



2021

Fuyao Glass Industry Group Co., Ltd.
Environmental, Social and Governance Report

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About the Report

The report is the sixth ESG report publicly disclosed by Fuyao Glass Industry Group Co., Ltd. It aims to respond to the expectations of stakeholders and demonstrate Fuyao Group's concept, management, action and results in ESG and sustainability. The report is approved by the Board of Directors, to warrant 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, 2021 to December 31, 2021. Some content can be traced back to past years or extend to FY2022.

Definitions

For the shorter form of expression, "Fuyao Group", "the Company", and "we" refer to Fuyao Glass Industry Group Co., Ltd. In this report, "yuan" refers to "RMB" or "Renminbi", unless otherwise stated.

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 *GRI Sustainability Reporting Standard* ("GRI Standard") released by Global Sustainability Standard Board, *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 Report has been compiled in accordance with the reporting principles of HKEx's *ESG Reporting Guide*:

- **Materiality:** The report discloses stakeholders' engagement and materiality assessment. Refer to "Stakeholder's Engagement" and "Materiality Assessment" in the section of "Responsibility Management" for details.
- **Quantitative:** The environmentally related data disclosed in the Report are marked with reference standards, calculation methods and parameters.
- **Consistency:** The relevant disclosure and statistical methods of the Report are consistent with those used in prior years.

Source of Data

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

Availability

Both Chinese and English versions of this report can be viewed on the Company's official website at <http://www.fuyaoigroup.com>, the official website of cninfo <http://www.cninfo.com.cn/new/index> 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.

About Fuyao

Company profile

Fuyao Glass Industry Group Co., Ltd. was incorporated in 1987. The Company listed on the main board of the Shanghai Stock Exchange in June 1993 and commenced trading on the Stock Exchange of Hong Kong Limited ("HKEx") in March 2015, which formed the "A+H" model involving two capital platforms inside and outside mainland China.

Fuyao Group keeps perfecting itself and pursues excellence. From "making automotive glass for Chinese consumers" in the very beginning to "setting standards for the automotive glass suppliers" and now "benefiting the world," we have always borne an innate sense of social responsibility and are committed to giving back to society. Adhering to the core values of diligence, simplicity, learning and innovation, Fuyao Group takes culture and talent as the entry point. We employ technology and innovation as the driving force to do our best to build sustainable competitive edges and profitability with Fuyao's characteristics. Our goal is to become an exemplar in the industry that earns long-term trust from customers, shareholders, employees, suppliers, government, distributors, and society.

The Company dedicates itself to providing total solutions of safety glass for various transportation vehicles, including the design, production, sales and services related to automotive grade float glass, automotive glass, locomotive glass, luggage racks and window decorations. In addition, we continue to improve the industrial ecological chain from design to service and implement the brand development strategy of technology leadership and rapid response. Thus, we make R&D, design, manufacturing, distribution, and after-sales service for globalization as the Company's business model, focusing on responding to customer expectations and satisfying customer needs, demonstrating systematic, professional, and prompt service levels, and committing to creating value for customers.











Annual operation

As the most significant domestic automotive glass supplier with high technology level and the largest export volume, Fuyao Group has 56 subsidiaries, including 38 in China and 18 overseas, and has formed a whole set of production and sales network systems that runs through all directions. At the same time, the Company has accelerated its internationalization pace and actively explored the global market, setting up subsidiaries and business agencies in the United States, Russia, Japan, South Korea, Germany, and Hong Kong SAR, etc., becoming the largest professional supplier of automotive glass in the world. With advanced innovative design, manufacturing, and quality control, we have been awarded as a “Global Excellent Supplier” by the top and major automotive manufacturers. Our products have been recognized and selected by the world’s top automobile manufacturers such as Bentley, Mercedes-Benz, BMW, Audi, GM, Toyota, Volkswagen, Ford, Chrysler, and other major automobile manufacturers, for whom we provide global OEM services and complete solutions for automotive glass.











Fuyao Group Global Presence



- | | | | |
|--|--|--|--|
|  R&D and Design |  Float Glass |  Automotive Accessories |  Alluvium Ore Mining |
|  Business Institution |  Automotive Glass |  Aluminum Refining |  Equipment & Mold Inspection Tools |

Fuyao Group Domestic Layout



- | | | | |
|--|--|--|---|
|  R&D and Design |  Float Glass |  Automotive Accessories |  Alluvium Ore Mining |
|  Business Institution |  Automotive Glass |  Aluminum Refining |  Equipment & Mold Inspection Tools |

ESG performance highlights in 2021

ESG performance highlights

Adhering to integrity operation and becoming a world-renowned brand



92% of operating sites have conducted business ethics audits or risk assessments



0 cases of corruption lawsuits

Prioritizing quality and becoming a loyal partner to our global customers



No product recalls due to health and safety issues



100% of customer satisfaction rate

Awarded the 4th China Quality Award



300 patents applied



245 patents granted

Upholding human orientation and becoming a trusted employer



100% of safety system certification among subsidiaries



100% of locations for health and safety risk assessment for employees

Going green and becoming a safeguard of global ecological environment



Won Ecovadis **Gold Medal** in 2021



2 new factories certified as green factories



and a total of **11** factories certified as green factories

Taking collective action and becoming a noteworthy example in the global industry



100% of procurement staff received sustainable training

90.94% of suppliers passed the corporate social responsibility assessment

100% of suppliers reporting minerals involved in the conflict (tin, tantalum, tungsten, or gold)



Over **16** billion yuan of total donation by Chairman Cho Tak Wong



Over **3.4** billion yuan of donations by Heren Charitable Foundation in public welfare undertakings

Company honor

★ January 2021

- Fuyao Group Receives the 20210 Evergreen Award for “Sustainable Development and the Common Good” from *Caijing* magazine
- Mr. Cho Tak Wong, Chairman of Fuyao Group, was honored as the “Person of the Year 20210” by *China Philanthropist*
- Fuyao Group (Shenyang) Automotive Glass Co., Ltd. and Fuyao Group (Shanghai) Automotive Glass won 2020 GM Supplier Quality- Excellence Award

★ February 2021

- Mr. Cho Tak Wong, Chairman of Fuyao Group, was honored by the Beijing Normal University Center for Social Governance and Public Communication as one of the “China’s Top 100 Donors” of the decade
- Fuyao Group’s “Big Data-based Resource Sharing and Collaborative Operation Platform Construction” project was selected as one of the pilot demonstration projects (the first batch) to integrate new-generation information technology and the manufacturing industry by the Department of Industry and Information Technology of Fujian Province

★ March 2021

- Mr. Cho Tak Wong, Chairman of Fuyao Group, was selected as one of *Fortune* China’s “50 Most Influential Business Leaders in China in 2021”

★ April 2021

- Fuyao Group Changchun Co., Ltd. received the “New Noble - Flag Award” by Hongqi the marque, “Excellent Partner” and “Partner through Thick and Thin” by FAW-Volkswagen, “Excellent Supplier” for Hongqi by FAW R&D General Institute, and “Quality Excellence Award 2020” by FAW-Bestune
- Fuyao Group (Shanghai) Automotive glass Co., Ltd. was honored as the “Excellent Cooperative Supplier” by Changan Mazda, “Quality Excellence Partner” by NIO in 2021, and “Best Supplier” by SAIC-GM

★ May 2021

- Fuyao Group was selected as one of the first batch of national supply chain innovation and application demonstration enterprises jointly released by the Ministry of Commerce and other authorities for its “Independent and Controllable Capability of Industrial Supply Chain Enhancement” project

★ June 2021

- “Fujian Intelligent Automotive Glass Engineering Research Center,” an innovation platform created by Fuyao Group, received an “Excellent” grade in the comprehensive evaluation of engineering research centers (engineering laboratories) in Fujian Province in 2019-2020
- Fuyao Group was selected as one of the “Best Managed Companies 2021” by Deloitte
- Fuyao Group Tongliao Co., Ltd. Was certified as the green factory by in Inner Mongolia Autonomous Region

★ July 2021

- Fuyao Group was selected into the list of “the First Batch of National Supply Chain Innovation and Application Model Enterprises” jointly reviewed by the Ministry of Commerce, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment and other ministries and commissions
- Mr. Ye Shu, President of Fuyao Group, ranked 41st in *Forbes*China’s“2021 China Best CEO” List
- Fuyao Group ranked 474th in *Fortune* China 500 2021
- Fuyao Japan Co., Ltd, won Nissan’s 2020 Appreciation for Good Quality
- Fuyao Group (Shenyang) Automotive Glass Co., Ltd. was awarded the “Provincial Green Factory” by the Shenyang Bureau of Industry and Information Technology

★ August 2021

- Fuyao Group was recognized as the“China Carbon Neutrality Company Industry Pioneer” by Sina Finance

★ September 2021

- Fuyao Group received the 4th China Quality Award
- Mr. Cho Tak Wong, Chairman of Fuyao Group, received the 11th “China Charity Awar” from the Ministry of Civil Affairs for outstanding contribution to the fight against the COVID-19 pandemic in 2020
- Fuyao Group ranked fourth in the “2021 China Listed Companies Social Responsibility Index” by the Institute for Public Policy of Zhejiang University and the Institute for Public Policy of Zhejiang Province
- Fuyao Group was among the top 500 manufacturing private enterprises by the All-China Federation of Industry and Commerce

★ October 2021

- Fuyao Group on *Fortune* magazine’s 2021 Most Admired Chinese Companies list
- The project “Key Technology Research and Application of Intelligent Interaction Experience for Passenger Vehicle” completed by Fuyao Glass, won the Second Prize of Technical Invention in the 2021 “China Automotive Industry Science and Technology Award” espoused by the China Society of Automotive Engineers
- Fuyao Group’s fixed panoramic sunroof won the “2021 Gasgoo Award” issued by Gasgoo Automobile
- Tianjin Hongde Auto Glass Co., Ltd. won the Excellent Supplier Award from FAW-VW
- Chongqing Wansheng Fuyao Glass Co., Ltd. was recognized as a “Municipal Water-Saving Enterprise in 2021” by Chongqing Economic and Information Technology Commission

★ November 2021

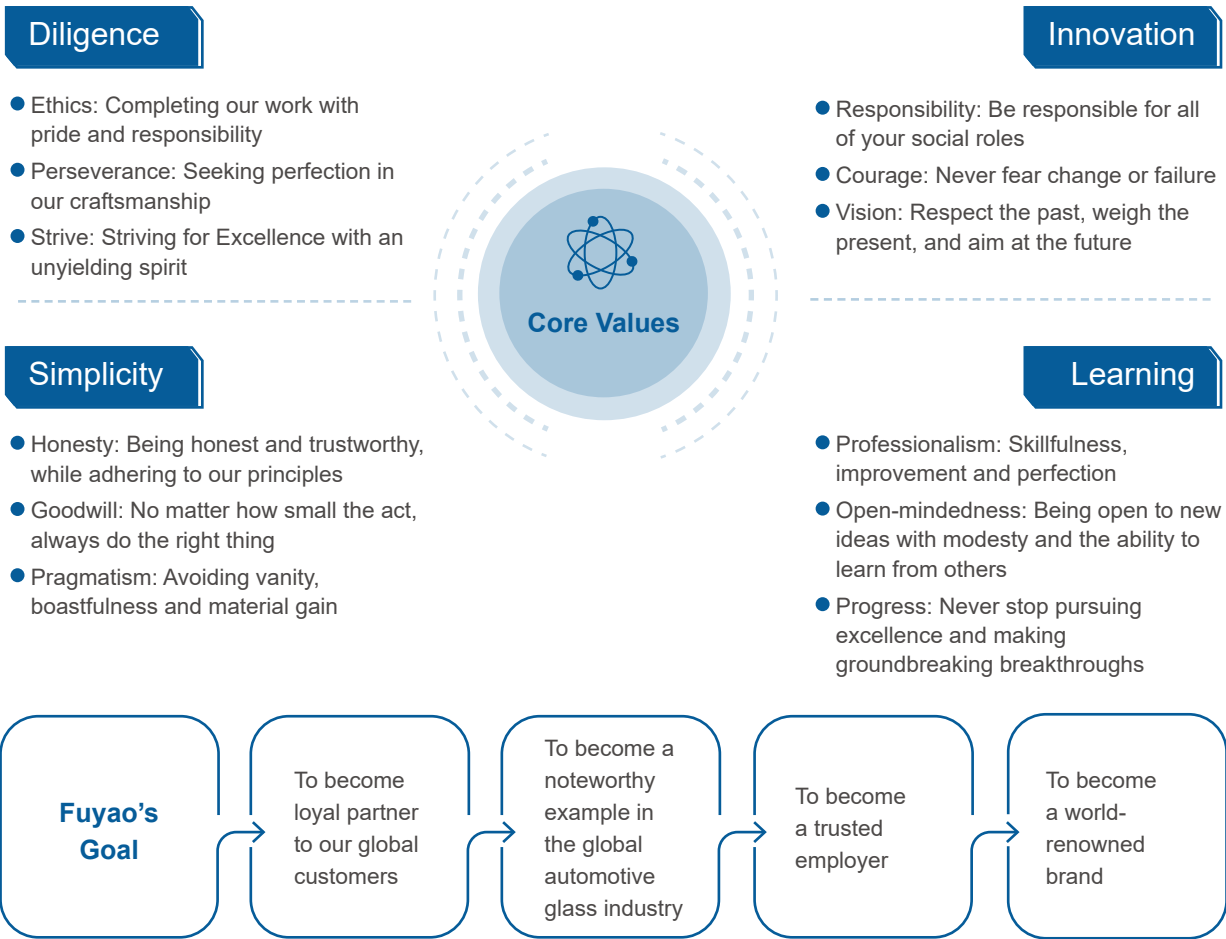
- Mr. Cho Tak Wong, Chairman of Fuyao Group, won the “Fudan Award for Outstanding Contribution to Business Management” in 2021
- Fuyao Group was recognized as the 2021“Outstanding Strategic Partner” by BYD
- The glass laminating workshop of Chongqing Wansheng Fuyao Glass Co., Ltd. Was named as “Chongqing Digital Workshop” by Chongqing Economic and Information Commission

