



2019 | FUYAO GLASS

ENVIRONMENTAL
SOCIAL AND GOVERNANCE REPORT



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About this Report

The report is approved by the Board of Directors. Fuyao Glass Industry Group Co., Ltd. warrants that the content of this report does not contain any false representations, misleading statements or material omissions.

Reporting Scope

This report principally includes the principal domestic business of the Company and its major affiliates under operation control covering the period of January 1 to December 31, 2018. Some content can be traced back to past years or extend to FY2019. “1 yuan”, “10,000 yuan”, “100 million yuan” in this report refer to “Renminbi 1 Yuan”, “Renminbi 10,000 Yuan”, “Renminbi 100 million Yuan”, unless otherwise stated.

Definitions

For shorter form of expression, “Fuyao”, “Fuyao Group”, “Company”, “the Company”, and “we” refer to Fuyao Glass Industry Group Co., Ltd.

References

This report is written in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 to the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited (“HKEx”) as well as Sustainability Reporting Standard (“Standard”) released by Global Reporting Initiative (“GRI”), Guidance on Social Responsibility (GB/T 36000-2015), Guidance on Social Responsibility Reporting (GB/T 36001-2015), Guidance on Classifying Social Responsibility Performance (GB/T 36002-2015) released by State Administration for Quality Supervision and Inspection and Quarantine and Standardization Administration of China, and Guidance on Social Responsibility (ISO 26000) released by International Standard Organization.

The Group has assessed applicability and materiality of relevant aspects and KPIs according to the ESG Reporting Guide. The Report has been compiled with the disclosure requirement of “Comply or explain”, explained the disclosure rules inapplicable to the Group, and followed the ESG reporting Guide’s reporting principles:

- > “Materiality”: The Group identifies key environmental, social and governance issues through stakeholder engagement and materiality assessment;
- > “Quantitative”: The Report states the Group’s key environmental and social KPIs on a quantitative basis;
- > “Consistency”: The relevant disclosure and statistical methods of the Report are consistent with those used in prior years without any changes, which will remain unchanged in the subsequent years.

Source of Data

All information and data in this report are from formal documents, statistic reports and financial report, etc. of the Company and reviewed by relevant departments.

Report Availability

Both Chinese and English versions of this report can be viewed on the Company’s official website at <http://www.fuyaogroup.com>, Shanghai Stock Exchange’s official website at <http://www.sse.com.cn> and Hong Kong Stock Exchange’s official website at <http://www.hkexnews.hk>. In case of any conflict or inconsistency between the Chinese version and the English version, the Chinese version shall prevail; in case of any conflict or inconsistency between this report and the Group’s annual report, the annual report shall prevail.

1. ABOUT FUYAO GROUP



1.1 Company Profile

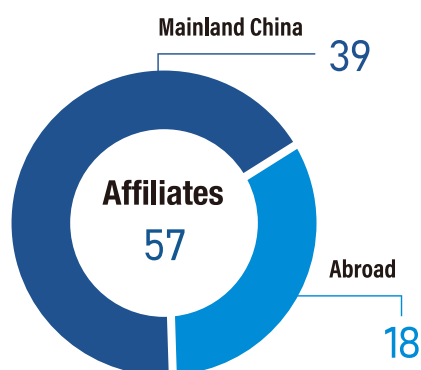
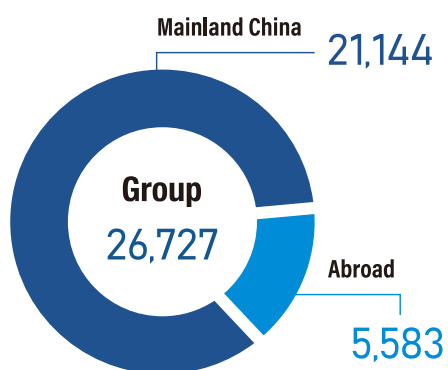


Fuyao Glass Industry Group Co., Ltd. was incorporated in 1987. The Company outstripped its peer companies in listing on the main board of Shanghai Stock Exchange in June 1993, and commenced trading on the Stock Exchange of Hong Kong Limited ("HKEx") in March 2015, for the purpose of expanding its presence in international market.

Since its inception, Fuyao Group has made progress towards self-perfection and maintained its inherent sense of mission: from "making our pieces of glass for Chinese" to "setting an example for automotive glass suppliers", from "Fuyao benefiting the world" to social charity activities under the leadership of the Chairman, Fuyao Group upholds the core values of "diligence, simplicity, learning and innovation" and leverages technical and innovative culture and talents, so that it has systemically cultivated the sustainable competitive advantages and profitability for "Fuyao" to become a reliable company for customers, shareholders, employees, suppliers, government, distributors and the society in the long run.

The Company is principally engaged in providing total solutions of safety glass for various transportation vehicles, including design, manufacture and sale of automotive grade float glass, automotive glass and locomotive glass and provision of relevant services. The business model of the Company is globalized research and development, design, manufacture, distribution and after-sales services. Adhering to its brand development strategy of maintaining an industry-leading position in technology and quickly responding to market changes, the Company works with its customers on product design, manufacturing and rendering of services, focuses on improving business ecological chain and responds to the ever-changing demand of customers systematically, professionally and rapidly, thus creating value for its customers. Fuyao is an enterprise under green development model featuring strong sense of social responsibility, safety, environmental protection, integrity and win-win cooperation.

1.2 Annual Operation



Unit: Yuan Renminbi

Revenue (million)	Profit (million)	Annual profit attributable to equity shareholders of the Company (million)	Basic earning per share	Paid taxes (million)	Social contribution per share
211.04	32.31	28.98	1.16	22.14	3.99

In 2019, the Company focuses on the Group's business strategy, which is "Continuously creating value for customers", and committed to enhancing the company's comprehensive competitiveness, which is oriented by market, supported by technological innovation, and protected by standardized management. The detailed work included:

1、The domestic and international market structure became more reasonable, and the effects of internationalization emerged.

The revenue from domestic and international market accounted for about 1:1, which meant the market structure was further balanced, and the ability to resist risks was enhanced.

2、Promote the upgrading of product structure.

The Company continued to promote the development of automotive glass in the direction of safety and comfort, energy saving and environmental protection, and intelligent integration. The proportion of high value-added products continued to increase.

3、Promote the deep integration of the industry.

On February 28 2019, the Company acquired the aluminum bright strip asset of German SAM to realize the downstream extension of aluminum trim. At the same time, the Company acquired Jiangsu Decorative Parts and established Fuyao (Tongliao) Refined Aluminium Co., Ltd. to form an upstream and downstream linkage with German aluminum decorative parts and improve the aluminum decorative industry chain.



4、R&D Innovation and technology leadership.

The Suzhou Research Institute was established to form a joint force with Fuqing Research Institute and Market Technology Center, by which the construction of R & D institutions was further strengthened.



2. CORPORATE GOVERNANCE



2.1 Corporate Governance Concept

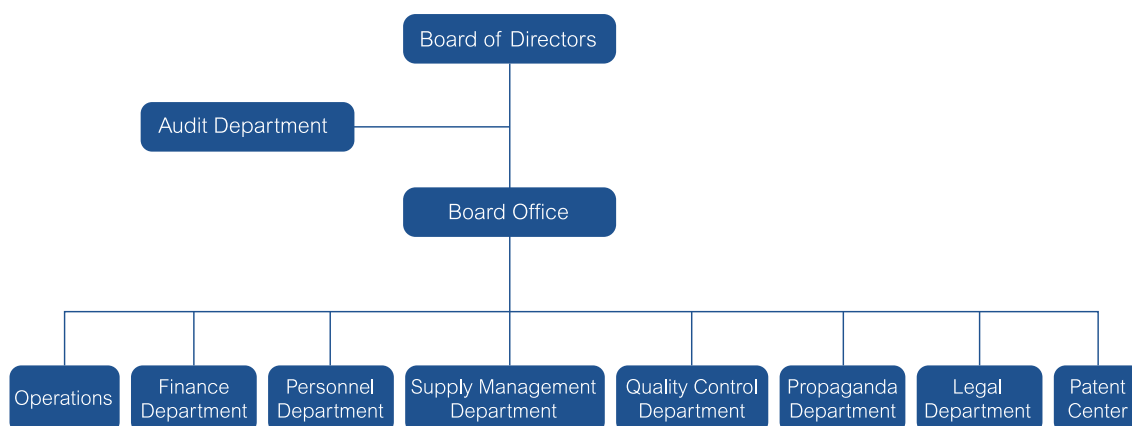
Embracing the social responsibility concept of “Self-development while benefiting the world” and upholding the vision of “Making our pieces of glass for Chinese” since the establishment, Fuyao Group strives for the goal of “Becoming the most competitive automotive glass supplier in the world”. In this process, Fuyao Group adheres to the goal of being loyal partner of global clients, model of global industry, best employer of global employees, and trusted brand of global public. Based upon its own expansion and development, Fuyao Group rewards society by practical actions, including caring for nature, protecting the environment, zealously participating in public welfare undertakings, actively fulfilling social responsibilities, unifying the Company's economic benefits and social benefits, and harmonizing the development of the Company and of the society.

ESG management policy:

In order to further implement the sustainable development of the enterprise in Fuyao, fully and actively fulfill the responsibilities of modern corporate social citizens, meet the compliance requirements of the ESG Reporting Guide of HKEx, and promote the implementation of Fuyao's corporate culture - “Development of self and good world”, Fuyao formulated the ESG Report Management Policy, to facilitate unified management of Fuyao's ESG related work. Each subsidiary and department of Fuyao took active fulfillment of corporate social responsibilities as the starting point, and took into account all aspects of human, social and environmental factors in the management process. Fuyao became a model for operating in accordance with the law, honesty and trustworthiness; pioneer in saving resources and protecting the environment; and an example of people-oriented and harmonious development, which fostered the balanced development of economy, environment and society and provided a powerful guarantee for the realization of long-term sustainable development of enterprises.

The Board's oversight of ESG issues:

The Board of Directors (the “Board”) is the highest decision-making body for ESG management. It is responsible for studying and formulating ESG strategies and policies, assessing and determining ESG risks. It is responsible for and ensuring the establishment of appropriate and effective ESG risk management and internal control systems. It determines the scope of ESG reports, and prepares planning and measures, reviews trustworthy policies involving the environment and sustainable development. It supervises, inspects, and evaluates the implementation of the ESG Reporting Guide for the entire company.



**The senior management is responsible for implementing the strategy and various goals and measures of the Company's ESG report approved by the Board.
The main responsibilities include:**

Formulating various business strategies and programs that can increase returns for shareholders, customers and other stakeholders;

Formulating relevant measures for compliance operation and product quality improvement;

Formulating measures to care for employees and protect their development rights;

Regularly reporting to the Board on the implementation of the Company's ESG, and providing the Board with confirmation of the effectiveness of the system.

Fuyao established Fuyao ESG report working group, headed by the leader of the Board Office as the person in charge, and composed of leaders of Operation Department, Finance Department, Human Resources Department, Supply Management Department, Quality Management Department, Audit Department, Propaganda Department, Legal Department and Patent Center.

**The Board Office is the leading department for ESG report.
Its main responsibilities include:**

Organizing relevant departments to carry out ESG reporting and maintain close communication with each unit;

Decomposing each indicator into each functional department and designating the manager and responsible person of each functional department according to the requirements of the ESG Reporting Guide;

Organizing each functional departments to regularly report the information and data required by the ESG Report, and preparing the Company's annual ESG report;

Managing and coordinating with external service agencies for the ESG report, and carrying out communications, consultation, and training related to ESG report;

Regularly reporting to senior management on the Company's ESG performance;

Organizing the Company's annual ESG report audited internally to the Board for approval according to work plan, and being responsible for the disclosure and publicity of the report.

2.2 Stakeholders Engagement

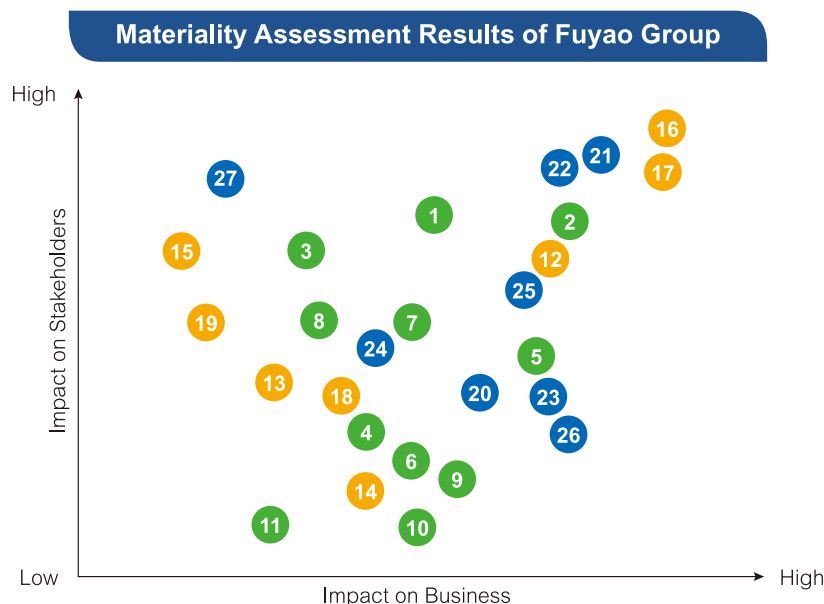
The Group adopts diversified communication mechanisms to communicate directly with all the stakeholders involved, including the government, shareholders, employees, customers, the community and the society, business partners and environment, and proactively responds to their expectations for the Group.

Stakeholders	Stakeholder's expectation	Communication mechanism
 Government	Law compliance Legal tax payment Support in local development	Daily management Meeting Supervision
 Shareholder	Sustainable development, returns to shareholders Information disclosure, investor relationship Corporate governance, risk control	General Meetings of Shareholders Information disclosure Activities of investor relationship
 Customer	High-quality products Superior service Consumer rights protection	Product quality management Customer satisfaction survey
 Employee	Salaries and welfare assurance Good working environment and development platform Equal opportunities of promotion and development	Compensation and benefit Staff care Democratic management Staff training
 Partner	Commitment fulfilment Fair, open and righteous purchasing Win-win development	Supplier chain management system Supplier conference
 Society	Contribution to urban development Public notion improvement Contribution to community harmony	Charity Create jobs Community construction Care for elder and children
 Environment	Environment protection improvement Ecological balance protection	Emission management Resource reduction

2.3 Materiality Assessment

In accordance with the ESG Reporting Guide released by HKEx, Fuyao Group has established the ESG materiality assessment model. Through seeking feedback from internal stakeholders, conducting external consultation with third-party professional organizations, and taking account of relevant standards for social responsibilities, the Group also has collected relevant issues and ranked such issues in the material perspective of “impact on the Company’s business” and “impact on stakeholders”, and determined the material issues deemed significant and thus would be prioritized in disclosures and responses thereafter.

