



# 福萊特玻璃集團股份有限公司 Flat Glass Group Co., Ltd.

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

**A Share Stock Code: 601865**

**H Share Stock Code: 06865**

## Environmental, Social and Governance Report 2019

# 2019 Environmental, Social and Governance Report

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# 2019 Environmental, Social and Governance Report

## ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “Report”) discloses the policies, measures, practical actions and specific outcomes of promoting sustainable development in the aspects of environment and society of Flat Glass Group Co., Ltd. (the “Company” or “Flat Glass”) and its subsidiaries (the “Group”).

The Report is approved by the Board of Directors of the Company. Flat Glass warrants that the content of this report does not contain any false representations, misleading statements or material omissions.

## Reporting Period and Scope

The information published in this Report is for the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”), which is consistent with the financial year covered by the annual report of the Company for the year ended 31 December 2019. The reporting scope of this Report includes Flat Glass and its subsidiaries, which primarily engage in the production and sales of photovoltaic (PV) glass, float glass, household glass and architectural glass. During the Reporting Period, the Group has also extracted and sold quartzite ore from its mine located in Lingshan-Mujishan mining zone, Fengyang County, Chuzhou City, Anhui Province, the People’s Republic of China (the “PRC”, and for the purpose of this Report, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

The Group’s operation in Vietnam has yet to commence and the Group’s operation in the Hong Kong Special Administrative Region relates only to the export of glass products. Hence, this Report will focus on the Group’s production and operations in the PRC during the Reporting Period through the following subsidiaries in the PRC: Anhui Flat Solar Glass Co., Ltd.\* (安徽福萊特光伏玻璃有限公司), Anhui Flat Solar Materials Co., Ltd.\* (安徽福萊特光伏材料有限公司), Jiaxing Flat New Energy Technology Co., Ltd.\* (嘉興福萊特新能源科技有限公司), Shanghai Flat Glass Co., Ltd.\* (上海福萊特玻璃有限公司), Zhejiang Flat Glass Co., Ltd.\* (浙江福萊特玻璃有限公司) and Zhejiang Jiafu Glass Co., Ltd.\* (浙江嘉福玻璃有限公司).

## Basis for Preparation

This Report is prepared in accordance with the requirements of Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group has complied with the “comply or explain” provisions set out in the ESG Guide for the Reporting Period as set out below.

## ENVIRONMENTAL PROTECTION

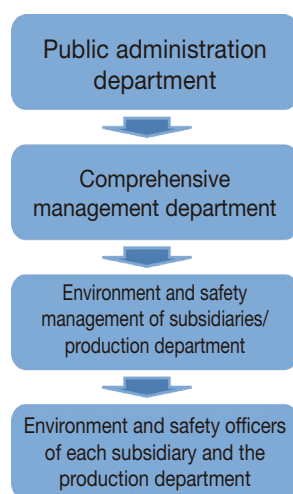
The Group has always put great emphasis to sustainable development and effective utilization of resources and energy, and paid great attention to the climate and ecological environmental issues. During the Reporting Period, the Group comprehensively practised the green concept of environmental protection, abided by the applicable PRC national laws and regulations in its operations and productions, took feasible and effective control measures, followed the scientific development concept, which targeted in building effective long-term environmental protection and energy conservation mechanism with an aim to construct a resource efficient, environment-friendly and harmonious society.

## Environmental management

### Environmental management organizational structure

The Group puts great emphasis on environmental protection, compliance with applicable PRC national environmental protection laws, regulations and technical requirements. The environment related laws, rules and regulations applicable to the Group's operations in the PRC include, among others, Environmental Protection Law of the People's Republic of China\* (中華人民共和國環境保護法), Law on Environmental Impact Assessment of the People's Republic of China\* (中華人民共和國環境影響評價法) and Law on Prevention and Control of Water Pollution of the People's Republic of China\* (中華人民共和國水污染防治法).

