



洛 阳 玻 璃 股 份 有 限 公 司  
LUOYANG GLASS COMPANY LIMITED

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

H Share Stock Code: 1108

A Share Stock Code: 600876

2020

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT LUOYANG GLASS

Luoyang Glass Company Limited (“**Luoyang Glass**”, the “**Company**”) (Stock Code: 01108 (H shares), 600876 (A shares)) is a company whose A shares and H shares are listed in Shanghai and Hong Kong, respectively.

Luoyang Glass Company Limited, incorporated in the PRC on 6 April 1994, issued overseas listed foreign H shares which were listed on the Stock Exchange of Hong Kong Limited on 29 June 1994 and ordinary A shares denominated in RMB which were listed on the Shanghai Stock Exchange on 29 September 1995. The Company is the first company realizing commercial production of ultra-thin float glass products in China. The Company has accumulated leading knowledge system and processing experience during operation and production for several decades. The Company possesses a number of proprietary intellectual property rights and core technologies. The Company has successively won various accolades including “National Quality Award for Float Glass – Silver Award (國家浮法玻璃質量獎-銀質獎)”, “Gold Invention Award (金質發明獎)”, “National Consumer Trustworthy Product (全國消費者信得過產品)”, “Well-known Trademark (馳名商標)” and “National Science & Technology Progress Award (first class) (國家科學技術進步一等獎)”.

Aiming to build itself into an innovation-performance-based, resource-conserving, environment friendly and socially responsible enterprise, and adhering to the core conception of “smart use of resources to serve the industrial construction”, the Company fosters the core value of “Innovation, Performance, Harmony and Responsibility”, striving for and making contribution to the harmonious, healthy and sustainable development among the Company and environment, the Company and its employees, the Company and the society.

In 2020, on the basis of regular pandemic prevention and control with all efforts, the Company resolved to implement the decisions and arrangements of “six stabilizations” and “six guarantees”, further moved forward to carry out “quality and efficiency improvement program” and “benchmarked against the first-class enterprises in term of management”, firmly promoted the overall acceleration of the project construction, grasped the new opportunities and planned the new layout, thus successfully achieving the fast growth of the production and sales volume as well as the operating results. In 2020, the total operating income amounted to RMB3.046 billion, representing an increase of 64.2% year on year; the net profit attributable to the shareholders of the Company amounted to RMB327 million, representing a year-on-year increase of 506.23%.

Going forward, Luoyang Glass will follow the orientation of technology and product innovation, build core competitive strength and focus on advancing high-quality development to become a pioneer and leader in the new glass industry.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STEADILY PROMOTING ENVIRONMENTAL PROTECTION AND RESOURCES CONSERVATION

As at the end of the reporting period, the Company has six glass production bases, including 6 wholly-owned subsidiaries and 1 controlled subsidiary. Its glass production lines are distributed in six cities in three provinces, namely Henan, Anhui and Jiangsu.

The main products of the Company belong to key basic materials in the upstream of the relevant industry chain, which are in line with the requirements of the industrial policies and technical improvement. Its products are mainly distributed across 18 provinces (municipalities) including Guangdong, Zhejiang, Jiangsu, Anhui, Henan, Hebei and Shanghai in the PRC.

During the reporting period, the Company mainly engaged in two segments, including information display glass and new energy glass.

The information display glass segment mainly produces ultra-thin electronic glass substrate. It currently has three wholly-owned subsidiaries producing such products, including CLFG Longhai Electronic Glass Limited ("**Longhai Glass**") and CLFG Longmen Glass Co. Ltd. ("**Longmen Glass**") in Luoyang City, Henan; and Bengbu China National Building Materials Information Display Materials Company Limited ("**Bengbu CNBM Information Display**") in Bengbu City, Anhui.

The new energy glass segment mainly produces photovoltaic original glass and its further processed products. It currently has 3 wholly-owned subsidiaries and 1 controlled subsidiary producing such products, including Puyang China National Building Materials Photovoltaic Materials Company Limited ("**Puyang CNBM Photovoltaic Materials**") in Puyang County, Henan; CNBM (Tongcheng) New Energy Materials Co., Ltd.\* ("**Tongcheng New Energy**") in Tongcheng City, Anhui; CNBM (Hefei) New Energy Co., Ltd.\* ("**Hefei New Energy**") in Hefei City, Anhui and CNBM (Yixing) New Energy Resources Co., Ltd ("**Yixing New Energy**") in Yixing City, Jiangsu.