Environmental and social areas listed in the ESG Reporting Guide		Significant environmental and social issues of the Group
A Environmental	A1 Emissions	1 Environmental management policies and system 2 Wastewater and waste gas management 3 Climate change 4 Hazardous and non-hazardous waste management
	A2 Use of Resources	5 Energy efficiency improvements 6 Water consumption 7 Packaging materials consumption 8 Development and use of cleantech
	A3 Environment and Natural Resources	9 Noise control 10 Green products 11 Biodiversity
B Social	B1 Employment	12 Protect the rights of employees 13 Anti-discrimination, diversity and equal opportunities 14 Staff Care 15 Staff communication and satisfaction survey
	B2 Health and Safety	16 Production safety 17 Occupational health
	B3 Development and Training	18 Talent development
	B4 Labor Standards	19 Preventing child labor and forced labor
	B5 Supply Chain Management	20 Supply chain management
	B6 Product Responsibility	21 Product quality 22 Customer service 23 Intellectual property 24 Advertising and label management 25 Information security
	B7 Anti-corruption	26 Commercial ethic and Anti-corruption
	B8 Community Investment	27 Charity and public benefit activities



2.4 Responsible Operation

Improving governance structure

In strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules for Governance of Listed Companies and other documents relating to corporate governance issued by China Securities Regulatory Commission ("CSRC"), Shanghai Stock Exchange ("SSE") and HKEx, the Company strengthened the standard organization of the Shareholders' Meeting, the Board of Directors and the Board of Supervisors, continuously improved the corporate governance structure, and standardized the Company's operation.

The Board of Directors has established the Nomination Committee, the Strategy and Development Committee, the Remuneration and Assessment Committee and the Audit Committee. The Committees have respective terms of reference, report to the Board of Directors, and provide suggestions and consultations to the Board of Directors in decision-making under the leadership of the Board of Directors.

Strengthening risk control

The Company set up a scientific governing framework to continuously improve the internal supervision and control mechanism. Based on internal control provisions such as the Internal Control Management Handbook, the Internal Control Management Policy, the Internal Audit Management Policy, and the Internal Evaluation Management Policy, the Company continuously improved the internal supervision and control mechanism by preventing, identifying and cracking down frauds, so as to make the Company's anti-fraud control system work effectively.

Each year, the Company employs external auditing agencies to independently audit the Company's risk of internal control fraud, which will be further reported to the Audit Committee under the Board of Directors, so as to effectively prevent the Company from making false financial reports or concealing the misappropriation of assets and other frauds, and ensure the Company's operation and management develop in a sustainable and healthy way.

In 2019, the Company did not have any corruption or fraud.

Creating atmosphere of integrity

Fuyao Group stays true to the management philosophy of “Human-orientation and integrity”, adopts the honest culture value cycle of “Product-service-morality-responsibility” as its bedrock principle, and prioritizes the Company’s brand strategy of “moral standing, product, quality and taste” with moral standing in the first place. The staff of the Company uphold the team concept of “unity, efficiency, cleanness, fairness”, view “diligence, simplicity, learning and innovation” as core values and maintain upright, righteous, independent, sincere, and positive with a view to qualifying as honest, trustworthy and principled Fuyao staff.

To enhance the self-discipline awareness of all employees, the Company regularly advocates incorruptions with investigations conducted on a regular basis, including posting clean conduct and self-discipline warning notices before traditional holidays, imposing mandatory rotation requirements for positions exposed to significant risks; and signing Integrity Commitment Letter with all the external units exposed to significant risks.

Establishing a sound supervision mechanism

Strictly abiding by relevant laws and regulations, the Company has established a sound internal control structure consisting of rigorous policies, internal control management manuals and supportive fraud and unethical behaviors of Fuyao;

© Related policies developed by the Company:

Anti-Fraud Management Policy	It is stipulated that middle and senior management personnel and ordinary employees should strictly abide by laws, regulations, professional ethics and codes, safeguard the legitimate rights and interests of the Company and shareholders, and mitigate the risk of corporate fraud.
Interest Conflict Investigation Management Personnel Avoidance System	It is stipulated that the Company’s directors, supervisors, senior management and all staff shall abide by segregation of duties and avoid any conflicting issues related to Company’s interests, highlight the principle of “Focusing on prevention; staff cleanness and discipline” in anti-fraud and anti-corruption, so as to effectively secure Company’s interests.
Employee Code of Conduct Cleanness and Discipline Management Regulation	These regulations require the staff to follow professional ethics and strictly prohibit them from obtaining benefits through bribery or other unethical means.

Perfecting the reporting mechanism

The Company has set up the reporting mechanism and furnished open reporting channels to create an environment where everyone is responsible for company’s interests.

The Company has set up a whistle-blower hotline (0591-85363456) and an E-mail (GM@fuyaoigroup.com), for shareholders, customers, suppliers, the public and Fuyao staff to report confirmed or suspected fraud.

The Company’s Board of Directors authorizes the independent Internal Audit Department to accept and handle reporting of misconduct and report to management and the Board of Director on investigation results.

The Company’s Audit Department keeps informants’ information in confidence and has formulated mechanism to protect and encourage whistle blowers.

3. SHAPING FUYAO BRAND AND DELIVERING HIGH QUALITY PRODUCTS



3.1 Quality Culture

In strict compliance with laws and regulations including the Product Quality Law of the People's Republic of China, Fuyao Group takes various measures and spares no effort to ensure the quality and safety of its products, protect consumers' rights and interests, and justify its high regulatory compliance performance, quality certificate from certifying authority and universal recognition of customers. The Company breached no rules and regulations in 32 consecutive years with 100% of products passing the inspections and sampling tests of all levels of authorities.

The Products have obtained certificates of China CCC, US, Europe, Japan, South Korea, Australia, Russia and other countries and regions. At the same time, they also have been certified and selected by the world's top automobile manufacturers and major manufacturers

Supplier Awards	GM	Global Supplier Award, Outstanding Quality Award, Outstanding Quality Supplier Award and Green Supply Chain Partner
	Volvo	Supplier Excellence Award
	Ford	Gold Award for Global Excellent Supplier
	Jaguar Land Rover	Best Supplier Gold Award
	Honda	Excellent Appreciation Award

The Company puts great premium on training employees on required basic knowledge and skills, including pre-job education, hands-on training, apprentice training, and qualification verification, in forms of morning assembly and quiz, etc., to raise employees' quality awareness. It actively responds to the national call to participate in the March 15 and quality month activities held by the China Association of Quality Inspection each year. Each subsidiary promotes quality through diversified forms and builds a quality culture that integrates management and quality. The Company also established a continuous improvement department, which regularly carries out lean management activities to acquaint employees with tools such as 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke), 7 QC tools and 8D problem solutions.

3.1 Quality Management Mechanism

Adhering to the philosophy of "thriving on quality", Fuyao Group has implemented a full life cycle control from "design, development, manufacturing, sales to customer added-values services", so as to execute industry life-circle control, ensure effective control of products at all stages and thus stable product quality. The Company has also formulated Fuyao internal system and product technical standards stricter than national and industrial criteria according to the IATF16949, ISO14001 and ISO 45001 system as well as standards of its clients from China, Europe, US, Japan and Korea etc., and taken stringent quality control measures as per these standards to ensure safe and adopt comprehensive quality control measures to continuously guarantee safe and high quality products and services for mainframe plants and end consumers.



The Group always strictly abides by all kinds of laws and regulations, and has assigned specific persons to collect them regularly and check the implementation in the OA system.

3.3 Customer Services

Fuyao attaches great importance to the customer privacy and the confidentiality of information, and internally defines processes for management and control conducts internal and external audits every year to confirm the effectiveness of the implementation of the process. If there is a deviation, it will issue non-conformities for rectification until the problem is resolved.

In order to guarantee the complaints of quality problems can be solved efficiently and timely as well as to improve customer satisfaction, Fuyao Group formulated relevant provisions such as the Provisions for Customer Complaints according to laws and regulations including the Law of the People's Republic of China on Protection of Consumer Rights and Interests. Sound after-sale services, quality information feedback procedures and customer complaints management framework have also been set up so that customer complaints can be passed efficiently among responsible departments of its subsidiaries and timely settled. The Company furnished the E-mail fyqm@fuyaogroup.com to take customer complaints about quality and built a nation-wide sales services network to actively respond to the appeals of consumers and customers within 24 hours, with the goal of providing timely and high quality services. The Group has also set up database that is accessible at different stages of new projects, so as to prevent re-occurrence of quality issues inside the Company and mitigate product quality risks.

In terms of customer complaints, the Company adheres to the "1-3-7 principle" as per the Provisions for Customer Complaints and the information feedback mechanism, which is: within 1 working day upon receiving complaint, contact with customer should be initiated to get the whole frame of the situation, then an emergency plan should be attached; within 3 working day upon receiving complaint, a preliminary finding including validated provisional measures should be provided; within 7 working day upon receiving complaint, an official survey report including the statement of current progress and rectification directions from now on should be provided. If the customer has specific requirement regarding response time, the Company should adjust the plan timely as required by the customers to meet their needs and improve their satisfaction.

● Number of products and service related complaints received

FY 2019 | 114

FY 2018 | 219

3.4 Regulating Intellectual Property Rights Management

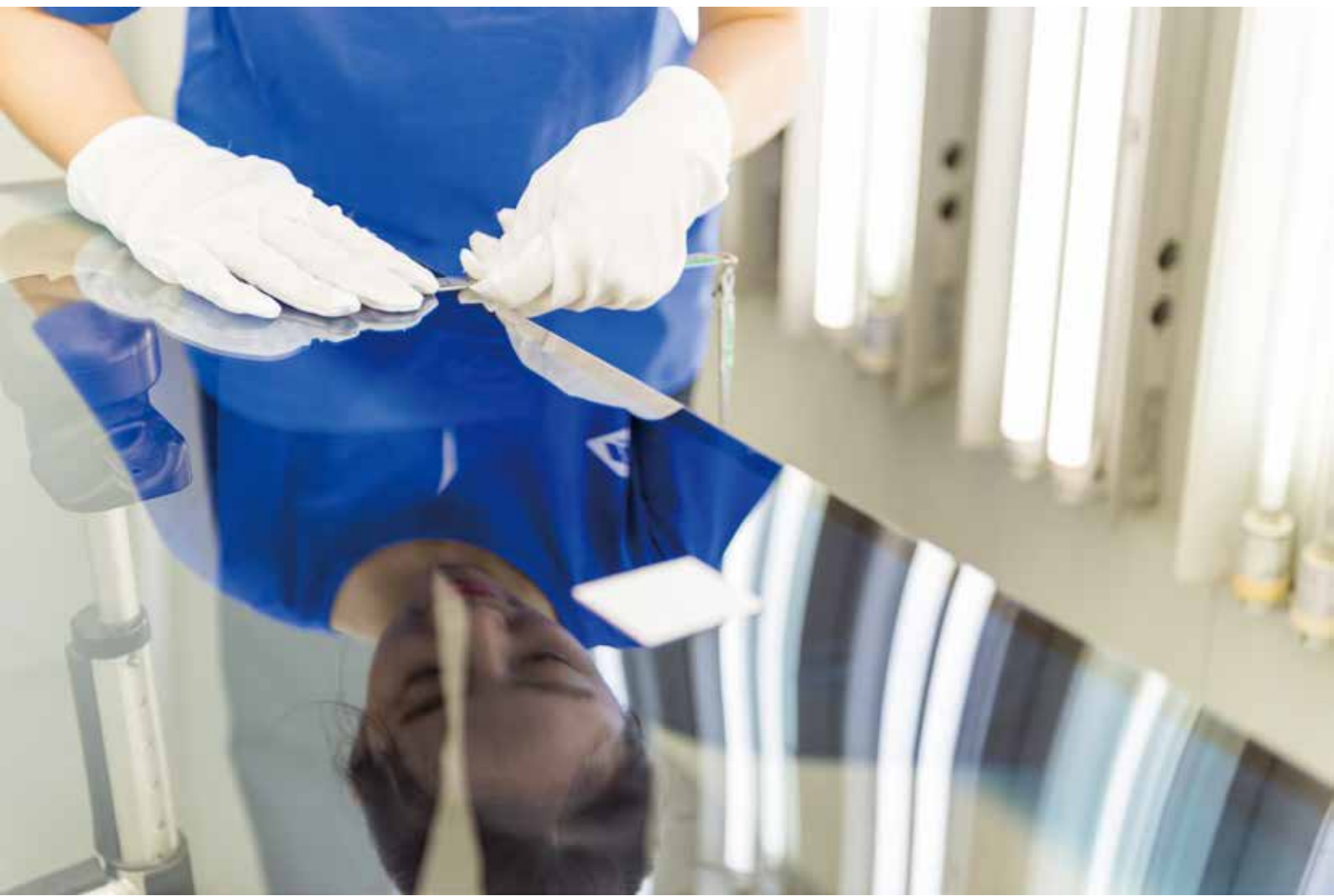
In strict compliance with relevant policies and provisions, Fuyao Group has made active efforts in intellectual property right work and obtained recognitions from the state and governments: obtained the title of "Patent Work Communication Station" by the State Intellectual Property Office in 2008; stood out as the only finalist for 2013 National Patent Pilot Site Enterprise of the province; ranked among the First Batch of National Intellectual Property Right Model Enterprise in 2013 and passed the review in 2016 and; obtained 3 China Patent Excellence Awards and a number of provincial and municipal patent related awards.

To protect customers' rights and interests and ensure that all products they buy are quality and genuine, Fuyao Group has made every endeavor to crack down Fuyao glass counterfeits under the support of relevant authorities such as the Public Security Bureau, Industrial and Commercial Administration and Technical Supervision Bureau, and purified the automotive glass market substantially.

In sync with its continuous after-sale market counterfeit combat and market purification, the Company also formulated management policies to standardize distribution stores and brands, so as to provide more high quality and safe services for consumers, establish an industry benchmark in respect of after-sale glass installation quality, and show its resolve to undertake social responsibilities.



4. UPHOLDING HUMAN-ORIENTATION SPIRIT AND DRIVING EMPLOYEE DEVELOPMENT



4.1 Building Diversified Team

The Company gives full expression to the guideline of “human-orientation” and puts it into practice in respect of production and operation, staff training, work safety, remuneration & benefits and payment of “five social insurances and one housing fund”, etc. as well as its care for the life, health, safety and professional development of its employees in an all-encompassing and multi-dimensional manner.

In strict conformity with applicable laws and regulations including the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, Fuyao Group formulated the Recruitment Management Policy in order to regulate the recruiting procedures, improve talent selection mechanism, protect staff rights and interests, and safeguard employees' human rights and privacy. The labor contract is duly signed according to the relevant laws and regulations and legitimate rights and interests are safeguarded based on the principles of “equality, fairness, integrity”.