To strengthen management, the Company has set up the Comprehensive Management Department under the Public Administration Department, which is responsible for setting up the EHS ("Environmental, Health and Safety") system of the Group, which is an environmental management system, and supervising the environmental and safety works of the Group. All subsidiaries of the Group have set up environment and safety management organizations, which is responsible for the management of respective environment and safety work. All of the Group's subsidiaries and the subdivision of the production department have appointed designate environment and safety officers to be responsible for its environment and safety. The Company's environmental management organizational structure is as shown below:



### Environmental protection targets and fulfillment

Efforts have been made by the Group to implement environmental impact assessment and the Three Simultaneities ("designed, built and commissioned together with the principal part of the project") policy, determine the amount of investment into environmental objectives, monitor the stable operation of environmental infrastructure, develop the circular economy, enhance efficiency of repeating use of water, power generation through residual heat, promote energy conservation and emission reduction, ensure appropriate emission of "three wastes" (being waste gas, waste water and solid waste) and accomplish key emission objectives assigned by the government. The Group is also accredited with ISO14001:2004 for environmental management system relating to the production of glass. The implementation of such environmental management system aims to reinforce clean production for zero occurrence of environmental accidents.



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In 2019, in strict compliance with environmental protection laws and regulations, the Company achieved the objectives by discharging major pollutants pursuant to standards and maintaining solid waste disposal within its eligibility. During the Reporting Period, there was no environmental accident that took place.

## **Adoption of environmental management system**

The Group has been accredited the ISO14001:2004 for environmental management systems relating to the production of PV glass, and to enhance its environmental management level. The implementation of the environmental management system enables the Group to reduce the cost of waste management and the consumption of energy and materials of the Group.

## **Environmental protection training**

In addition to strictly monitoring environmental impact of operation and production activities, and aiming to achieve the environmental protection targets of the Group, the Group has also been committed to promoting environmental responsibilities to employees and carrying out relevant staff training. The Company formulates detailed training plans at the beginning of the year and arranges regular staff trainings on the latest environmental protection laws and regulations. In the meanwhile, the Company has been intensively involved in all sorts of environmental trainings and seminars provided by provincial and municipal environmental departments and industrial associations to further elevate the business level and skills of the Company's environmental management staff.

## **Environmental assessment**

Before setting up a production line, the Group has carried out environmental assessment to analyse the natural environment (such as water, soil and natural resources) and the environmental quality (such as air quality, quality of surface water and noise level) of the relevant locations. In addition, the analysis report has set out the primary environmental protection goals and the levels of protection of the locations under consideration. In the last part of the report, a detailed analysis of the environmental impact with specifics of the impact from the construction and operation in terms of noise, water, atmospheric, waste and light pollution, as well as the resulting preventive and control measures adopted and the appropriate investment in environmental protection made by the Group.

## **Emissions**

Upholding the environmental protection guideline of "Promoting environmental protection, complying with laws and regulations, and making continuous improvements", the Group has actively made efforts to carry out emission reduction activities, such as to reinforce operation and management of environmental facilities to ensure compliance with pollutant discharge standards, to reduce the emission concentration; through internal targets, to introduce advanced process, upgrade technological capabilities and to promote clean production and reduce discharge of pollutants, so as to reduce the emissions of waste gas and waste water from the Company's operational activities and to demonstrate the responsibility of the Company in sustainable development.

The emissions of the Group produced in the process of production include: waste gas (nitrogen oxides, greenhouse gas, dust, organic compounds and sulfur dioxide), waste water, solid waste (waste rubber, waste activated carbon, sludge and shattered glass). In 2019, strictly in compliance with the laws and regulations of the PRC, the Group ensures compliance with the standard discharge of pollutants or disposal based on regulation.

