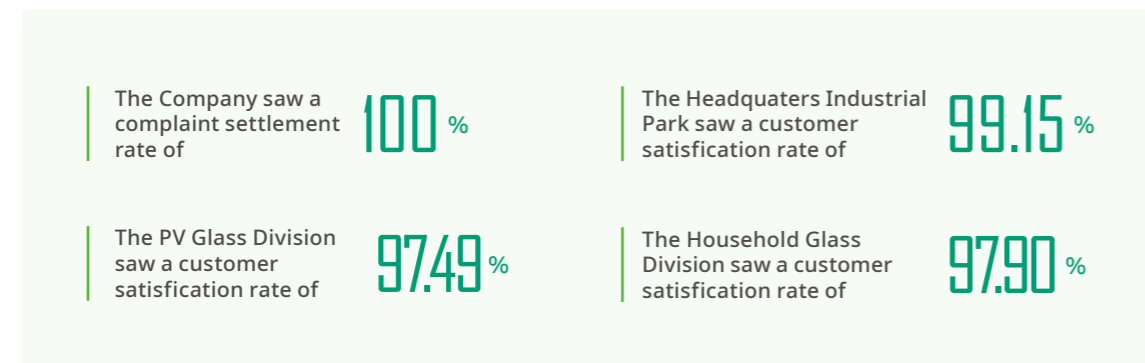
Improvement of customer services

By adhering to the business philosophy of "customer first, pioneering spirit" and insisting on the service principle of "customer first", the Company has continued its efforts to improve customer satisfaction. At Flat Glass, we have formulated and continuously revised such system documents as the *Customer Service Management Specification*, *Customer Satisfaction Supervision and Measurement Control Procedure*, and *Specification on the Management of Customer Complaint-based Logistics Return*. The Company has established and improved the customer service workflow, which specified that the Sales Department of each division is responsible for providing customers with inquiries and consulting services before and during sales, and the Quality Management Department is responsible for handling product complaints. We have provided marketing system-related personnel with regular training to continuously improve their professional ability and customer service capability and enhance the quality of customer service.

Customer complaint handling process



Each division of the Company conducts a customer satisfaction survey covering all customers at least once a year. The *Satisfaction Questionnaire* covers product quality, price, after service, delivery date/plan, cooperation degree, R&D capability, etc. According to the customer satisfaction survey and result analysis, the Company has made targeted efforts for improvement.



Responsible marketing

The Company focuses on active communication with customers to understand their needs and to promote their understanding of our related products. In the process of product promotion, the Company's publicity materials and technical documents are subject to the Company's various specification sheets. There were no such cases as use of product labels or exaggerated presentation or publicity. At the same time, the Company has actively conducted training for its sales staff to ensure that they can provide customers with clear and accurate product information during product promotion.

Major customer communication efforts in 2020

1 Customer visit and product promotion event

Customer visits and targeted new product promotion activities enabled more customers to get the knowledge of our related products and helped the Company understand and grasp customer needs.

- Actively promoted new products such as HTAR high clear glass;
- Joined the party at SNEC Fourteenth (2020) International Photovoltaic Power Generation and Smart Energy Exhibition & Conference held on August 2020 to promote the Company's various types of new applied glass materials and large-size high-power assembly panel products, etc.;
- Participated in China International Glass Industrial Technical Exhibition .

2 Exchange among industries

By participating in professional technical seminars, standard workshops, and other events, we showed our expertise & strength, fostered our own brand, and promoted business progress while keeping abreast of the industry pulse.

- Participated in the First China PV Industry High Quality Development and Technical Standards Forum as a panelist in the discussion on the theme of "How can we do to establish standardization in the era of jumbo size";
- Participated in the industry standard seminar on *Glass for PV modules Part 2: Double-glazed module back sheet reflective film glass* and *Glass for PV modules Part 1: Front sheet anti-reflective glass* initiated by the Standardization Technical Committee of China Photovoltaic Industry Association;
- Participated in the Sixteenth China SoG Silicon and PV Power Conference (CSPV) and delivered a keynote speech on "Breakthroughs Under Change - The Evolution and Future of Packaging Materials in the Double Module Era";
- Participated in the First China Processed Glass Industry Self-Regulation and Self-Governance Coordination Meeting.

Clear float glass training for sales staff



The Headquarters Industrial Park provided a targeted training on the division's main product Low-E coated glass for the division's sales staff. The training covers the terminology of coated glass, processing technology, key product quality indicators, various coating differentiation methods and the Company's main Low-E coated products (including product specifications, compliance with standards, etc.). The systematic training deepened the sales staff's understanding of the Company's products and ensured that they provide clear and accurate product information to customers during product promotion.

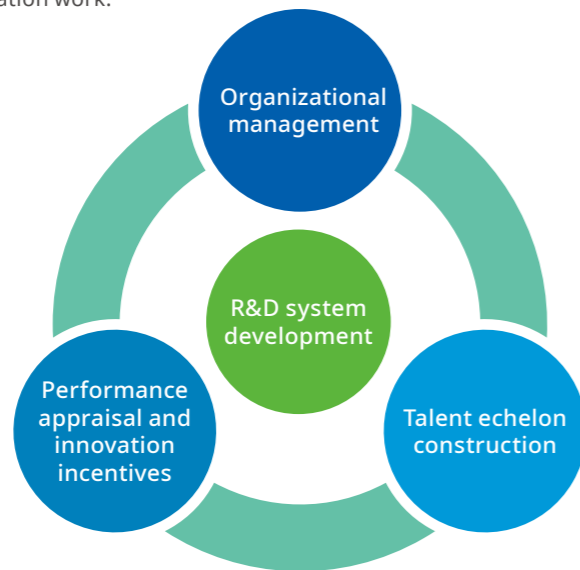
Customer information security and privacy protection

The Company attaches great importance to the privacy and information security of customers, and has formulated the *Confidentiality System* to regulate the management and confidentiality of customer information and clarify the way of punishment of employees for disclosing the Company's secrets, so as to prevent the leakage of customer information to the greatest extent. At the same time, the Company has set up a confidentiality mechanism in the contracts signed with customers to keep customers' information strictly confidential, fully respect customers' privacy, and protect customers' legitimate rights and interests.

Ongoing Technology Innovation

Technology Innovation

The Company believes that consistent innovative R&D serves as a fundamental factor for enterprise's long-term development. Given this, the Company has incorporated "development by improvement" into its business guidelines and integrated the innovation concept featuring "innovative thinking, innovative knowledge and innovative technology" into its corporate culture. Efforts have been taken to continuously strengthen the Company's independent R&D capability and staff innovation capability, set up a R&D system, and establish a high-tech R&D center to be responsible for new product development, lean technology and other technological innovation work.



R&D system development

Organizational management	We have built a management structure with General Manager as direct leadership and Tech Lead as R&D Director and fostered a performance assessment and innovation incentive system and a talent echelon construction system.
Talent echelon construction	We have actively carried out long-term industry-academia-research institution collaboration projects: <ul style="list-style-type: none"> At Jiaxing Nanhu University, a "University-Enterprise Cooperation Base of Jiaxing Nanhu University" was set up to carry out cooperation in student internship, employment recommendation and staff training; A "Internship Training Base" was co-sponsored by the Company and Jiaxing Xiushui Polytechnic School.
Performance appraisal and innovation incentives	We have established management systems such as <i>Measures for the Administration of Awards Regarding New Product R&D Innovation</i> and <i>Measures for the Administration of Internal Title Appraisal</i> to strengthen incentives and rewards for R&D personnel and encourage R&D efforts.