By expertise of employment



Production staff	19,469	Administrative staff	924
Other staff	1668	Sales staff	876
Technical staff	3508	Finance staff	282

By educational level



Below high school	5,170	Junior college	4,766
Specialized secondary school graduates and high school graduates	12,695		
University graduates or above	4,096		

4.2 Protecting Employees' Rights and Interests

Labor standards

Fuyao Group tolerates no child labor or forced labor in strict compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Provisions on Prohibition of Using Child Labor. 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, Fuyao 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.

Equal opportunities

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.

Remuneration and benefits

In line with the principle of "Fairness, competition, motivation, economy and compliance with law", Fuyao Group formulated the Remuneration Management Policy, Employee Performance Management Regulations and Benefit Management Policy, and set up compensation mechanism where monthly fixed pay and annual performance are linked. A competitive payment is provided to its staff by fair and reasonable salary management and incentive mechanism. Remuneration of employees of Fuyao Group is mainly composed of various pay including basic salaries, merit pay, bonuses, subsidies and allowance; salaries are adjusted in a timely manner in accordance with the Company's results, employees' performance, seniority and the work attitude. In addition, the Company strictly implements state laws and regulations and pays medical insurance fund, public pension fund, unemployment insurance fund, work-related injury insurance, public maternity insurance fund and housing provident fund on time and in full. Other benefits include meal allowances, working lunch, high-temperature subsidies and middle/night shift subsidies etc.

Democratic management

Fuyao Group respects the workers' right to freely associate and collectively negotiate, and allows the workers to freely organize or join in trade unions. Giving full play 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. Fuyao Group sticks to 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 & 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, the Employment Promotion Law of the Peoples Republic of China and the Employment Ordinance, Fuyao 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.

4.3 Creating a Safe Environment

Fuyan Group always adheres to the concept "Safety is more important than everything". By continuously strengthening the level of safety management, continuously building the safety culture of the Company, promoting the optimization of equipment and facilities, raw materials and production processes, Fuyao Group strives to provide more safe, comfortable and beautiful working and living environment for its employees, and strives to ensure the safety and health of all employees. The Company sets up EHS (environmental protection, health and safety) department under the Board office, which is responsible for the continuous improvement and update of Fuyao Group's EHS management system, supervising and guiding all subsidiaries to establish, update and improve the EHS management system, and ensuring the Company's responsibilities and obligations in terms of environment, occupational health and safety.

Case: Protection improvement of paper cutting machine in Changchun Automobile Glass Tempering Plant

Description: There was no safety protection top block when the paper cutter and knife bar were replaced in the paper cutting machine of the plant. When the staff changed the knife or knife bar more frequently, there was a large potential safety hazard. The paper cutter can interlock the top knife block and the paper cutter (that is, the paper cutter cannot operate if the top knife block is not taken out after replacing the knife or the knife bar) by adding a panel for making the top knife block and shielding the grating to realize the intrinsic safety.

Benefit: Safety accidents caused by equipment failure (brake failure) are avoided.



Before improvement

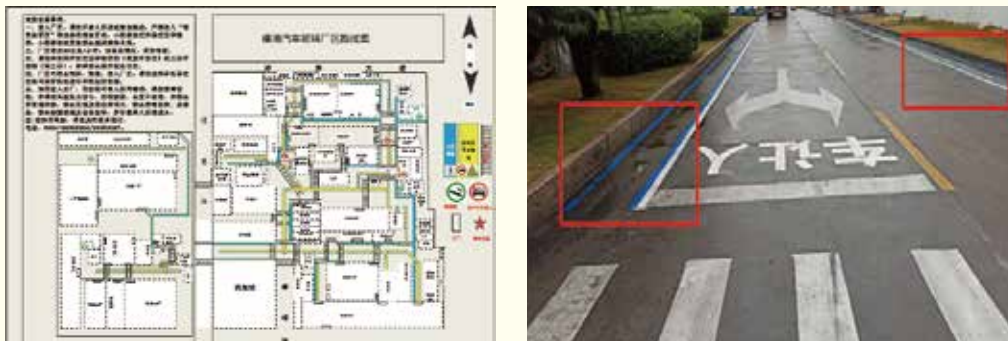


After improvement

| Case: | Diversion of people and vehicles in Fuqing Automotive Glass plant

Description: The diversion of people and vehicles in the Company's plant area was not in place, which caused some employees and outsiders to walk between areas with potential safety hazards, and there had been traffic accidents in the plant. Therefore, the Company has decided to comprehensively plan the pedestrian access line in the plant area to connect the whole plant area into one, and stagger the period of centralized vehicle operation, to realize the diversion of people and vehicles. The pedestrian access line is divided into the primary area, which is supervised by the staffs of the environmental safety department who formulate the walking rules and guide the staff to pass on site.

Benefit: Draw lines from sidewalks in the plant area, and no traffic accident occurs in the plant.



Pedestrian route map in the plant

| Case: | Compulsory speed limit of forklift in Suzhou Automotive Glass

Description: Contact the supplier to reform the forklift to achieve the purpose of mandatory speed limit. No matter how much the accelerator is stepped on, the traveling speed of the forklift will not exceed 10km / h.

Benefit: Effectively reduce on-site motor vehicle accidents.

Improving the safety system

In order to better implement national laws and regulations related to production safety, including the Work Safety Law of the People's Republic of China, the Regulations on Production Safety License, the Regulations on the Safety Management of Hazardous Chemicals, etc., and national, industrial and local standards such as the Safety Signs and Guidelines for the Use, the Chemical Classification and Hazard Publicity, the Emission Standard of Volatile Organic Compounds in Fujian Printing Industry, etc., Fuqing Automotive Glass and Guangzhou Automotive Glass have continuously improved the Company's relevant safety management methods and guided the employees to operate according to the management methods since the introduction of the NOSA EHS management system to prevent the safety risks in the process of production and operation, and ensure the safety, health and property safety of employees, which greatly improved the Company's safety management level and employees' safety awareness.

Case: Implementation of NOSA EHS management system

Description: Since the introduction of NOSA EHS management system in July 2018, Fuqing Automotive Glass and Guangzhou Automotive Glass have implemented it in ten stages for nearly one year. Fuqing Automotive Glass has added 50 new management standards, and Guangzhou Automotive Glass has added 173 new safety operation instructions, providing guarantee for the safe and stable operation of the Company.



Fuqing Automotive Glass and Guangzhou Automotive Glass respectively passed the three star certification of NOSA EHS management system on 16 and 22 August 2019. They are the first enterprises in the industry passing the three star certification of NOSA EHS management system, improving the company's EHS management level. In 2020, the Company will comprehensively promote the NOSA EHS management system and strive to achieve the goal of zero accident as soon as possible.

Benefit: Through the three star certification of NOSA, the injury rate of 1000 people of Fuqing Automotive Glass dropped by 65.5% year on year, and that of Guangzhou Automotive Glass dropped by 50% year on year.



Fuqing Automotive Glass NOSA star certificate



Guangzhou Automotive Glass NOSA star certificate

Organizing safety campaign and education

In order to strengthen and standardize the safety training of the Company, improve the safety quality of employees, prevent casualty accidents, and reduce occupational hazards, according to the Provisions on Safety Training of Production of Operation Units, Fuyao Group has formulated the Safety Education and Training Management Regulation to implement the three-level education and training, skills training of responsible personnel and safety management personnel, and certification of special operations personnel so that employees can receive necessary pre-job safety education. The Company regularly carries out safety publicity in different ways within the Company, and regularly organizes professional safety knowledge and skills competitions to create a safety atmosphere and improve the safety awareness of employees.

| Case: | Safety knowledge training

In the process of promoting the NOSA EHS management system, the professional teachers of Shenzhen Nuocheng Consulting Co., Ltd. trained the Company's safety management personnel and relevant personnel on element interpretation, behavior safety observation method, hazard identification, internal auditor, etc.



Element interpretation training



Behavior safety observation training



Hazard identification training



Internal auditor training



Case: Fuqing Automotive Glass production safety month

In production safety month 2019, focusing on the theme of "Implementing the three star standard of NOSA, improving the EHS awareness", Fuqing Automotive Glass organized the general manager to talk about safety, hidden danger inspection activities, publicity of safety knowledge (design posters, video recording and broadcasting, LED board, wechat quiz, etc.), special drills (earthquake escape drills, chemical leakage drills, hazardous waste leakage drills, fire drills), NOSA EHS knowledge competition and other activities to improve safety awareness and emergency response ability of all staff.



The general manager talks about safety



Safety oath



Safety month poster



Safety knowledge competition

Minding fire safety

According to the Fire Control Law of the People's Republic of China and other laws, regulations and standards related to fire control, the Group has formulated the Fire Safety Management Regulations, and the subsidiaries have formulated the fire related management measures and fire emergency plan according to the Group's management regulations. In order to improve the ability of emergency response and self-rescue and mutual rescue of employees, each subsidiary regularly conducts fire drill, and invites local professional departments (such as local fire brigade) to provide fire training and on-site guidance for employees.

In 2019, Fuyao Group had no fire accident.

| Case: | Fire training and drill

In order to improve the ability of fire emergency treatment, self-rescue and mutual rescue of employees, Fuyao Automotive Glass carried out fire training and drill.



Reinforcing occupational health management

According to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Supervision and Management of Occupational Health in the Workplace, the Measures for the Supervision and Management of Occupational Health Supervision of the Employer and other relevant laws and regulations, the Company formulated the Provisions on the Management of Occupational Health and Safety and the Provisions on the Management of Labor Protection. Thus, "three Simultaneities" of occupational disease prevention, the assessment of occupational disease hazards and the occupational hazards of the construction project hazard notification, health vocational education and training, occupational health physical examination, occupational hazard accident treatment and report, and the need and use of labor protection appliances are specified in detail to prevent, control, reduce and eliminate occupational hazard factors and ensure the health of employees.

In 2019, none of Fuyao Group's employees had health hazards or occupational diseases due to occupational hazards.

| Case: |

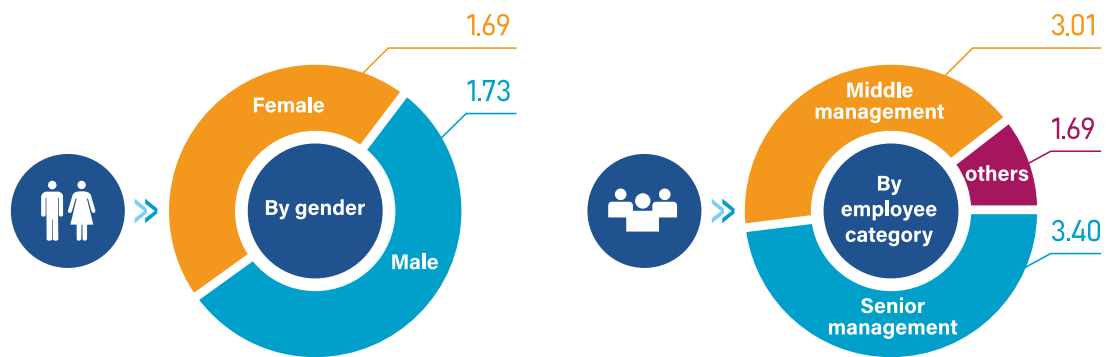
In order to minimize the impact of occupational hazards on the health of employees, the Company provides reasonable safety protection articles as well as training for correct wearing of labor protection articles.



4.4 Driving Employee Development

Fuyao Group regards human resources as the primary resource of the corporate and has formulated a series of management measures for employee education and training including the Training Management Regulation and Management Regulation for the Construction of Talent Team, which regulate the Company's training management, intensify training efforts, and promote employees' development.

The average training hours completed per employee



Diversified training

Fuyao Group customizes continuous education and trainings for its employees and endeavors to improve the competency and abilities of all levels of employees on an ongoing basis. In education and training planning and implementation, the Company pays attention to various training needs of junior staff, leaders and administrative staff, technical personnel and line management staff as well as the evolving needs of Fuyao Group, and invites in-house or external trainers to offer six categories of customized training sessions, i.e. orientation training, operation training, professional training, administration training, comprehensive training and mandatory training to employees of different levels and types in forms of lectures, on-site operation, seminars, case study, role play, simulation-based trainings and outdoor trainings. The Company also provides employees with opportunities of receiving international trainings and on-the-job advanced education so as to build a sound diversified staff training system, encourage more employees' involvement, and eventually achieve better training results.



Junior employees	The Company helped staff to master required basic knowledge and skills, carried out on-the-job education to obtain advanced degree, upgraded the working practice bases, put theories into practical use, and carried out training programs on an ongoing basis.
Leaders and administrative personnel	<p>The Company sent leaders and administrative personnel to foreign “Industry 4.0” model enterprises for study and exchange of ideas, so as to help them widen horizon and get more insights into patterns, administrative mindset and methodologies;</p> <p>The Company arranged mindset training for senior management, enabling leaders and administrative personnel to renew their understanding of their roles, missions and faith in the new era;</p> <p>The Company continues to provide customized training programs to new administrative personnel and carry out coaching and practicing for employees to be promoted for filling their knowledge gaps so that they can be competent for future duty performing.</p>
Technical and line management personnel	The Company conducted innovative management through continuous reinforcement of the learning and practicing of the TRIZ (Theory of Inventive Problem Solving), DOE (Design of Experiment) and the Taguchi method as well as promotion of design and research results; efforts have also been made to continuously improve the six sigma yellow/green belt programs and the QCC (Quality Control Circles) program, etc. to increase the overall rate of finished products.

Talent team construction

To develop and foster more talents for the Company and build a successive talent team, the Company has formulated the Management Regulation for the Construction of Talent Team, which requires implementing count and review of talents as well as laying down talent team construction goal and cultivation plans; in order to promote the parallel development of corporate strategies and employee needs, and to ensure the openness, fairness, justness and efficiency of talent development and use, Fuyao Group has established the Management Regulation for Employee Career Development, which stipulates the career development channels and corresponding evaluation criterion for managerial, technical, functional and operational positions to help the employees define their career orientation and offer development opportunities to more employees with potential.

Cross-subsidiary exchange

As the Group is hastening its pace of going global, the Group now owns a dozen overseas subsidiaries and has invested and established manufacturing plants in US, Germany and Russia, etc. The acquisition of SAM gives the Company further exposure to Eastern Europe and South America. In order to promote the experience sharing and idea integration within the Company, it arranged outstanding managers, business backbones or professional technicians to provide technical support and experience sharing for overseas subsidiaries, and regularly organizes overseas employees to visit and exchange experience with outstanding domestic subsidiaries.