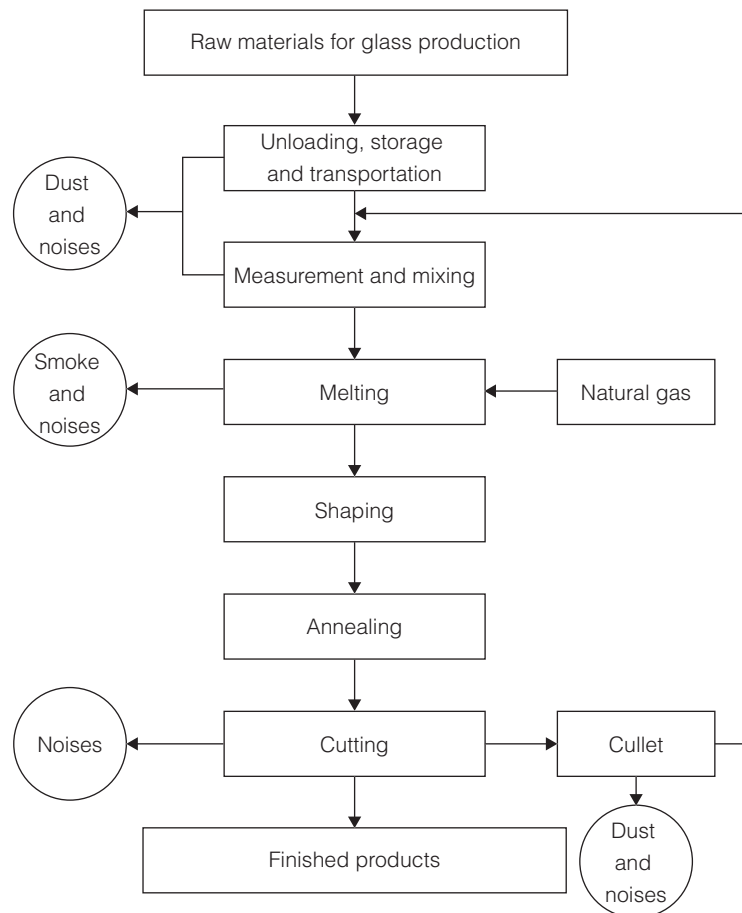


# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL PROTECTION

Glass production process has the feature of uninterrupted production. Therefore, the Company has been fully implementing energy conservation and emission reduction, cyclic utilization and ecological protection to minimize the impact of production on the environment.

- Glass production process and analysis on major pollutants



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Greenhouse gas emitted from the manufacturing facility and in manufacturing process mainly includes burning of fuel, oxidation of carbon powder of raw material, decomposition of carbonate raw material, emissions from purchased net electricity and other manufacture process.

**Data on Greenhouse Gas Emission of Luoyang Glass for 2018 – 2020**

	2018	2019	2020
Total annual CO <sub>2</sub> emission for the year ( <i>tCO<sub>2</sub></i> )	633,344.86	550,357.89	<b>904,406.25</b>
Total emission from burning of fossil fuel	355,064.70	242,623.62	<b>615,919.73</b>
Emission from oxidation of carbon powder of raw materials	47.74	68.51	<b>123.74</b>
Emission from decomposition of carbonate raw material	93,216.75	96,333.81	<b>117,256.02</b>
Emission from use of purchased net electricity	185,015.67	211,331.95	<b>171,106.76</b>

**Data on Greenhouse Gas Emission from Production Lines for 2020**

	Total annual CO <sub>2</sub> emission for the year ( <i>tCO<sub>2</sub></i> )	Emission from burning of fossil fuel ( <i>tCO<sub>2</sub></i> )	Emission from oxidation of carbon powder of raw materials ( <i>tCO<sub>2</sub></i> )	Emission from decomposition of carbonate raw material ( <i>tCO<sub>2</sub></i> )	Emission from use of purchased net electricity ( <i>tCO<sub>2</sub></i> )
Total	904,406.25	615,919.73	123.74	117,256.02	171,106.76
Longhai Glass	383,832.58	321,142.47	32.67	14,436.20	48,221.24
Bengbu CNBM					
Information Display	30,511.28	27,082.01	15.39	3,385.45	28.43
Tongcheng New					
Energy	122,255.25	63,377.57	–	16,472.48	42,405.20
Hefei New Energy	199,176.37	94,120.19	–	39,734.32	65,321.86
Yixing New Energy	112,317.29	75,214.30	–	29,093.99	8,009.00
Puyang CNBM					
Photovoltaic					
Materials	56,313.48	34,983.19	75.68	14,133.58	7,121.03

(Note: Data in the table are calculated in accordance with the Calculation Method and Report Guide on Greenhouse Gas Emission for the PRC Manufacturers of Sheet Glass (Trial) (《中國平板玻璃生產企業溫室氣體排放核算方法與報告指南(試行)》 issued by the National Development and Reform Commission.)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Major pollutants generated from the production process: dust-laden gases, and smoke, noise, waste water and solid waste emitted from furnaces.