Performance in technology innovation in 2020

Leading the preparation of the following standard:

Standard for made-in-Zhejiang: *Low emissivity coated architectural glass*

Participating in the preparation of the following standard:

Aerogel Glass, Evaluation Requirements for Green Factories in Glass Industry, Methods for chemical analysis of class making sands, Stress Measurement Methods for Tempered Glass - Laser Polarization Scattering Method, Materials for crystalline silicon PV modules Part 1: Panel glass, Materials for crystalline silicon PV modules Part 1: Backplane glass.

IP protection

The Company has established the management system of *Measures for the Administration of Intellectual Properties* and set up the Intellectual Property Management Department to safeguard its intellectual property rights in accordance with the law, strengthen the management and protection of its own patent rights and technical secrets, trademark rights and trade secrets, as well as copyrights, while respecting and avoiding infringement of others' intellectual property rights. In 2020, the Company saw zero illegal incident/violation or litigation case against intellectual property protection.



The Company holds **144** granted patents in total;



The Company filed **24** new patent applications; received **22** new granted patents.

Green Operation and Harmonious Development

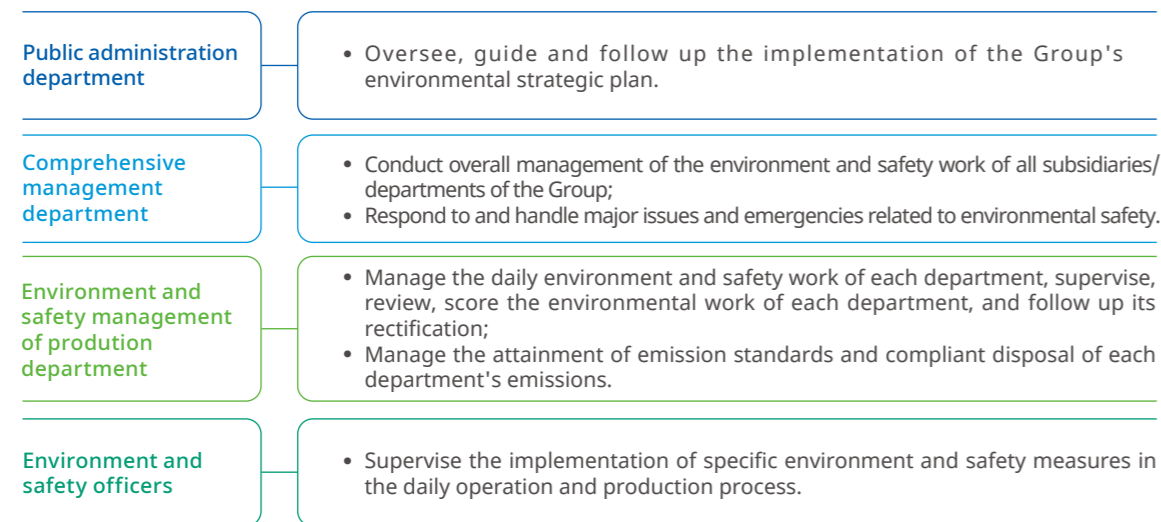
Flat Glass has practiced the concept of green and environmental protection and paid enough attention to climate change and ecological issues. The Company has taken practical and effective control measures in its operation and production. Besides, to achieve better performance in resource use, energy saving and emission reduction, as well as waste management, the Company has exerted efforts to develop a long-term mechanism for environmental protection and energy saving by fostering a well-established environmental management system and institution.

Environmental Management

Environmental management system

The Group has established an excellent environmental management system. At the Public Administration Department, a comprehensive management department was set up to coordinate and manage the environment and safety efforts of the Group; all subsidiaries/production departments have set up environment and safety management departments to manage the environmental work of the Group, and have appointed designated environment and safety officers for implementation. The Group has formulated *Environmental Management Regulations* to regulate the development of environmental management work. Besides, the Group's environmental management system has passed GB/T24001-2016 idt ISO14001:2015 environmental management system certification.

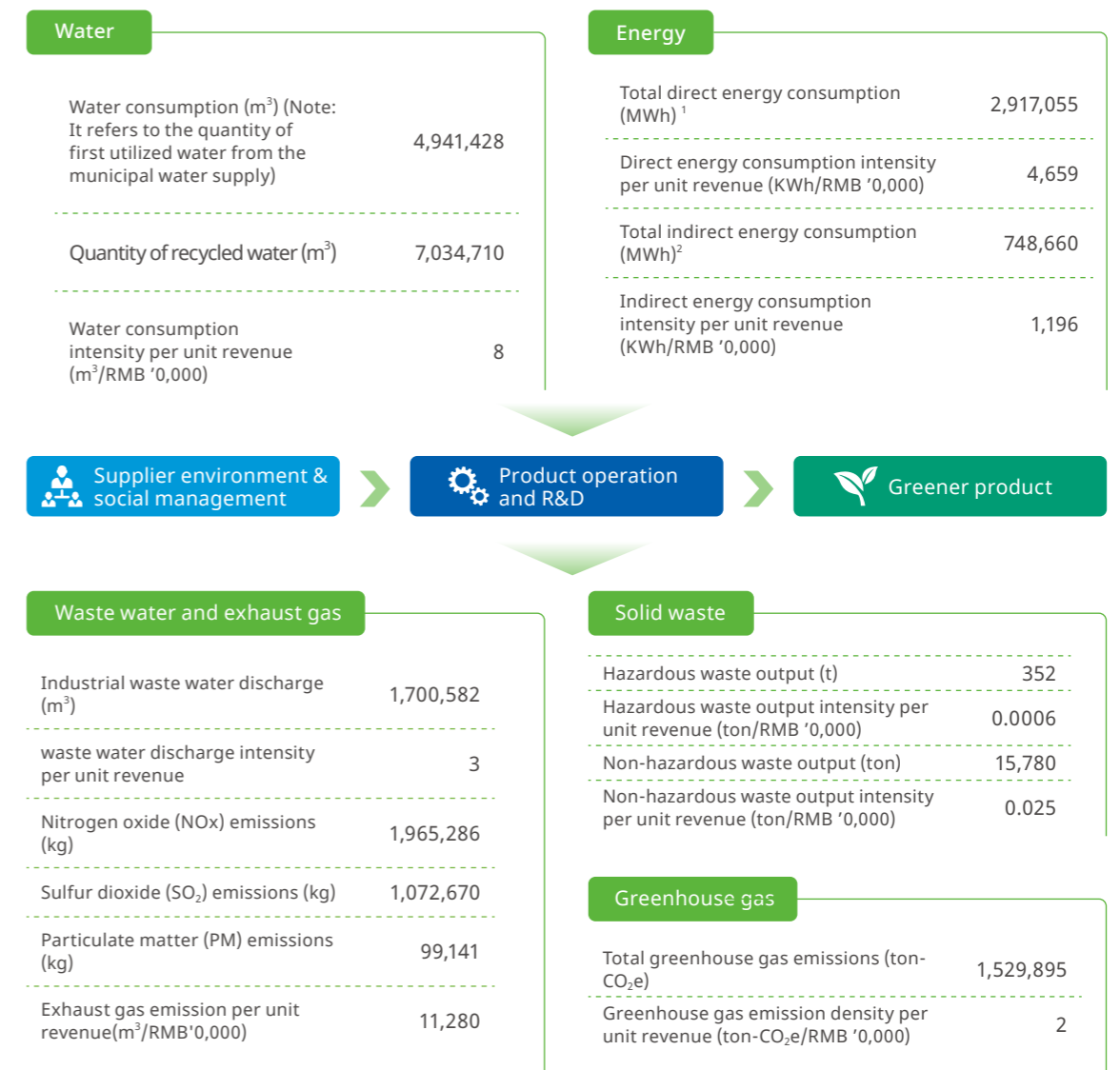
Environmental management architecture



In addition, the Group completes an environmental impact assessment (EIA) prior to the construction of new production lines. The EIA report contains the analysis of the natural environment and environmental quality of the location of the new production line, and the potential environmental impacts of the project on the environment, water source, atmosphere, waste, light pollution and other aspects during the construction and operation period. The EIA can be used to guide the design of protection measures for the production line, ensure the reasonable site selection and layout of the construction project, and thus promote the overall environmental management of the Company.