## Management of waste gas and water emissions

In compliance with various applicable laws and regulations including the Environmental Protection, the Law on the Prevention and Control of Atmospheric Pollution and the Law on the Prevention and Control of Water Pollution of the PRC, the Group formulated the Environmental Protection Management Policy which stipulates that all subsidiaries shall ensure standard discharge of pollutants, avoid illegal emissions and formulate plans on monitoring emissions of major pollutants annually to facilitate Group's monitoring over subsidiaries' emissions in a real-time and accurate manner. Besides, all subsidiaries strictly complies with the Technical Requirements of Regulating and Renovating Waste Vents (Trial) (Huanjian [1996]No. 470)\* (《排污口規範化整治技術要求(試行)》(環監[1996]470號)), the Notice on Implementing the Regulation and Renovation of Waste Vents (Huanjian[1999]No. 24)\*(《關於開展排放口規範化整治工作的通知》(環監[1999]24 號)), and shall install waste vents and put up signs in accordance with relevant requirements to facilitate sampling, monitoring and public supervision, so that the Company's commitment to proper waste discharge, fulfillment of environmental responsibilities and welcoming public supervision can be shown.

Shown below are main emissions types and respective emission data of the Group for the Reporting Period:

	Actual emissions	Approved emissions
COD (in tonnes)	34.99	53.67
N-NH <sub>3</sub> (in tonnes)	3.50	5.37
SO <sub>2</sub> (in tonnes)	1,158.73	3,694.64
NO <sub>x</sub> (in tonnes)	1,962.02	3,177.82
Waste water (in tonnes)	811,455.93	1,073,560.80

## Emissions compliance and control measures

### Regulate outfalls

Pursuant to the requirements of the Technical Requirements of Regulating and Renovating Waste Vents (Trial) (Huanjian [1996]No. 470), the Notice on Implementing the Regulation and Renovation of Waste Vents (Huanjian[1999]No. 24), Environmental Protection Signs – Waste Vents (Source) (GB15562.1-1995)\*《環境保護圖形標誌－排污口(源)》(GB15562.1-1995), Environmental Protection Signs – Solid Waste Storage (Disposal) Sites (GB15562.2-1995)\*(《環境保護圖形標誌－固體廢物貯存(處置)場》(GB15562.2-1995)) and the Notice of the General office of the State Environmental Protection Administration on the Issuance of the Technical Regulations for Installing Waste Vent Signs (Huanban [2003]No. 95)\*(《國家環境保護總局辦公廳關於印發排放口標誌牌技術規範的通知》(環辦[2003]第95號)), the Group has regulated the sewage outfall facilities, and set up signs at air exhaust vents, sewage outlets, major noise sources and hazardous waste storage sites according to relevant requirements which show the names of waste disposal agencies, as well as the type, number and major pollutants of the outfall pursuant to the requirement.

### Online monitoring, external monitoring and internal monitoring

To conduct real-time monitoring of pollutants emissions of the Group in a continuous, effective and accurate manner, the Group formulate annual monitoring plans on major pollutant emissions. During the Reporting Period, the Group entrusts third party to monitor emission of waste gas and waste water. The result shows that emission of waste gas and waste water has reached standard discharge, which is compliance with relevant laws and regulations in the PRC. During the Reporting Period, the Group was kept in stable operation and subject to periodic maintenance. Ledgers were established to help control standardized pollutant discharge.

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## Waste and emission reduction measures

### *Waste gas treatment*

The Group has made efforts to increase in investment in waste gas emission monitoring and accelerate infrastructure construction, which have come to fruition. In relation to the processing of household glassing, the coating/foiling and drying process will produce volatile organic compounds (“VOC”). The Group has installed purification equipment to reduce the exhaust emission. Based on the test result from monitoring agencies, the Group’s VOCs emissions are within the national and local atmospheric pollutants limits.

The Group has invested RMB162.6 million in the flue-gas desulphurization facility and flue-gas denitration facility at the Group’s glass furnace, each set furnished with high performance dedusters, which have been examined and approved by the relevant environmental protection department in the PRC. It is estimated that an approximate volume of 199 tons of smoke and dust and 3,133 tons of nitrogen oxides emission reduction can be realized every year.