**Data on Major Pollutants Emitted of Luoyang Glass for 2018 – 2020**

	2018	2019	2020
Waste gas (0'000 standard cubic meters)	225,606	210,028	<b>207,672.87</b>
SO <sub>2</sub> (Ton)	94.954	80.584	<b>40.951</b>
NO <sub>x</sub> (Ton)	646.504	515.121	<b>387.709</b>
Granule (Ton)	40.405	26.133	<b>26.001</b>
Waste water (Ton)	764,538	704,239	<b>904,693</b>
COD (Ton)	39.068	45.256	<b>50.40</b>

**Data on Major Pollutants Emitted from Production Lines for 2020**

	Waste gas (0'000 standard cubic meters)	SO <sub>2</sub> (Ton)	NO <sub>x</sub> (Ton)	Granule (Ton)	Waste water (Ton)	COD (Ton)
Total	207,672.87	40.951	387.709	26.001	904,693	50.40
Longhai Glass	54,417.00	8.491	10.669	5.495	26,394	2.35
Bengbu CNBM Information Display	32,919.02	–	135.940	6.850	55,455	12.12
Tongcheng New Energy	37,467.00	4.570	137.270	6.970	102,590	0.07
Hefei New Energy	24,763.00	19.700	101.100	4.200	568,681	28.70
Yixing New Energy	46,711.00	7.140	–	2.096	113,183	5.55
Puyang CNBM Photovoltaic Materials	11,395.85	1.050	2.730	0.390	38,390	1.61

(Note: During the reporting period, the production lines of Longmen Glass, a wholly-owned subsidiary of the Company, have ceased production since 2 January 2020 and were planned for relocation and transformation; the production lines of Puyang CNBM Photovoltaic Materials, a wholly-owned subsidiary of the Company, have been fired and put into operation on 28 May 2020.)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Legal Compliance

The Company earnestly follows out environmental protection-related laws and regulations and strictly abides by the specialized standards in relation to environmental protection, energy conservation and comprehensive utilization of resources issued by the state and local governments. The relevant laws and regulations include: Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》, taking effect on 1 January 2015); Law of the People's Republic of China on Environmental Effects Assessment (《中華人民共和國環境影響評價法》, taking effect on 1 September 2003); Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》, taking effect on 1 September 2000); Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》, taking effect on 1 June 2008); Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》, taking effect on 1 March 1997); Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢物污染環境防治法》, taking effect on 1 April 2005); Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》, taking effect on 1 January 2003);

The Company rigorously implements standards on pollutant discharges and improves its monitoring and discharge reduction system to ensure standard discharge and clean production. Pollutant discharge standards currently observed by production-related subsidiaries of the Company are as follows:

Type of pollutants	Pollutant discharge standards (note)	Major pollutants	Discharge concentration
Exhaust	Emission Standard of Air Pollutants for Electronic Glass Industry (《電子玻璃工業大氣污染物排放標準》) (GB29495-2013)	Atmospheric particulate (dust) SO <sub>2</sub> NO <sub>x</sub>	Atmospheric particulate≤50 mg/m <sup>3</sup> SO <sub>2</sub> ≤400 mg/m <sup>3</sup> NO <sub>x</sub> ≤700 mg/m <sup>3</sup>
	Emission Standard of Air Pollutants for Plate Glass Industry (《平板玻璃工業大氣污染物排放標準》) (GB26453-2011)		Atmospheric particulate≤50 mg/m <sup>3</sup> SO <sub>2</sub> ≤400 mg/m <sup>3</sup> NO <sub>x</sub> ≤700 mg/m <sup>3</sup>
	Emission Standard of Air pollutants for Industrial Kiln in the Henan Province (《河南省工業爐窯大氣污染物排放標準》) (DB41/1066-2015)		Atmospheric particulate≤30 mg/m <sup>3</sup> SO <sub>2</sub> ≤200 mg/m <sup>3</sup> NO <sub>x</sub> ≤400 mg/m <sup>3</sup>
	Relevant Emission Standard of "2020 Upgrading and Special Treatment Plan in Non-Electric Industries of Luoyang City"		Atmospheric particulate≤30 mg/m <sup>3</sup> SO <sub>2</sub> ≤150 mg/m <sup>3</sup> NO <sub>x</sub> ≤400 mg/m <sup>3</sup>
Wastewater	Integrated Wastewater Discharge Standard (《污水綜合排放標準》)(GB 8978-1996) Class I	pH, COD, SS, BOD5, NH3-N, petroleum and other relevant pollutants	pH:6~9 COD≤100mg/L SS≤100mg/L BOD5≤20mg/L NH3-N≤15mg/L petroleum≤5mg/L

(Note: The production subsidiaries of the Company which are currently located in Henan province implement all the standards set out in the table, and the subsidiaries located in other provinces implement national and industrial standards.)