★ December 2021

- Mr. Tso Fai, Vice Chairman of Fuyao Group, was selected by the United Front Work Department of CPC Central Committee, the Central Committee of each Democratic Party, and the All-China Federation of Industry and Commerce as an advanced individual for“Contribution from Democratic Parties, Federations of Industry and Commerce, and Persons with No Party Affiliation to the Overall Building of a Moderately Prosperous Society”
- Mr. Cho Tak Wong, Chairman of Fuyao Group, received the 16th“Compassion Awar” from Hong Kong, Macao, and Taiwan Charity Foundation
- Mr. Cho Tak Wong, Chairman of Fuyao Group, received the *Mirror’s* 9th Outstanding Entrepreneurial Social Responsibility Award, and Fuyao Group received 9th Outstanding Corporate Social Responsibility Award
- Fuyao Group was included in the “Green Development Index of Excellent Auto Parts Providers 2021” issued by the China Industrial Carbon Emission Information System (CICES) Management Committee, with a rating of AA
- Fuyao Group ranked the 5th of the top 100 intelligent manufacturing rankings in China in 2021 jointly released by Emlyon Business School and National Business Daily
- The triangle glass heating and forming workshop of Fuyao Glass (Suzhou) Co., Ltd. won the title of “2021 Jiangsu Intelligent Manufacturing Demonstration Workshop” issued by the Industry and Information Technology Department of Jiangsu
- Chongqing Wansheng Float Glass Co., Ltd. was recognized as Chongqing’s municipal green factory by the Chongqing Department of Industry and Information Technology
- Fuyao Group’s Intelligent Panoramic Sunroof won the Gold Award in the Mass Production Category of the Sixth CAPA Awards of *Auto Business Review*
- Fuyao Group ranked 218th in the “Top 500 Chinese ESG Companies” by Sina Finance ESG Rating Center and ranked 9th in the automotive industry
- Fuyao Glass Illinois won the “Best Job Creation Award” from the China General Chamber of Commerce- USA Chicago (CGCC- Chicago)

Responsibility management

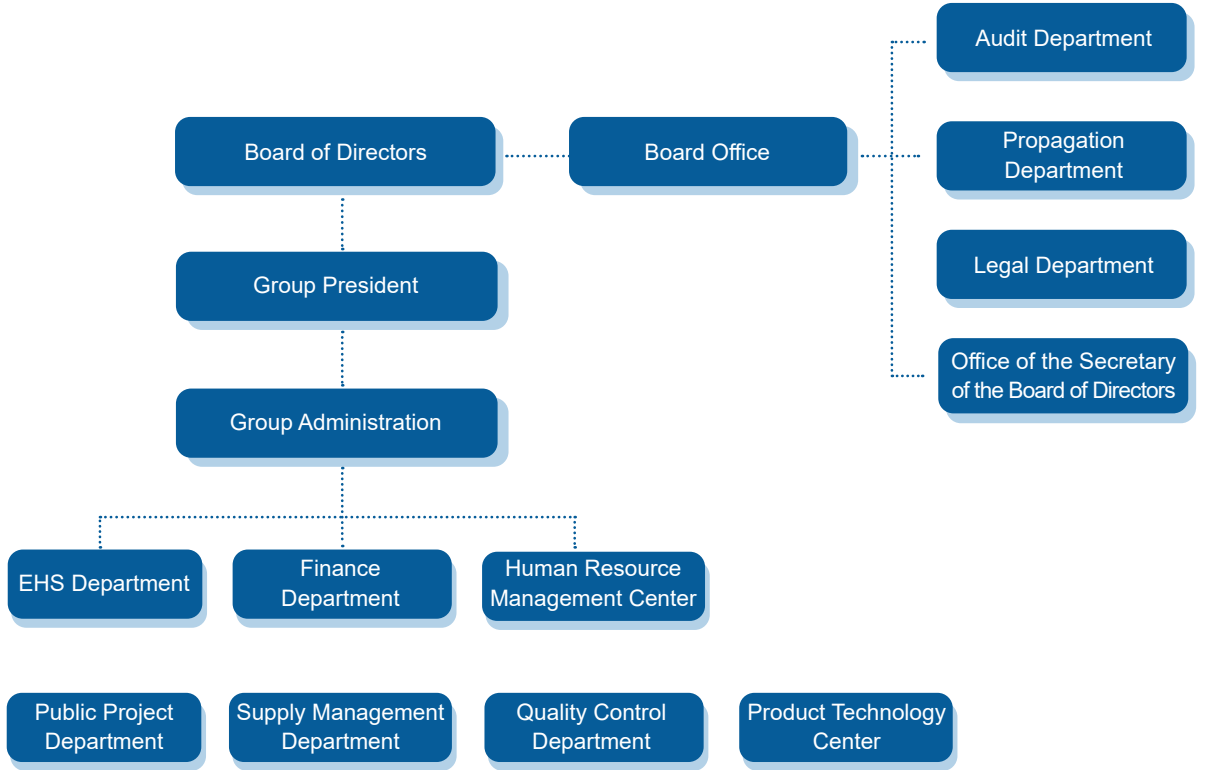
Throughout the history of development, Fuyao Group has been adhering to the business philosophy of “respecting the heaven and loving people to the end of perfect kindness” proposed by Mr. Cho Tak Wong. While pursuing its business growth, Fuyao Group actively fulfills its corporate social responsibility and shares the results of business development with society. In business development and responsibility management, we continue to optimize the corporate governance structure, improve product quality, and practice green development, carry out the concept of human-orientation, promote the spirit of charity and philanthropy to realize the reconciliation of economic and social benefits of the Company, and the harmony between the growth of the Company and the development of society and contribute to economic development and people’s well-being.



ESG management

Fuyao Group understands the importance of environmental, social, and governance (ESG) management for long-term corporate sustainability. Therefore, we have incorporated ESG concepts into our corporate decision-making and daily operations, and integrated sustainability into our long-term goals. Furthermore, we have established a comprehensive ESG governance structure and system to ensure that our Company's sustainable development goals are advancing and can contribute to our customers, business, industry, employees, and society.

In terms of corporate ESG management, the Board of Directors, as the highest decision-making body, is responsible for researching and formulating ESG strategies and policies, controlling ESG risks, delineating the scope of ESG reporting, and monitoring and evaluating the Company-wide ESG performance. In addition, the Company has established the Fuyao Glass Environmental, Social and Governance (ESG) Working Group, with the head of the Board Office as the leader and the heads of all functional departments of the Group as members. Linking all business lines and functional departments of the Company, the Working Group is responsible for formulating ESG work plans, establishing and optimizing relevant risk management mechanisms, and making joint efforts to promote the implementation of ESG work and improve the ESG management of the Company.



Fuyao Group's ESG management structure

We strictly implement the *Fuyao Group Social Responsibility Code of Conduct* and highly regard corporate management in labor rights, health and safety, environmental protection, and business ethics. Moreover, we further raise awareness of ESG among employees and partners and promote the realization of ESG philosophies to help the Company develop its sustainability. The Code applies to Fuyao Group and all its subsidiaries, suppliers who provide products, materials, or services to us, and all employees, including interns, contract workers, and other staff types.

Stakeholders engagement

Stakeholders' demands and opinions have significant impacts on corporate ESG efforts. Therefore, we attach great importance to stakeholder feedback and have established a regular communication mechanism with various stakeholders through various forms, maintaining regular exchanges, listening to their suggestions, and responding to them promptly.

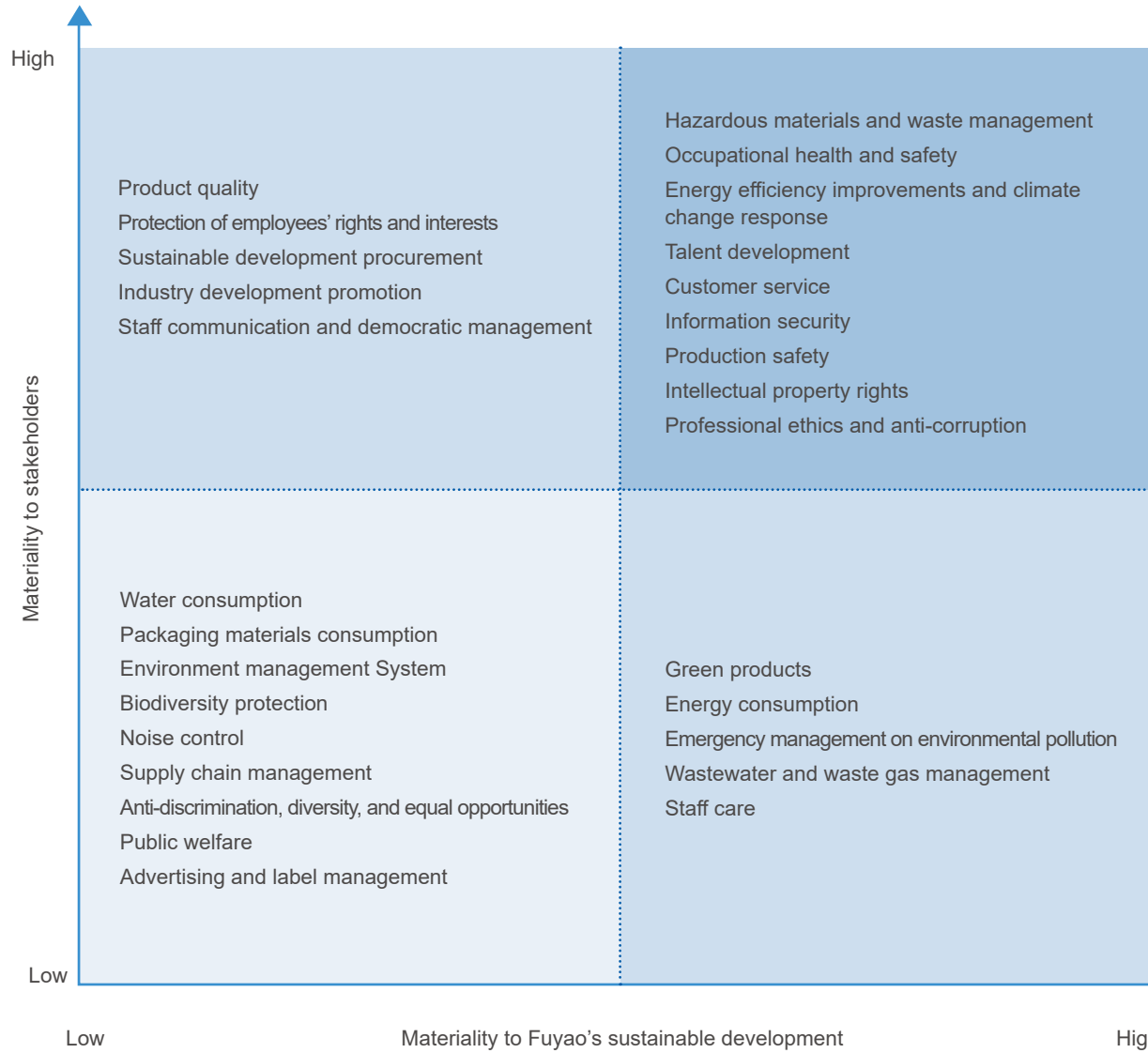
Stakeholder engagement mechanism

Stakeholders	Stakeholders' Expectation	Communication Channels
 Employees	<ul style="list-style-type: none">Talent developmentAnti-discrimination, diversity, and equal opportunitiesOccupational healthProduction safetyStaff careStaff communication and democratic management	<ul style="list-style-type: none">Compensation systemStaff careDemocratic managementStaff trainingStaff communicationInternal publication
 Customers	<ul style="list-style-type: none">Product qualityCustomer serviceConsumer rights protection	<ul style="list-style-type: none">Customer survey and researchCustomer service hotlineProduct quality managementCustomer satisfaction survey
 Government and Regulatory Authorities	<ul style="list-style-type: none">Professional ethics and anti-corruptionEnvironmental compliance issuesIntellectual property rightsLegal complianceLegal tax payment	<ul style="list-style-type: none">Government conferencesSupervision and inspectionsDaily management
 Shareholders and Investors	<ul style="list-style-type: none">Shareholder returnInformation disclosureInvestor relationsCorporate governanceRisk control	<ul style="list-style-type: none">General meetings of shareholdersInformation disclosureActivities of investor relationship
 Partners/Suppliers	<ul style="list-style-type: none">Responsible procurementWin-win development	<ul style="list-style-type: none">Supply chain management systemSupplier conference
 Society	<ul style="list-style-type: none">Public welfareUrban developmentCommunity harmony	<ul style="list-style-type: none">Community public welfare activitiesJob creationCommunity constructionCare for the elderly and children
 Environment	<ul style="list-style-type: none">Environmental complianceEnvironmental protectionEcological balance	<ul style="list-style-type: none">Response to climate changeEmissions managementResource consumption reduction

Materiality assessment

Knowing the critical areas of social responsibility practices and information disclosure, Fuyao Group identifies social responsibility issues with substantial impact and sorts out, classifies, and ranks them to ensure that the information disclosed in the report comprehensively covers the critical concerns of the Company and its stakeholders and that its business development meets the expectations and needs of its stakeholders. In 2021, we revised the materiality matrix based on the previous identification results, national macro policies, the latest industry trends, and capital market concerns regarding the Company's strategic direction.

Materiality matrix in 2021



Statement of the Board of Directors

Fuyao Group is committed to improving sustainable business practices. We strive to establish a sound ESG governance mechanism and harmoniously integrate with the environment and society to create long-term stable environmental, social, and corporate values.

In the corporate ESG management, the Board of Directors, as the highest decision-making body, is responsible for researching and formulating ESG strategies and policies, controlling ESG risks, delineating the scope of ESG reporting, and monitoring and evaluating the Company-wide ESG performance. In addition, the Company has established the Fuyao Glass Environmental, Social and Governance (ESG) Working Group, with the head of the Board Office as the leader and the heads of all functional departments of the Group as members. Linking all business lines and functional departments of the Company, the Working Group is responsible for formulating ESG work plans, establishing and optimizing relevant risk management mechanisms, and making joint efforts to promote the implementation of ESG work and improve the ESG management of the Company.

The Company holds regular internal and external events to communicate closely with stakeholders, identify and assess important ESG issues, and discuss and review the assessment results at the ESG Management Committee. Based on the external macro-environment and the Company's development strategy, the ESG Management Committee deliberates and identifies the Company's environmental, social, and corporate governance risks and opportunities and controls and addresses vital issues as an annual strategic effort for sustainable development.

In 2021, the Board of Directors reviewed and monitored the ESG governance structure, climate change risk response, and energy efficiency improvements and formulated future ESG work goals. In addition, we will regularly track sustainability trends at home and abroad and continuously increase our investment in sustainable development.

This report discloses in detail the progress and achievements of FuyaoGroup's ESG efforts in 2021 and was considered and approved by the Board of Directors on April 14, 2022.