Anhui Flat Solar Materials Co., Ltd., a subsidiary of the Group, mainly engaged in extraction and selling of quartzite ore. The Group uses dust settling pocket and water trucks to reduce dust produced in mining and daily production and selling.

Furthermore, the Company operates a cafeteria for its staff and employees. The exhaust vents at the cafeteria have been equipped with air purification equipment to treat the exhaust air from the cafeteria.

### *Waste water treatment*

The Group has installed water recycle system at its production facilities so the waste water from glass production can be reused or disposed of. The Group has built wastewater treatment facilities, which recycle 80 million tons of water every year. Besides, the Company requests that facilities be better maintained and kept in healthy operation to effectively bring down waste water discharge and avoid impacts of production waste water on environment. By using recycle water for the production, it can also reduces the water consumption and better manage the use of water resources of the Group.

## Fulfillment of total emission reduction

In 2019, in order to fulfill the pollutant mitigation tasks assigned by local environmental protection authority, the Group made efforts to lower the total pollutant emission volume and managed to meet the reduction target.

## Waste discharge fee payment

In 2019, the Group has paid pollutant discharge fees in accordance with requirements of local environmental protection authority and complied with the relevant requirement.

## **Greenhouse gas emission management**

The Group's greenhouse gases mainly include: direct emissions and energy indirect emissions. Direct emissions are attributed to energy consumption from production activities and emissions from material decomposition in the manufacturing processes, energy indirect emissions are attributed to purchased electricity. By improving the efficiency of the furnace and the heat preservation of the furnace, the Company reduced the amount of fuel used to reduce the direct of greenhouse gases emissions. The Company has taken energy conservation measures such as to generating power through residual heat from the production process, and from PV panels installed at the production facilities, increase power efficiency and the use of energy saving lights to mitigate energy indirect greenhouse gas emissions. The Group can also efficiency use the resource such as fuel and electricity as a result.

During the Reporting Period, the Group generated 1,620 thousand tonnes of CO<sub>2</sub>.

## **Hazardous and non-hazardous waste management**

In strict compliance with the Administrative Regulations on Hazardous Waste, the Group has carried out hazardous waste management to meet regulatory requirements and has been equipped with independent hazardous waste storage with standardized construction. All subsidiaries to sort out and store hazardous waste in categories, and engaged the disposal to qualified entities as required under the PRC requirements. In 2019, non-hazardous industrial solid waste and hazardous waste of the Group were subject to safe disposal or comprehensive utilization, and the Group has complied with the relevant requirements.

The Group will try to use non-toxic and non-hazardous materials and materials that have a greater potential for reuse and recycling as far as possible. Hazardous wastes generated in the construction, production and operation process, which mainly include discarded reagent bottles (glass), packaging barrels, fluorescent tubes, waste mineral oil, oil brushes, gloves and waste ink, has been separated, labelled and properly stored. Qualified disposal entities have been appointed to properly dispose these wastes.

For the non-hazardous waste, in particular shattered unprocessed glass from production will be recycled and used as raw materials for production while discarded packaging materials such as timber, cardboard and plastics will be passed to recycling companies for recycling or treatment pursuant to applicable laws.

## **Use of Resources**

In strict compliance with laws and regulations including the Law on Conserving Energy and the Water Law of the PRC, and adhering to the principle of corporate environment responsibility, sustainability as well as "to increase competitiveness by reducing energy consumption; to save energy and cost for the nation and the company", implement comprehensive utilization and recycle use of waste, waste water and waste heat from glass production.

The Group invested RMB130.6 million on the installation of residual heat power generator which can recycle waste heat from flue gas from the production process and generate 140 million kwh every year.

In terms of other materials, the Group adopted clean energy production measures when new projects or technology upgrade are undergoing Processes and equipment with higher resource efficiency and less pollutions are adopted to reduce raw material consumption.