EIA

The Company is mainly engaged in the production of PV glass, float glass, household glass and architectural glass. Starting with the procurement of raw materials such as fine quartz sand, aluminum hydroxide, limestone and dolomite, the Company produces quality glass products through the process flow of melting, solder stripping, calendaring and forming, coating, cleaning, cutting and packaging. During our production process, the main resources consumed include fuel oil, electricity and natural gas, etc.; the emissions generated mainly include industrial waste water, exhaust gas, hazardous and non-hazardous waste, etc. To properly dispose of various emissions, the Company has set up an automatic monitoring system within the plant to monitor and control the emissions in real time. In addition, the Company secured a green loan of US\$180 million from DBS Bank in 2020, which is used in photovoltaic glass products and project construction.



Note:

[1]. The direct energy consumption includes the use of fuel oil, natural gas, PV-generated electricity, gasoline usage of private vehicles and diesel usage of private vehicles. The direct energy consumption was measured in MWh based on the average lower heating value (LHV) coefficients of various energy sources published in *China Energy Statistical Yearbook 2017* by the Department of Energy Statistics, National Bureau of Statistics;

[2]. Indirect energy consumption refers to the use of indirect energy (i.e., purchased electricity) purchased by the Company.

Efficient Resource Utilization

Energy use

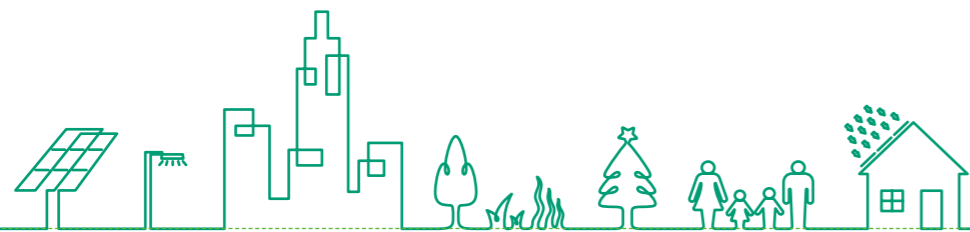
The energy consumed by the Company is mainly fuel oil, electric power and natural gas. Energy consumption also remains the major source of greenhouse gases. In line with the principle of energy conservation and consumption reduction, the Company has well managed the use of energy. Efforts have not only been spent on source control and continuous improvement but also on satisfying and improving productivity.

Through the formulation and implementation of energy management objectives, optimization of production layout, renovation of outdated equipment and other measures, the Company has reduced both production costs and greenhouse gas emissions. The Company has installed waste heat recovery power plant to recover waste heat generated in the production process. In addition, the Company has actively used photovoltaic power in place of traditional energy sources to further reduce the impact on the environment.

Measures have been taken by Household Glass Division to save energy

In 2020, Household Glass Division, by optimizing production layout and renovating outdated equipment, has improved energy efficiency, further reduced both greenhouse gas emissions and the impact of the Company's operation on the environment.

Measures	Actions and achievements
Optimization of production layout	Efforts have been spent on optimizing the structure and layout of the production line, improving the efficiency of the production line, and saving electricity;
	Efforts have been spent on changing the gas supply mode in the workshop to replace decentralized gas supply with unified and centralized gas supply;
Renovation of outdated equipment	Efforts have been spent on promoting technical transformation of the glass tempering furnace body, increasing the high purity aluminium plate to improve the insulation effect, upgrade the temperature control system, etc., and improving the efficiency of energy use; Estimated 5% savings in electricity consumption
	The energy-saving variable frequency air compressors have been used in place of the original power frequency air compressors; Annual electricity savings of 360 MWh
	About 200 sets of workshop metal halide lamps have been replaced with energy-saving LED lamps. Annual lighting energy savings of 160 MWh



Water use

The Company's main source of water intake is municipal water supply in our locations, and there was no problem in obtaining suitable water sources. The Company advocates water conservation. At Flat Glass, the treated waste water have been reused as recycled water for edging operation to meet demands, thereby saving first utilized water.

In 2020, the Company renovated cleaning machines and other main water consuming equipment and controlled the water output by changing the water output mode; automatic induction devices were installed to reduce the use of water resources by automatic shutdown in case of no product.

Waste water treatment upgraded and recycled water quality improved

In 2020, the Household Glass Division of the Company completed the upgrade of the existing waste water treatment system, which enhanced and improved the quality of recycled water, reduced waste water discharge, and improved the efficiency of water utilization. The index results of the recycled water quality testing after renovation are as follows:

	PH value	COD	NO _x	PM	TP
Before renovation	8.48	19	1.78	105	0.311
After renovation	8.23	10	0.473	22	0.03

Emissions Reduction

Exhaust emission management

The air pollutants generated from the Company's production and operation are mainly NO_x, SO₂ and PM. By adopting strict treatment and monitoring measures for the management of waste gas emissions, the Company has ensured that all emission indicators meet local and industrial emission standards.

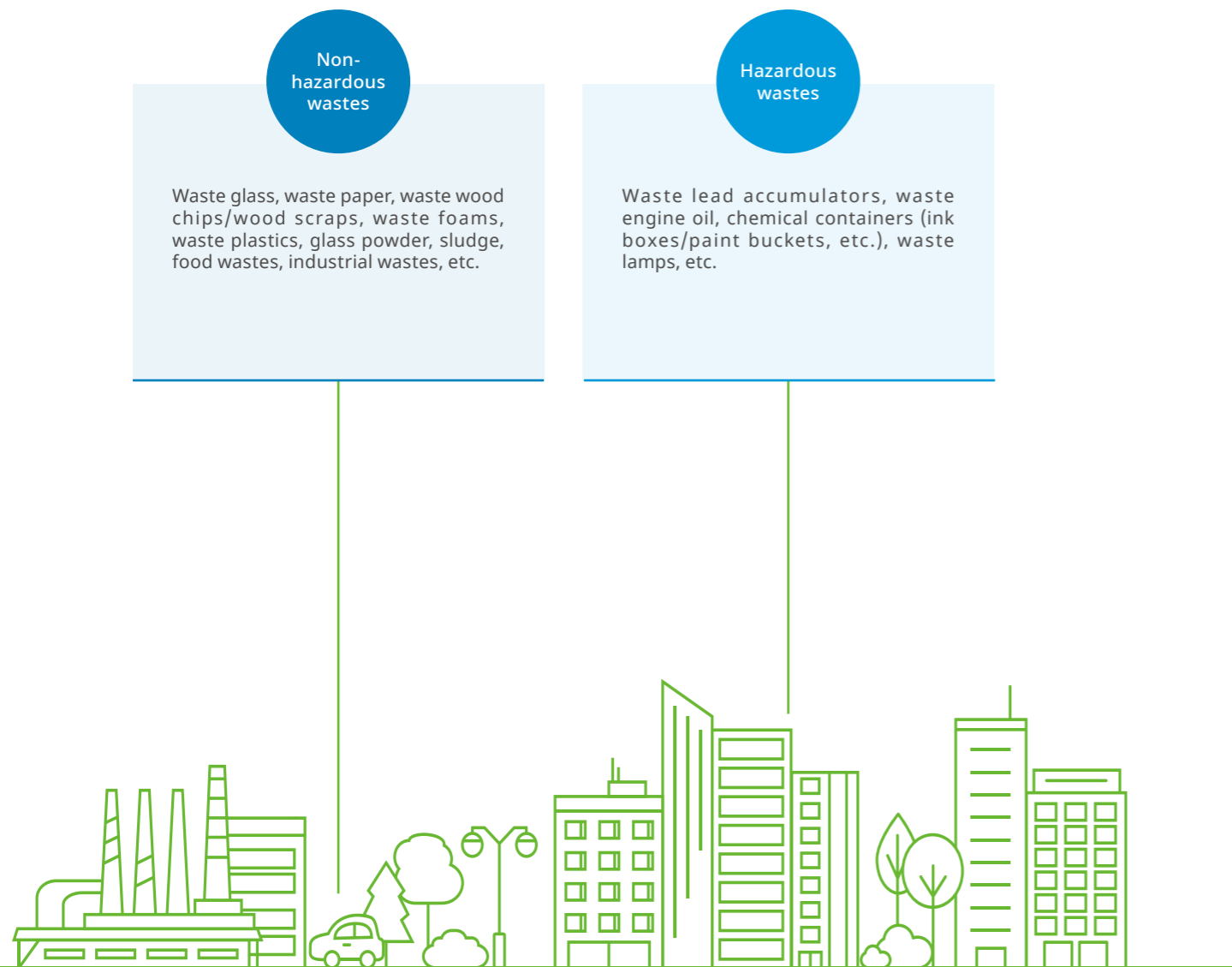
►Type of waste gas emissions and emission standards