01

Adhering to integrity operation and becoming a world-renowned brand

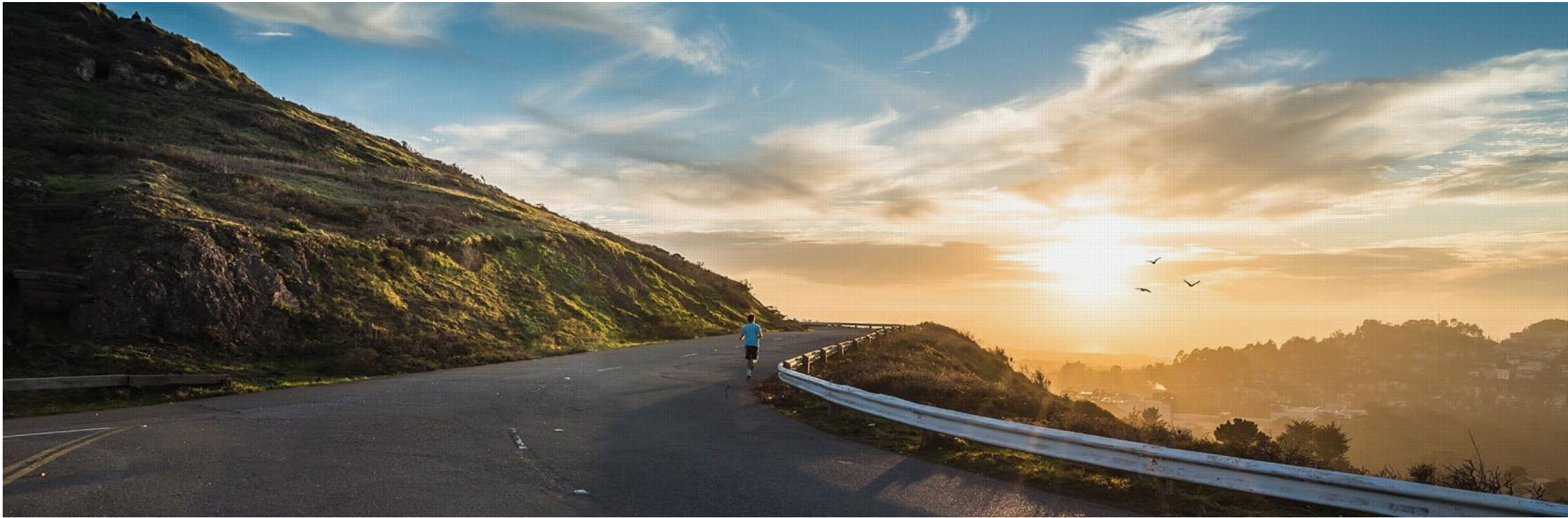
Fuyao Group continues to optimize the ESG management system, and refine the ESG governance structure to upgrade corporate governance capability. In addition, we improve corporate risk resistance through reliable risk control measures. Adhering to integrity operation and safeguarding integrity in practice, we can build ourselves a world-renowned brand for the global public.



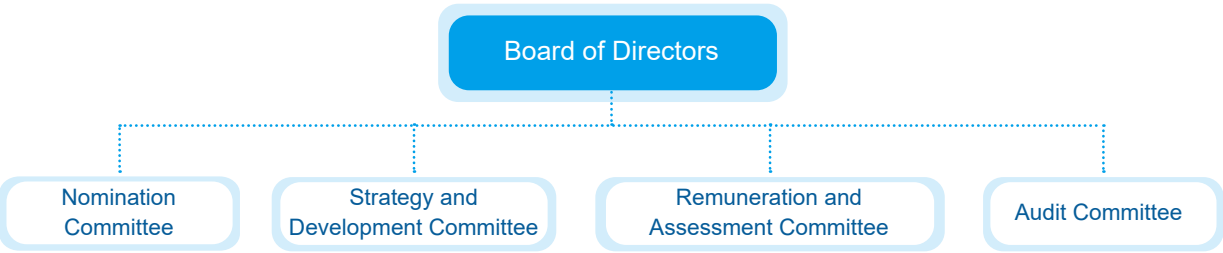
Healthy governance development

Fuyao Group continues to innovate and standardize its governance model as per 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 the requirements of the China Securities Regulatory Commission (CSRC), Shanghai Stock Exchange (SSE) and HKEx.

As the corporate decision-making body, the Board of Directors decides on the Company's business plan and investment plan, determines the internal management structure settings, safeguards the Company's long-term interests of the Company and its shareholders and leads the development. Following the relevant resolutions of the Shareholders' General Meeting, the Board of Directors has established the Strategy and Development Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee. Under laws and regulations and the *Articles of Association*, each special Committee carries out its relevant duties with authority granted by the Board of Directors and performs the responsibilities delegated.



Fuyao Group's Board of Directors management structure



Since the Company values and recognizes the importance of diversity on the Board of Directors, the Board of Directors formulated the *Policy on Diversity of Board Members* in accordance with the provisions of the listing rules. When setting the composition of the Board of Directors, the Company considers diversity in several aspects, including but not limited to gender, age, cultural and educational background, race, ethnicity, professional experience, skills, knowledge, and tenure of service. All appointments to the Board of Directors are made based on merit, and the benefits of the diversity of Board members are taken into account in the consideration of candidates on objective terms.

The Board of Directors of the Company consists of nine directors, including four executive directors, two non-executive directors, and three independent non-executive directors.



The Company amended the *Rules of Procedure of the Board of Directors* in 2021, which set out the Board's five corporate governance functions.

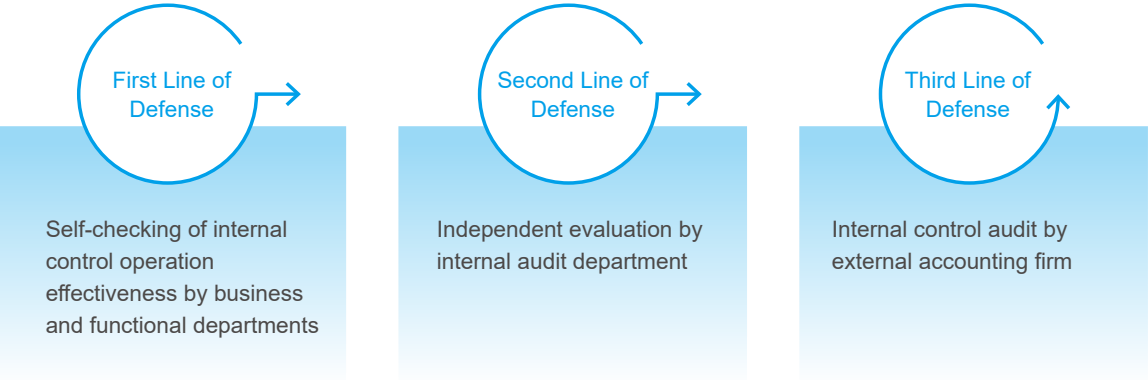
Board of Directors Corporate Governance Functions

- Formulate and deliberate the Company's corporate governance policies and rules and proffer suggestions
- Deliberate and superintend the training and future professional development of the directors and senior management personnel
- Oversee the Company's compliance with the laws and regulations and deliberate relevant internal policies and rules
- Formulate, deliberate, and supervise the codes of conduct and compliance handbook for employees and directors (if any)
- Deliberate the Company's compliance with the *Code on Corporate Governance* in Appendix XIV of the *Hong Kong Listing Rules* and the disclosure in the *Corporate Governance Report*

Perfecting risk management

The Company has always been committed to building an internal control system that meets international standards and regulatory requirements. The Company has established an internal control management system for risk management following regulatory requirements and continues to optimize its internal control mechanism. In 2021, the Company revised the *Internal Control Management Handbook* to ensure that the Handbook can fully play its guiding role in daily operation.

The Company promotes the division of labor and collaboration among the three lines of defense: “self-checking of internal control operation effectiveness by business and functional departments, independent evaluation by internal audit department, and internal control audit by an external accounting firm.” The three lines of defense complement and promote each other to ensure the effective operation of the internal control system while strengthening the ability of business departments to directly undertake risk management and control. This design realizes the daily operation mechanism of internal control and risk management, i.e., “risk management awareness of all staff, engagement of everyone in internal control, and responsibility of everyone for compliance implementation,” escorting the Company to achieve its ambitious strategic goals.



The Company establishes a complete risk identification and management process and regularly evaluates and formulates corresponding risk response measures. In 2021, the main risks faced by the Company involved risks associated with economic, political and social conditions, government policies and wars, risks associated with industry development, risks associated with market competition, risks associated with cost fluctuation, risks associated with exchange rate fluctuation, the risk of failing to respond quickly enough to rapid technological change and evolving standards in the automotive glass industry, cyber risk and security, information swindle and theft, and environmental and social risks. In response to the risks mentioned above, the Company effectively coped with them through structural modification, system improvement, technological innovation, product upgrade, and business model adjustment, as detailed in Chapter 4 of the *2021 Annual Report*.

Upholding corporate integrity

Fuyao Group strictly follows the relevant provisions of the *Criminal Law of the People’s Republic of China*, the *Criminal Procedure Law of the People’s Republic of China*, and the *Public Security Administration Punishments Law of the People’s Republic of China*. Furthermore, The Company opposes all forms of corruption, including extortion, blackmail, and bribery.

Staying true to the management philosophy of “human-orientation and integrity,” the brand philosophy of “moral standing, product, quality, and taste,” and the team philosophy of “unity, efficiency, integrity, and fairness,” we have formulated a series of anti-corruption systems to ensure that the whole Company can eliminate corruption and uphold our integrity. Moreover, we increase the anti-corruption and integrity education and propagation efforts to facilitate reporting fraud and corruption issues. At the same time, we also encourage all Group employees to play a supervisory role to create a positive and clean corporate atmosphere.

Perfecting management system

Fuyao Group has always required itself and its employees to meet the highest standards of business codes. Paying heed to anti-bribery, anti-corruption, anti-unfair competition, and other areas, we have established a centralized, unified, comprehensive, authoritative, and efficient integrity and compliance monitoring and reporting management system. Moreover, we also strive to foster a culture of integrity through training and awareness promotion to maintain an honest and upright corporate image.

Fuyao Group has established a series of anti-corruption internal policies covering four aspects, i.e., professional ethics, anti-fraud, conflict of interest, gift management, and a transparent process for handling different incidents.

Professional ethics

- Internally: We have formulated the *Employee Code of Conduct, Integrity and Discipline Management Regulations*, and *Professional Code of Ethics for Internal Auditors* to urge employees to comply with the code of professional ethics and strictly prohibit unethical means to ensure the audit is carried out independently, objectively and impartially.
- Externally: We require our suppliers to sign the *Law Compliance Commitment*, promising that they will not grant benefits to Fuyao Group-related staff in any form to obtain convenience. If the supplier is found to offer bribes to the Group’s staff, Fuyao Group has the right to terminate the business relationship between the two parties and charge a breach of contract fee.

Anti-Fraud

- We have established the Anti-Fraud Management System to prohibit nine types of fraudulent acts by employees, such as accepting bribes, concealing or reporting wrong transaction matters, in order to prevent acts that harm the interests of the Company and its shareholders.

Conflict of Interest

- We have established the *Conflict of Interest Management System* and the *Personnel Avoidance System*, stipulating that employees should consciously recuse themselves from matters in which their personal interests conflict with those of the Company and raise awareness of anti-fraud and anti-corruption.

Gift Management

- The Company has set up a “Gift Acceptance Registration Form” to clarify the source, the content, and the recipient of gifts, in order to eliminate possible bribery in the process of gift acceptance.

In terms of the assessment mechanism, both Fuyao Automotive Glass and Fuyao Float include fraudulent acts that damage the Company’s interests and image in the annual assessment of each branch and subsidiary. In 2021, 23 operating sites conducted business ethics audits or risk assessments, and 92% were completed.

Note: the Company determines the main units, businesses, business and high-risk areas included in the assessment scope according to the risk-oriented principle. 92% of the total assets included in the Company’s consolidated financial statements are the assets of units included in the assessment scope.

Professional integrity education

Fuyao Group has organized various forms of education and publicity on integrity. For example, in 2021, Fuyao Group promoted the construction of a clean and honest corporate culture by producing and releasing integrity training videos and relevant announcements on WeChat. In addition, before the important holidays of the Mid-Autumn Festival and National Day, the President of the Group issued the *Notice on Strengthening Integrity and Discipline during Mid-Autumn Festival and National Day in 2021*, requiring each subsidiary to arrange activities such as discipline reaffirmation meetings and learning sessions.

The Company provides anti-corruption training to directors and employees regularly. In 2021, the Company conducted more than 2 sessions of professional ethics education and training. The coverage rate of employees in such training reached 100%.



In 2021, the Company conducted more than **2** sessions of professional ethics education and training



The coverage rate of employees in such training reached **100%**

Handling disciplinary violations

No corruption lawsuits occurred in 2021. The Company has received 6 cases of internal reporting, and the closing rate of business ethics-related cases is 100%. The Company has realized the management effect of strictly dealing with serious disciplinary issues and strengthening education and admonition on dereliction of duty.

In dealing with disciplinary matters, the Company has vigorously investigated and dealt with some serious disciplinary issues and those accountable fostered the awareness of accountability for disciplinary violations, strengthened employees' understanding of integrity and honesty, and enhanced the Company's compliance management philosophy. By the grace of timely detection and proper handling, the disciplinary incidents did not significantly impact the Group's finances or operations.

Smooth reporting channels

The Company discloses the reporting channels and encourages employees to make complaints and reports on violations of integrity, abuse of authority, dereliction of duty, malfeasance, violation of business management order, and other disciplinary actions, giving full play to the supervising role of all Fuyao employees. Internal and external stakeholders can complain about dishonest business practices in the Company via the special reporting hotline 0591-85363456 or email GM@fuyaogroup.com. The Company has an independent internal audit department authorized by the Board of Directors to receive complaints and report its findings to the management and the Board of Directors. The Company keeps reporting information strictly confidential and sets up mechanisms to protect the safety of whistleblowers following the laws.



02

Prioritizing quality and becoming a loyal partner to our global customers

Fuyao Group focuses on the construction of an internal quality control system, the establishment of a prevention and emergency response mechanism, and the training of quality-related personnel to ensure product quality. We are customer-oriented, constantly improving the quality and efficiency of our customer service and protecting the privacy and security of our customers. Furthermore, the Group actively innovates in the R&D process and increases the protection of intellectual property rights to provide customers with compliant and innovative products.