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Systematic Management

The Company earnestly implemented the national, provincial and municipal environmental protection policies and regulations, and actively responded to the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》), the Comprehensive Work Plan on Energy Conservation and Emission Reduction of the State Council for the "13th Five-Year" Period (《國務院"十三五"節能減排綜合性工作方案》), the Plan for Energy Conservation and Emission Reduction (2016–2020) (《節能減排規劃(2016–2020年)》) and other relevant industry policies. Under the guidance of green development and the premise of ensuring the fulfillment of the various emission standards in a stable manner, the Company follows through the new enterprise growth path featuring low energy consumption, high efficiency, recycling and less emissions. The Company aims to promote its environmental protection capacity and achieve the Company's sustainable development through strict management, continuous improvement, and management innovation.

The Company established the Environmental Protection Committee and the Ecological Environmental Protection Supervision Leading Group and clarified the work responsibilities of the committee. At the same time, Environmental Protection Responsibility System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護責任制》), Environmental Protection Management Implementation Rules of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護管理實施細則》), Environmental Emergency Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件應急管理辦法》), Energy Conservation and Emissions Reduction Supervision and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司節能減排監督管理制度》), Environmental Emergency Reporting Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件報告管理辦法》), Ecological Environment Protection Responsibility Target Assessment and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司生態環境保護責任目標考核管理制度》), Pollution Prevention and Control Facilities Operation and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司污染防治設施運行管理制度》) and other related documents were prepared and published, and key environmental protection work and human, material and financial resources and technical support for environmental protection were continuously strengthened. In 2020, Longhai Glass invested RMB12 million to add the dust removal with a bag filter and the reserve desulphurization, denitration and dedusting system; Bengbu CNBM Information Display invested RMB10.83 million to build kiln flue gas desulphurisation, denitrification and dust removal facilities using an integrated process of denitrification, desulphurisation and dust removal with a catalyst (catalyst) ceramic filter and put it into operation.

In its daily production and operation, all production lines of the Company are equipped with relatively complete pollution prevention and control facilities, and the Company continues to strengthen the construction and operation and maintenance management for environmental protection facilities. Each subsidiary company seeks to reduce its energy consumption and pollutant discharge level through continuous improvement of process technology, so as to enhance energy utilization efficiency and realize clean production. Major measures include: glass production lines are fueled by natural gas; further reduction of energy consumption and pollutant discharge are achieved by using Oxygen Enriched Combustion technology, thus implementing clean production; the production process parameters are reasonably adjusted to strengthen the kiln body heat preservation, thus reducing the use of natural gas; the Company strengthens the operation and management of environmental protection facilities for desulfurization, denitration and dedusting to guarantee high efficiency of desulfurization, denitration and dedusting and reduce emission of SO<sub>2</sub>, NO<sub>x</sub> and smoke dust.

The Company strictly implements national and local environmental emission standards, implements its environmental protection responsibility at various levels through standardized systems, ensuring effective operation of the environmental protection facilities and timely taking of measures to rectify when problems are detected.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Comprehensive Treatment

Major treatment measures and recycled utilization approaches include:

- Furnace fumes are disposed through the combination of the electronic precipitator, the denitrification reactor, the semi-dry process for desulfurization and the bag filter.
- For the dust generated from glass breaker system and the compounding system, a bag filter is used for collection and further treatment of such dust.
- For noise treatment, the Company selects and uses facilities with low noise design and made rational distribution of noise sources (for example, to position all intense noise sources such as the freezing units, emergency generator, air compressor and vacuum pump in airtight workshops and to emplace cooling towers with encircling sound arresters on the rooftop of the power house) to scale down effects of noises from the production facilities on the surroundings as far as possible.
- Wastewater is treated through the process of equalization, sediment neutralization treatment and cycling. The reclaimed wastewater is reused for water supply in the ambient temperature cooling system. In addition, cooling water used in the freezing units and air compressors is all recycled to reduce waste of water resources.
- The solid wastes mainly consists of the dust collected by the bag filter, faulty glass substrate (semi-finished products and finished products), culled refractories and obsolete packaging materials, for which the recycled utilization measures include: to reuse the dust of compound and dust of ladle addition feeder collected by bag filters in production; to reuse all faulty glass substrates in production; to send used packing materials of chemicals back to the suppliers for recycling and common packaging materials to reclamation depot.
- The Company promotes circular economy and the use of new energy. As for the 3MW waste heat power station which is a supporting construction facility of the photovoltaic glass production line of Hefei New Energy and whose annual accumulated self-generated power amounts to approximately 14,350,000KWH, the Company makes full use of waste gas heat from its glass melting kilns to improve the energy using efficiency, meanwhile reduces the emission of air pollutants. Both Hefei New Energy and Tongcheng New Energy constructed the distributed photovoltaic power stations on the roofs of their self-owned factories with an aggregate annual supply of clean energy of 11,540,000KWH, achieving remarkable results in energy conservation and emission reduction.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PROACTIVELY FULFILLING CORPORATE SOCIAL RESPONSIBILITY