Category	Type	Monitoring measures	Subject to the emission standards	Attainment
Waste gas	NO _x	<ul style="list-style-type: none"> Install online waste gas monitoring equipment to monitor emissions in real time; Conduct third-party testing of PM every month; Conduct third-party comparative testing of SO₂, NO_x and PM every quarter; Conduct third-party testing of sulfur concentration in fuel oil regularly. 	<ul style="list-style-type: none"> Observe the emission limit specified in <i>Emission standard of air pollutants for flat glass industry (GB26453-2011)</i>; Discharge 70% as required by <i>Zhejiang Air Pollution Prevention and Control Action Plan</i> 	Reached standard
	SO ₂			Reached standard
	PM			Reached standard

Solid waste management

The Company follows the principle of reduction and reuse for solid waste management to fully improve the efficiency of resource utilization. During the production process, waste glass produced is directly reused by the Group; waste paper, wood chips, wood scraps, and waste foamed plastics are handed over to suppliers for recycling; and sludge is handed over to building material companies for brick making. All these efforts are made to maximize resource utilization. The rest food wastes, industrial wastes and other general wastes are entrusted to qualified entities for centralized treatment. In terms of hazardous waste treatment, the Company has strictly implemented the GB *Standard for pollution control on hazardous waste storage*, formulated the *Hazardous Waste Management System*, and entrusted qualified entities for the disposal of such wastes.

Wastes generated from production and operation activities



In addition, the Company has developed several plans and targets for hazardous waste reduction, e.g. the total hazardous waste output shall be reduced by 5% per year from the previous level, etc. At Flat Glass, we have taken measures to reduce the impact of its operations on the environment by reducing the non-hazardous and hazardous waste output in the production process.

Measures have been taken by the Household Glass Division to reduce waste output



The Company focuses on waste management and hopes to reduce waste generation from the very beginning, thereby reducing its impact on the environment. In 2020, the Household Glass Division has taken a host of measures including lean production and equipment upgrade to reduce waste generation.

Measures	Actions and achievements
Lean production	By adjusting the production process, waste glass output has been decreased: custom sizes and zero trimming have been used for the raw glass, thereby reducing the waste of cutting, and reducing the generation of non-hazardous waste glass. Reduction of waste glass output of over 100 tons
Equipment renovation and upgrade	By upgrading the equipment, the production of waste film has been reduced: the original manual cutting of film with blades has been changed to automatic cutting of film, thereby significantly reducing the production of waste film of non-hazardous waste PE protective film. The 10mm waste film is no longer generated. The annual PE waste film can be reduced by 19,000 m² The generation of waste engine oil has been reduced by using cleaner equipment: the generation of hazardous waste engine oil has been reduced by using electric fork lift trucks in place of diesel fork lift trucks.

Waste water discharge management

The main pollutants in the Company's industrial wastewater are NOx and organic matter. The Company has applied for wastewater discharge permits in accordance with the requirements of national and local authorities, strictly implemented discharge declaration and discharge registration, and established wastewater treatment systems, including collection tanks, sedimentation tanks, valveless filtration, precision filtration and clear water tanks. Waste water has been discharged through the outlet in a uniform manner to meet the standards.

Type of waste water and discharge standards

Category	Type	Monitoring measures	Subject to the emission standards	Attainment
Industrial wastewater	COD	<ul style="list-style-type: none"> Install online wastewater monitoring equipment to monitor emissions in real time; Sewage treatment companies are entrusted to conduct sampling monitoring three times a month; The Company requires an external testing once a year. 	Integrated wastewater Discharge Standard (GB8978-1996)	Reached standard
	NOx			Reached standard

Giving Back to Society, Common Prosperity Through Co-existence

Flat Glass attaches importance to the value of giving back to society during continuous development. At Flat Glass, we regard our employees as the greatest asset and provide them with an equal and sound workplace to help individual growth. At the same time, the Company insists on participating in community activities and volunteer services to give back to society and realize co-existence for co-prosperity internally and externally.

Efforts in Safeguarding Employees' Rights and Benefits

We are committed to safeguarding the rights of our employees, respecting their differences, providing a safe and harmonious workplace for each employee, and enhancing the cohesiveness and happiness of our employees through employee care, employee welfare and other related activities in the common pursuit of achieving sustainable development.

Employees' rights and benefits

The Company strictly abides by the applicable laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and the working time limits and holidays stipulated by the laws of each business location, and follows the *Compilation of Human Resource Management Systems*, the *Annual Performance Appraisal Management Measures*, the *Attendance and Leave Management System*, and the *Compensation Management System* formulated by the Group to respect and protect the legitimate rights and interests of employees.

► Overview of labor engagement and basic rights system

<p>Recruitment management</p>	<ul style="list-style-type: none"> • Recruitment: We adhere to fair employment practices, we do not discriminate against or impose unfair treatment on employees regardless of age, gender, native place, religious belief, marital status, etc., and we say no to the employment of child labor or forced labor; • Decruitment: We have established a standardized separation management and dismissal process to fully protect the legal rights and interests of employees in the process of dismissal • Compensation: We have implemented fixed post and salary management, and the duty allowance base and the maximum bonus base for the management staff are subject to their ranks and technical titles.
<p>Promotion and development</p>	<ul style="list-style-type: none"> • Promotion and development: We provide open and transparent promotion channels and encourage employees to gain a clear picture of their career orientation and choose the right career path for themselves. At the same time, through rotation and competitive recruitment, we provide development channels for each employee.
<p>Labor hour and vacation</p>	<ul style="list-style-type: none"> • Labor hour: Our employees work 5 working days (40 hours) a week; For employees involved in service, mechanical & electrical, R&D and other positions, we have implemented a comprehensive working hour system and an irregular working hour system, and submitted the comprehensive working hours for approval according to law; • Vacation: Our employees are entitled to national holidays, marriage leave, maternity leave, sick leave and other paid holidays in accordance with the law.

The Company has implemented policies related to employee welfare and provided employees with benefits such as high-temperature subsidies, traffic subsidies, communication subsidies and festival gifts, in addition to safeguarding their legal rights to receive labor compensation and enjoy statutory social insurance and break in accordance with the law.