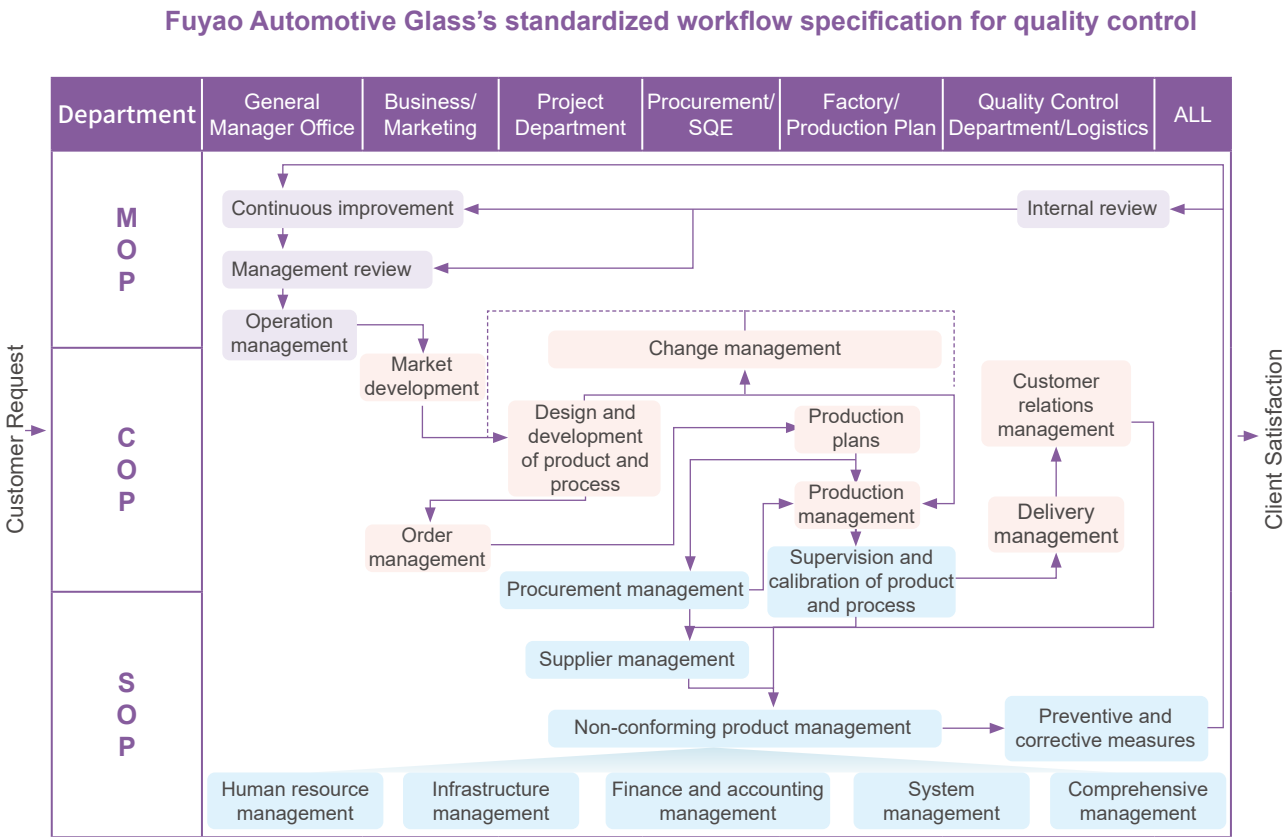
Upgrading quality system

Fuyao Group is committed to producing high-quality glass and always attaches importance to product quality control. We put forward the “four pillars as one cornerstone and two stimuli” quality management model in practice. Relying on this model, the Company has achieved Fuyao’s “three highs” quality goals of “high efficacy, high stability, and high performance” and witnessed a constant increase in its global market share (over 65% domestic share and 30% international share). Fuyao Group has 20 key quality indicators reaching the international advanced level. Our product quality has reached 5.2 sigmas, and our brand value has amounted to 102.2 billion yuan. We presided over or participated in preparing 23 domestic and international standards. We also have held 1,728 patents, solved 13 domestic “bottleneck” technical problems, and had 100% independent control of core technology. Therefore, in 2021, the Company won the 4th China Quality Award.

Quality control management system

All products of Fuyao Group are produced according to national standards and laws, including the *Product Quality Law of the People’s Republic of China* and the *National Standard for Flat Glass*. We also carry out the internal control standard as prescribed in the *Quality Management Handbook* and have successfully obtained various third-party certifications, including IATF 16949: 2016, ISO 14001: 2015, ISO 45001: 2018, etc.

Fuyao Automotive Glass has established a standardized workflow specification for quality control to ensure product quality and safety from the regulatory and technical aspects. In 2021, there were no product recalled due to quality problems.



Regulatory Aspect

1. Strengthen the management of suppliers, set up commissioners to implement regular audits and counseling of suppliers to improve their quality management capabilities;
2. Enhance process quality control, establish product and process characteristics control plans, and implement them;
3. Establish ultimate product inspection and type testing mechanisms to verify product compliance;
4. Build a rapid feedback mechanism for quality issues, communicate problematic points in the production process in a timely manner, and promote improvement.

Regulatory Aspect

1. Apply the IATF 16949 quality management system to the Company, and ensure its continuous and effective operation;
2. Emphasize process control, prioritize prevention, and reduce all possibilities of defects through technical improvement and process optimization;
3. Assemble a continuous improvement team to exceed customer expectations through continuous improvement of product quality.

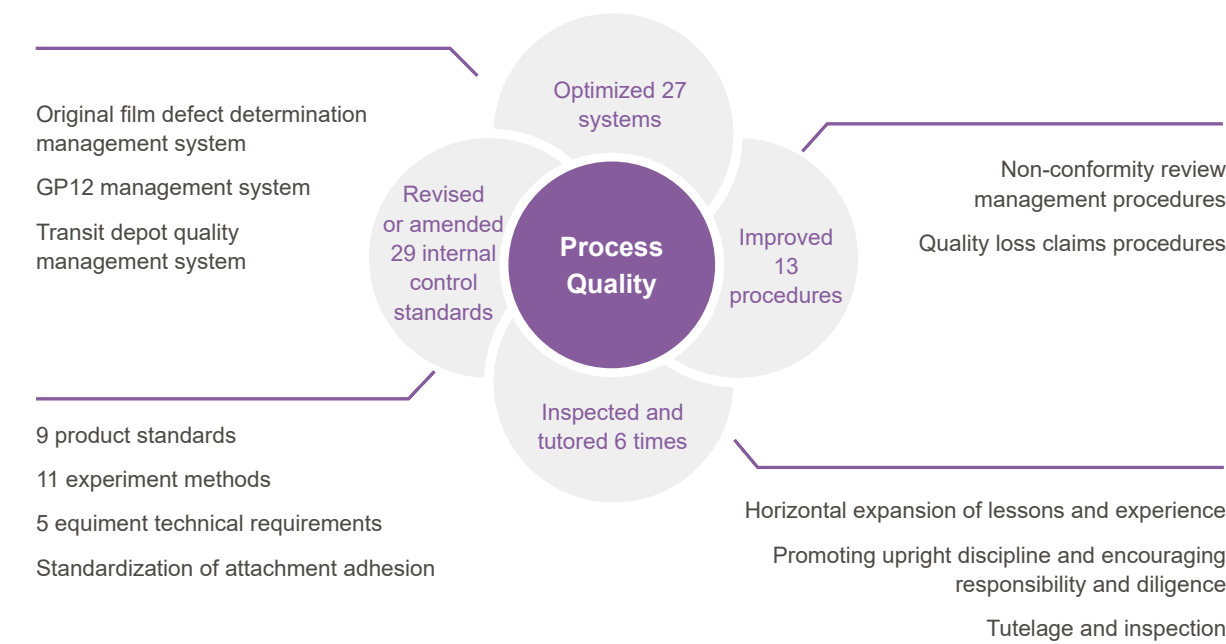
Fuyao Group has established a “tripartite audit” mechanism to ensure product quality and safety through a “three-line defense” quality management system audit mechanism of internal audit, external audit by customers, and audit by customer-approved third-party certified institutions. Furthermore, in 2021, the Company commissioned a third-party certified institution to conduct a system maturity evaluation for each subsidiary of Automotive Glass, analyzing the effectiveness and efficiency of the system from four dimensions, i.e., management planning and implementation, customer-related modules, design and development, and product realization, to provide the basis for management decisions.



Process quality control


The Company continues to improve quality control in all aspects of the production process. In 2021, Fuyao Automotive Glass adopted system optimization, process improvement, internal control standard revision/formulation, inspection and tutelage, and other methods to promote process control capability, achieving a 23% decrease in external losses, a 24% decrease in market PPM, and a 36% decrease in accessory shedding complaints.

Fuyao Automotive Glass’s improvement methods for process quality control



Quality informatization

In 2021, the Company initiated “Fuyao Baidu,” which promotes the improvement of quality management informatization by building an information platform of experience base. Since its launch in 2021, “Fuyao Wiki,” covering 4 modules of quality, system, technology, and project, has served 14 subsidiaries and been accessed 453 times.



Goal

- Knowledge cumulation, easy access and lookup, sharing and promotion

Method

- We have embedded the “Fuyao Wiki” into the OA to realize the experience pool via a micro service platform.

Achievements

- Including 4 modules: quality, system, technology, project
- Serving 14 subsidiaries
- Reserving 25 pieces of experience
- Having been looked up 453 times

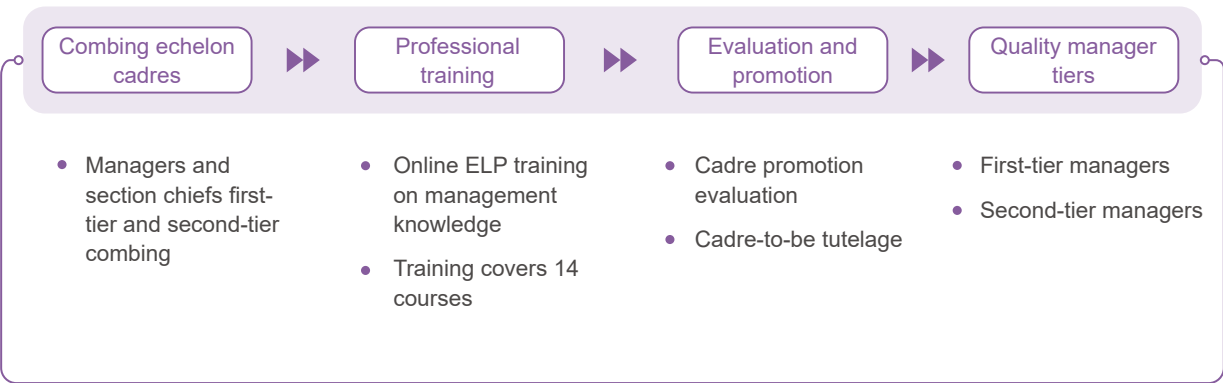
Quality talent cultivation

Fuyao Group accentuates quality talent cultivation and implements the “1357” 3 people per post scheme to cultivate excellent quality talent echelon from both cadre professionalization and staff specialization and facilitate the Company’s high-quality development.

In 2021, as for cadre professionalization, the Company carried out echelon cadre combing, professional training, assessment and promotion, and quality manager echelon pool. About 393 people attended the quality training and 18 QE business handbooks were developed.



Cadre professionalization training process



In 2021, as for staff specialization, the Company held the second phase of QE training, metrologist certification training, and junior and intermediate quality engineer training courses.

Staff specialization training

Theme	Contents	Achievements
Quality Engineering Talent Echelon Training (Phase II)	Senior QE mentors provide hands-on training and guidance to QE potential students in each subsidiary	Developed 18 QE business handbooks
Metrologist Training (Phase III)	Metrologist certification training	Total 64 hours of training 15 participants, covering 9 subsidiaries All participants obtained the metrologist certificate
Quality theory and knowledge training	Fuyao quality culture Quality tools and standards, professional-quality knowhow ELP online training	Training hours: 3388 hours for juniors, 4096 hours for intermediates 393 participants, covering 15 subsidiaries Juniors' pass rate reached 98.7%, while intermediates' pass rate hit 95.8%

Gallery of quality engineer training in various places



Fuqing



Shanghai



Shenyang



Tianjin

“China Quality Award” recognition

In September 2021, Fuyao Group was awarded the 4th China Quality Award for achieving the Fuyao “three highs” quality goal of “high efficacy, high stability, and high performance” with the “four pillars as one cornerstone and two stimuli” quality management model. In addition, the Company’s management model, product quality, and patented technology were published in *China Quality Daily* for commendation and publicity.

China Quality Award is China’s highest honor awarded by the government to relevant organizations and individuals in quality management approved by the central government. It aims to spread scientific quality management systems, models, and methods, encourage quality management innovation, disseminate advanced quality philosophies, and spur society to improve quality and continuously build a robust quality country. Fuyao Group was nominated for the China Quality Award for two consecutive years (the second and third).

Fuyao Group continues to promote quality improvement and innovate the quality management model. The Company proffers the quality management model of “four pillars as one cornerstone and two stimuli,” following the traditional Chinese philosophy of “benevolence and benefits, for sublime good.” “four pillars as one cornerstone”: Fuyao people choose manufacturing automotive glass products as their lifelong career, and their morality casts quality and quality reflects taste. “two stimuli”: the “humanistic stimulus” fosters the lifelong improvement of morality while the “innovation stimulus” promotes the incessant evolution of products to realize the Company’s continuous and steady development and become a noteworthy example in the industry.

The “four pillars as one cornerstone and two stimuli” quality management model has been successfully replicated in 42 production, marketing, and research bases in 11 countries worldwide and 16 provinces, regions, and cities in China. Its comprehensive operational efficiency and performance far exceed the average level of enterprises in the same area, showing the advantages and characteristics of cross-cultural background, universal applicability, easy replication, low consumption, and high efficiency. While contributing high-quality automotive glass, Fuyao Glass is also exporting its experience, methods, standards, and management systems with Fuyao characteristics to the world, which not only opens the window for cultural exchange and private economic cooperation between China and the West but also becomes a model of internationalization for Chinese manufacturers.

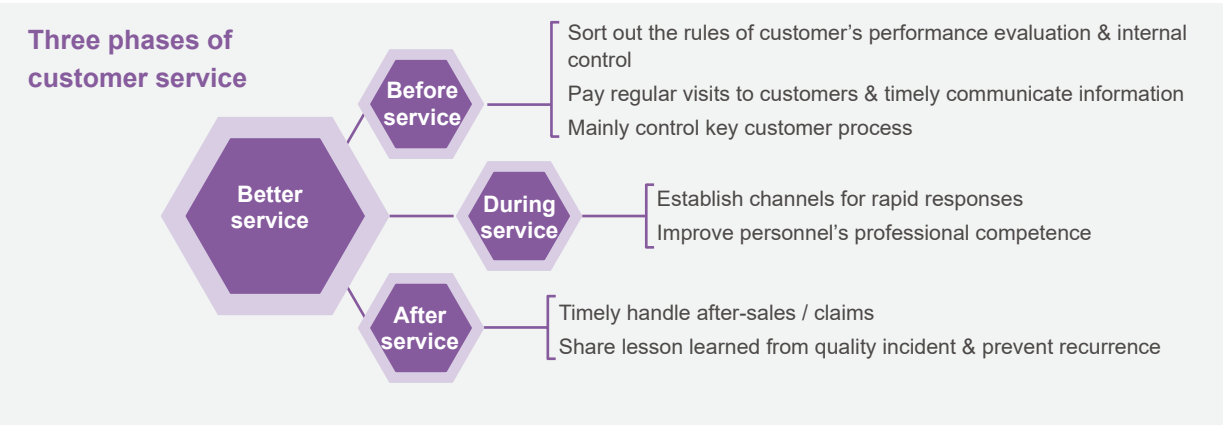


Fulfilling responsibilities for customers

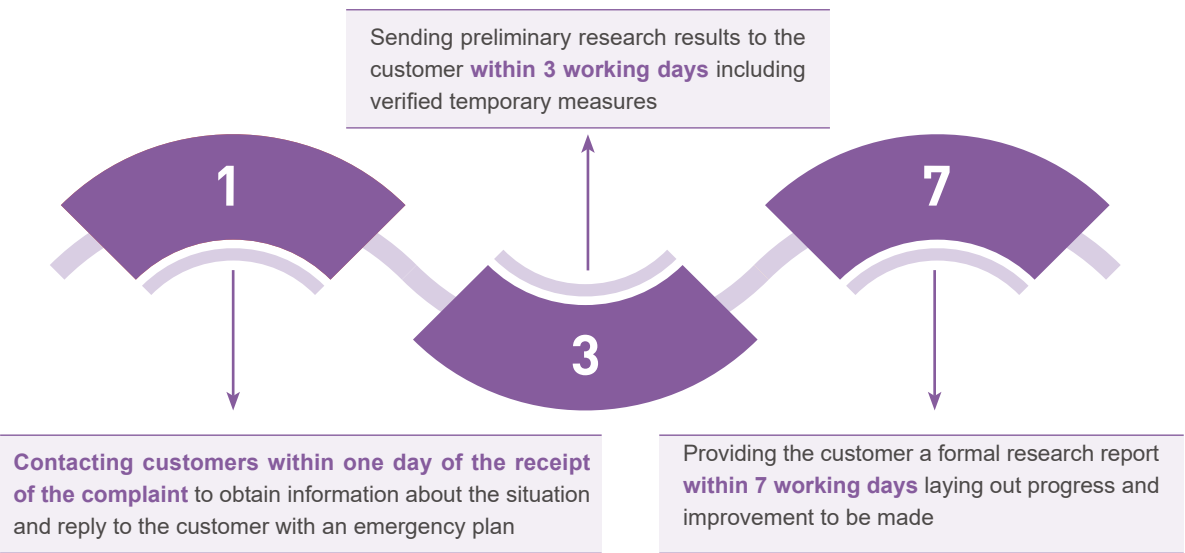
Customers and stakeholders are the cornerstones for the sustainable and efficient development of a company. With sufficient data and information about customer feedback, Fuyao Group fully considers the interests of all parties in terms of products and services and ensures that relevant laws and regulations are observed, so as to guarantee the rights and interests of customers and consumers.