4.5 Staff Care

On the basis of highlighting the scientific and humanized management of employees, Fuyao Group attaches great importance to strengthen employees' team work and sense of belonging. The Company advocates the common development of the enterprise and employees, strives to provide employees with good working conditions, healthy living environment and expansive development space, creates an environment suitable for “learning, working, living and developing” and organizes various activities to strengthen the physical and mental health of employees. For example:

- 01 The Company regularly arranges employee physical examinations and offers paid annual leave, food allowance, high temperature subsidies, etc.
- 02 The Company provides good accommodation conditions for employees. For instance, staff dormitories are equipped with air conditioners and the living quarters are equipped with staff canteens, etc.
- 03 The Company has various types of mass associations, including the football association, the basketball association, the table tennis association, the badminton association, and the outdoor walking association. The Company opened an on-line community information sharing platform over the enterprise WeChat account, where the community application channels are open, the associations regularly recruit members and actively organize various events and activities to enrich the staff's leisure life.
- 04 In the living area, there are basketball courts, tennis courts, badminton courts, billiard parlors, table tennis rooms, chess and card rooms, gymnasiums, libraries with hundreds of thousands of books and electronic reading rooms. This has created a happy and comfortable living environment to encourage staff to balance their work and life.
- 05 The Company regularly holds various festival galas such as garden parties, employee games and Spring Festival gala to enrich the culture life of employees.
- 06 The Company communicates with local government departments to help the employees solve the schooling problems of their children.

Fuyao Group always regards every employee as its own child. In order to better take care of every "child", the Company set up a beneficent fund in 2013 and built a corporate love platform to help families in extreme economic problems result from emergencies.



Employee birthday party



Fuyao Sports Meeting



Fuyao European football match

5. COOPERATING WITH SUPPLIERS AND SEEKING COMMON DEVELOPMENT



As the “Intelligent Manufacturing and Globalization” strategy unfolds, the Group has been staying true to the vision of “Maintaining prominence of Fuyao supply chain management system and creating values for customers in a sustainable manner” and constructing efficient, energy saving, safe and healthy supply chain management system by promoting intensive, standard and lean procurement. The Company has also formulated supplier management policies based on supplier selection and management mechanism, so as to enhance positive impact on society and environment of the industrial chain.

5.1 Suppliers Selection

Fuyao always adheres to green procurement in the supply chain and raw material end. The green purchasing system of Fuyao, named “Green suppliers and Green raw materials”, is supported by the supply management department of the headquarters, and its main force is each business department and each plant. The system standardizes each environmental management in the procurement process and ensures that the purchased parts meet the requirements of the Group.

Fuyao organizes on-site supplier assessment by Procurement Department in terms of suppliers' quality assurance ability, development ability, production process control, sub-supplier management, human resources, inspection equipment, company profile, etc. according to the requirements of The Supplier Management Handbook. The assessment scope of the latest Supplier Management Handbook also includes suppliers' production capacity, conflict minerals and corporate social responsibility. The access to the Group's Supplier List is only granted if the assessment is passed and only qualified suppliers can be selected. Meanwhile, to reduce supply risk and avoid the dependence on one single supplier, Fuyao established a long-term partnership with domestic and international excellent suppliers in terms of common materials such as raw materials, accessories and auxiliary materials, etc. High quality suppliers are conducive to the Group's control of procurement risk and cost, and can guarantee the quality, quantity and stable supply of key raw materials and product equipment.

In addition to meeting the strict requirements of the Group in product quality, price, production capacity, industry qualification and certification, market reputation and after-sales service, the suppliers shall also share the similar concept with the Group in terms of their business ethics, honest operation and audit responsibility, and obtain the certification of environment, occupational health and safety related systems.

The Group conducts full lifecycle management on its suppliers according to the requirements of Supplier Management Handbook. While assessing suppliers' corporate social responsibility and improving the competitiveness of the Group's supply chain, the Group shoulders its sustainable development mission.

1. When conducting supplier assessment, the supplier's quality and its corporate social responsibility are assessed by means of enterprise self-assessment and onsite evaluation. Suppliers will not be admitted if they fail the corporate social responsibility review;
2. Annual regular assessment is carried out every year, and the latest Supplier Management Handbook (effective in 2020) requires that the annual assessment shall pay attention to the assessment of suppliers' corporate social responsibility at the same time;
3. By signing the supply agreement with suppliers, the social responsibility requirements for suppliers, in the aspects of occupational health and safety, environmental management, trade safety, etc., are clarified. Suppliers are required to manage themselves according to Fuyao's requirements, and meanwhile to communicate and promote the management concept to their downstream supply chain;
4. A bonus point on "Environment and Safety" in annual supplier performance appraisal is set up to encourage suppliers to establish the ISO14001 Environment Management System and the OHSAS18001 Occupational Health and Safety Management Systems;

5. Conflict Minerals Management

The latest Supplier Management Handbook requires to investigate and confirm suppliers' conflict minerals when conducting the supply qualification industry survey at the supplier development stage. Suppliers using conflict minerals will not be accepted. Fuyao explicitly prohibits the use of conflict minerals in its supply agreement with its suppliers, and transfers such prohibition requirement to its downstream suppliers. In the future, the Group's relationship with suppliers will be re-evaluated if the supplier's supply chain is found to use conflict minerals.

In 2019, all production material suppliers of the Group passed the quality system certification, among which the passing rate of IATF16949 is **67.64%**.

5.2 Suppliers Management

Fuyao, as the world's largest automotive glass supplier, is to shoulder more responsibilities and nobler missions and hopes to translate this sense of mission into vigor in collaboration with suppliers. Fuyao established modern production bases in many provinces and cities in China, as well as America, Russia, Germany and other countries and regions, and established four design centers in China, America and Germany. A firm and sustainable mutually beneficial partnership with suppliers is one of the key secrets of Fuyao's market competitiveness. Fuyao maintained a friendly and cooperative relationship of equal cooperation, integrity and long-term win-win with suppliers, and is committed to building a long-term, safe, reliable and competitive green supply chain ecosystem.

Fuyao creates a fair and just competition environment for suppliers by establishing a standardized supplier management mechanism, including open and transparent bidding procurement, fair and open information procurement system SRM system, and sound supplier performance evaluation system.

In order to ensure the quality of raw materials at the source, the Group formulated the Supplier Management Handbook. According to the requirements of the Supplier Management Handbook, the Group conducts full lifecycle management on suppliers in terms of supplier sourcing, supplier selection criteria, supplier coaching, supplier qualification management, etc. Through the full lifecycle management of suppliers, a closed-loop is formed to build a supply chain platform of efficient collaboration, mutual benefit and win-win.



Supplier full lifecycle management

Supplier sourcing

The Procurement Department explores potential suppliers according to market research and other resources.

Supplier coaching

Fuyao conducts performance assessment according to the performance of suppliers (including quality, delivery, service, environmental protection and other factors). Suppliers will be abandoned if they fail to meet the relevant requirements.



Supplier selection

The assessment team assesses suppliers' quality assurance ability, production process control, place of production, price, corporate social responsibility, etc. and give them access if they meet relevant requirements.

Supplier qualification management

Fuyao manages suppliers' qualification through SRM system. Suppliers regularly update their own qualification information and maintain their own account.

Supplier sourcing :

The Procurement Department seeks new suppliers out of business needs or because some suppliers fail to meet the requirements. The Procurement Department explores potential suppliers according to market research, exhibition, internet and other ways, conducts preliminary review of the supplier's information, and organizes relevant department personnel to form an assessment team for further evaluation after the preliminary review.

Supplier selection :

The assessment team conducts on-site assessment according to the supplier's quality assurance ability, development ability, production process control, sub-supplier management, human resources, inspection equipment, company profile, production capacity, conflict minerals and other factors. Suppliers are required to conduct self-assessment on their corporate social responsibility. Only those passed the assessment can be granted access.

Supplier coaching :

According to the performance of suppliers, including quality, delivery, service, environmental protection and other factors, Fuyao conducts monthly and annual supplier performance assessment and grades them. Different management strategies are used for suppliers in different grades. If suppliers cannot meet the requirements, Fuyao will organize a coaching team to help them improve their quality assurance ability, process control ability, etc., so that suppliers can develop with Fuyao together. Suppliers who still cannot meet the requirements after coaching will be abandoned and new suppliers will be sought.

Fuyao Group has set up the item of "Environment and Safety" as a bonus point in annual supplier performance appraisal, encouraging suppliers to establish the ISO14001 Environmental Management System and the OHSAS18001 Occupational Health and Safety Management Systems. In supplier evaluation, the Company places equal emphasis on suppliers' fulfillment of corporate social responsibilities to improve the competitiveness of the Group's supply chain.

Supplier qualification management :

The Group keeps all suppliers' information through SRM system to identify and trace the product name, model, supplier qualification and other information. Suppliers regularly update their supplier qualification information in the system. In addition, a comprehensive supplier database can also improve the Group's emergency management ability in case of supplier emergencies. For example, in order to reduce the risk of supply, such as the sudden increase of orders from customers, for suppliers of similar products, the Group generally combines the suppliers and standby suppliers to reduce the risk of insufficient supply during the supply process.

Convey the concept of sustainable development:

Fuyao Group introduces environmental and social risk policies to its suppliers via various channels and ways, such as delivering the governing philosophy of "Undertaking social responsibilities, executing protection provided by law, avoiding pollution and damage to environment and promoting harmonious development of human and the nature" by signing supply agreements with suppliers.

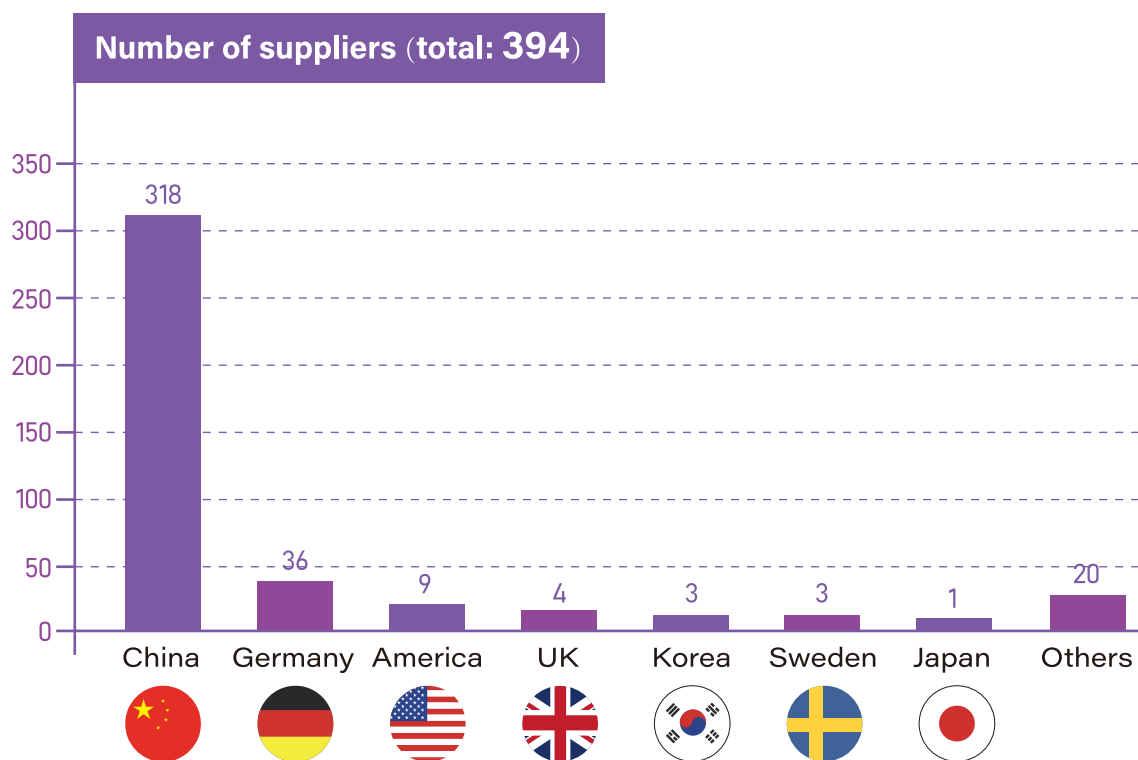
In 2019, Fuyao updated the Supplier Management Handbook, which contains a series of supplier management requirements such as supplier assessment management rules and supplier corporate social responsibility management rules. Suppliers' corporate social responsibility is required to be taken into consideration when conducting suppliers' access assessment in Fuyao Supplier Management Handbook and suppliers are required to conduct self-assessment. The requirements of conflict minerals and trade security are also added in Supplier Management Handbook. In Fuyao Supplier Assessment Form, the terms of supplier's corporate social responsibility assessment, conflict minerals and trade security assessment are added, and in the suppliers' supply agreement, conflict minerals requirements and trade

security clauses are added. In addition to the requirement that the supplier shall not purchase conflict minerals, the supplier shall extend the requirement that the conflict minerals shall not be used to their downstream suppliers.

The supplier management system defines the social responsibility requirements for supply chain partners from labor standards, occupational health and safety, environmental management, trade safety, anti-corruption and anti-bribery. Fuyao has formulated the management measures for high-risk suppliers, and carried out risk assessment on the risk management information of the supply chain to determine the early warning line of risk and the corresponding counter-measures.

The Group organizes the annual assessment of suppliers on a regular basis every year. If the suppliers fail to meet the Group's requirements, the suppliers are required to attend related interviews, guidance and training, so as to promote the continuous improvement of suppliers. For the suppliers who fail to meet the rectification requirements within the specified period of time, Fuyao will check the government website regularly to see if any suppliers are listed in the government blacklist. Fuyao will, according to the actual situation, list them as high-risk suppliers or cancel their cooperation relationship, and carry out supplier sourcing.

In 2019, the Group's top five suppliers accounted for 13.30% of the group's purchases, while the group's largest suppliers accounted for 3.09% of the Group's purchases.



6 ■ CREATING A BEAUTIFUL ENVIRONMENT AND ACHIEVING HARMONIOUS COEXISTENCE



6.1 Green Operations

Environmental management concept

Adhering to the social concept of putting equal premium on Company profitability and environmental protection and following the Scientific Development Concept, Fuyao Group has made vigorous efforts in building effective long-term environmental protection and energy conservation mechanism with the aim to construct a resource efficient, environment-friendly and harmonious society. The Company upholds the environmental protection guideline of “Promoting environmental protection, complying with regulations, encouraging clean production, and making continuous improvements” and the green concept of “Building a resource conserving and environment-friendly company”, practices energy conservation and emission reduction and observes “One Enhancement”, “Two Observations” and “Seven Proactivenesses” for the duration of production from raw material selection, manufacturing processes to new product development:

“One Enhancement”, “Two Observations” and “Seven Proactivenesses”	
One Enhancement:	To enhance environmental awareness constantly.
Two Observations:	To observe environment protection laws and regulations strictly, and minimize the negative impacts of production and operation activities upon environment as a law-abiding enterprise; To observe the internal supervision and examination, and fully implement all measures and targets regarding environmental protection.
Seven Proactivenesses:	(1)To be proactive on strengthening operation and management of green facilities to guarantee compliance with pollutant discharge standards; (2)To be proactive on reducing the emission concentration; (3)To be proactive on controlling pollutant discharge from fountainhead by increasing investment in environmental protection, accelerating infrastructure construction, and importing advanced production technology; (4)To be proactive on tightening clean production audit, executing technological transformation, promoting clean production, and eliminating outdated heavily-polluting technologies, facilities and products; (5)To be proactive on new technology invention to solve environmental issues and increase reclaimed water reuse rate while exploring new approaches to energy conservation with comprehensive utilization of resources; (6)To be proactive on development of environmental risk emergency plans to respond to environmental accidents; (7)To be proactive on organizing campaign, implementation and training on environmental protection, energy conservation and recycle economy, and launching environmental protection, energy conservation and emission reduction activities across the Group.