► Overview of employee basic benefits

<p>Lucky draw for Spring Festival</p>	<p>Communication subsidies</p>	<p>Social security subsidies</p>	<p>Paid annual leave</p>	<p>Accommodation subsidies</p>
<p>High-temperature subsidies</p>	<p>Festival gifts</p>	<p>Traffic subsidies</p>	<p>Staff canteen</p>	<p>Staff dormitory</p>

Caring for staff

The Company focuses on securing an efficient, relaxed and comfortable team climate for its employees, enriching their lives while also enhancing their sense of belonging and cohesiveness. All these efforts have helped them adapt quickly to new environment.

<p>Internal communications</p>	<p>Develop an open and transparent communication mechanism</p>
<p>Charity fund</p>	<p>Help employees who are sick and hospitalized, in financial difficulties or maternity leave</p>
<p>Caring for women</p>	<p>Bring solutions for female employees troubled by childbirth and accommodation, provide skill training for their personal development</p>
<p>Club activities</p>	<p>Enrich recreational activities for employees and foster the spirit of teamwork</p>

Internal communications

The Company has provided a smooth communication mechanism for employees, who can report complaints or provide feedback on their demands through channels such as WeChat, direct communication with the HR Department and the corporate email, thereby securing an open, transparent and reliable workplace.

Symposium for university students themed on "job accomplishment for personal fulfillment" held



In September 2020, the Group held a Symposium for University Graduates themed on "job accomplishment for personal fulfillment". At the Symposium, the Group conducted the "Awarding Ceremony for Honorary University Graduate Pacemakers", after which representatives of outstanding managers of the Group and university graduates shared their career development history and entry experience. As such, the Group lent an ear to the inner voices of employees and exchanged their concerns, while the newcomers also enhanced their understanding of the Company.



Charity fund

To bring into play the teamwork spirit and stabilize life of employees for highlighting our humanistic care, the Company has established a charity fund to provide caring allowance for employees who are sick and hospitalized, offer condolence payments to employees who are involved in personal events such as births, weddings and funerals, and secure settling-in allowance for university students in need of accommodation.

In 2020, the Charity Fund donated RMB 116,600 in total, benefiting over 170 people.

Total Charity Fund:

RMB **116,600**



Caring for women

Flat Glass has always believed that diversity and inclusiveness are important factors in the success of a company. At Flat Glass, we strive to secure a diverse and harmonious workplace to care for our female employees, so that every female employee can be valued and respected.

Measures	Description
Safeguard by rules and regulations	The Company has established a women's federation and provided care for female employees in their menstruation, pregnancy, childbirth, breastfeeding and menopause through the establishment and improvement of the <i>Five Period Protection Management System for Women</i> . All these efforts have benefited female employees.
Extend care during festival	The Company offers holiday condolences on Women's Day every year, and conducts targeted interviews to be aware of the change of ideas and personal demands of female employees.
Secure accommodation	The Company provides dormitories for female employees, including single rooms and double rooms for couples, etc., so as to solve the problem of accommodation.
Provide skill training	The Company encourages female employees to participate in our daily production and construction, provides skill training for individual growth, and sets up female forklift teams in each subsidiary.

Dedicated room provided for pregnant mothers



The Company cares for female workers. At Flat Glass, we have set up a rest and nursing room for female employees called "Mommy's Hut" to provide a comfortable, safe and private environment for pregnant mothers in the workplace, highlighting the Company's protection and care for female workers who return to the workplace after giving birth.

Club activities

The Company advocates and encourages a work-life balance for its employees and holds varied activities for employees to create a relaxed and caring team climate, enhance their sense of belonging and cohesiveness, and improve their happiness index. The Company has set up three associations, namely, calligraphy club, art troupe and book club, with a view to stimulating the vitality and creativity of employees with advanced corporate culture, and regularly holds calligraphy contests and internal and external performances to enrich their spare time.

The Group's Six Talent Contest



In December 2020, the Group held the Talent Contest, in which employees fully showcased their talents and brought out wonderful performances such as solo singing, chorus, dance, Yue Opera and sitcom, showing the vitality and vigor of employees. The event brought positive energy and promoted the construction of corporate culture.



Scene of Talent Contest

Flat Glass' Sixth Session Debate Contest



In November 2020, Flat Glass held the Six Debate Contest, in which the debate teams representing different production lines respectively engaged in an impressive contest of ideas on practical topics such as whether the key to corporate culture construction lies in leadership promotion or employee practice, and whether corporate development requires more interdisciplinary talents or professional ones. The event not only enabled employees to have a deeper understanding of the Company's development strategy and corporate cultural development but also enriched their spare time.



Scene of the Debate Contest

Efforts in Empowering Individual Growth

The Company is committed to promoting employee training and development activities, continuously improving the expertise of employees, enhancing their management skills, developing their problem-solving abilities, and optimizing training resources and learning environment to cultivate fast learners and innovative talents, so that we can secure a competitive advantage over peers.

Staff training

By incorporating the learning philosophy of "seeking change while learning to be good at thinking, achieving mastery through a comprehensive study, and learning for practice" into the corporate culture, Flat Glass has developed the *Training Management System*. At Flat Glass, we attach importance to the development of the employee training system while providing diversified internal and external training for all employees to achieve ongoing improvement. In addition, the Company has also set up a special education fund to ensure that employees can enjoy free skill level training and professional proficiency training.

► Staff training system overview

Newcomer training

- Employees are required to go through company-level and department-level training on corporate culture, rules and regulations, *employee handbook*, etc. The Human Resources Department and the Safety Training Specialist are responsible for follow-up.

Key position training

- Each department and subsidiary is responsible for counting up the number of the special operation personnel who are not certified and need to be reviewed, filling out the Demand Schedule for Special Trades Outsourcing Training to the Human Resources Department, which will arrange the corresponding training in a centralized manner.

Mentoring system

- It is applicable to the training of new employees, transferred employees and reserve talents. Apprentices enjoy the probationary salary, mentors enjoy the mentoring allowance, and the Human Resources Department randomly checks and supervises the practice and assessment at any time.



Skill contests held



To comprehensively improve the level of operational skills of the Company's staff team, improve the expertise of employees, and further promote safe production, the Company actively participated in the skill contests for network security administrator, electrician, welder, forklift truck driver and other trades held in Xiuzhou District, Jiaxing, and made impressive achievements, with the first prize in the network security administrator skill contest in Jiaxing, the first prize and third prize in the electrician skill contest in Xiuzhou District, and the first prize in the forklift truck driver skill contest in Xiuzhou District, etc.



Scene of electrician skill contest in Xiuzhou District



Scene of forklift truck driver skill contest in the Headquarters Industrial Park

Staff development

The Company has secured clear and transparent promotion channels for employees, and has formulated *Staff Development Management System*, *Staff Rotation System*, *Performance Management System*, etc. to smooth channels for the career development of employees. To effectively achieve the purpose of utilization, development and retention of employees, the Company, based on the status of the work system, has provided employees with a "dual-track" career development system in which "horizontal model" and "vertical model" coexist. According to their actual situation, employees can choose either "vertical development, horizontal development, or integrated development", and monthly assessment of employees has also been applied.

The Company focuses on developing employees' knowledge and skills to be competent for different positions, and provides development channels for each employee through job rotation and competitive selection. The Company's rotation plan which is implemented in January every year mainly includes the rotation of the Company's echelon talents, interdepartmental rotation and intrafunctional rotation. Generally, the rotation period is one year to three years, and different salary standards are set for those who are peers, promoted and demoted.

To promote the development of a professional technician team and provide continuous technician support for the Company's sustainable operation, Flat Glass has exerted great efforts to formulate the standards and evaluation norms for each trade, improve the evaluation mechanism and system, and advance the Company's occupational skill appraisal.

Efforts in occupational skill appraisal



In June 2020, the Group carried out a company-wide occupational skill appraisal for 27 employees, with emphasis on employees' ideology and morality, occupational ability, and work performance report. After passing theoretical examinations and practical operation assessment, a total of 25 persons obtained the occupational skill level certificate.