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Shown below are direct/indirect consumption of the Group for the Reporting Period:

Direct energy – purchased fuel (MWh)	4,584,556.73
Indirect energy – purchased electricity (MWh)	665,060.37

The Group mainly uses the wooden pallets to package the products of the Company. Meanwhile, the Group also recycles the wooden pallets and uses recyclable iron trays to reduce the usage amount of packaging materials. During the Reporting Period, the Group used a total of 3,824.66 tons of wooden pallets.

## OUR EMPLOYEES

The Group is committed to making every effort to safeguard the rights of our employees, respect their differences and provide a safe and comfortable working environment for each employee. In the pursuit of the sustainable development of the Group, it strives to build up employee cohesion and enhance sense of belonging through implementation of the human resources policies, employee benefits, occupational training and related activities.

As at 31 December 2019, the total number of employees of the Group was 3,154:

Type	Number of individuals	% of total number of individuals
Technical personnel	349	11.07%
Management personnel	228	7.23%
Marketing personnel	59	1.87%
Production personnel	2,518	79.84%
	<hr/>	<hr/>
Total	3,154	100.00%
	<hr/> <hr/>	<hr/> <hr/>

## Employees' Rights and Interests

### Labor standards

The Group tolerates no child labor or forced labor in strict compliance with the Labor Law of the People's Republic of China (中華人民共和國勞動法), the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and the Provisions on Prohibition of Using Child Labor (禁止使用童工規定). In strict compliance with the provision of "Only those aged over 18 years old are considered legitimate candidates" set out in its Recruitment Management Policy. The Group recruits no child laborers aged below minimum age prescribed by local regulations. The Company's Management Measures for Safeguarding Employees' Human Rights specifies that all the Company's policies and provisions shall not include implication of forced labor and forbids forced labor, contract labor, physical punishment, custody or threat of violence in any form.

The Group strictly complies with the local labour standards in the places where its businesses are located and the relevant laws and regulations prohibiting child labour and forced labour. To ensure staff health and safety, forced labour is forbidden. In addition, staff can engage in relevant jobs only upon completion of training.

## **Equal opportunities**

Pursuant to the Company measures for Safeguarding Employees' Human Rights, all departments, organizations and individuals shall abide by national and local regulations and allow no biases against any employee based on elements such as race, sex, color, age, family background, national tradition, religion, physical status, and national origin, so as to ensure that employees are treated fairly in every aspect such as recruitment, duty performing, remuneration, training, promotion, and compensation.

## **Democratic management**

The Group respects the workers' right to freely associate and collectively negotiate, and allows the workers to freely organize or join in trade unions. Giving flexibility to the role of trade unions and focusing on protection of employee interests, the Group has well established the workers' congress systems and proposal policies to safeguard the employees' rights of democratic decision-making, democratic management and democratic supervision. The Group follows the workers congress system to secure the legitimate rights and interests of employees. The Company seeks employees' opinions on issues related to their interests such as remuneration and benefits, collective contracts and ration adjustment, and encourages them to make reasonable and legitimate appeals, engage in corporate governance, and strengthen sense of ownership. As stipulated in the Company's Management Measures for Safeguarding Employees' Human Rights, employees have the right to organize and participate in trade unions and collectively bargain in accordance with law. If collective bargaining is restricted by law, employees can communicate with management representatives through staff representatives or in written manner. The Company shall ensure that employee representatives maintain extensive connections and communications on items of negotiations with the workers under any working environment, respect the reports, recommendations and proposals presented by employee representatives and tolerate no retaliation or discrimination.

## **Holidays and working hours**

In strict compliance with applicable local labor laws and regulations where it operates 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 Employment Promotion Law of the Peoples Republic of China, the Group formulated the Employee Attendance and Holiday Management Policy to fully implement national working hour mechanism, and arrange staff production and rest in a well-planned manner.