In the light of the core value of “innovation, performance, harmony and responsibility”, the Company proactively undertakes the corporate social responsibility based on the demands of stakeholders including the staff, customers, business partners, the community, the media and so forth.

### Safeguarding Rights and Interests of the Staff

The Company respects and preserves the internationally accepted human rights conventions and labor standards, resolutely eliminates forced labor, protests against discrimination of any kind and sternly prohibits and resists the use of child labor. It recruits new staff in an open, fair and just manner, enforces equal pay for equal work and respects the privacy of the staff.

- The Company protects the staff's legal entitlements to the labor rights and performance of labor obligations in strict compliance with Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and relevant laws and regulations.
- The Company has entered into labor contracts with the staff and performed duties thereunder according to the laws. All employees have signed a labor contract with the Company. The Company pays in full the social insurances concerning pension, medicare, unemployment, work-related injuries and maternity to ensure the staff's treatment of social insurances in line with relevant national, provincial and local provisions.
- The Company has adopted the paid annual leave system for the staff and provides overtime pay for the work beyond legal working hours according to relevant provisions including Regulations of Paid Annual Leave of Employees (《職工帶薪年休假條例》).
- The Company unremittingly consummates the corporate democratic management system with the congress of employee representatives as the fundamental form, and reports to and receives reviews from the employee representatives on the annual production and operation as well as material matters of the Company through the congress of employee representatives. The Company has established labor unions at all levels to cope with issues of the staff in relation to expression of demands, conflict settlement and other aspects, thus guaranteeing the staff's rights for participation, knowledge and supervision.
- The Company lays emphasis on quality improvement and skill trainings for workers at the production line. In 2020, it conducted learning activities across the whole Company and held a total of 459 trainings with 14,600 participants. It actively carried out “Model Work Innovation Workshop” and established platforms for the growth of “craftsman” to reinforce their passion in and devotion to the work. Six innovative workshops were established which were named after model workers and craftsmen of the Company.
- The Company carries on the “Heart-warming” themed activities. In 2020, it visited 24 employees of the Company and distributed subsidies of RMB26,000.
- The Company has preserved the staff's rights of occupational safety and health and arranged physical examination for all of its employees for free. Besides, the Company has exercised the special labor protection for female employees and recorded a full coverage of physical examination according to relevant stipulations including the Law on Protection of Rights and Interests of Women (《婦女權益保護法》).
- The Company has been enthusiastic about carrying out public benefit activities. In 2020, 336 Party members and model workers of the Company donated a total of RMB71,760 for the fight against the pandemic; the Company took the initiative in carrying out poverty alleviation through consumption by purchasing characteristic agricultural products worth RMB51,830 from specific places in poverty-stricken areas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Production Safety

In light of the safety principle of "Safety First, Prevention Foremost and Comprehensive Treatment", in addition to ever-increasing efforts to the day-to-day safety monitoring and management, the Company attends to the work relating to "targeted management of safety", "identification of material latent hazards", "establishment and rehearsal of the responsive system for material incidents" and "hierarchical control over danger sources (sites)" aiming for the achievement of safety in essence and the comprehensive improvement of production safety. In 2020, the Company recorded no fatal accident or material fatal accident and 2 minor injury accidents, with the injury rate per thousand employees of 0.82‰.