Scene of the awarding ceremony of occupational skill level certificates

Efforts in Keeping Employees Safe

Flat Glass always regards employees as the biggest asset. Over the years, the Company, by shouldering the core responsibility of production safety, focusing on the standardization of production safety and job safety attainment, and taking great efforts for accident and hidden danger investigation and management, has fostered a safety culture, fully ensured the safety of employees, and secured employees a safe and comfortable workplace where they are free from occupational hazards.

Production safety and occupational health management system

The Company has put in place a production safety responsibility system and identified General Manager as the main person in charge of the Company's safety production and occupational health, who is responsible for the administration of safety production and occupational health; and set up safety production authorities in each business division. The Company has integrated occupational health and safety into the system construction and management system policy, promoted the participation of all employees in the job hidden danger investigation, effective management of special equipment and prevention against occupational hazards, and continuously enhanced the safety awareness of all employees.

Production safety and occupational health management system

<p>System establishment</p> <ul style="list-style-type: none"> Responsibility system for safe production Management system for safe production Set production safety targets and make assessment accordingly 	<p>Management factor</p> <ul style="list-style-type: none"> Equipment safety and fire safety Safe production and hazardous operations Hazardous chemical safety Articles for labor protection
<p>Internal audit, inspection, hidden danger investigation</p> <ul style="list-style-type: none"> Targeted inspection and hidden danger investigation Rewards for whistleblowing of potential accidents 	<p>Safety culture development</p> <ul style="list-style-type: none"> Safety awareness and safety training Continuous improvement

Production safety

In accordance with the principle of "full coverage and zero tolerance", *Law of the People's Republic of China on Work Safety, Guideline of China Occupational Safety and Health Management System* and other laws and regulations, as well as the requirements of relevant production safety regulations and ordinances of Zhejiang Province, the Company has set production safety targets, carried out safety control on production processes, strengthened the development of safety culture, and mobilized emergency response, in order for production safety accidents prevention and reduction and protection of life and property security for the Company and its employees. In 2020, the Company saw zero death for work-related injury.

Set production safety targets	<ul style="list-style-type: none"> Set production safety targets and indicators every year, and assess the implementation of the targets and indicators.
Carry out safety control on production processes	<ul style="list-style-type: none"> Establish a production safety management system and standardize the safety of production processes; Put in place the <i>Management System of Hidden Danger Investigation and Governance</i>, investigate hidden dangers by carrying out safety inspection, and put on file accordingly.
Strengthen the development of safety culture	<ul style="list-style-type: none"> Establish a <i>Safety Education and Training System</i>; Continue efforts to carry out job competence enhancement and production safety training to continuously improve employees' safety awareness.
Mobilize emergency response	<ul style="list-style-type: none"> Formulate the <i>Accident Emergency Rescue System</i>, put in place an emergency command system and an emergency plan for the emergency rescue team; Regular safety emergency drills are carried out to locate the problems existing in the emergency plan by simulating the site of accident, so that continuous improvement can be made for the emergency plan.

Safety education and training held

In May 2020, each workshop of Household Glass Division organized an OHS meeting on OHS training relating to the possible danger points of each position in daily work, the response methods of equipment failure and other key points of safety production. During the training, the safety production officers broke down the key management points and analyzed the cases of previous work-related accidents, thereby increasing the safety knowledge and raising the safety awareness of employees.



PV Glass Division conducted an emergency drill in response to emergencies at the recycling water station



To enhance the awareness on safety precautions of all staff, elevate practical operation proficiency, and minimize the impact on production caused by water stoppage, the Photovoltaic Glass Division conducted an emergency drill in response to water stoppage (decompression) at the circulating station. During the drill, all departments displayed active engagement, teamwork, and smooth communication, thereby achieving a sound effect. The drill also enhanced the staff's ability to cope with emergencies.



Fire training and evacuation drill held



From August to September 2020, the Household Glass Division held fire drills and evacuation drills in all workshops and departments in a centralized manner, provided training on the use of fire extinguishers, and guided abandon drills in response to emergency fire. All these efforts have improved employees' ability to use various types of firefighting equipment and increased their ability to cope with fire safety events such as fires.



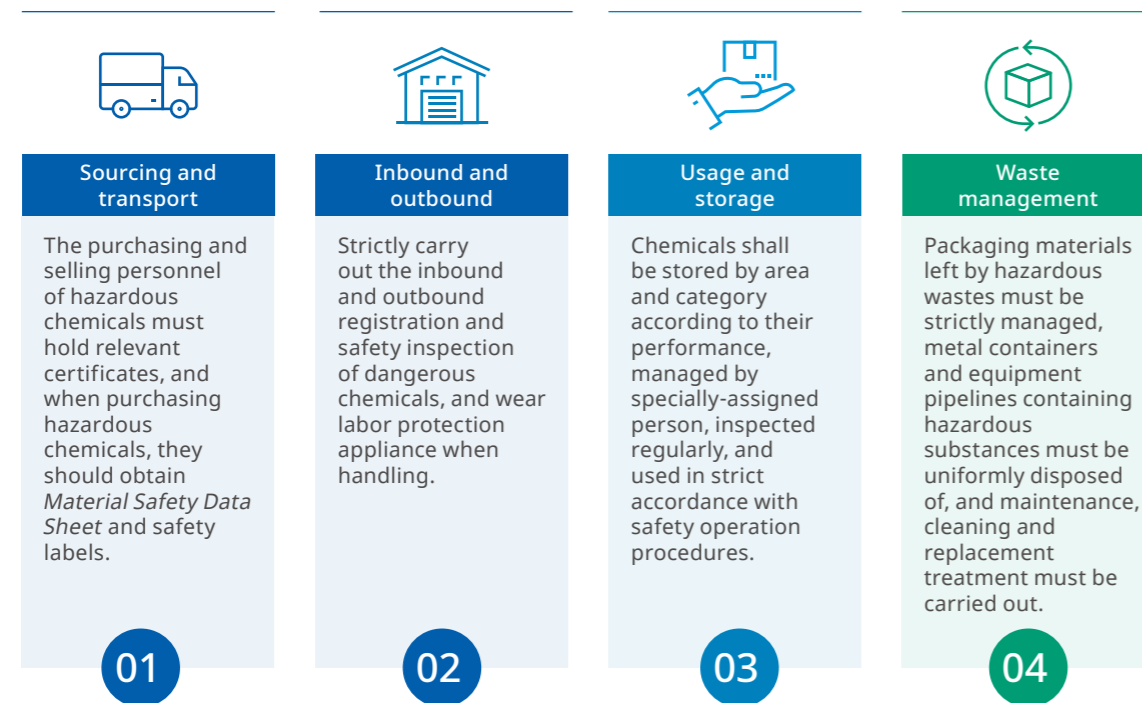
Fire training organized by volunteer fire brigade

Emergency evacuation drill conducted by Electrical & Mechanical Department

Chemical management

The dangerous chemicals mainly involved in the production and operation of the Company include: explosives (liquid nitrogen), flammable and explosive gases (oxygen, acetylene, hydrogen, etc.), flammable liquids (ethanol, petroleum ether, acetone, etc.), oxidizers (nitric acid), corrosives (sulfuric acid, hydrochloric acid, sodium chlorate, etc.). The Company has established *Safety Management System for Hazardous Chemicals* to impose strict control on the important links of hazardous chemicals, such as requisition, transportation, loading & unloading, storage and warehousing, etc., minimize the injuries, property losses and environmental pollution caused by accidents.