Raising customer satisfaction

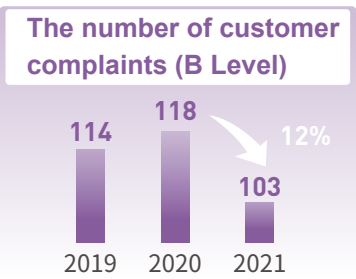
To ensure that quality problems reported by customers are addressed in a timely and effective manner so as to raise satisfaction levels, Fuyao Group has formulated the Regulations of customer Complaint Management which clarifies that the handling of customer complaints should follow the “1-3-7 principle”. Besides, Fuyao Group divided the customer services into different stages and continuously made target improvement. In 2021, Fuyao Group received no customer complaints and the customer satisfaction rate was 100%.



1-3-7 Principle

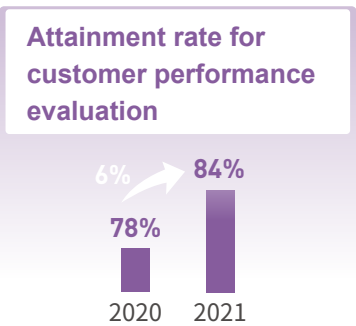


Fuyao Group has opened a dedicated mailbox for quality service (fy.qualityservice@fuyaoigroup.com) to receive issues reported by consumers and customers in a real-time manner and follow up with the progress by designated personnel to actively resolve reported issues within 24 hours. Fuyao Automotive Glass collects product quality information from OEM customers and distributors monthly to keep abreast of user demands. In 2021, Fuyao Automotive Glass had a 100% closure rate for collected and reported cases, and the number of customer complaints about B-level defects for product quality (defect severity at 7-8 points) dropped by 12% compared with 2020.



Raising service quality

In 2021, Fuyao Group made efforts to improve service quality both on the quality side and the sales side, with the former taking multi-pronged measures in specific items of quality management to improve service quality, for example, collecting information through multiple channels (including business manager and customer SQE into the target), visiting high-level executives from key customers, and raising the overall service capabilities (establishing a customer service brochure and organizing training); and the latter building a cross-functional and multi-dimensional customer communication model, setting up quality monitoring positions in the sales department to supervise major customer complaints in each subsidiary. Its subsidiaries feed back customer information and complaints on a monthly basis. In 2021, the attainment rate for customer performance evaluation was 84%, up by 6% compared with 2020.



Ensuring information security

To improve information security management, Fuyao Group built an information security management system in 2021, carried out two internal examinations of information security, and proposed improvement measures to ensure the effective operation of the system. During the reporting period, The Company was certified by the ISO27001 information security management system.

Fuyao Group pays attention to customer privacy and information confidentiality and observes applicable national laws and regulations such as the *Cybersecurity Law for the People's Republic of China*. The Company formulates the *Information Security Management Manual*, the *Regulations for Personal Information Protection*, and the *Rules on Informatization Operation and Maintenance*. Besides, The Company has trained its employees to apply technical means in prevention and control and to ensure information security, as well as signed agreements with customers and employees in core positions about non-competition and confidentiality. In 2021, Fuyao Group carried out 5 information security trainings for 9.2 hours to 1,502 trainees. In 2021, the Company recorded no customer privacy leaks.

Training of information security in 2021

Training for All Employees about Information Security

- There were two sessions under the themes of
 - “Building the Awareness of Information Security”
 - “Training about Information Security Compliance and Target”.

Special Training about Information Security

- There were three sessions under the themes of
 - “Lecture on the Cybersecurity Law”
 - “Training of the Basics of GDPR”
 - “GDPR Practice: Special IT Training”.

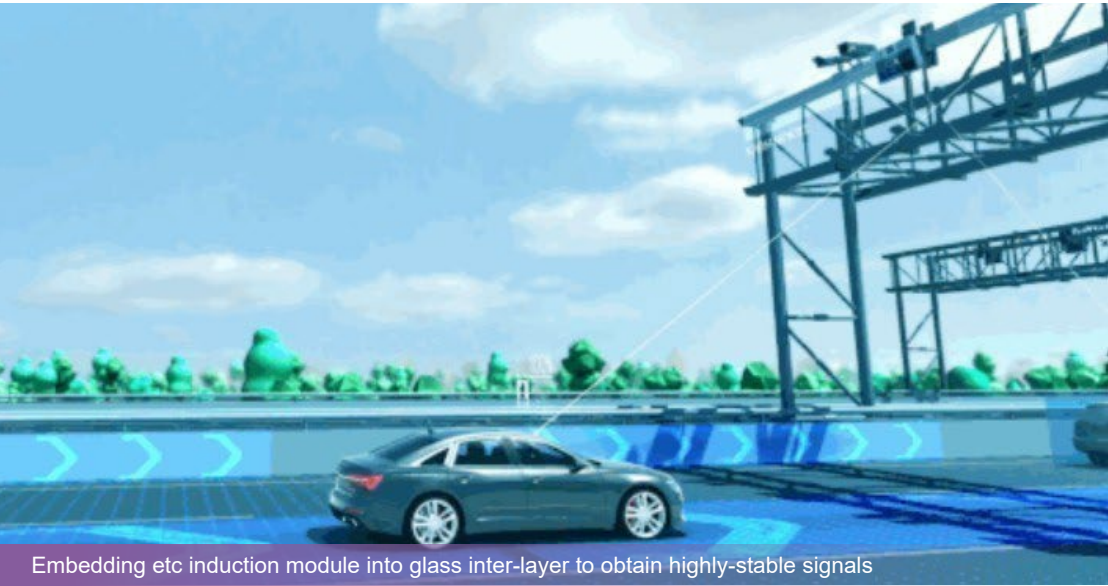
Leading scientific and technological innovation

Fuyao Group continues to increase input in product R&D and innovation. Under the strategic model of “leading technology and intelligent production”, the Company promotes digital transformation and upgrading with innovative products and production methods. Cutting-edge technologies have been reserved by the Company in various links such as R&D, design, management & control, production, and services, and The Company continues to leapfrog in intelligent products and manufacturing. Regarding smart transportation, The Company has a full solution of hidden vehicle-mounted antennas; an intelligent human-computer interactive experience is introduced into the smart glass, and The Company has the capacity of processing complicated data online throughout the life cycle and for the whole process of smart manufacturing.

Case: smart glass for internet of vehicles of a new generation

Fuyao Group leverages its technical advantages and accumulated experience in glass manufacturing and glass antennas, and cooperates with many leading enterprises in the communication and electronics industry to launch smart glass for Internet of Vehicles (IOV) of a new generation including “Front-loaded ETC Solution” and “Front-loaded RFID Solution”. Research has been carried out on hidden full-band multi-mode smart glass antennas and 5G direct glass antennas which facilitate fast-moving vehicles to communicate and interact with the outside world in a stable and high-quality manner, thus providing smart transportation with technical support.

The front windshield glass products supported by Fuyao’s “Front-mounted RFID Solution” can be treated as an “ID for the digital electronic license plate of intelligent IoV” in the future; the “Front-mounted ETC Solution” adopts a technology to prevent the dismantling of antennas and implants ETC sensors into the glass so that it could effectively maintain consistency and stability of signals by removing obstructs produced by a mental membrane on the high-end glass while making sure that glass antennas would fully play its role. Its functions can also be extended to parking and fueling services, representing a new direction of ETC applications. Front-mounted ETC Solution won the CAPA award for forward-looking vehicle body & interior and exterior.



Embedding etc induction module into glass inter-layer to obtain highly-stable signals

Case: Intelligent glass

Based on the integration of automotive glass display and in-vehicle awareness technology, Fuyao Group has established an intelligent human-computer interactive experience.

Intelligent dimming window - Deflection of dyed liquid crystal in glass inter-layer is controlled by the voltage to adjust light transmittance, and the impact of external ambient light on the light inside is under intelligent control. Under conditions of low voltage, low power and low haze, it can run either bright mode or dark mode, and realize partitioned dimming and information display.

Transparent display window - Full HD display while maintaining high transmittance of glass; seeing both the scenery and window image at the same time.

Panoramic sunroof - Integrating intelligent dimming, intelligent ambient lighting system, coating heat insulation, sound insulation, built-in reading lights, and other functions. The integration of various functions in the sunroof adds more value to automotive glass.

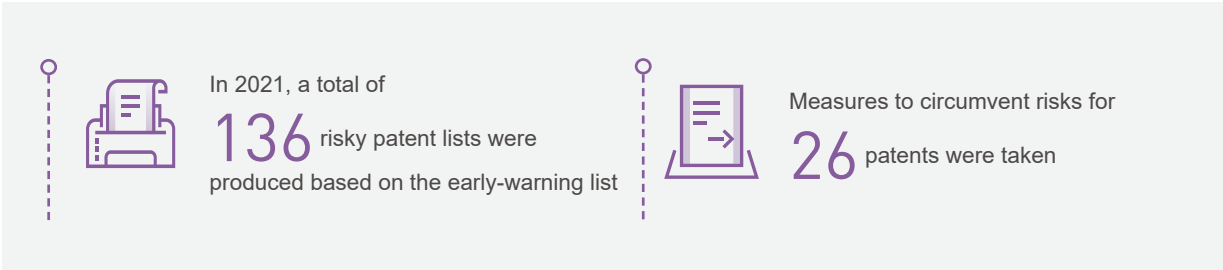


Protecting intellectual property rights

Fuyao Group pays attention to the management and protection of intellectual property rights (IPR), strictly abides by *the Patent Law of the People's Republic of China, Copyright Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China* among many laws and regulations, and formulates and implements its internal Regulations on Fair Competition together with other rules to avoid infringement on any copyright or IPR of other companies and individuals in its operation.

In 2021, the Company took a series of measures to strengthen patent management, such as unified management of patents in subsidiaries of the whole group, establishment of a procedure for the early-warning analysis of patents, and installation of a mechanism to evaluate patent agency quality. In 2021, the Company applied for 300 patents and was granted 245 patents, including 66 invention patents. The invention patent authorization rate recorded an increase of 25% against 2020, which effectively protects its technological innovation achievements and enhances IPR advantages.

In 2021, the Company established a procedure for early-warning analysis of patents, and its IPR department produced a patent early-warning list monthly. Conferences for patent early-warning analysis were held regularly to take countermeasures and track risky patents on the early-warning list. In 2021, a total of 136 risky patent lists were produced based on the early-warning list. In accordance with patent threats in the early-warning list, measures to circumvent risks for 26 patents were taken and the Company timely applied for its own IPR.



Measures Taken in 2021 to Strengthen Patent Management

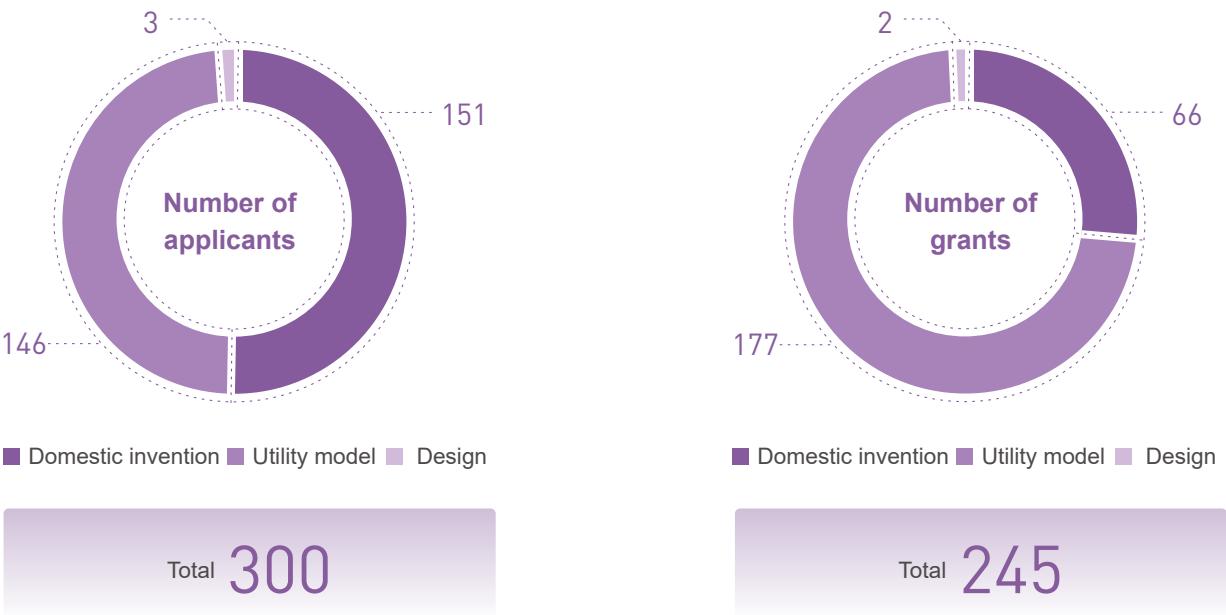
- Unifying patent management for all subsidiaries of the Group