- The Company has established rigorous management systems, operation standards and responsive plans for production safety to strengthen the production safety accountability system and implement targeted management of production safety. Meanwhile, the Company has executed the Contract on Production Safety Obligations (《安全承包責任書》) in light of the overall control target of the safety work. In addition, the Company has strengthened its daily supervision and inspection mechanism and implemented the system of monthly safety and environmental protection meetings. It has especially strengthened targeted security supervision and special investigation, to eliminate all hidden dangers, in accordance with seasonal changes and major holiday arrangements.
- The Company has strengthened the prevention and control of incidents and the hierarchical monitoring and control over danger sources (sites) by implementing progressive control and management in view of the nature and perniciousness of the danger sources (sites). The Company also arranges regular inspection on danger sources (sites) at different levels for each month, assigns full-time safety officer for daily in-process inspection from district to district, collects feedback receipts for latent hazard rectifications, designates separate principals for different projects to push forward relevant rectifications with the prescribed time limit and carries out onsite post inspections. Thanks to the foregoing, the Company has made the danger sources (sites) manageable, within reach and under control, thus effectively preventing the occurrence of material incidents.
- The Company has established the responsive rescue systems and mechanisms for material incidents and highlights investment in production safety to ensure full implementation of various safety measures. Professionals are arranged to make amendments to the responsive rescue plan in a timely manner and corresponding rehearsals are organized for each year in production units subordinate to the Company where there are concentrated danger sources, and the routine rehearsals were also improved.
- The Company has adhered to the concept of "reasonable cost and comprehensive protection" and resolutely forbidden the operation without protection appliances and equipment, to guarantee full purchase and timely handing out of security protection articles. The total investment of safety (including occupational health and fire protection) protection funds for the year was RMB1,890,000.
- The Company has continued to promote the development of a "dual prevention system for safety production risks and hidden dangers", and formulated an implementation plan for the development of the dual prevention system for safety production risks and hidden dangers and urged its implementation. In 2020, Longhai Glass and Longmen Glass, the wholly-owned subsidiaries of the Company, had completed various works including the organization construction, system documentation, training of all workers and staff, inspection and determination of risk points, identification and analysis of risk sources, risk assessment, determination of risk control measures and its level-to-level management and control, as well as hidden risks inspection list compilation and their governance in accordance with the requirements under "the Evaluation Standard for the Development of the Dual Prevention System for Enterprise Safety Production Risks and Hidden Dangers in Henan Province".



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- The Company has strengthened occupational health management to ensure the health of workers. It has implemented the “three contemporaries” safety management system for new construction, reconstruction and expansion projects to prevent and reduce production accidents and ensure the safety of life and property of employees. The Company has regularly conducted physical examination for employees and established occupational disease archives, and timely handed out labor protection articles to protect the health of the staff.
- The Company has enhanced the safety awareness of the staff and improved their emergency response skills, and conducted a total of 2,853 fire safety trainings throughout the year. In 2020, the Company carried out various kinds of training and activities on safety education including “Production Safety Month”, “Observing and Learning from Natural Gas Leakage Emergency Drill” and “National Online Competition on Safety Knowledge”.

## **Safeguarding the Rights and Interests of Suppliers, Customers and Consumers**

The Company has long been devoted to establishing the strategic partnership with suppliers and distributors featuring smooth communication, sincere cooperation and mutual benefit and providing support for the development of suppliers and distributors with good faith, high-quality products and superior services so as to safeguard the rights and interests of suppliers, customers and consumers.

- The Company standardizes the management of suppliers, chooses excellent suppliers as cooperative partners in the supply chain and establishes long-term strategic cooperation relationship with them. It implements the concentrated purchasing through tender, and improves the fairness and justice of the supplier assessment systems so as to create a healthy competition environment for suppliers. In addition, the Company also designates professional technicians in production to provide technical instructions and services for suppliers for free so as to ensure qualified incoming raw materials as needed.
- In adherence to survival in virtue of quality and development through innovations, the Company energetically pushes ahead for stronger quality consciousness and increasingly improving quality management systems so as to provide high-quality products and services for customers and consumers. The Company has been improving the quality management systems covering each process from incoming raw materials to factory-gate products to make sure the in-process quality control. Paying consistent attention to the concerns of customers, the Company has made full use of various effective approaches to launch activities for collecting and analyzing information on customer satisfaction, and has formulated corrective measures based on helpful opinions or recommendations of customers and implemented the same into specific departments for timely rectifications. As a result, customer satisfaction has been increasing year by year.
- The Company takes full advantage of its own technological innovation, devotes efforts to the troubleshooting as well as the marketing and application of process technology to enlarge its product lines and raise the product quality. The Company's 0.2mm-1.3mm series of ultra-thin glass products managed to grab a high share in the domestic market and the mass production and commercialization of the ultra-thin medium-alumina electronic glass has been achieved, whose quality had met the standards on overseas similar products.
- In reliance on the technological breakthrough campaign, the Company made more investment in research and development. In 2020, the Company has invested a total of RMB137 million in research and development, representing a year-on-year increase of 59%; it also applied for 8 new national patents and 30 utility model patents.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Public Relations

The Company and its subsidiaries proactively fulfill their corporate social responsibility for the communities in which they operate and have established good relationship with the communities. A safe and healthy environment has been created for such communities in terms of traffic safety, personal safety and public health. The Company upholds harmonious neighborhood, fair exchange and mutual respect.

The Company resolutely opposes to commercial bribery and industrial monopoly and proactively participates in protection of fair market competition in the principle of building a fair, just and open market competition environment to improve economic operation efficiency, safeguard consumers' interests and social public interests, and promote the healthy development of the industry.