► Hazardous chemical management process

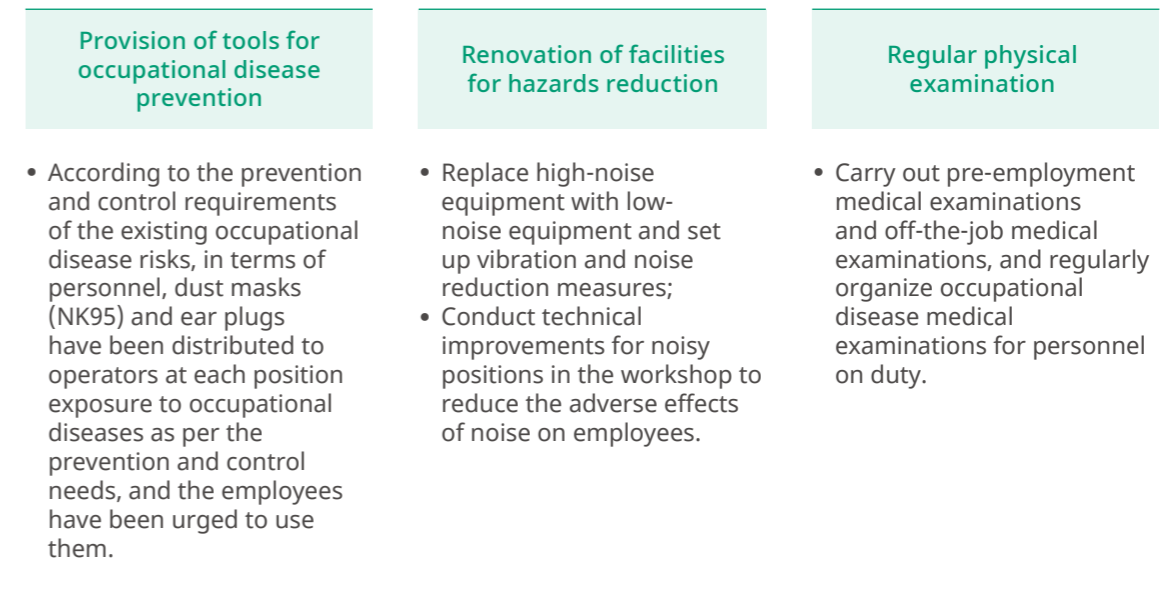


Occupational health

The main occupational disease hazards existing in the Company's workshop include high temperature, limestone dust, acid fog, noise, etc. In accordance with the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* and other laws and regulations, the Company has put in place *Regulations on Management of Labor Protective Supplies* and other related occupational health management systems, and has passed ISO45001:2018 (GB/T 45001-2020) occupational health and safety management system certification.

In 2020, the Company completed the monitoring of occupational disease hazards in the workplace. By taking a series of occupational disease prevention measures, the Company has effectively secured the prevention and control of occupational disease hazards for personnel exposed to occupational hazard factors, and, at the same time, held regular training on occupational health topics to protect the occupational health of employees.

► Key points of occupational disease risk prevention



Occupational health training



In August 2020, the Photovoltaic Glass Division carried out OHS management system training to help employees understand the content of each clause of GB/T45001-2020 and require practical implementation. During the two-day training, employees listened attentively and participated actively. At the end, a total of 11 employees passed the training assessment and obtained the training certificate.



Efforts in Achieving Common Prosperity

As a responsible corporate citizen, Flat Glass is committed to promoting philanthropy on a regular basis and working together with its employees to actively advance various philanthropic activities.

[Efforts in fulfilling our responsibilities] Helped fight COVID-19

COVID-19 tugged at the heartstrings of the Chinese nation at the beginning of 2020. Under such circumstance, the Company took immediate response and strengthened risk management to tackle the coronavirus, built a firm life line for employees, actively resumed work and production, and secured sound operation of the Company with its excellent ability to respond to emergencies. At the same time, the Company mobilized all its Party members to set up a volunteer service team and donate money for pandemic prevention. The Party members took actions, showed love and determination to fully support pandemic prevention efforts.





Donated RMB **1 million** to the Red Cross Society of Fengyang County.

A total of RMB **3,800** was donated by the Party members of Flat Glass Party Branch.

Donated dedicated funds of RMB **2 million** to Charity Federation of Xiuzhou District, Jiaying for anti-COVID-19.

Facilitated the resumption of work and production

The Company produced a speedy plan in response to COVID-19 and took comprehensive measures to ensure the safety of employees for resumption of work and production.

-  Strengthen the management of anti-COVID-19 supplies. The Group's anti-COVID-19 team is responsible for allocating the limited supplies to make the best use of them;
-  Strictly check the foreign vehicles for goods inbound and outbound, standardize the entry and exit of foreign visitors to the Company, and strengthen corporate management during COVID-19;
-  Improve the Company's attendance system and encourage employees to work from home;
-  Actively coordinate with and implement local anti-COVID-19 policies.

Kept our employees safe

The Company has implemented the *Flat Glass Group Employee Guide on pandemic prevention* formulated by the Group, which provides detailed requirements for employee protection before entering the factory, meal management, employee access and other aspects of prevention and control & safety management and tracking management, ensuring the health and life safety of our employees.

At the same time, the Company strengthened the publicity of knowledge on pandemic prevention and improved employees' awareness of health and pandemic prevention through official WeChat account "Photovoltaic Dream", internal WeChat group, slogan publicity in the factory, daily morning meeting and other channels.

Care for vulnerable groups

Flat Glass follows the guideline of being a responsible corporate citizen to help the disadvantaged, promote the development of social welfare, and strive to advance common prosperity with society. The Company has paid attention to the socially disadvantaged groups and encouraged its employees to carry out condolence activities in the homes for the elderly at surrounding communities.

Volunteer service event "Village Spring Gala" held



With the arrival of Spring Festival in January 2020, volunteers from the Company visited Jiaying for "Village Spring Gala", in which they helped field staff set up stage and guide visitors to participate in various games. All these efforts has done good to the success of the community-based activities in celebration of the Chinese New Year. This volunteer service activity not only responded to the call of "wholeheartedly serving the people", but also promoted the inheritance of excellent traditional culture and contributed to the development of a comfortable community.



Provided donations to help fight poverty



In August 2020, the Group participated in the charity donation event organized by Xiuzhou District Federation of Trade Unions, Xiuzhou District Women's Federation and Xiuzhou District Women Entrepreneurs Association to help address poverty in Zoigê County, Sichuan.



Ms. Jiang Jinhua, Vice Chairman and Vice President of the Company, presented at the charity donation event

Extended care to the elderly in the local nursing home



In January 2020, the Company carried out an activity to care for the elderly at a local nursing home in Xincheng Town, bringing greetings and blessings to the aged and giving compassionate care to the aged in the community through different forms such as presenting quilts, fruits and other gifts, on-site calligraphy demonstration and wonderful program performance.



Key Quantitative Performance Indicators

Economic Performance

Indicator	Unit	2020
Operating revenue	RMB '0,000	626,041
Total profit	RMB '0,000	187,390
Net asset per share	RMB	3.54
Social contribution value per share ¹	RMB	0.17

Note:

[1]. Social contribution value per share = (net profit attributable to ordinary shareholders of the Company excluding non-recurring items + payments to the government + employee compensation and benefits + interests paid on loans to creditors such as banks + Amount of value (such as external donations) created for other stakeholders - other social costs caused by environmental pollution, dismissal of employees, etc.) / total number of shares of the Company.