 - Unifying related affairs and processes of subsidiaries
 - Unifying the review of application documents, agency selection, review of submission documents, and annual fee payment
 - Unifying the review and introduction of agencies that cooperate with the whole Group to standardize and professionalize patent management of subsidiaries
- Establishing an implementation process of patent early-warning analysis

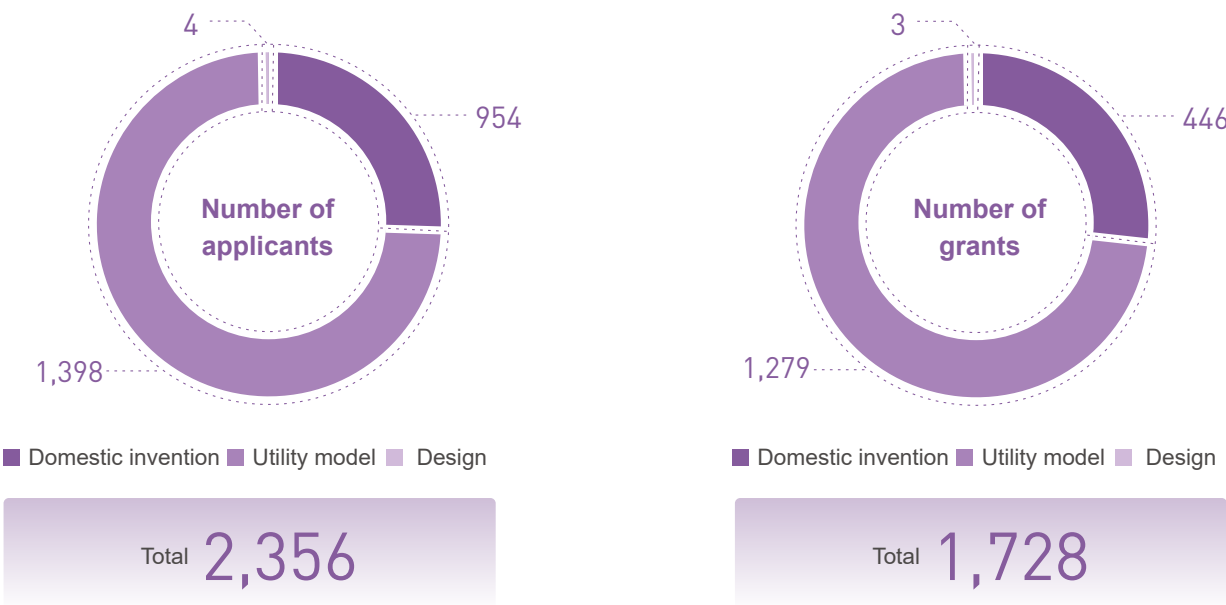
 - IPR department produces an early-warning list for patents every month
 - Regularly holding patent early-warning analysis meetings, producing countermeasures and tracking risky patents on the early-warning list
- Building a quality evaluation system for patent agencies

 - The Group selects many patent agencies for cooperation and formulates quality evaluation standards for patent agencies
 - Evaluating each case entrusted to agencies in three dimensions; drafting documents about quality, response time and service attitude; sending evaluation results to agencies monthly, requiring rectification of unqualified projects, eliminating unqualified patent agents, and raising the quality of the patent application

Patents applied for and granted from January 1st, 2021 to December 31st, 2021 (for the whole Group, including subsidiaries)



Accumulated patents granted to the Company by December 31st, 2021 (for the whole Group, including subsidiaries)



The Company continues to build on IPR rewards. The *Patent Management Regulations* and *Patent Rewards Measures* drafted in 2021 clarified reward standards and distribution to further stimulate employees' enthusiasm for innovation and promote technological innovation and the formation of IPR.

Fuyao Group is committed to providing consumers with genuine and qualified products and cooperates with the public security, industry and commerce authority and technical supervision bureaus to actively crack down on counterfeit Fuyao glass products, creating a positive atmosphere for genuine automotive glass in the market. In addition, The Company established a management institution to standardize dealer stores and brands so as to set norms for the building of its brand in the market.

03


Upholding human-orientation and becoming a trusted employer

Fuyao Group is aware that employees are the inexhaustible driving force for its sustainable development and has always adhered to the “people-oriented” business philosophy, effectively protecting the legitimate rights and interests of employees and safeguarding their safety and health. The Company has attached great importance to the protection of employees’ rights and interests, smoothing promotion channels, enhancing employee learning and training, and implementing measures to take good care of employees. As the most trusted global employer, The Company has pursued development together with employees.



Law-abiding and compliant recruitment

Fuyao Group has always upheld the “people-oriented” ideology, fully protected the rights and interests of employees, adhered to democratic management, took good care of employees, motivated them to pursue development, and made efforts to build a harmonious and win-win situation for the Company and employees.



In 2021, Fuyao Group has a total of

26,532 employees

Employment in Fuyao Group in 2021 (Unit:Person)



Employee turnover in Fuyao Group in 2021 (Chinese mainland)

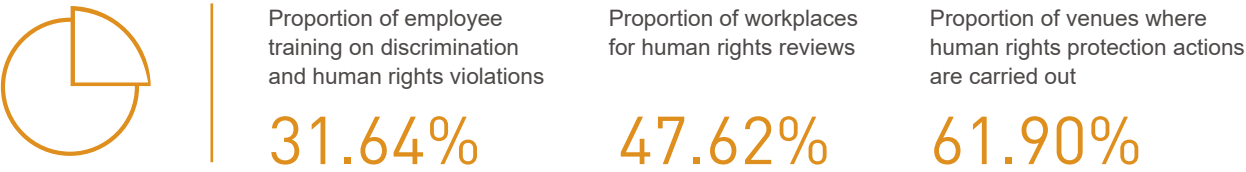
Classification		Number(person)	Ratio(%)
Based on gender	Male	2,781	15.7
	Female	742	16.5
Based on age	30 and under	1,749	22.4
	31-50	1,734	12.6
	51 and above	40	7.2


Labor standards

Fuyao Group strictly abides by the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, the *Provisions on Prohibition of Child Labor* among other relevant laws and regulations, and formulates and improves the *Regulations on Recruitment Management*, the *Regulations on Prohibition of Forced Labor*, the *Code of Conduct for Social Responsibility of Fuyao Group*,,the *Measures on Anti-Discrimination and Harassment*, the *Measures on Protection of Employees’ Personal Rights* among other relevant policies and documents. Employees are recruited in compliance with laws and regulations, and any illegal behavior in recruitment will be addressed in accordance with the law.

We have upheld principles of openness, fairness and equality in employment, effectively safeguarded and protected employees’ right to the free choice of jobs, resolutely opposed discrimination, resisted differential treatment, terminated child labor or forced labor, and been committed to creating an equal and diversified working environment and harmonious labor relations for win-win results.


In 2021, Fuyao Group was certified for the management system of labor and human rights:





Incidents related to forced labor and human trafficking

0 Pcs



Incidents related to discrimination and harassment

0 Pcs

Proportion of the minority group/vulnerable group and women employees in Fuyao Group in 2021



Remuneration and benefits

Fuyao Group has always upheld the remuneration principles of fairness, competition, incentives, economy and legality, formulated and improved its internal institutional documents including the *Remuneration Management Policy*, the *Employee Performance Management Regulations* and the *Benefit Management Policy*, and insisted on building a reasonable and diversified system of remuneration so as to effectively protect legitimate rights and interests of its employees. The salary package of its employees is mainly composed of the basic salary, allowance, merit pay and overtime salary. We have tried to avoid working overtime, and guaranteed overtime wages for employees in accordance with the law, in an attempt to stimulate and guide employees.



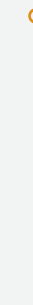
In 2021,
100% of
employees in Fuyao
Group received regular
performance assessment

Democratic management

Taking the safeguarding of employees' rights and interests as its core point and democratic management as a starting point, Fuyao Group has established and improved a series of institutional documents such as the *System of Employees' Congress*, the *Proposal System of Representatives' Congress*, and the *Regulations of Representative Congress for the Trade Union*, and attached great importance to the organization and development of trade union. These are its concrete actions in democratic decision-making, democratic supervision and democratic management.

We listen to employees' voices, require all subsidiaries to conduct employee satisfaction surveys on a regular basis, continue to promote the mechanism of labor communication, strengthen open communication with employees or their representatives, and guide employees to rationally and legally express their demands and expectations via exchanges such as communication with GM and the "Voice from Employees".

In 2021



the proportion of employees
under the formal collective
agreement was

37.72%



the proportion of formally
elected representatives
was

43.45%



the proportion of
employees under the
corporate agreement was

100%



Open Day for the General Manager



Holidays and working hours

Fuyao Group has strictly followed 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 People's Republic of China* and the *Employment Ordinance* among other relevant laws and regulations, introduced and improved its internal *Remuneration Management System* and the *Employee Attendance and Holiday Management Policy*, etc., to systematically arrange employees' time of both working and rest for the purpose of concretely protecting employees' right to work, rest and take a leave.

Guaranteeing health and safety

The most important practice for Fuyao Group to become a global trusted employer is to strive to protect the health and safety of all employees. We have attached great importance to safety in the process of business management, firmly upheld the production concept of “Safety is the Top Priority”, actively built a sound safety management system and occupational health management mechanism, taken action to ensure safety and health, and been committed to providing employees with a more secure and comfortable working environment so as to ensure safety and stability of production operation.

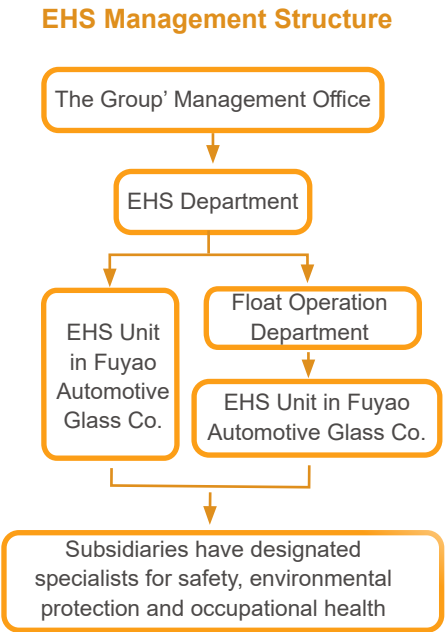
Mechanism of safety management

Fuyao Group has adhered to the principle of “Safety is the Top Priority”, and strictly followed the *Production Safety Law of the People’s Republic of China*, the *Regulations on Reporting and Investigation of Production Safety Accident*, the *Regulations on production safety License*, the *Regulations on the Safety Management of Hazardous Chemicals* and other national laws and regulations about production safety, required each subsidiary to formulate and improve the *Measures of production safety*, clarified the safety management structure, appointed representatives of safety affairs or set up production safety committees, implemented the corporate management to realize EHS targets, and incorporated safety management performance into assessment indicators so as to strengthen its internal safety management. In addition, each subsidiary actively strengthens production safety management and refines management. They prepared the *Regulations on the Management of Work Safety Responsibility System*, the *Safety Education and Training Management Regulation*, and the *Regulations on the Safety Management of Production Equipment and Facilities* and practiced production safety in response to a series of production safety and management issues of systematic planning, work safety, management of equipment and facilities, and preparedness for accidents and emergencies.

To fulfill the concepts of safety, occupational health and environmental protection in daily production and operation, the Company established an EHS department, responsible for the building of an EHS management system and supervising the establishment of corresponding EHS management systems in subsidiaries. Safety, environmental protection and occupational health specialists are designated at each subsidiary level to be responsible for implementing management requirements of environmental protection, occupational health and safety of subsidiaries and factories.

The formulation of 36 institutional documents related to safety including the *Regulations on EHS Strategic Management*, the *Regulations on the EHS Responsibility*, the *Regulations on Safety Management of Special Equipment and Personnel*, the *Regulations on Safety Accidents*, and the *Regulations on Occupational Health*, has standardized safety management. The Group requires each subsidiary to optimize safety management mechanisms based on their own business characteristics, continuously improving production safety through benchmarking management.

In 2021, Fuyao Group recorded **80** safety accidents, **76,802.48** lost working hours due to work-related injuries, and the number of fatalities due to work-related injuries in the past three years was **1**, **0**, and **0**, respectively.





The proportion of employees representing the health and safety committee reached **2.18%**

Safety system certification

Fuyao Group actively encourages its subsidiaries to vigorously build safety management systems and obtain relevant certifications so as to effectively improve the operation of its safety management system, and match the statement of “Safety is the Top Priority” with actions. In 2021, many subsidiaries of the Group successfully passed on-site auditing review and reexamination for ISO 14001 and NOSA for the EHS system and obtained relevant certificates, thus further promoting the standardization and compliance of its production safety management, and effectively protecting the health and safety of its employees.



In 2021, the proportion of operating facilities that have obtained ISO 45001 certification in Fuyao Group was **100%**

Safety Management Measures

To ensure the implementation of production safety in Fuyao Group, we have actively carried out safety management measures, and comprehensively improved safety management of the Group ranging from safety inspection, safety awareness, safety assessment and safety drills.

Safety inspection

To fully implement the policy of “safety first, prevention first and comprehensive treatment”, the Group has actively conducted safety-related inspections, carried out overall examinations on electrical safety, special equipment, fire protection and other aspects of each subsidiary, and reported inspection results, followed by comprehensive rectification measures responding to issues identified so as to avoid safety accident risks and hidden dangers from the source.

In 2021

- Fuyao Automotive Glass Group organized 4 special inspections, requiring its subsidiaries to carry out inspections on electrical safety and special equipment, on fire fighting, and on pre-Mid Autumn Festival and pre-National Holidays, followed by discovering and rectifying 13,512 hidden dangers.
- EHS Department and NOSA team organized a review of operation for the EHS system of four non-glass subsidiaries in the Fuzhou area which discovered and rectified a total of 151 issues.
- Subsidiaries of Fuyao Automotive Glass carried out monthly safety inspections in accordance with the requirements of *Regulations on Safety Inspection and Hazard Rectification* in the forms of overall safety inspection, special safety inspection, safety inspection of behaviors and daily safety patrol, and summarized, followed up with and rectified discovered hazards.

Deepening of safety awareness


The key to identifying and addressing occupational health and safety concerns is ongoing employee investment and education. Fuyao Group has actively implemented the concept of production safety which prioritizes life, strictly followed the *Provisions on Safety Training of Production of Operation Units*, updated and improved its internal *Safety Education and Training Management Regulation*, and comprehensively organized publicity campaigns and training. In 2021, we actively carried out safety training under themes of “Glass Handling Safety Training”, “Occupational Disease Knowledge and Protection”, and “Measures to Deal with Breakable Glass”. The Company is committed to raising awareness of safe production, creating a safe working atmosphere, and protecting the safety and health of employees to the greatest extent.

Safety assessment


Fuyao Group has carried out the campaign of “1000-point Assessment” on quality, safety, environment and other aspects, and standardized audits from four perspectives, namely, increasing income, reducing expenditure, development and risk control. The rate of safety-related injuries among 1,000 employees recorded 60 points.