Environmental protection objectives

The Company strictly implements the Three Simultaneities policy, environmental impact assessment, cleaner production and other requirements. It actively channels capital into green projects and monitors the stable operation of environmental infrastructure. It enhances efficiency of cyclical use of water, recovers and uses waste heat, conducts photovoltaic power generation projects to develop the circular economy. It improves the utilization rate of waste and standardizes hazardous waste treatment procedures by optimizing waste gas and waste water treatment equipment and process. It ensures appropriate emission of “three wastes” and accomplish key emission objectives assigned by the government. The Company implements the ISO14001 environmental management systems and reinforces clean production audit aiming for zero occurrence of environmental accidents.

Environmental management system

According to relevant environmental laws and regulations, standards and policies, the Company formulated the Environmental Protection Management Regulations, the Hazardous Waste Management Regulations, and environmental management system policy. According to the Group's regulations, local environmental laws and regulations, policies and actual situation, subsidiaries formulated suitable policies, including the Environmental Factors and Hazard Identification and Assessment, the Environmental Impact Assessment and Completion Acceptance Process of Construction Projects, the Management Process of Pollution Discharge Certificate Replacement, the Preparation and Filing Process of Emergency Plan for Environmental Emergencies, the Hazardous Waste Management Process, etc.

The Company has set up the EHS ("Environment, Health and Safety") department under the Office of the President, which is responsible for setting up the EHS system of Fuyao Group and supervising subsidiaries' establishment of such system. All subsidiaries set up an environment and safety management organization to be responsible for the management of respective environment and safety work; departments/factories of subsidiaries designate environment and safety personnel to be responsible for departments/factories' environment and safety.

The Company implements the ISO14001 environmental management systems to enhance its environmental management level. All subsidiaries of the Company have obtained the certification for environmental management systems.





Tianjin Hongde Auto Glass Co., Ltd

6.2 Green Production

Waste gas and waste water discharge management

Fuyao Group, according to its own reality, formulated the environmental protection guideline of "Promoting environmental protection, complying with regulations, encouraging clean production, and making continuous improvements". It continuously optimizes environmental protection equipment, facilities and processes, improves environmental protection related management systems and procedures, unswervingly carries out waste water and waste gas emission reduction projects and promotes the implementation of clean production projects, to achieve continuous reduction of waste water and waste gas emissions in the production and operation process, reflecting the Company's social contribution to the environment.

In compliance with various applicable laws and regulations including the Environmental Protection law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, Fuyao Group formulated the Environmental Protection Management Policy to stipulate the discharge standards of pollutants. Each subsidiary shall, in accordance with the Group's regulations, local relevant laws and regulations and local standards, formulate the discharge standards that meet the Company's requirements, reasonably set up the discharge outlet, ensure the discharge up to the standard, and file with the Group. The Group formulates the Company's main pollutant emission test, so as to accurately monitor the pollutant emission situation of each subsidiary.

		Automotive glass		Float glass	
		2019	2018	2019	2018
	Waste water emissions (in 10,000 tonnes)	282.2	434.6	34.94	107.75
	COD (in tonnes)	359.6	360.33	19.07	20.67
	N-NH ₃ (in tonnes)	23.7	25.72	5.08	4.04
	Suspended Solid (in tonnes)	67.9	428.64	12.99	38.9
	SO ₂ (in tonnes)	0	0	909.02	755.61
	NO _x (in tonnes)	0	0	1388.94	1166.46
	Particle matter (in tonnes)	0	0	107.42	88.44

Regulate waste vents

Fuyao Group requires all subsidiaries to set up outlets in accordance with the Technical Requirements for the Standardization of Outlets (Trial) (HJ [1996] No. 470), the Circular of the State Environmental Protection Administration on the Standardization of Outlets (HJ [1999] No. 24), the Technical Specifications for the Monitoring of Pollution Sources, the Graphic Standards for Environmental Protection (GB15562.1 - 1995) and other regulatory standards.

Monitoring measures

To conduct real-time monitoring on pollutants emissions of its subsidiaries in a continuous, effective and accurate manner, the Group formulated the Environmental Protection Management Policy which requires all subsidiaries to develop annual monitoring plans on major pollutant emissions. During the reporting period, all environmental protection equipment of subsidiaries of Fuyao Group were managed in a standard way and operated stably to ensure the discharge of pollutants up to the standard. In order to actively respond to national and local environmental protection policies, the detection equipment of wastewater and VOCs (volatile organic compounds) discharge outlet has basically achieved full coverage, and the detection equipment is directly connected with the local environmental protection department, subject to the supervision of the government and society. In 2019, subsidiaries of Fuyao Group managed and discharged waste water and waste gases in compliance with regulatory rules and standards, as reflected in the test reports on source of pollution from local environmental inspection departments and internal regular test results.

Case: | wastewater online monitoring equipment project in Suzhou Automotive Glass

Description: In 2019, Suzhou Automotive Glass installed one set of on-line wastewater monitoring equipment in the living area and production area (two sets in total), with an investment of 350,000 yuan. The wastewater online monitoring equipment is connected to the Caohu sewage treatment plant platform, and the monitoring data is uploaded to the monitoring Hall of Caohu sewage treatment plant in real time.

Benefit: Receive the real-time supervision of the downstream Caohu sewage treatment plant to ensure that the sewage discharge meets the standard.



Emission reduction measures

Fuyao Group requires its subsidiaries to meet the relevant emission standards of waste gas and wastewater proposed by the local environmental protection department. In 2019, all domestic subsidiaries of Fuyao Group met the emission standards. All subsidiaries regularly carried out clean production by increasing the use of non-toxic and low toxic substances, optimizing production equipment and process, improving waste gas treatment equipment, facilities and process level, etc. They not only met the government's emission standards, but also continuously passed the audit, achieved sustainable development of emission reduction, and implemented environmental protection responsibilities with practical actions.

The Company intensified investment in waste gas treatment and monitoring facilities and device, which obtained good results. Two sets of waste gas treatment device were employed when the waste gas density and air volume was low, which reduced the density and volume of waste gas emitted into the atmosphere and made the discharged waste gas far below local emission limits. Exhaust air from canteens will be processed at various purification equipment at exhaust air vents which guarantee over 90% of disposal efficiency. To monitor waste gas, most subsidiaries set up online VOCs inspection and monitoring system, and accepted the real-time monitoring of local authorities.

| Case: | installment of photocatalysis device in Guangzhou Automotive Glass to treat VOCs

Description: Based on "Notice of Guangzhou Municipal Bureau of Ecology and Environment on 2019 Comprehensive Improvement of Volatile Organic Compounds (VOCs) 'One Enterprise One Scheme' of Key Enterprises under Supervision" (Suihuan [2019] No.44) and "Notice of Zengcheng Environmental Protection Bureau on Promoting the Implementation of the Comprehensive Treatment of Volatile Organic Compounds (VOCs) in 2019", VOCs emission of the Guangzhou Company is 16.90 tonnes/year, and 16.13 tonnes/ year excluding 0.77 tonnes /year of VOCs treated.

The remediation goal was ≤ 10 tonnes/year. 2 photocatalysis device were installed in interlayer plant waste outlets, while 7 in tempering plant, 4 in wire hemming plant, 1 in platemaking plant, 1 in tempering packaging boil bracket and 1 in spray coating line, totaling 16.

Project benefits: Guangzhou Automotive-Glass discharged 6.98 tonnes of VOCs, reduced discharge volume of 9.15 tonnes, and achieved the remediation goal of VOCs discharge ≤ 10 tonnes/year.



To reinforce water pollution treatment, the Company requires all subsidiaries to equip a reclaimed water recycle system so the waste water from glass production can be disposed. The Group has invested RMB 120 million to build 30 sets of waste water treatment facilities and installed 5 new device in 2019, which put 11 million tons of water into recycle every year. Besides, the Company requests that facilities be better maintained and kept in healthy operation to effectively minimize waste water discharge and protect the environment.

| Case: | Renovation of coating film washing water recycling technology in Zhengzhou Automotive Glass

Description: Before renovation, the coating film concentrated water and washing machine waste water were discharged directly. And due to the large water consumption of coating film which occupied 10% of total water consumption of the plant, the water intensity of the plant was high and waste water emission volume increased. To reduce water intensity and waste water emission of the plant, Zhengzhou Automotive Glass renovated the coating film waste water emission by mixed collection of all kinds of waste water which were then sent to water pool. The renovation project completed and accepted on 29th April 2019 and put into operation. It invested a total of RMB 55,000 and coating film tap water is mostly 100% recycled and reused monthly.



Benefit: Recycle water 2,000 tonnes a month and achieve zero emission of coating film washing waste water.

Greenhouse gas emission management

Fuyao Group's greenhouse gases mainly include Scope I: Direct emissions and Scope II: Energy indirect emissions. Direct emissions are attributed to energy consumption from production activities and emissions from material decomposition in manufacturing processes. Energy indirect emissions are attributed to purchased electricity. Given the fact that the Company's greenhouse gas emissions result principally from energy indirect consumption, it has taken energy conservation measures such as to generate power from waste heat, recycle waste heat, increase power factor, and apply water-cooled air conditioners and energy efficient lights to mitigate greenhouse gas emissions. All subsidiaries formulated documents such as the Energy Operation Control Procedure, the Energy Performance Monitoring, Measure and Analysis Procedure, the Energy Evaluation Procedure to comprehensively manage companies' energy.

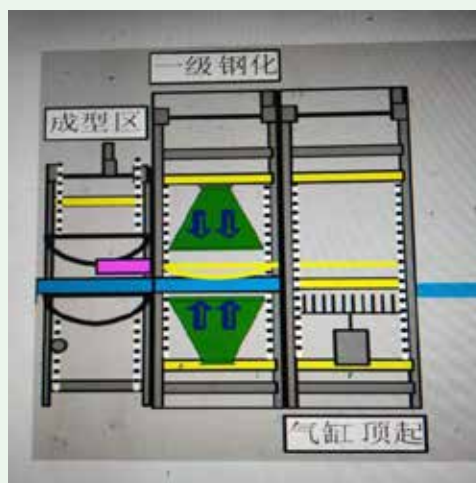
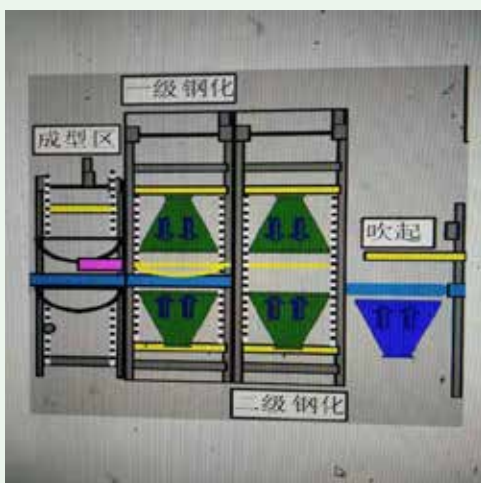
Shown below are greenhouse gas emissions and intensity of Fuyao Group for the reporting period:

	Automotive glass		Float glass	
	2019	2018	2019	2018
Scope I: Direct emissions (in tonnes of CO ₂ equivalent)	10262.07	8325.74	973022.20	614497.9
Scope II: Energy indirect emissions (in tonnes of CO ₂ equivalent)	739065.59	957075.25	217498.12	180234.32
Total emissions (in tonnes of CO ₂ equivalent)	749327.67	622823.64	1190520.31	1137309.57
Emission intensity	0.0068 tonne of CO ₂ equivalent/sq.m. of product	0.0087 tonne of CO ₂ equivalent/sq.m. of product	0.88 tonne of CO ₂ equivalent/tonne m. of product	0.75 tonne of CO ₂ equivalent/tonne m. of product

Case: Blowing up energy-saving transformation of the second-stage tempering furnace in Guangzhou Automotive Glass

Description: Glass unloading was in fan blowing mode with 75 KW power variable frequency motor drives fans, which consumed much electricity. The main cause was that when device was operating, the high power blow fan was in operation, which increased electricity consumption. By renovating blow structure, and employing cylinder jacking instead of blow fan, electricity consumption was minimized, and problems such as narrow maintenance space and limited device storage were resolved.

Benefits: Reduce usage of 2 fans, which leads to 51% less power consumption and 1,246,500 kWh electricity per year.



Before renovation

After renovation

Hazardous and non-hazardous waste management

In strict compliance with the Administrative Regulations on Hazardous Waste and the Company's policies such as Hazardous Waste Management Procedure, General Waste Management Procedure, Hazardous waste Emergency Preparation and Response Procedure, Fuyao established hazardous waste storage sites, where hazardous waste is stored by categories. Hazardous waste is transferred to qualified hazardous transfer companies so that it could be subjected to regulate management; the Group encourages subsidiaries to recycle and reuse waste.

In 2019, general industrial solid waste and hazardous waste are treated safely or used comprehensively, with 100% rate of disposal.

	Automotive glass		Float glass	
	2019	2018	2019	2018
Hazardous waste emissions (in tonnes)	780.46	437.88	25.84	51.52
Hazardous waste emission intensity	0.0713 tonnes/10,000 sq.m. of product	0.0394 tonnes/10,000 sq.m. of product	0.18 tonnes/10,000 tonne of product	0.484 tonnes/10,000 tonne of product
Non-hazardous waste emissions (in tonnes)	237212.78	200475.72	2127.44	1793.56
Emission intensity	21.67 tonnes/10,000 sq.m. of product	18.06 tonnes/10,000 sq.m. of product	8.92 tonnes/10,000 tonne of product	16.86 tonnes/10,000 tonne of product

Use of Resources

In strict compliance with laws and regulations including the Energy Conservation Law of the People's Republic of China and the Water Law of the People's Republic of China, and adhering to the principles of corporate environment responsibility, environmental sustainability, reducing energy consumption, increasing competitiveness, saving energy for the nation and reducing cost for the Company, Fuyao Group requires its subsidiaries to conform to the Environmental Protection Management Policy of the Group, implement comprehensive utilization and cyclical use of waste, waste water and waste heat from glass production.