Regarding payment of taxes according to laws as the most basic requirement for fulfilment of social responsibility and repaying the society, the Company has always faithfully declared tax and made timely payment of taxes.

In operating activities, the Company follows the principle of voluntariness, fairness, honesty and credibility, complies with social morality and business ethics, takes the initiative to accept the supervision and inspection by government departments and regulators, and attaches importance to the supervision and comments of the public and news media for the Company.

## GIVING TOP PRIORITY TO ENHANCEMENT OF CORPORATE GOVERNANCE

The Company is proactively committed to achieving and maintaining high standard of corporate governance and constantly improving corporate governance. A decision-making and operation system has been established based on the Articles of Association and mainly structured with the general meeting, the Board, the Supervisory Committee and the management to improve various internal management systems. An internal control and prevention system has been built, with risk management as the start, clear division of responsibility as the core, improved institutional construction as the guarantee and process streamlining and standardizing as the basis. The standardization and implementation of corporate internal control system reasonably guarantee the legality and compliance of the Company's operation and management, assets safety, authenticity and completeness of financial report and relevant information, improvement of operating efficiency and effects, and promotion of the realisation of the Company's development strategy.

## Compliance with Corporate Governance Code

The Company has adopted the principles under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **Securities Transactions by Directors and Supervisors**

The Company has adopted the Model Code for Securities Transactions set out in Appendix 10 to the Listing Rules.

Having made specific enquiry by the Company, all Directors and supervisors have confirmed that they had fully complied with the Model Code for Securities Transactions during the reporting period.

As at 31 December 2020, none of the Directors, supervisors or senior management of the Company and their connected persons to the knowledge of the Directors had any interest nor short position in the shares, underlying shares or debentures of the Company or its associated corporations which was required to be entered in the register of interest kept by the Company pursuant to section 352 of the Securities and Futures Ordinance.

The changes in shareholdings and remuneration of the existing and resigned Directors, supervisors and senior management during the reporting period are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in the annual report.

## **Board**

The Board convenes meetings on a regular basis and also calls upon irregular meetings depending on actual conditions. During the reporting period, the Board convened 14 meetings and all Directors proactively attended the meetings in person or by way of communication. The attendance of Board meetings and the meetings of special committees in 2020 are set out in the section headed "Corporate Governance" in the annual report.

As at the end of the reporting period, the ninth session of the Board was composed of eleven Directors, including five executive Directors, i.e. Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors, i.e. Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors, i.e. Mr. Ye Shuhua, Mr. He Baofeng, Mr. Jin Zhanping and Ms. Zhang Yajuan. The personal information of the relevant Directors is set out in the section headed "Directors, Supervisors, Senior Management and Employees" in the annual report.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Members of the ninth session of the Board and composition of special committees

<b>Committees</b> <b>Members of the Board</b>	<b>Strategic Committee</b>	<b>Nomination Committee</b>	<b>Remuneration and Review Committee</b>	<b>Compliance Committee</b>	<b>Audit Committee</b>
<b>Executive Directors</b>					
Mr. Zhang Chong (Chairman)	Chairman	Member	Member		
Mr. Xie Jun (Deputy Chairman)	Member			Member	
Mr. Ma Yan (General Manager, Chief Financial Officer)	Member				
Mr. Wang Guoqiang (Deputy General Manager)					
Mr. Zhang Rong (Deputy General Manager)					
<b>Non-executive Directors</b>					
Mr. Chen Yong	Member				
Mr. Ren Hongcan					
<b>Independent Non-executive Directors</b>					
Mr. Jin Zhanping	Member	Chairman			
Mr. Ye Shuhua			Chairman		Member
Mr. He Baofeng		Member			Chairman
Ms. Zhang Yajuan			Member	Chairman	Member



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Special Committees of the Board

Five special committees under the Board of the Company are established, i.e. the Audit Committee, the Strategic Committee, the Nomination Committee, the Remuneration and Review Committee and the Compliance Committee. Each of them fulfilled their duties according to the working rules of such committees, concretely and effectively helped the Board to perform the duties as set out in Appendix 14 D3.1 to the Listing Rules.

The work and meetings of the special committees in 2020 are set out in the section headed “Corporate Governance” in the annual report.

## Risk Management and Internal Control

The Board is responsible for the risk management and internal control system and the review of the effectiveness thereof. The Supervisory Committee supervises the establishment and implementation of internal control by the Board.

The Audit Committee of the Board is responsible for reviewing the Company's financial position, implementation and effects of internal control system, and risk management and control as well as the communication, supervision and inspection in respect of internal and external audit of the Company.