Environmental Performance

Indicator	Unit	2020
Total direct energy consumption ¹	MWh	2,917,055
Direct energy consumption intensity per unit revenue	kWh/RMB '0,000	4,659
Total indirect energy consumption ²	MWh	748,660
Indirect energy consumption intensity per unit revenue	kWh/RMB '0,000	1,196
Water consumption	m ³	4,941,428
Water consumption intensity per unit revenue	m ³ /RMB '0,000	8
Recycled water consumption	m ³	7,034,710
Total waste gas emissions	m ³	7,061,740,041
Nitrogen oxide (NOx) emissions	kg	1,965,286
Sulfur dioxide (SO ₂) emissions	kg	1,072,670
Particulate matter (PM) emissions	kg	99,141
Industrial waste water emissions	m ³	1,700,582
Industrial waste water emission intensity per unit revenue	m ³ /RMB '0,000	3
Ammonia nitrogen (NOx) emission concentration	mg/l	5
Chemical oxygen demand (COD)	tonne	159
Hazardous waste outputs	tonne	352

Indicator	Unit	2020
Hazardous waste outputs intensity per unit revenue	tonne/RMB '0,000	0.0006
Non-hazardous waste outputs	tonne	15,780
Non-hazardous waste outputs intensity per unit revenue	tonne/RMB '0,000	0.025
Scope I Total greenhouse gas emissions	tonne carbon dioxide equivalent	781,236
Scope II Total greenhouse gas emissions	tonne carbon dioxide equivalent	748,660
Total greenhouse gas emissions	tonne carbon dioxide equivalent	1,529,895
Greenhouse gas emission density per unit revenue	tonne carbon dioxide equivalent /RMB '0,000	2

Note:

[1]. The direct energy consumption includes the use of fuel oil, natural gas, PV-generated electricity, gasoline usage of private vehicles and diesel usage of private vehicles. The direct energy consumption was converted into MWh based on the average lower heating value (LHV) coefficients of various energy sources published in the *China Energy Statistical Yearbook 2017* by the Department of Energy Statistics, National Bureau of Statistics.

[2]. Indirect energy consumption refers to the use of indirect energy (i.e., purchased electricity) purchased by the Company.

Social Performance

Employment

Indicator	Unit	2020
Total staff	Person	3,575
By gender	Male	2,674
	Female	901
By employment type	Labor contract system	3,440
	Other forms of employment ¹	135
By age group ²	>50 years old	336
	30~50 years old	2,209
	<30 years old	895
By region ³	Employees in Mainland China	3,161
	Employees in Hong Kong, Macau, and Taiwan as well as overseas	279

Note:

[1]. Other forms of employment for the Company include rehiring someone after retirement and labor outsourcing.

[2]. The number of employees in the Company by age group includes labor contract employees only.

[3]. The number of employees in the Company by region includes labor contract employees only.

Employment and labor standards

Indicator	Unit	2020
Penalties imposed for violations of employment and labor laws and regulations	Time	0
Total employee discrimination incidents	Incident	0
Total labor dispute incidents ¹	Incident	0
Staff training investments	RMB '0,000	30.5
Staff training coverage	%	100
Male staff training coverage	%	100
Female staff training coverage	%	100
General staff training coverage	%	100
Mid-level staff training coverage	%	100
Management staff training coverage	%	100
Average hours of training per employee per year for all employees ²	Hour	74.1
Average hours of training per male employee per year ³	Hour	79.3
Average hours of training per female employee per year ⁴	Hour	58.8
Training hours per general employee ⁵	Hour	85.1
Training hours per mid-level employee ⁶	Hour	26.6
Training hours per management employee ⁷	Hour	52.0
Number of work-related fatalities	Person	0
Rate of work-related fatalities	%	0
Number of lost-days due to work injuries	Day	2,116

Note:

[1]. The employee turnover rate is calculated using this formula: $\text{turnover rate} = \frac{\text{Total number of retired and resigned employees}}{\text{Total number of employees at the end of the period}} \times 100\%$.

[2][3][4][5][6][7]. The data of training hours per capita for all employees, male employees, female employees, general employees, mid-level employees, and management employees includes daily pre-shift safety and quality training.

Supply chain management performance

Indicator	Unit	2020
Total suppliers	Supplier	943
By region	Mainland China	785
	Hong Kong, Macao and Taiwan as well as overseas	158

Product Responsibility

Indicator	Unit	2020
Percentage of total products sold or shipped that are subject to recall for safety and health reasons	%	0
Number of customer complaints due to product quality or service	Case	783
Complaint handling rate ¹	%	100
Capital investments in technological innovation and R&D	RMB '0,000	28,471
Number of R&D employees	Person	438
Cumulative number of patents granted	Patent	144
Number of patent applications	Patent	24
Number of patents granted	Patent	22

Note:

[1]. The complaint handling rate in this Report is calculated using this formula:

$$\text{Complaint handling rate} = \frac{\text{Number of complaints handled}}{\text{Number of complaints received}} \times 100\%$$

Anti-corruption performance

Indicator	Unit	2020
Number of embezzlement lawsuits against the Company and its employees	Case	0

Community investment

Indicator	Unit	2020
Total philanthropic investments	RMB '0,000	337.15
Of which, charitable donations total	RMB '0,000	337.15

Index of Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
Subject Areas A. Environmental		
Aspects A1. Emissions		
General Disclosure A1	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Compliance and Business Ethics Environmental Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Reduction Key Quantitative Performance Indicators
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions Reduction
Aspects A2. Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management Efficient Resource Utilization
KPI A2.1	Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in 000s) and intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Efficient Resource Utilization
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Efficient Resource Utilization
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging materials involved in the company

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
Aspects A3. The Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
Aspects A4. Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	The Company planned to formulate policies in 2021
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	The Company planned to identify climate change risks and opportunities in 2021
Subject Areas B. Social Employment and Labour Practices		
Aspects B1. Employment		
General Disclosure B1	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Compliance and Business Ethics Efforts in Safeguarding Employees’ Rights and Benefits
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Quantitative Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	The Company planned to strengthen the management of employee retention and turnover in 2021, and the employee turnover rate will be counted and disclosed in the 2021 Annual Report
Aspects B2. Health and Safety		
General Disclosure B2	relating to providing a safe working environment and protecting employees from occupational hazards. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Efforts in Keeping Employees Safe
KPI B2.1	Number and rate of work-related fatalities.	Key Quantitative Performance Indicators
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Efforts in Keeping Employees Safe
Aspects B3. Development and Training		
General Disclosure B3	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Efforts in Empowering Individual Growth

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Quantitative Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category	
Aspects B4. Labour Standards		
General Disclosure B4	relating to preventing child and forced labour. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Compliance and Business Ethics Efforts in Safeguarding Employees’ Rights and Benefits
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Compliance and Business Ethics Efforts in Safeguarding Employees’ Rights and Benefits
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Efforts in Safeguarding Employees’ Rights and Benefits No violations
Subject Areas B. Social Operating Practices		
Aspects B5. Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Stringent Quality Control
KPI B5.1	Number of suppliers by geographical region.	Key Quantitative Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Stringent Quality Control
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Stringent Quality Control
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Stringent Quality Control
Aspects B6. Product Responsibility		
General Disclosure B6	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Compliance and Business Ethics Customer Assurance No label use involved in the company
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Quantitative Performance Indicators
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Assurance Key Quantitative Performance Indicators
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Ongoing Technology Innovation

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
KPI B6.4	Description of quality assurance process and recall procedures	Customer Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Assurance
Aspects B7. Anti-corruption		
General Disclosure B7	relating to bribery, extortion, fraud and money laundering. a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer	Compliance and Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Key Quantitative Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliance and Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	The Company planned to improve anti-corruption training for the board of directors and employees in 2021
Aspects B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Efforts in Achieving Common Prosperity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Efforts in Achieving Common Prosperity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Key Quantitative Performance Indicators

Index of Guidelines for Disclosure of Environmental Information of Listed Companies of Shanghai Stock Exchange

The Notice on Strengthening the Corporate Social Responsibility of Listed Companies and Issuing the Guidelines of the Disclosure of Environmental Information of Listed Companies of Shanghai Stock Exchange

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