During the reporting period, subsidiaries of Fuyao Group continuously pushed forward clean production and fully implemented energy conservation and environmental protection by executing clean production audit. After audits, the Group renovated heavy energy-consuming and emission projects, such as by device and facilities renovation, procedures and technologies improvement, and replacement of raw materials.

	Automotive glass		Float glass	
	2019	2018	2019	2018
Natural gas (MWh)	36949.99	32256.04	3630869.05	3050845.27
Diesel (MWh)	10519.86	12224.0	5611.79	7061.37
Gasoline (MWh)	272.13	323.65	145.11	0
Total direct energy consumption (MWh)	47742	44803.69	3636480.84	3057906.64
Direct energy consumption intensity	4.36 MWh/10,000 sq.m. of product	4.035 MWh/10,000 sq.m. of product	2.73 MWh/tonne of product	2.87 MWh/tonne of product
Purchased electricity (MWh)	129512.492	1439892.13	299310.85	260901.88
Purchased heat (MWh)	2195.14	2255.7	0	0
Total indirect energy consumption (MWh)	129732	1469359.00	299310.85	221299.36
Indirect energy consumption intensity	118.5 MWh/10,000 sq.m. of product	129.88 MWh/10,000 sq.m. of product	0.21 MWh/tonne of product	0.245 MWh/tonne of product
Total energy consumption (MWh)	134506.20	1514212.90	3935791.69	2857554.17
Energy consumption intensity	0.012 MWh/10,000 sq.m. of product	0.014 MWh/10,000 sq.m. of product	2.94 MWh/tonne of product	3.28 MWh/tonne of product

Case: Distribute photovoltaic power production project in Suzhou Automotive Glass

Description: Suzhou Automotive Glass installed photovoltaic power production device in exterior of Plant 1 and Plant 2. This project utilized local solar power resource to improve Suzhou's energy structure, and save coal, oil and water which are limited, and indirectly protect water and soil environment. A total of 10 2000-kWh distributed integrated inverter were used in this stage. Photovoltaic direct current is converted to 10 kV and connected by wire set into the 110 kV end of the 110 kV convert plant in the original plant area.



Benefits: The project system generates an average of 18,494,200 kWh per year and the power generating utility hour per year is 1022.24 hours, which can replace 5825.67 tonnes/year of standard coal, reduce about 18438.72 tonnes of CO₂ emission per year, 5030.42 tonnes of dust per year, 554.83 tonnes of SO₂ emission per year, and 277.41 tonnes of NO_x emission per year.

Case: Bent washing machine fan noise mitigation and energy conservation project in Tianjin Automotive Glass

Description: Every bent washing machine has tow 45 kW fans, with heavy electricity consumption. After changing fan's internal blade structure, and employing low noise and energy conserving fans instead of the two former fans, 1 45 kW energy conserving fan can satisfy production needs, which helps reduce noise, conserve energy and improve work environment of staff.

Benefits: Save 360,000 kWh electricity per year; fan noise is reduced from 89 db to 80 db.



Before renovation



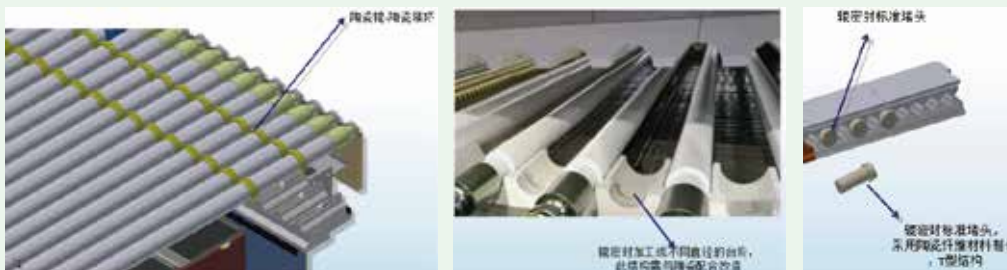
After renovation

Case: | Production line heat treatment comprehensive energy conserving and renovation project in Chongqing Automotive Glass

Description: The project renovated the 5-chamber furnace and 1#FBT furnace from 5 parts:

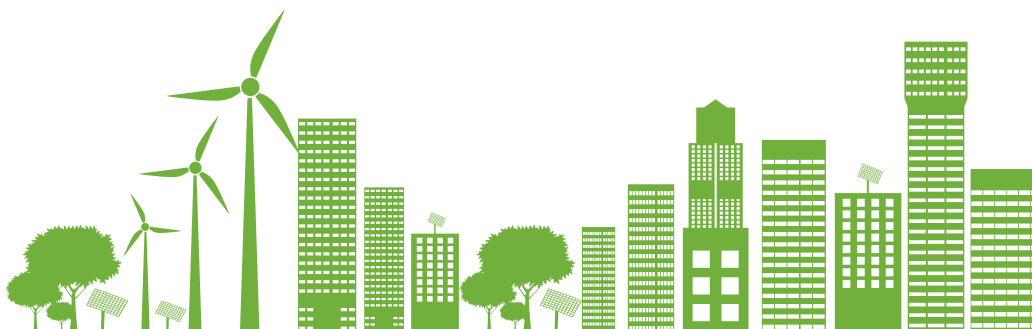
1. Change the computer mainframe and related control modules of the control system 5-chamber furnace, and upgrade control system, so as to upgrade 5-chamber furnace and stabilize the operation;
2. Improve 1#FBT furnace thermal insulation structure by adopting different thermal isolation materials based on inside-outside temperature difference so as to reduce heat loss;
3. Install ceramic retainer in 1#FBT furnace ceramic rolls and install T-shaped roll seal standard plugs made of ceramic cyber at both ends of ceramic rolls;
4. Make roll seals of ceramic rolls into steps of different parameters, and meanwhile make ceramic rolls into the same shape so as to reduce heat loss from the gaps between ceramic rolls;
5. Install high temperature resistance partitions between the joints of two 1#FBT furnaces, so as to avoid the heat loss of one furnace when the other is ascending or descending.

Benefits: Save 717,000 kWh electricity per year.



Use of water resources

	Automotive glass		Float glass	
	2019	2018	2019	2018
Total water consumption (in tonnes)	3319785	6086000	2026596	1493300
Water consumption intensity	0.03 tonne/sq.m. product	0.05 tonne/sq.m. product	1.51 tonne/sq.m. product	1.39 tonne/sq.m. product



Case: Project to reduce tap water in Tianjin Automotive Glass

Description: Before renovation, the RO reverse osmosis device 2-level deionized water equipment, albeit able to produce deionized water up to par, generated 50% of nondeionized water. Nondeionized water was then used for edging, which led to waste of tap water. Now, after quartz sand and activated carbon filter tank were installed, repeated ultrafiltration system was employed in reverse osmosis process, and greatly increased the recycle rate of deionized water and thus reduce tap water usage.

Benefits: Save 6 tonnes of tap water per year and RMB 470,000 tap water charges per year.



Before renovation



After renovation

Material use management

Fuyao Group formulated a packaging material use plan and its subsidiaries established packaging box upgrading team based on respective needs, which are responsible for upgrading and design of structure, shape and size etc. of wood and paper boxes. The Group organized assessment, where good cases were formulated as technology management regulations to be promoted in all subsidiaries, which yielded good result.

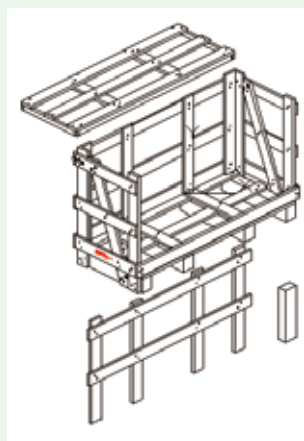
Shown below are packaging materials consumption (in tonnes) and intensity of Fuyao Group for the reporting period:

	Automotive glass		Float glass	
	2019	2018	2019	2018
Wood cases (in tonnes)	9340.2	42149.28	2139.54	1095.45
Paper cases (in tonnes)	21675.47	19207.05	1.36	/
Total packaging material consumption (in tonnes)	31015.88	61356.33	1856.67	1095.45
Consumption intensity	2.83 tonnes/10,000 sq.m. of product	3.80 tonnes/10,000 sq.m. of product	12.59 tonnes/10,000 tonnes of product	10.3 tonnes/10,000 tonnes of product

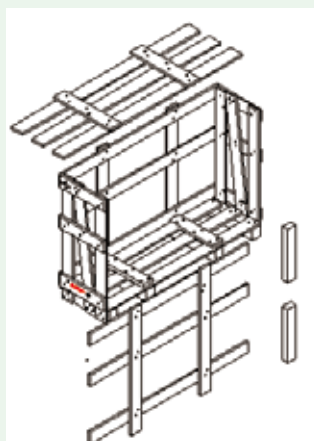
| Case: | Wood box renovation project in Fuqing Automotive Glass

Description: the company used a large amount of wood boxes every year. If the usage of wood box raw materials could be reduced, it would reduce costs as well as the fuel consumed to transport wood box raw materials. This project reduced number of cushion wood on the box bottom, bulkheads on the side and cover plates, and the size of reinforcing plates to upgrade the wood box structure.

Benefits: Reduce wood box raw material usage and the wood box weight.



Structure before renovation



Structure after renovation

6.3 Climate Change

To increase customer confidence in the Company, Fuyao Group has been responding to CDP climate change questionnaires for years and the result of the questionnaire in 2019 was B-. Climate change is one of the most stringent risks currently. Backgrounded by uncertain climate change and the global-wide decarbonization and energy restructuring, Fuyao Group is committed to creating long-term low-carbon financial solutions, so as to ensure environmental protection during its growth. We believe that the challenges and opportunities of climate change coexist and we shall keep exploring best solutions with positive attitude so as to achieve transformation.

Fuyao is committed to pushing forward projects such as usage of cleaner energy, improvement of energy efficiency, research into green automotive glass. Domestic subsidiaries install solar panels to reduce electricity purchase. The Group formulates plans to save energy and reduce emission, etc. every year and will continue to increase investment into research of new green products such light glass, coated glass and solar glass.



6.4 Green Products

Super UV+IR Cut Glass

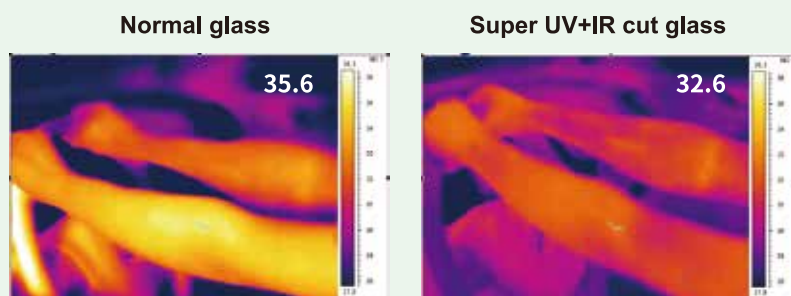
Fuyao used coating technology to coat UV and IR absorption material on glass surface to achieve UV and IR protection which in turn achieve heat insulation.

Feature:

Use in single glass, no need to laminate, and easy to achieve lightweight

High efficient of UV and IR isolation ($TUV \leq 1\%$, $TIR \leq 15\%$, based on $TL \geq 70\%$)

Cost effective



Coating Heated WS

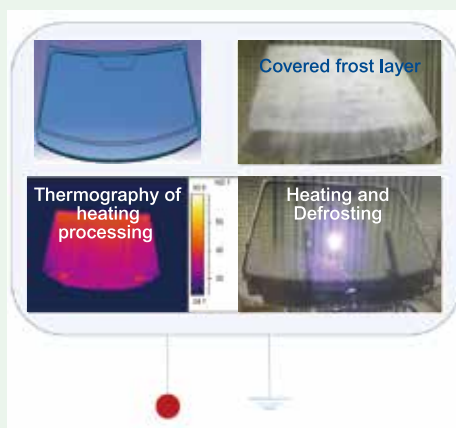
Fuyao Group added the design of busbars and energized the film surface by using the conductivity of heat reflective film layer of the coating, to achieve whole heating and efficiently defogging and defrosting of glass surface.

Feature:

Whole surface heating

Heating medium is not visible

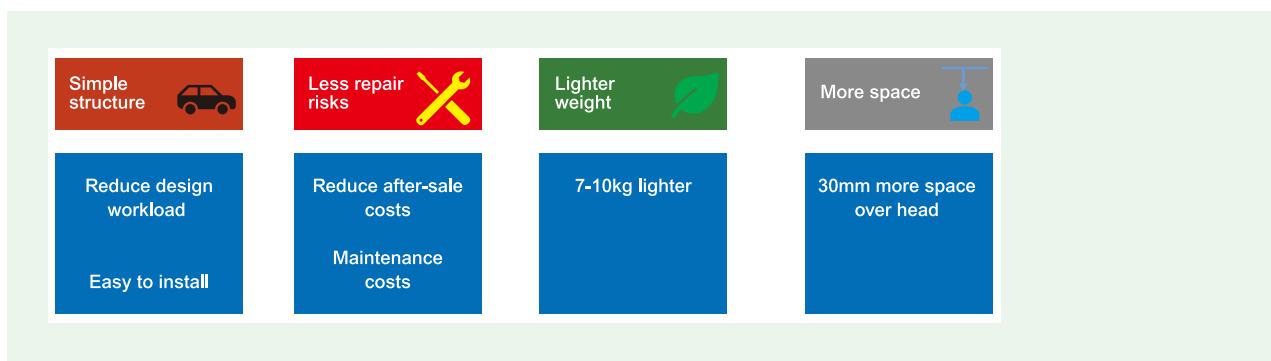
Provides both heat insulation and heating function



Panoramic sunroof (without sun shade)

Fuyao Group used various combinations of coated glass and dimming film to replace sunroof shade, to achieve the thermal-isolation function and sunroof's multi-function.