Safety drills in emergencies


To ensure the safety and stability of production and operation, we internally formulate and improve the *Emergency Management Regulations*. The subsidiary prepares emergency drill plans every year, and organizes a series of safety related emergency drills on fire escaping and fire fighting skills, chemical emergency, typhoon emergency and earthquake emergency as the production situation and season may be. While training and improving the managers and technician teams’ ability to coordinate and handle emergencies, we further familiarize on-site production personnel and equipment personnel with emergency procedures to avoid the safety risks caused by emergencies and effectively protect employees’ interest in health, production and daily life.



The headquarters office of Fuyao Group organizes
1 fire drill every year in its building



Each subsidiary formulates
1 emergency drill plan, organizes emergency drills according to the plan, holds one overall emergency drill and one special emergency drill annually



prepares an on-site emergency response plan
2 a year

Occupational health guarantee

In accordance with laws and regulations such as the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases* and the *Measures for the Supervision and Management of Occupational Health Supervision of the Employer*, Fuyao Group has formulated and improved its internal *Management of Labor Protection* and other relevant institutional documents, clarified configuration standards of labor protection products, provided devices for employees to protect safety according to these standards, and vigorously carried out training of how to correctly wear labor protection gears so as to raise the utilization rate. We have actively guided all subsidiaries to strictly abide by the institution of “Three Simultaneities” for construction projects during the production phase, formulated a hazard identification and evaluation table to collect statistics about, identify and evaluate hazard sources that might be involved in production and operation, and done a good job in preventative preparation with a commitment to stemming safety risks from the source. At the same time, we require all subsidiaries to notify occupational hazards, regularly conduct assessments on occupational disease hazards, and do their best to protect employees’ health.

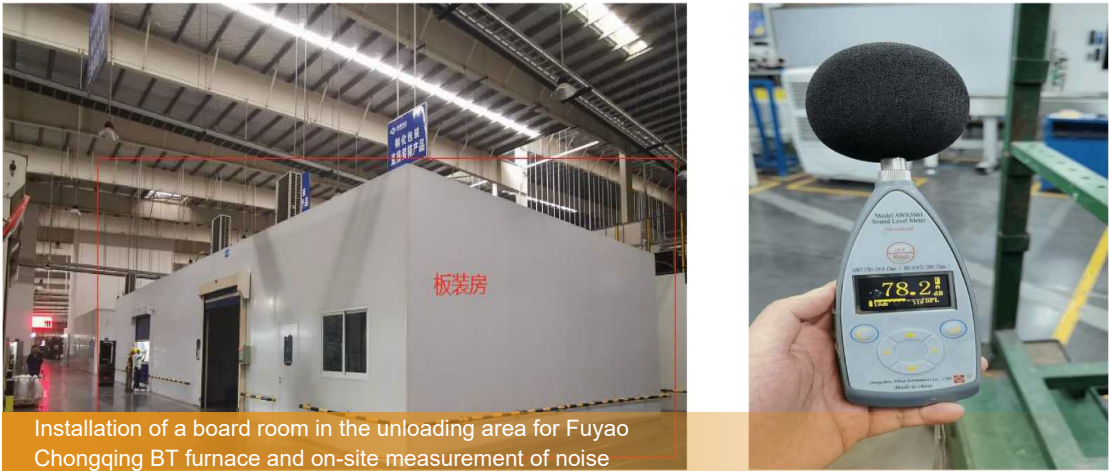
The Company has taken various measures to protect the health and safety of employees and paid attention to employees’ occupational health via occupational health notification, monitoring of occupational hazards, occupational health examination, on-site warning, etc. With a commitment to avoiding occupational hazards as much as possible, The Company also adopts onsite quarantine, elimination and replacement together with other measures to gradually improve the working environment.



In 2021, **100%** of its sites and venues conducted evaluations on employees’ health and safety risks.

Case: Chongqing subsidiary installed a board room in its glass unloading area of BT furnace

A board room was installed in the glass unloading area because the BT furnace in the BT workshop of the Chongqing subsidiary used to produce a lot of noise. This has efficiently reduced noise from 91 decibels to about 80 decibels thanks to the isolation of the source of the noise. This measure not only reduces the damage of noise to the nervous and hearing system of employees but also diminishes noise pollution caused by noise efflux to the environment.



Installation of a board room in the unloading area for Fuyao Chongqing BT furnace and on-site measurement of noise

Case: Fuyao took action to care for employees’ health

Fuyao Group has vigorously carried out an “Employee Happiness Project” to effectively protect their occupational health and safety and continuously improved employee benefits and working conditions. The year 2021 witnessed a lot of media coverage about tragedies of “Sudden Cardiac Death”. Fuyao Group purchased 40 AEDs (Automated External Defibrillators) from Shenzhen Mindray Biomedical and distributed them among the headquarters, subsidiaries and production workshops so as to care for employees’ health and safety.

The Company has cooperated with third-party training institutions to carry out first-aid training for all employees, improving their first-aid ability and building up knowledge and skills, as a way to ensure that every employee can be rescued and handled properly in accidents and emergencies.



Handing over the AED equipment

Joining hands with employees for development

Always taking human resources as one of the most valuable fortunes for a company, Fuyao Group has provided overall support from multiple dimensions including promotion, training and performance evaluation, creating for every employee development paths suitable for positions and actual conditions so that they can maximize personal value.

Promotion

Fuyao Group has upheld the business philosophy of “tapping into the full potential of talents” and provided employees with fair, just and reasonable promotion channels with development as the orientation and performance as the driving force. We have formulated and improved internal policies including the *Regulations on Cadres Management* and the *Regulations on Performance Incentives*, and actively established a performance evaluation system that is fair and just. The Company builds “Three Clarifications” on promotion, namely, clarifying fundamental conditions for the promotion, clarifying qualifications for the target position and clarifying the approval process of for promotion, so as to create a more flexible and broader space for promotion and enhance employees’ enthusiasm.



In 2021, Fuyao Group

- Formulated and improved the *Regulations on Cadres the Management* and the *Leadership Model and Behavior Standards in Fuyao Group* to clarify the ability model and competency standards necessary if employees want to be promoted to cadres;
- Invited the Beisen expert team to guide the Company to complete a talent assessment and promoted the Company to departments in subsidiaries; selected outstanding employees as management cadres to receive training as reserved talents, which stimulated employees’ motivation and sense of responsibility;
- Arranged the echelon personnel to communicate directly with senior executives so that employees can improve their sense of honor and pursue development;
- In 2021, Fuyao School of Management launched a “Dream-catching Plan” which is a project for talent development in the R&D system and a “Xinyao Plan” which is an iron triangle talent development project.



Employee training

Under its management philosophy of “human orientation and driving development with talents”, Fuyao Group established the Fuyao School of Management which is responsible for continuously improving the internal training system, guiding training programs of various subsidiaries, gathering core force for corporate development, optimizing talent reserves, and building a talent team with core competitiveness.

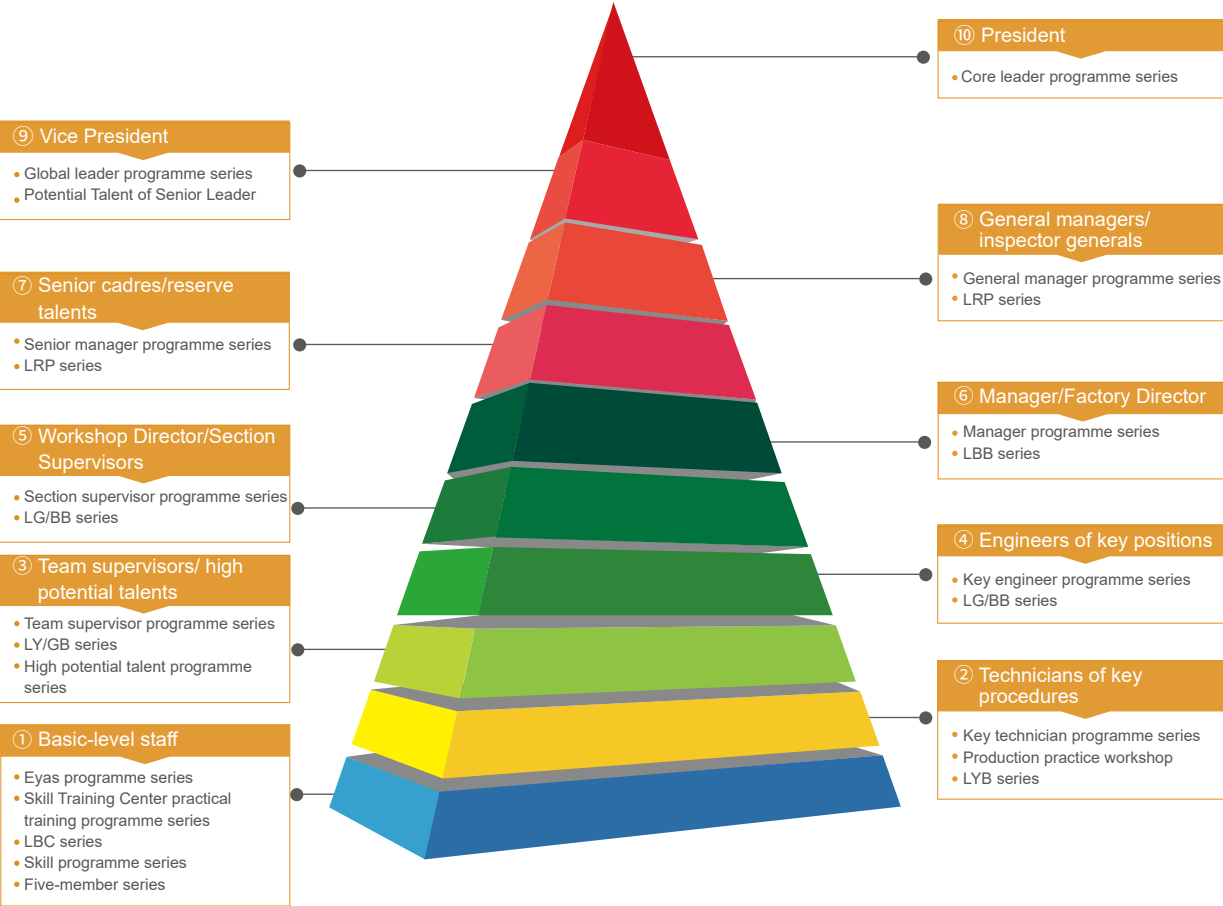
Fuyao School of Management is committed to creating a diversified training system, comprehensively improving the quality of employee training, and enhancing the quality and ability of employees. We insist on providing education and training programs targeted at different types of employees such as grassroots employees, leadership and the management team, as well as the technical and functional personnel, and build a parallel mechanism for internal training and outsourced training according to employees’ expectations and demands as well as characteristics and needs of the Company’s business. This has made the employment training system operational so as to achieve better training results.



In 2021, the percentage of employees covered by Fuyao Group’s skills training was

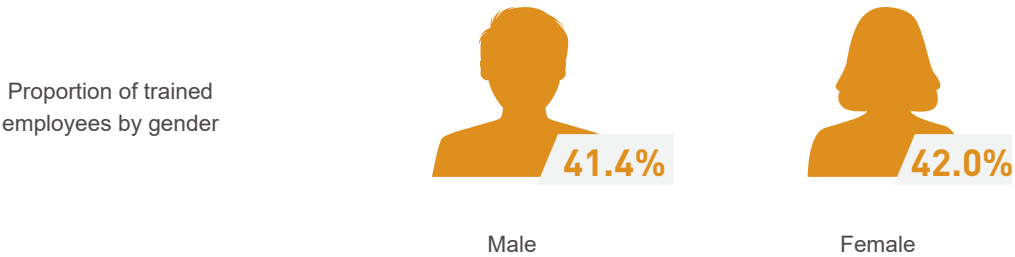
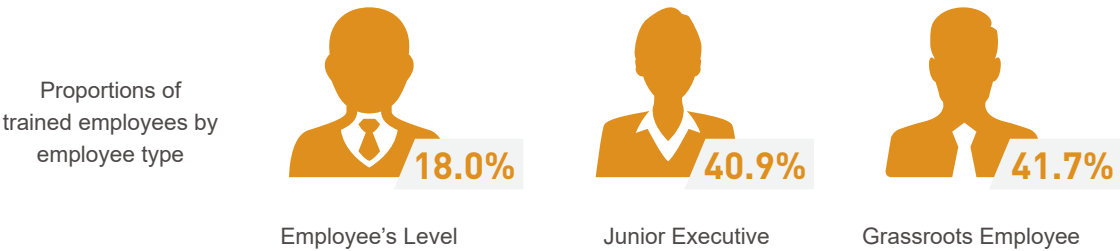
77.74%

Fuyao Group Talent Training System

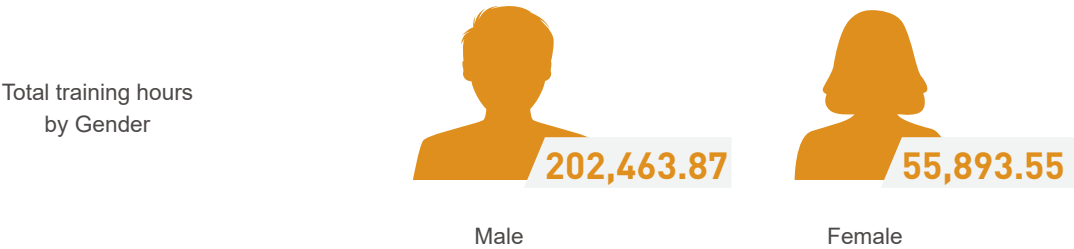
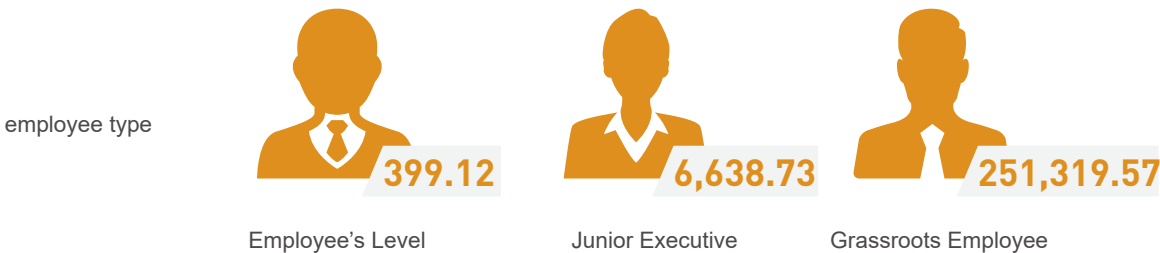


Fuyao School of Management

Training of Fuyao Group in 2021



Note: at present, the training only includes those carried out by each personnel department, and does not include those separately held by each department.