## **Health and Safety**

The Group has always considered its employees as the most precious asset. Over the years, the Group has dedicated to developing a safety culture, with safe production accountability system as the core, the standardization of safe production and position safety standards as the emphasis, troubleshooting and treatment of accident potential as the methods, to ensure the safe production and avoidance of occupational hazards of employees. The Group strives to create safe and comfortable work environment for employees.

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The Group strictly complies with the Safety Production Law of the People's Republic of China\* 《(中華人民共和國安全生產法)》, Safety Occupational Disease Prevention Law of the People's Republic of China\* 《(中華人民共和國職業病防治法)》, Measures for the Administration of Contingency Plans for Work Safety Incidents\* 《(生產安全事故應急預案管理辦法)》 and other laws and regulations as well as industry safety standardization guidelines in healthy working environment and protecting employees from occupational hazards. The Group also developed a relatively comprehensive safety and occupational health management system, including safety objectives, organizational structure and responsibilities, laws, regulations and systems, safety investment, education and training, equipment and facilities operation, operational safety management, risk investigation, hazard control, occupational health, emergency rescue, accident management and other management systems and developed corresponding management policies.

## Safety in Production

In accordance with the principle of “full coverage, zero tolerance”, the Group supervises and inspects the safety and occupational health conditions of the field of production to ensure that the safety facilities and emergency equipment are in line with relevant national standards. In particular, listed supervisions were conducted on major safety risks, and those production lines which were unable to fulfill safety conditions were shut down.

Pursuant to the Regulations on Safe Production License\* 《(安全生產許可證條例)》, the safety license system was implemented for mining enterprises by the PRC government, mining enterprises without safety licenses are prohibited from engaging in production activities. Anhui Flat Solar Materials Co., Ltd., a subsidiary of the Group, has obtained the safety license.

The Group has implemented various safety guidelines and operating procedures for production process to ensure safe operation of our manufacturing facilities and to prevent injuries. The Group conducts regular and thorough worksite inspection to eliminate potential hazards in the work environment. The Group also provides mandatory safety training to all new employees prior to commence of work. Furthermore, the Group provides the employees with occupational safety education and training to enhance their awareness of safety issues from time to time. The Group has not experienced any material work-place accident during the Reporting Period.

## Improving the safety system

To delegate the responsibility of ensuring production safety of employees of all departments, strengthen safe production management and promote safe production, the Group formulated the Safe Production Accountability Management Policy according to the Regulations on Safe Production (安全生產條例), which designates the General Manager as the person in charge who has overall responsibility for the safe production management of Company's subsidiaries. General managers of subsidiaries should establish safety management departments and clarify safety responsibilities of all departments and staff. The Company requires its subsidiaries to set up safe production management organizations or assign dedicated safety personnel commensurate to sizes.

### **Organizing safety campaign and education**

The Group has formulated the Safety Education and Training Management Regulation to implement the three-level education and training, skills training of safety responsible personnel and safety management personnel, and certification of special operations personnel and special equipment operators so that employees can receive necessary pre-job safety education. Besides, the Company intensifies Group-wide safety campaign and education by various daily display boards and organizes regular technical safety quiz and skill contests to create a safety oriented culture.

### **Minding fire safety**

The Company works hard to ensure the fire safety and safe production in places where many people work and prevent fire from occurring. To improve staff responding ability in case of emergency, and elevate their skills of aiding themselves and other people, subsidiaries of the Group arrange various emergency drills regularly, such as fire drills and chemical leak drills. Professional departments (such as local fire brigade) are invited to provide on-site guidance.

### **Development and Training**

The Group is committed to promoting staff training and development activities, which enhances the professional knowledge and skills of the staff, improves their management skills and nurtures their problem solving abilities. The comprehensive training resources and the learning environment enable the staff to learn more efficiently, so that talents can maintain their competitive edges through continuous innovations.