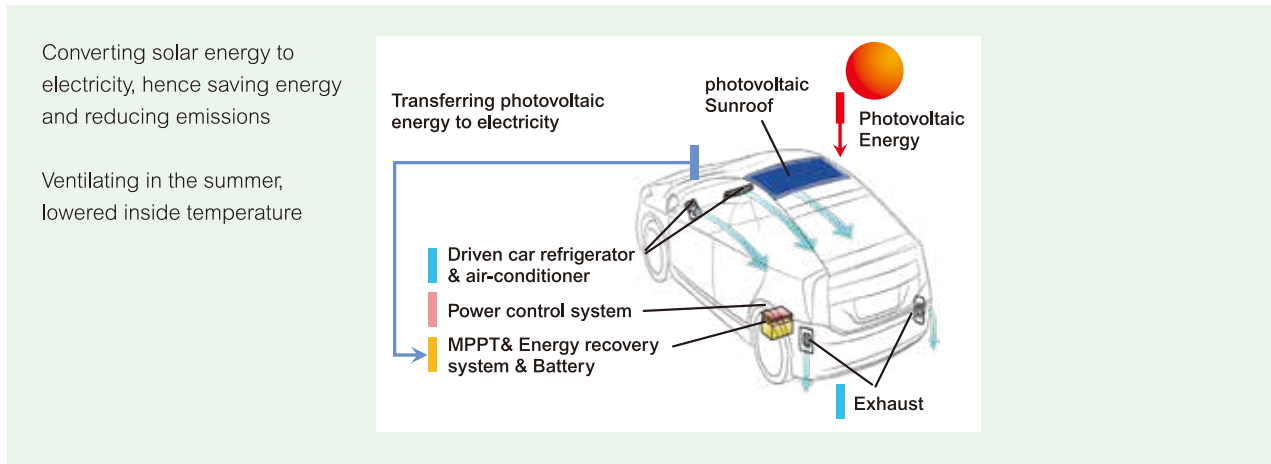
Feature:



PV sunroof glass

Fuyao Group combined the solar components (Heterojunction) with glasses which could absorb and collect solar energy and change it to electricity and provide energy for the cars. The components have the characteristics of high generating efficiency of ~22%, small thickness and weak light condition. A skylight with a standard power generation of 200W can generate 800Wh electricity a day according to the calculation of 4 hours of average daily standard irradiation. It can generate 290 kWh electricity per year, which is equivalent to a 1450km increase of curing range per year according to the calculation of 5km/kWh.

Feature:



7 ■ PROMOTING COMMUNITY DEVELOPMENT AND CONTRIBUTING TO PUBLIC WELFARE



Under the guidance of Core Cultural System of Fuyao Group and in accordance with the core corporate concept of “self-development while benefiting the world”, Fuyao Group has always been creating values for shareholders and wealth for customers; meanwhile, engaging in public services, caring for the lives of vulnerable groups and people in difficulties and earnestly fulfilling its social responsibility in order to promote the advancement and harmonious development of communities, business and the regional economy.

7.1 Public Welfare Undertakings

As the founder and chairman of Fuyao Group, Mr. Cho Tak Wong adheres to the Chinese business culture of “Benevolence and Benefits”. On the one hand, he actively offers advice and suggestions to promote the improvement of national competitiveness, and on the other hand, he is committed to social welfare undertakings.

Since 1983, Mr. Cho Tak Wong has continuously donated to the society, which has benefited countless victims and poverty-stricken families and helped many impoverished undergraduates complete their studies and enter the workforce. In addition, Mr. Cho Tak Wong is also a promoter of charity legislation. During the drought in the five provinces of Southwest China in 2010, he donated RMB 200 million to 100,000 affected families, and signed a “donation accountability” agreement with the donation agencies to realize independent supervision and ensure that the funds were accurately issued. This approach created a brand new model for the development of charity in China. In 2011, Mr. Cho Tak Wong founded the Heren Charitable Foundation by donating his 300 million shares of Fuyao Glass Industry Group Co. Ltd., setting a pioneering example in financing, self-supporting, operation mode and management rules for Chinese foundations. In 2016, China's Charity Law was promulgated, and “equity donations” and “compensation liabilities” were written into the regulations.

The donation by Fuyao Group and Mr. Cho Tak Wong has now aggregated to RMB 12 billion for disaster relief, poverty elimination, financial aid for students, education and cultural undertaking etc. He believes that “Charity is the third way of social distribution. Its ultimate goal is to promote harmonious development of society.” During his service as a member of the 12th National Committee of the Chinese People's Political Consultative Conference, Mr. Cho Tak Wong, for the improvement of the country's comprehensive competitiveness, actively promoted suggestions regarding a series of issues including wetland protection, food security and taxation systems as well as the survival of small and micro enterprises, which embodied his contribution to China's better and faster development without any reservations and won him high praise from the Party, the state and the whole society.



After winning two “China's Top Philanthropist” and six “China Charity Award”, Mr. Cho Tak Wong was awarded “National Poverty Alleviation Award” by the State Council Leading Group for Poverty Alleviation and Development in October 2019, to honor his outstanding contribution in win the uphill battle against poverty.

In 2019, Fuyao Group and its subsidiaries involved themselves intensively in community construction as usual and took part in all sorts of community activities and services, and donated RMB 732,300 for public welfare. Heren Charitable Foundation, established via 300 million shares of Fuyao Glass Industry Group Co. Ltd. donated by Mr. Cho Tak Wong, made a donation of RMB 179.27 million in total, in which RMB 53.15 million was for targeted poverty alleviation, including:

- ♥ RMB 4 million to the Department of Education of Xinjiang Uygur Autonomous Region for the third-phase construction of Xinjiang's healthy drinking water love project, purchasing water purification equipment for 80 primary and middle schools in the poverty-stricken areas in southern Xinjiang to resolve the issue of healthy water for teachers and students;
- ♥ RMB 6 million to Fujian Fumin Foundation for supporting students excellent in character and learning whose families are in distress in Fujian;
- ♥ RMB 1.5 million to Hongan county, Hubei Province, for the development of poor villages and the construction of beautiful villages;
- ♥ RMB 0.2 million to China Society for Promotion of the Guangcai Program for helping the development of planting and breeding in Zhijin county, Guizhou Province;
- ♥ RMB 0.5 million to Guyuan city, Ningxia Autonomous Region for the rehabilitation surgery of 500 poor cataract patients in Ningnan district;
- ♥ RMB 12.5 million to Fujian Provincial People's Government for supporting medical poverty alleviation projects for registered poverty-stricken households in province;
- ♥ RMB 6 million, 2 million, 1.6 million and 1.5 million to Nanjing University, Fujian Medical University, Fujian Agriculture and Forestry University and Northwest A&F University, respectively, accumulated RMB 11.1 million in total, as scholarships to help poor college students complete their studies;
- ♥ RMB 2 million to Fujian Provincial Foundation for Disabled Persons for the "Comfortable Housing for the Disabled" program in Nanping city, Fujian Province;
- ♥ RMB 2 million for Fuqing Charity Federation to provide relief for persons in Fuqing including "orphans, elderly people of no family, those who have lost family members and self-reliance ability, senior Party members, veteran specialists, aged teachers, veterans and old models";
- ♥ RMB 2 million to Fuzhou Population Welfare Foundation to support impoverished students and support households under planned parenthood suffering serious illness and other adversities;
- ♥ RMB 1 million to Fujian Women and Children's Development Foundation for supporting orphans and disabled children in province;
- ♥ RMB 0.2 million to China Association For Non-Profit Organization for supporting library construction in "three regions and three prefectures" poverty areas;
- ♥ RMB 10 million to Chongqing Productivity Development Center for the Intellectual Poverty Alleviation Program in Chongqing, supporting industries, infrastructure, education and other poverty alleviation undertakings;
- ♥ RMB 0.15 million to Shenzhen Yatai International Philanthropy Education Foundation for supporting aesthetic education of blind children.

Note: The above data represent the targeted poverty alleviation performance of Heren Charitable Foundation, which is an independent charitable foundation established via 300 million shares of Fuyao Glass Industry Group Co. Ltd. held by Mr. Cho Tak Wong and operates in accordance with the laws of China and its articles of association. Mr. Cho Tak Wong and his associates (including Fujian Yaohua Industrial Village Development Co., Ltd., Sanyi Development Limited, and Homekiu Overseas Holdings Limited) don't have any control over the Foundation, nor are they beneficiaries of the Foundation. Based on the above, Heren Charitable Foundation is independent from Mr. Cho Tak Wong and his associates.

Under the core corporate concept of "Self-development while benefiting the world", Fuyao Group has always been creating values for shareholders and wealth for customers. Meanwhile, it engages in public services, cares for the lives of vulnerable groups and people in difficulties and earnestly fulfills its social responsibility in order to promote the advancement and harmonious development of communities, business and the regional economy.

Heren Charitable Foundation, established via 300 million shares of Fuyao Glass Industry Group Co. Ltd. donated by Mr. Cho Tak Wong, will continue to assist the "three regions and three prefectures" three-year health poverty alleviation project by State Council Leading Group for Poverty Alleviation and Development and National Health Commission. It will help the deeply poverty areas and special poor people from 2019 to 2021 in three regions (Tibet autonomous region, four counties in southern Xinjiang (Hetian, Aksu, Kashgar, Kizilsu Kirgiz Autonomous region), and Tibet districts in four provinces (Sichuan, Yunnan, Gansu, Qinghai)), and in three prefectures (Liangshan in Sichuan, Nujiang in Yunnan, Linxia in Gansu). It conducts health poverty alleviation projects with the prevention of infectious diseases including Hydatidosis, Kashin-Beck Disease, AIDS, and Tuberculosis. It is communicating and demonstrating specific projects with the six provinces involved in the "three regions and three prefectures", and will subsequently enter the specific implementation stage. Other targeted poverty alleviation projects are also steadily promoting and achieving results. The next stage will continue to support all kinds of targeted poverty alleviation projects.

7.2 Promote Integration by Transparency

Transparency is Fuyao's characteristics. In 2019, Fuyao embraced the world with a more open and confident attitude.

In August 2019, the documentary "American Factory" was broadcast on Netflix. This documentary showed Fuyao's experience in building a factory in the United States which caught global attention once it was broadcast. It was translated into more than 30 languages and broadcast globally. In February 2020, it won the Best Documentary in 92nd Oscar. The film demonstrates the changes that Fuyao Glass has brought to the "rust zone" in the United States, as well as the contradictions, development, conflicts and integration of different cultural backgrounds.

Facing the extensive discussions, Mr. Cho Tak Wong said in an interview with the media, "I want Americans to believe that the Chinese factories are not what they imagined. Disclosing my behavior is also conducive to enhancing mutual understanding between the cultures of the two countries."



Fuyao Glass America Inc. ("Fuyao America"), based in Dayton, Ohio, has been set up and put into operation since 2016 and currently has more than 2,200 employees. In the past three years, Fuyao America has achieved overall profitability, and many local workers have gradually growing from laymen of glass making into technical backbones or making their way to the management. It is now the third largest factory in Dayton and one of the largest employers in this region. Fuyao is committed to providing employees with career development opportunities, and developing the economy of the Dayton region, and has become an important and safe supply chain in the development of the US automotive industry.

Since 2008, Fuyao America and its employees have reached out to the community through charities and volunteers, actively participating in community activities, and making donations to local hospitals, public relations agencies, schools, and disaster relief agencies. From 2015 to 2019, Fuyao America and the Fuyao Group Heren Foundation donated approximately \$8.5 million. In addition, the Company has set up a fund to help employees in need. Fuyao America employees come from many different countries, ethnicities, cultural backgrounds and communities. We all share the same goal of growing and developing together with Fuyao America.

| Case: |

Fuyao has created a cafeteria that serves as a platform for cultural exchange and social interaction. In addition to the staff club, it will also host professional development seminars, town hall meetings and year-end parties.



On June 17 2019, a "super visiting group", which is a total of 50 envoys and diplomats from 26 countries including Britain, Brazil, Greece, UAE, Sri Lanka and other countries, visited Fuyao Group.

During the visit and exchange, the envoys indicated that they are already familiar with the world brand "Fuyao". In front of Fuyao Group 's global layout, Bahrain 's ambassador to

China, Anwar Abdullah, pointed to the location of his country and said, "This is my hometown, where there are abundant natural resources. We welcome Fuyao Group to open an enterprise in Bahrain." More and more international friends visit Fuyao Group, and Fuyao Group has gradually become a window and a business card for the development of Chinese industry.

On June 25, 2019, Heren Foundation U.S.A., Inc. (a charity foundation founded by Fuyao America) donated \$50,000 to Habitat for Humanity of Greater Dayton to support them in building safe, sustainable, and affordable houses for low-income families.



On July 20th, 2019, around 100 Fuyao leaders, employees, and family members came together to construct a house for a low-income family despite the sweltering 97 degree heat.



Fuyao America works with the University of Dayton to help it grow an international reputation and attract people from around the world to learn and work together. The university also collaborates with Fuyao in research and development, developing new technology and improving management effectiveness.

Openness comes from self-confidence, and self-confidence comes from self-knowledge. As the first generation of private enterprises that have grown up through reform and opening-up, Fuyao has always positioned itself as a supporting role in the automobile industry, steadily laid out the global market. In the process of global economic integration, Fuyao has continuously pursued to be a great company that has long-term trust for customer, shareholder, employee, supplier, government, distributors, and society.

7.3 Lead the Industry as a Model

The power of role models is endless. From "Setting a model for automotive glass suppliers" to becoming a "Pilot demonstration of China's intelligent manufacturing", Fuyao has a very determined belief and marches towards a century-old store.

On September 12, the General Office of the Ministry of Industry and Information Technology announced the fourth batch of green manufacturing lists, and Fuyao Group was selected as the "Green factory" list. On October 19, the Technical Specification for Evaluation of Automotive Glass Green Design led by Fuyao Group was included in the National Project Plan. At the same time, the standard was also included in the "2018 Industrial Energy Saving and Green Standard Research Projects" by the Department of Energy Saving and Comprehensive Utilization of Ministry of Industry and Information Technology.

To increase intelligent production and green efficiency have always been Fuyao's development principles. From product design to service delivery, Fuyao has always embedded the concept of green, low carbon and recycling into the entire value chain.

In 2019, the "Fuyao Standard", which is included in the National Plan, regulates the evaluation indicators of green design automotive glass, effectively solved the problem of the industry lacking the basis for evaluation of automotive glass green products. Fuyao has taken a solid step in creating an advanced model of green manufacturing and leading industrial green transformation in related fields.

In February 2019, Honda Motor of Japan Headquarters awarded the Fuyao Group an "Excellent Appreciation Award" and said that Fuyao has provided high-quality supporting services for many models of Honda factories around the world in recent years, which is important for Honda's global development effect. In October, GM awarded Fuyao the "Global Supplier Quality Award". In the same month, Fuyao's fixed panoramic sunroof won the 2019 Lingxuan Award "Body Component Annual Contribution Award".



In September, with the goal of building a smart factory, Fuyao Suzhou Research Institute was established. It will strive to create a new high ground for high-end manufacturing and technological innovation and make continuous efforts in areas such as photoelectric and thin film, simulation technology, intelligent manufacturing and industrial robot system.



Caption: The performance of the car antenna directly determines the car signal reception capability, which is of great significance to the intelligent development of the car. The antenna open field is an important auxiliary facility in the development process of the car antenna. In December, the construction of the antenna open field with an investment of 18 million yuan was completed in Fuyao Suzhou. The test site covers an area of 5,200 square meters and can measure AM, FM, DAB, DTV and RKE antenna signals in various frequency bands. As a result, Fuyao Group became the only automotive glass company in China equipped with an antenna open field.