The management is in charge of organizing and leading the daily operation of risk management and internal control and the Audit Department of the Company is responsible for the specific implementation, supervision and inspection of the risk management and internal control system. The Company has engaged WUYIGE Certified Public Accountants LLP to audit the effectiveness of internal control of annual financial statements of the Company, who issued the audit report and disclosure.

The Board, through the Audit Committee, reviewed the adequacy and effectiveness of the Company's risk management and internal control. The Company prepared the Report on Comprehensive Risk Management of Luoyang Glass Company Limited for 2020. It organized and conducted comprehensive monitoring and evaluation for the internal control management system of 9 functional departments and its subsidiaries in accordance with the Measures for Management of Internal Control Evaluation and the Plan on Implementation of Self Evaluation for 2020, and prepared the Report on Evaluation of Internal Control for 2020 of Luoyang Glass Company Limited. On 30 March 2021, the report was published on the websites of the Hong Kong Stock Exchange, Shanghai Stock Exchange and the Company.

## Relationship with Shareholders

The Board considers that it is very important to engage in effective communication with shareholders, strengthen management of investor relations and facilitate them to have an understanding of the Company's business and development prospects. The Company strengthened communications among its investors via investors exchange meetings, performance presentations, interactive internet platforms, etc. and highly valued the creation of harmonious relations among investors. Questions brought up by investors were timely replied to. Secretariat of the Board appointed a special person to answer consulting phone calls from investors and receive their emails as well as reply to their questions and inquiries. The specially appointed person also received visiting investors and assisted them in conducting researches. The Company's files, annual reports, half-year reports, quarterly reports, temporary announcements, circulars, etc. were publicized on the website of the Company so that shareholders and investors could obtain updated information about the Company in a timely manner.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company respects and protects legal rights of medium and small investors. The Articles of Association sets out that, shareholders shall participate in making major decisions of the Company by exercising the voting rights at the general meetings; While convening the general meeting, the Shareholders individually or jointly holding more than 10% shares of the Company, have right to request the Board to convene the extraordinary general meeting; the Shareholders individually or jointly holding more than 3% (including 3%) of the shares of the Company are entitled to submit a proposal in writing to the Company.

The Company operates independently, has sole decision-making right for operations and does not depend on any controlling shareholders and their connected enterprises.

During the reporting period, the Company convened the 2019 Annual General Meeting, the 2020 First A Share Class Meeting and the 2020 First H Share Class Meeting. Information on the general meetings of the Company and inquiry index are as follows:

Session	Date	Inquiry index on the website on which the resolutions are publicized	Date of disclosure
The 2019 Annual General Meeting, the 2020 First A Share Class Meeting and the 2020 First H Share Class Meeting	30 June 2020	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	1 July 2020 30 June 2020

## Amendments to the Articles of Association

Amendments were made to the Articles of Association of the Company during the reporting period pursuant to the applicable laws and regulations in the PRC as well as the requirements of the Listing Rules. Such amendments were considered and approved by the shareholders at the 2019 Annual General Meeting, the 2020 First A Share Class Meeting and the 2020 First H Share Class Meeting convened on 30 June 2020.

The principal contents of the amendments were the changes in total share capital of the Company from 552,396,509 shares to 548,540,432 shares and in registered capital of the Company from RMB552,396,509 to RMB548,540,432 which were due to the fact that the Company completed the repurchase and cancellation of the compensation shares for performance commitment with China Securities Depository and Clearing Corporation Limited Shanghai Branch on 6 November 2020 in accordance with the compensation scheme for unfulfilled performance commitment in 2019 in respect of the target assets under the significant asset restructuring. Amendments were made to the relevant articles of the Articles of Association of the Company in respect of above changes in total share capital and registered capital of the Company.

Please refer to the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange for the text of the Articles of Association of the Company.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

---

## **Auditors' Remuneration**

The Audit Committee of the Board is responsible for check of the independence of external auditors and the non-audit work undertaken by them. WUYIGE Certified Public Accountants LLP was re-appointed as the external auditors for the year upon approval by Shareholders at the 2019 Annual General Meeting. The auditors' remuneration is set out in the section headed "Significant Events" in the annual report.

## **Company Secretary**

During the reporting period, the Company Secretary was Mr. Ip Pui Sum from Sum, Arthur & Co. in Hong Kong. The Company Secretary reported the corporate governance of the Company to the Chairman, ensured smooth information exchange among Directors and between Directors and Shareholders, and complied with the policies and procedures of the Board. In 2020, Mr. Ip accepted no less than 15 hours of professional training to update his skills and knowledge.

Ms. Wu Zhixin, Secretary to the Board, serves as the principal liaison of the Company with the Company Secretary. For her detailed contact information, please refer to the section headed "Company Profile" in the annual report.

May 2021