Trainings are diversified in content, which include programmes on enhancing production safety such as “Accreditation on Work Safety Standardisation – Level Three”, “6S Management and Operation Standardisation in Workplace”. Programmes that build up personal professional skills and knowledge include “Knowledge of Glass Technology”, “Knowledge of Trademark Certification”, “Information on the Industry and its related Upstream and Downstream Industries”, “Business Etiquette”, etc. Teamwork and management abilities are cultivated through programmes such as “Shaping of a Leader and Leadership”, “How to Enhance Performance of the Middle Level Management in a Company”, “Interpersonal Relationships and Communication skills” etc. New joiners must attend mandatory in-house training before they can officially commence working at the Group’s production facilities.

In 2019, the total number of training held was 788, and the number of participants totalled 48,900.

### **Employee Activities**

To strengthen the communication among staff and facilitate a harmonious relationship, the Group organises various recreational activities from time to time, for example, Spring festival lucky draws and staff singing contest. These further enrich the cultural life of the Group staff for their wellbeing. In addition, the Group also hopes its staff to achieve a balanced development both physically and mentally. Table tennis tournaments, basketball games and annual badminton competitions etc. are held regularly. Through these activities, bonding among colleagues is strengthened and a cooperative spirit of endeavour and unity is promoted.



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## OPERATION MANAGEMENT

### Supply Chain Management

The Group has been maintaining the harmonious partnership of equal footing, honest cooperation and mutual benefits with suppliers. Supplier management has been standardised. Supplier assessment system has been improved through tendering and procurement. This is to create a fair and just competition environment for suppliers.

To avoid over-dependence on a particular supplier, the Group has sourced its raw materials, production equipment and other components, ancillary materials, from different authorized suppliers, including China and overseas countries. The diversification of suppliers helps the Group to reduce its procurement risks from reliance, control its purchasing costs by remaining competitive and guarantee the quality of the goods purchased.

For suppliers selection, in addition to product quality, prices, production capacity, experience, industry qualification and certification, market reputation and after-sales service of the suppliers, the Group also pays close attention to the business ethics, integrity and social responsibilities of the suppliers. The Group also conducts on-site surveys and appraisal on major suppliers, including visits to plants, assessments on their production facilities and machinery, audits on their record and management system, as well as meetings with their management. These can ensure that all authorized suppliers have followed the standards required by the Group.

The Group has developed and implemented “Procurement Management System” to ensure smooth operation of production, saving in procurement costs, optimisation and standisation of supply chain management. Centralised and specialized procurement function aims at resources sharing and efficient allocation and use of supplies among different units within the Group. All procurement is executed by signed agreements or contracts. Execution of the contracts and settlement controls are strictly monitored. The Group has compiled a list of suppliers for regular evaluation and update to monitor the consumption of raw materials and ancillary parts, etc. Through the above measures, our supply chain can be secured.

### Product Responsibilities

In strict compliance with laws and regulations including the Product Quality Law of the People’s Republic of China\* 《中華人民共和國產品質量法》), the Group takes various measures and spares no effort to ensure the quality and safety of its products and protect consumers’ rights and interests, and justifying its high regulatory compliance performance, quality certificate from certifying authority and universal recognition of customers.

To ensure that product quality meets the given standards of the Company and the relevant laws and regulations, the Group has been adopting stringent quality control procedures including:

- quality checks are conducted on raw materials supplied by our suppliers. Various supply sources are checked and compared to ensure the raw materials purchased are of the best quality. After the raw materials are mixed, we also conduct sample testing on the mixture before putting them into our furnaces;
- developed and implemented stringent quality control, assurance standards and inspection procedures at each key production process. These standards and procedures are documented in our quality control manuals which have been distributed to our quality control staff;
- automated monitoring system has been established in our production process to check and report key production parameters. If irregularity is found, correction will be made by the control staff immediately; and
- quality control laboratory has been set up in each production plant to conduct functionality tests. Finished glass products must pass the designated quality control tests, including bubble check, mechanical strength check, etc., before packaging and sale.