On April 15, Chairman Mr. Cho Tak Wong was listed among 2019 "The 50 Most Influential Business Leaders in China" released by Fortune Magazine. Fortune wrote in a comment to Chairman Mr. Cho Tak Wong: **"In the face of the severe challenges of the economic downturn, this entrepreneur relies on his own experience and ability to lead the enterprise safely."**

HONORS

January 2019



- Fuyao Group's ultraviolet, infrared blocking and water-repellent composite function automotive glass won the third Lingxuan Award sponsored by Automotive Business Review - the annual contribution award of China's auto parts body category
- Fuyao Group was awarded 2018 "Best Supplier" by SAIC GM
- Fuyao Group was selected as the 18th place in 2018 "Fujian Top 100 Private Enterprises" by Fujian Federation of Commerce & Industry
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded "China's 10 Most Influential Charity Figures" at the "Human Destiny Community and Sustainable Development Summit and Tribute to 40 People in the 40 Years of Reform and Opening Ceremony" co-sponsored by China Economic News, Think Tank Leadership Alliance
- Fuyao Group Changchun Co., Ltd. was awarded 2018 "Excellent Supplier Award" by FAW Liberation, "Development Pioneer Award" by FAW Volkswagen, "Cooperative Development Pioneer Award" by FAW Hongqi, and "Outstanding Contribution Award" by FAW Cars
- Guangzhou Fuyao Glass Co., Ltd. was awarded 2018 "Excellent Supplier" by GAC Honda, 2018 "Structure Reform Promotion Award" and "Excellent Improvement Case Award" by GAC Toyota, and 2018 "Top Ten Suppliers" and "Automobile Achievement Award" by GAC Passenger Cars
- Fuyao Glass (Chongqing) Co., Ltd. was awarded 2018 "R&D Contribution Award" by Changan Automobile
- Fuyao Group (Shenyang) Automotive Glass Co., Ltd. was awarded 2018 "Quality Excellence Award" by Brilliance Renault of and "Smart Manufacturing Pioneer Award" by SAIC GM Beisheng Automobile
- Zhengzhou Fuyao Glass Co., Ltd. was awarded 2018 "Excellent Supplier" by Zhengzhou Nissan
- Fuyao Glass Illinois, Inc. was awarded "Illinois Economic Development Award" by the Illinois Chamber of Commerce and the Illinois Economic Development Association

February 2019



- Fuyao Group was awarded 2019 "Excellent Appreciation Award" by HONDA Technology Co., Ltd.
- Fuyao Group was entitled 2018 "Excellent Board of Directors" at the 8th "China Star Board Media Award" hosted by China Board of Directors and China Data Research Center
- Fuyao Group was entitled 2018 "Top Ten Production and Marketing Enterprises" and "Top Ten Taxpaying Enterprises" in Fuqing City
- Fujian Fuyao Automotive Aluminium System Co., Ltd. was awarded 2018 "Excellent Team" by Exterior Decoration Function Group in Supplier Quality of SAIC GM
- Fuyao Glass (Chongqing) Co., Ltd. was awarded 2018 "Medal of Collaboration of Car Department of Chongqing Factory" by Beijing Hyundai, and 2018 "Quality Customer" by CSG Group

March 2019



- Chongqing Wansheng Fuyao Glass Co., Ltd. was awarded 2018 “Quality Contribution Award” and “Synergy Contribution Award” by Changan Light Vehicle
- Fuyao Group Shanghai Automobile Glass Co., Ltd. was awarded 2nd Mayor Quality Award and Quality Innovation Award in Jiading District

April 2019



- Fuyao Group was awarded “Quality Development Pioneer” by Securities Times
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was nominated as one of “The 50 Most Influential Business Leaders in 2019” by Fortune China, ranking 38th
- Fuyao Group was included in the first batch of green manufacturing list in Fujian Province by the Fujian Provincial Department of Industry and Information Technology, and was entitled “Green Factory”
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded 2019 “Think Tank Charity Award” by Center for China Globalization
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was selected as “Celebrating the 70th Anniversary of China - 70 Chinese Automobiles Figures” by Auto Circle Media
- Mr. Cho Tak Wong, the Chairman of Fuyao Group, and Cao Hui, the Vice Chairman of Fuyao Group, were awarded Thirty Years and 30 People -Funders” by China Foundation for Poverty Alleviation



May 2019



- Fuyao Group won the “Most Investment Value Award” of the 7th Top 100 Hong Kong Stocks by Top 100 Hong Kong Stocks Research Center
- Fuyao Group was awarded the “Original Glass” Innovative Brand in the “Golden Glass Award”, 6th China Glass Industry Brand Selection, held by China Glass

June 2019



- Fuyao Group was selected as the one of the 2019 provincial leading enterprises of industry and information technology in Fujian Province

July 2019



- Fuyao Group was nominated as one of the 2019 “China Top 500” by Fortune, ranking 413th
- Fuyao Group was shortlisted as one of the “China Automotive Industry Top 30” by China Machinery Industry Federation and China Automobile Industry Association
- Fuyao Glass (Hubei) Co., Ltd. was selected in the “Top 100 Hubei Private Enterprises in 2019” by Hubei Federation of Industry and Commerce, ranking 71th



August 2019



- Fuyao Group was awarded the “Top 100 Value Companies in Listed Companies in China Main Board” in by the 13th China Listed Company Value Appraisal by Securities Times
- Fuyao Group was nominated as one of the “2019 Top 500 Chinese Private Enterprises”, ranking 451st, and was nominated as one of the “Top 500 Chinese Private Enterprises in Manufacturing”, ranking 268th by All-China Federation of Industry and Commerce
- Fuyao Group was awarded “National Quality Credit Advanced Enterprise” by China Association of Quality Inspection

September 2019



- Fuyao Group was selected as the fourth batch of green manufacturing list announced by the Ministry of Industry and Information Technology, and was listed as a green factory
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded the fifth US-CHINA Outstanding Contribution Award by the US-China Business Association
- Fuyao Group was awarded the “Outstanding Promotion Unit” for the 40th anniversary of the promotion of total quality management by the China Quality Association
- Mr. Cho Tak Wong, Chairman of Fuyao Group, and Cao Hui, Vice Chairman, were awarded the “Commemorative Medal for the 70th Anniversary of the Founding of The People's Republic of China” by the CPC Central Committee, the State Council, and the Central Military Commission
- Fuyao Group was awarded “National Quality Integrity Benchmarking Enterprise” by China Association of Quality Inspection
- Fuzhou Fuyao Mould Technology Co., Ltd. was awarded “2019 Fuzhou Intellectual Property Demonstration Enterprise”

October 2019



- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded “National Poverty Alleviation Award” by the State Council Leading Group for Poverty Alleviation and Development
- Fuyao Group was awarded “2018 Supplier Quality Award” by GM
- Fuyao Group's fixed panoramic sunroof was awarded 4th Lingxuan Award, Body Component Annual Contribution Award, sponsored by Auto Business Review
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was entitled “Outstanding Contributing Entrepreneur in China” of 70 Companies and 70 Figures in 70 Years by NetEase Finance, China Industry and Economic News, China Enterprise Reform and Development Research Association
- Fuyao Group Beijing Futong Safety Glass Co., Ltd. was awarded the “Outstanding Contributing Unit” for the National Day Celebration Activity by the seventh branch of the celebration party for the 70th Anniversary of the Founding of The People's Republic of China



November 2019



- Fuyao Group was nominated as one of the “2019 Fujian Top 100 Private Enterprises” by Fujian Federation of Commerce & Industry, ranking 22nd
- Fuyao Group was awarded 2019 Top 10 China Global Enterprises by Center for China Globalization
- Fuyao Group was awarded 2019 China Listed Company “Industry Contribution Award” in the Golden Wisdom Award by Financial Industry
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded the first “Outstanding Social Entrepreneur” Award by the Global Social Entrepreneurs Alliance
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was selected by Forbes as the 163th China Rich List 2019
- Zhengzhou Fuyao Glass Co., Ltd. was awarded 2019 Outstanding Supplier “Technological Innovation Award” by Shaanxi Automobile

December 2019



- Fuyao Group was selected as one of “2019 Model 100 Brands in China Brand Power Ceremony” by CCTV
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded “Most Influential Business Award of the Year” by the Chinese General Chamber of Commerce – U.S.A.
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was awarded 2019 China Economic News Figure in the 31st China Economic News Awards



8. OUTLOOK



The year of 2019 experienced global economic slowdown and reduced investment size. Trade tension, financial volatility and increased geopolitics uncertainty hampered economic growth worldwide; with greater economic decline in China, especially when the manufacturing industry is bearing the brunt of trading stress, automobile consumption has been largely discouraged, evidenced by the two consecutive auto-industry downturn in China which first occurred in 2018. Backgrounded by the complexed economic situation, the Company focuses on internal and external improvement: first, to enhance internal system and strengthen management; to continue R&D innovation, reduce cost and increase effects, and push forward product structure, quality, sale and service upgrading, so as to enhance company core competitiveness; second, to be more socially responsible: stay true to the mission and consolidate main business; uphold people-orientation and enhance company governance; abide by disciplines and laws, fulfill social obligations, and protect environment, resources and social benefits; third, to continuously push forward internationalization and expansion in markets overseas: in 2019, the market share ratio at home and abroad of the Company registered an encouraging 50%:50%, which manifests the fruition of internationalization with a more desirable market structure and continuous efficiency increase in US automotive glass operation; forth, to extend industry chain and lay out new businesses: buy SAM assets to expand to Aluminum accessories business downstream; improve Aluminum accessories industry chain by acquisition of Jiangsu accessories, establishment of Tongliao refined Aluminum, and upstream and downstream integration with German Aluminum accessories.

Domestic and international economy does not bode well in 2020 with lingering risks and uncertainty, and the automotive industry may be faced with prolonged negative growth. The COVID-19 epidemic will adversely affect economy and industry, which confronts Fuyao with greater challenge. Fuyao staff will stay true to the mission, strive for continuous self-improvement and win the tough fight in 2020 with greater courage, responsibility and obligation:

Firstly, from strategy perspective, we will build Fuyao culture, and upgrade corporate management pattern. With "Self-improvement" as the goal and "Clear goal, well-defined power and responsibility, scientific assessment and fair reward and punishment" as the principle, the management will build the new Fuyao culture of "Stay true to the mission, maintain modest and discreet, seek common points while reserving difference, and strive for continuous self-improvement".

Secondly, from tactical perspective, we will strengthen organizational management, improve company management mechanism, regulate meeting management, execute meeting discussion and scientific decision-making, carry forward achieved effects and good practices, and intensify efforts in product development and promotion, so as to maintain the healthy development of Fuyao.

With the goal unchanged, we strive to make Fuyao a venerable company recognized by the world, and Fuyao staff will make concerted efforts to achieve success in Fuyao's great undertaking!



APPENDIX I: ESG REPORTING GUIDE INDEX

Aspects	General Disclosure Requirements	Reporting Guide
A1	<p>Emissions: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	<p>6.1 Green Operations 6.2 Green Production</p>
A1.1	The types of emissions and respective emissions data.	6.2 Green Production
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Green Production
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Green Production
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Green Production
A1.5	Description of measures to mitigate emissions and results achieved.	6.2 Green Production
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.2 Green Production
A2	<p>Use of Resources: Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	<p>6.1 Green Operations 6.2 Green Production</p>
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).	6.2 Green Production
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2 Green Production
A2.3	Description of energy use efficiency initiatives and results achieved.	6.2 Green Production
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.2 Green Production
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	6.2 Green Production
A3	<p>The Environment and Natural Resources: Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	6.4 Green Products
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.4 Green Products

Aspects	General Disclosure Requirements	Reporting Guide
B1	Employment: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Building Diversified Team 4.2 Protecting Employees' Rights
B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Building Diversified Team
B2	Health and Safety: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Creating a Safe Environment
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Creating a Safe Environment
B3	Development and Training: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	4.4 Driving Employee Development
B3.2	The average training hours completed per employee by gender and employee category.	4.4 Driving Employee Development
B4	Labour Standards: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.2 Protecting Employees' Rights
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Protecting Employees' Rights
B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Protecting Employees' Rights
B5	Supply Chain Management: Policies on managing environmental and social risks of the supply chain.	5.2 Suppliers Management
B5.1	Number of suppliers by geographical region.	5.2 Suppliers Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.1 Suppliers Selection
B6	Product Responsibility: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Quality Culture 3.2 Quality Management Mechanism 3.3 Customer Services 3.4 Regulating Intellectual Property Rights Management

Aspects	General Disclosure Requirements	Reporting Guide
B6.2	Number of products and service related complaints received and how they are dealt with.	3.3 Customer Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4 Regulating Intellectual Property Rights Management
B6.4	Description of quality assurance process and recall procedures.	3.2 Quality Management Mechanism
B6.5	Description of practices relating to observing and protecting intellectual property rights.	3.3 Customer Services
B7	Anti-corruption: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.4 Responsible Operation
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Responsible Operation
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.4 Responsible Operation
B8	Community Investment: 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.	7 Promoting Community Development and Contributing to Public Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7 Promoting Community Development and Contributing to Public Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	7 Promoting Community Development and Contributing to Public Welfare

APPENDIX II: READERS FEEDBACK FORM

Thank you for reading the "Fuyao 2019 ESG Report". In order to provide more valuable information to the Group's stakeholders and improve its ability and level of fulfilling social responsibilities, Fuyao would welcome any feedback or suggestions you might have about this report.

You can send this form to any of the following:

Mailing address: District II of Fuyao Industrial Zone, Fuqing City, Fujian Province, China

1. How would you rate your opinion of this ESG Report?

☐Excellent ☐Good ☐General ☐Poor ☐Hardly

2. How would you rate your opinion of the environmental and social responsibilities of the Group?

Social Responsibility	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> General <input type="checkbox"/> Poor <input type="checkbox"/> Hardly
Environmental responsibility	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> General <input type="checkbox"/> Poor <input type="checkbox"/> Hardly

3. Please rate the effectiveness of this Report in reflecting the environmental and social impact the Group has brought about through its social responsibility practices?

☐Excellent ☐Good ☐General ☐Poor ☐Hardly

4. How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> General <input type="checkbox"/> Poor <input type="checkbox"/> Hardly
Accuracy	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> General <input type="checkbox"/> Poor <input type="checkbox"/> Hardly
Completeness	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> General <input type="checkbox"/> Poor <input type="checkbox"/> Hardly

5. Do you find this Report in easy-to-read contents and formatting?

☐Yes ☐Neutral ☐No

6. Feel free to share any comments or suggestions you may have on the Group and this Report:

Thanks for your enthusiastic feedbacks and precious time!



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