During the Reporting Period, the Group strictly complied with the laws and regulations relating to health and safety, advertising and labelling of the products and services provided and methods of redress. The Group has conscientiously complied with the laws and regulations in relation to labelling and customer privacy such as the Advertising Law of the People's Republic of China\* 《(中華人民共和國廣告法)》 and the Trademark Law of the People's Republic of China\* 《(中華人民共和國商標法)》, and formulated relevant rules based on the Group's own situation. The Group forbids the use of false and misleading statements during product promotion. The Group also attaches great importance to protecting its own privacy and the customers' privacy, and requires employees to strictly protect clients' personal data and information when offering service.

### **Intellectual Property Rights Maintenance and Protection**

The Group strictly complies with the Trademark Law of the People's Republic of China, Patent Law of the People's Republic of China, Copyright Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China and Foreign Trade Law of the People's Republic of China and other related laws and regulations. Adhering to the concept of scientific and technological enterprises, the Group has continuously strengthened the development, utilization and protection of intellectual property rights. During the development of domestic and foreign markets or adjustment of industrial structure, the Group gives full play to the role of independent intellectual property rights, effectively enhancing its core competitiveness.

### **Customer Management**

#### **Customer Information and Privacy Protection**

The major subsidiaries of the Group have established archives according to the customer's category and timely updated the basic information of customers and soundly kept the files confidential. During the Reporting Period, the Group has not been subjected to any breach of client privacy issues.

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## Quality Inspection and Product Recovery

The Group has attached great importance to product quality, and formulated and implemented systems and regulations related to product quality inspection and all of the relevant products have passed through corresponding quality certifications. In the process of production, the Group puts appearance and index-qualified products in storage according to relevant specifications. The unqualified products shall be disposed according to relevant regulations, and all products shall be tested according to the national standards while outbound. At the same time, the Group has formulated Control Procedures of Unqualified Products to regulate the identification, marking, isolation, review, disposal and related duties issues of unqualified products.

## Complaints about Product and Service

During the Reporting Period, the Group had no major legal proceedings or complaints in relation to product quality and service.

## Prevention of Corruption

The Group strictly complies with the Anti-Money Laundering Laws of the People's Republic of China and other related laws and regulations, and has formulated policies related to honest employment, conversation reminder, and petition-letter verification and responsibility investigation etc. The Group has propagated laws and regulations in relation to anti-corruption and other duty crimes, strictly supervises and checks the implementation of the inspection system, imposes zero tolerance on duty crimes. The Group also advocates clean and honest culture construction and creates a positive working environment within the Group through a variety of educational activities.

The Group has a smooth channel for petitioning letter and informing. The informants can report clues and problems to the discipline inspection department of the Group through letters, e-mails, phone calls and other diversified forms. The discipline inspection department will classify the clues according to the regulation of clues solutions. After internal filing, if there is any conclusive evidence of corruption and bribery, the case shall be promptly handed over to the office of the public prosecutor in accordance with the law.

The business operation of the Group complies with the standards of conduct specified in the relevant laws and regulations (e.g. the relevant anti-corruption and antibribery laws in the PRC, "Prevention of Bribery Ordinance" of Hong Kong, etc.) in the place where its businesses are located. During the Reporting Period, there did not occur any material lawsuit in relation to bribery, extortion, fraud and money laundering.

## COMMUNITY INVOLVEMENT

The Group proactively participates in social welfare and charity events. The Group donates in various ways to charitable organizations, educational institutions and disaster-affected areas from time to time.

The Group strictly complies with the decision-making authority of the shareholders' meeting, the board of directors and the president office stipulated by articles of association as well as the Management Measures of Donation to further regulate external donations and strengthen the management of donations, so as to better fulfil its corporate social responsibility.

The Group effectively fulfils its social responsibilities, actively contributes to the community and participates in public welfare.