Case: Training camp for micro-course developers by Fuyao School of Management

For the purpose of cultivating micro-course developers and launching more quality and diversified online micro-courses, Fuyao Group successively organized training camps for micro-course developers of Excel, finance and technique training center starting from January 2021, with 6 junior micro-course developers and 22 assistants for micro-course developers graduating from the program. The series of Excel micro-courses has 23 courses and the series of finance has 35 courses, which select pain points and difficulties often encountered in work and take the form of video to provide entertaining education in a relaxed and lively manner, summarizing and passing on experience and realizing performance targets. This has helped business units address highly-frequent pain points, enriched forms of training and courses for the Company and been adapted to trainees' learning requirements.



Case: Fuyao School of Management organized TTT Seed Training for internal trainers

Fuyao School of Management launched TTT Seed Training for Internal Trainers on September 6th, 2021. After the training, trainees will serve as internal trainers for subsidiaries and business units, and be responsible for developing courses and providing tutoring, so as to effectively support the development of internal training.

- Adopting the model of “theoretical course + internalized tutoring” to cultivate professional skills of trainers, covering four categories, speech & expression, teaching skills, course development and the making of PPT courseware;
- In the end, 38 integrated teachers have been trained, including 5 assistant lecturers, 4 junior lecturers, 3 intermediate lecturers, 15 course tutors, and 11 TTT certified lecturers.

The launch of TTT Seed Training for Internal Trainers has strengthened the building of a corporate internal lecturer team, promoted the professional training of internal lecturers, improved lecturers' professional capabilities, and boosted the training capabilities of subsidiaries and business units.





Case: Fuyao School of Management organized Low-cost Improvement Automation (LCIA) Coaching Course

Aiming to push forward lean management strategy, break the bottleneck, and cultivate practical talents equipped with theory, technology and knowledge of LCIA onsite improvement, Fuyao School of Management organized a coaching course for LCIA in March 2021, which took the model of “theory + practice”. Its 52 trainees were excellent in making improvements come from 13 subsidiaries.

The launch of the LCIA coaching course has ameliorated a number of improvement institutions and case results suitable for Fuyao's on-site needs, improved quality and efficiency, and formed an internal self-improvement guarantee system.



Fuyao School of Management organized LCIA Coaching Course



Case: Fuyao School of Management held a training course for bench workers of encapsulated injection mould

To promote mould maintenance and management, the improvement of no-trimming, SMED, production frequency, and market competitiveness of encapsulated products, Fuyao School of Management launched a training course for bench workers of encapsulated injection mould on March 31st, 2021, which resorted to the teaching approach of “theory applied to practice” and provided training in a mixed mode of both online and offline.

The online training contained 3 major modules for a total of 120 hours; the offline training lasted for 15 days, including 11 theoretical courses and 29 practical training sessions. 10 participants attended and all of them graduated with the graduation rate reaching 100%; 11 were certified as assistant trainers; after the training, knowledge was passed onto 49 batches of employees for a total duration of 578 hours; 70 sets of moulds have been improved (trimming and rapid change of moulds).



Fuyao School of Management held a training course for bench workers of encapsulated injection mould



Case: Fuyao School of Management held a training program to improve the logistics system

To systematically improve three major planning capabilities of the Group as well as key performances of logistics operations, Fuyao School of Management launched a training program for logistics system improvement in April 2021, which was composed of ELP online learning plus offline training. 41 people attended the training and completed 3 stages of online training; in addition, offline professional training was held based on the combination of internal and external methods for 4 days. Core indicators and performance of logistics witnessed improvement and the operating system has its efficiency boosted thanks to the practice and tutoring upon the completion of training.



Fuyao School of Management held a training program to improve the logistics system



Case: Fuyao School of Management School holding training for basic-level field managers

To improve the comprehensive management of field managers and consolidate the foundation of operation management, Fuyao School of Management resorted to online platforms to organize a training program in February 2021, which took the form of trainees led and taught by team leaders aimed at the factory director, workshop director, shift leader, and members of five positions. 46 courses of 13 hours were planned, and the cumulative learning duration was 31,055 hours. A total of 1,328 people passed the theoretical test in training and assessment, producing a passing rate of 99%. Taking Hubei Automotive Glass as an example, the cost of field management after training was reduced, production goals were more rationally and logically set, and the working atmosphere for employees became better. The training of basic-level field managers has effectively promoted the project of reducing costs and raising efficiency, greatly cutting down workshop costs but boosting the output of each workshop class. The overall target compliance rate reached 100%, and the comprehensive improvement rate was up by 27%.



Training for basic-level field managers by Fuyao School of Management

Displaying humanistic care

Fuyao Group has upheld its corporate belief of “respecting the heaven and loving people to the end of perfect kindness”, by paying great attention to the care of employees and taking employees’ development and happiness as both the starting point and the purpose of its corporate high-quality development. We have been doing our best to meet the diverse needs of employees, continued to build an employee care system, and taken action from perspectives of activities, benefits and assistance, to fully demonstrate the Group’s humanistic care.

Activities for employees

We have been actively creating a warm and happy corporate atmosphere inside, insisting on carrying out a variety of corporate activities, further enriching employees’ spare time and life, mitigating work pressure, and continuously raising employees’ senses of identity, belonging and happiness.

- Fuyao Group has taken seriously the development of women’s occupational health, by specifically formulating a series of measures to take good care of female employees, and regularly organizing celebration activities for Women’s Day on March 8th when customized gifts, baking DIY, beauty experts and other activities are provided to express appreciation to female employees;



Celebration of Women’s Day on March 8th

- Fuyao Group provides retired employees with high attention and great care by actively assisting them to go through relevant procedures of retirement, organizing retirement ceremonies and presenting gifts during the month for employee retirement.



Retirement ceremony for employees in the Group

Employee welfare and assistance

Fuyao Group has attached great importance to the value of employees and formulated and improved internal guaranteeing policies and documents including the Benefit Management Policy on the prerequisite of strictly observing relevant laws and regulations on salary and compensation such as the Labor Contract Law of the People’s Republic of China and the Regulations on Minimum Wage of the People’s Republic of China, so as to build and ameliorate its employee welfare system. We insist on providing a series of employee benefits such as basic overall insurance, health examination, holiday gifts, paid vacations, team building, etc., and promote flexible working methods with working from home being accepted. In addition, we have improved the Regulations on Employee Assistance to build a complete employee relief mechanism and actively help those whose families are in major financial difficulties due to severe accidents and diseases, offering warm condolences and considerate subsidies so as to raise employees’ living standards and happiness index as much as possible.



in 2021.
Medical insurance
coverage for employees
in Fuyao Group was

100%

04

Going green and becoming a safeguard of global ecological environment

Fuyao Group insists on the path of green development, responds to the challenge of climate change and prizes natural resources and energy in an effort to reduce the impact of its own business on the environment. To this end, we actively follow the requirements of the national strategy of green manufacturing, practically develop the green industry, build green factories, develop green products, strengthen environmental management, transform and upgrade the industry towards high-quality, green and low-carbon development, and promote the modernization of harmonious coexistence between man and nature.



Response to climate change

Facing urgent climate change issues, Fuyao Group seeks green and low-carbon development while improving economic benefits. The Company has conducted risk assessments on climate change, set a series of environmental goals, explored effective and low-carbon measures for energy conservation, saved energy and resource, and contributed to coping with climate challenges with society with its actions.

Climate change risks and opportunities

Guided by the framework of the Taskforce on Climate-related Financial Disclosures (TCFD), Fuyao Group takes measures to address climate change, identifies and analyzes climate risks and opportunities during its own operation and in the upstream and downstream value chain, and timely formulates climate risk response plans and actions, increases the resilience to climate change and minimizes the impact of climate change risks.

climate risk identification and response of Fuyao Group

Risk types	Risks	Risk identification	Risk responses
Transition risks	Policy and regulatory risks	<ul style="list-style-type: none">National laws and regulations restrict the energy consumption during production, for instance, setting the entry limit, maximum limit and advanced limit of overall energy consumption per product for flat glass producers. The failure of the Company to qualify the standards will be subject to compliance riskUnder the national target of “Dual Carbon”, the government sets the dual control target: total energy consumption and energy consumption intensity as an index to reject the Company if its energy target fails to meet the standard in terms of financial incentives and support policies, which will have a significant negative impact on their production and finance	<ul style="list-style-type: none">Actively co-author industrial standards and create a product R&D and internal control system above national and industrial standards as a strategy to improve the competitive advantage
	Technology risk	<ul style="list-style-type: none">The profitability of the Company depends on its ability to respond to the automotive industry's rapid technological shifts toward high-performance glass products, especially those caused by climate issues. If the Company fails to keep developing new products, the former high value-added products will be widely used and become common products. That may lead to a reduced average selling price, declined demands, and even the risk that common products will become obsoleteConsumers' demand for safe and energy-efficient products is on the rise. The Company's failure to fully consider the environmental friendliness and energy efficiency in technical management and product design, and to integrate performance, manufacturing, and safe and energy-saving technologies will lead to reduced demands	<ul style="list-style-type: none">Closely monitor and identify technological risks, fully recognize the importance of high-performance products to meet customer needs and achieve environmental friendliness, and research technologiesConsider the patent protection on the environmental performance of products in the legal risk assessment of climate change

Risk types	Risks	Risk identification	Risk responses
Transition risks	Market risks	<ul style="list-style-type: none">The Company's business is subject to the automotive trend towards electrification, connection, intelligence, and sharing, and customers have successively rolled out new energy vehicles. Therefore, the main customers required auto parts producers to reduce energy consumption and improve energy efficiency. The Company's failure to meet those requirements will result in the risk of a shrank market shareThe failure to pioneer the creation of green product standards and establish consumers' awareness and understanding of green-designed glass products will pose risks in the developing market and fewer opportunities for financial incentives and support policies in the future	<ul style="list-style-type: none">Establish a dedicated R&D team, formulates project management rules; start product R&D after the scheme is confirmed and declared, and invest massive money to purchase manufacturing and testing equipment in an effort to satisfy the requirements of customers and the marketContinuously improve the Company's energy efficiency and build green factoriesContinue the investment in R&D and develop high-added productsIncorporate green standards for emerging industries into the ESG risk management system
	Reputation risk	<ul style="list-style-type: none">Failure to build the brand image of green products will reduce the opportunities for international cooperation, response to the national green manufacturing system, and preferential policies	<ul style="list-style-type: none">Actively apply for green manufacturing projects and respond to the national strategy of green development
Physical Risks	Acute risks	<ul style="list-style-type: none">Typhoons, extreme rainfall, and other extreme weather interrupt the Company's routine production and operation business. As the factories in Fujian, China is highly vulnerable to typhoon, the escalated typhoon in Fujian headquarters or factory will result in mechanical loss and power interruption, which will increase the operating cost or capital expenditure, and create the risks of decision lagThe delayed delivery of raw materials and products caused by climate impact will result in the risk of customers' suspension	<ul style="list-style-type: none">Identify and evaluate the incident risks in the operation site, office, living quarters and the surrounding headquarters and factories in Fujian; enhance the ability to respond to emerging risks, and standardize the ways to prevent and deal with workplace safety incidentsImprove the overall emergency level of the Company, produce emergency processes and organizational system, establish emergency headquarters, and prepare Emergency Plan for Workplace Safety IncidentsIrregularly review the emergency plan for environmental events, and specify annual drills to ensure the safety of personnel and minimize financial losses in case of emergencyFormulate the Special Emergency Plan for Typhoon Prevention, proposes different response measures to the yellow, orange and red alarms classified by the weather station; adjust security inventory, delivery plan, transportation emergency measures, etc., so as to ensure that the product supply will not be significantly affected, the supply chain will not be interrupted and the Company will not have major financial losses.Establish production bases around major customers to minimize the risk of extreme climate impact on the supply chain
	Chronic risks	<ul style="list-style-type: none">The factories in Fujian, China is highly vulnerable to the typhoon. Climate change may increase floods and rainstorms, affect the Company's business status, augment operation and maintenance costs and reduce the service life of assets	<ul style="list-style-type: none">Produce an emergency mechanism covering environmental emergencies, such as natural disasters, accidents, etcSet up an emergency leading group to take preventive measures for factors that may lead to emergencies, evaluate the degree of possible harm and take countermeasures based on the results of emergencies monitored

Under “double carbon” goals, the green and low-carbon transformation and development across the industry brings opportunities to Fuyao Group. In terms of energy consumption costs during production, the Company strictly follows national requirements of energy consumption by directly purchasing electricity at preferential prices to reduce the cost and enhance the competitiveness of the Company's products. In addition, as the environmental supervision becomes stricter, the Company can introduce energy-saving and environmentally-friendly techniques and reduce waste discharges before competitors do. In this way, we will be exempted from the shutdown for rectification, which help win more customers and generate more economic benefits.

Climate targets and measures

Fuyao Group's climate targets

- Reduce CO₂ emissions per 10,000 Yuan output value by 30% on the basis of 2019 by 2030

Fuyao Group improves energy efficiency during production through a series of measures, for instance, energy audit and energy management review, energy consumption monitoring system, technological transformation and optimized production frequency. Through “peak-load shifting¹”, the Company balances resource supply and demand, avoids electricity waste and improves the energy efficiency of the power supply system; the Company also uses renewable energy such as photovoltaics to reduce fossil energy consumption, mitigate climate change and help green and low-carbon transformation.

GHG emissions and density during (2019 - 2021²)

	Automotive glass			Float glass		
	2021	2020	2019 ³	2021	2020	2019
Scope I: Direct emissions (in tons of CO ₂ eq)	8,055.98	7,839.37	10,271.77	677,047.93	612,139.68	973,022.2
Scope 2: Indirect GHG emission (in tons of CO ₂ eq)	966,531.92	861,201.05	882,461.29	181,046.08	167,772.61	217,498.12
Total GHG emission (in tons of CO ₂ eq)	974,587.90	869,040.42	892,733.06	858,094.01	779,912.29	1,190,520.31
Total emission density	0.0085 tons of CO ₂ eq / m ² of product	0.0083 tons of CO ₂ eq / m ² of product	0.0082 tons of CO ₂ eq / m ² of product	0.30 tons of CO ₂ eq / ton of product	0.6 tons of CO ₂ eq / ton of product	0.88 tons of CO ₂ eq / ton of product

¹Peak-load shifting is a measure to adjust the electricity load. Users are properly and systematically organized to use electricity at different periods according to the their demands, so as to reduce energy load by shifting it from peak to off-peak hours. In this way, the different peak and valley load of power grid will be reduced, electricity generation and electricity consumption balanced, and the power grid load reduced.

²The calculation of GHG emissions is based on the Guidelines for Accounting and Reporting of GHG Emissions by Chinese Flat Glass Manufacturers (for Trial Implementation) issued by the National Development and Reform Commission of China, which is calculated from the use of gasoline, diesel, natural gas and purchased heat. The GHG emission coefficients for electricity consumption are calculated with reference to 2012 China's Regional Grid Average Carbon Dioxide Factor.

³We recalculated the GHG emissions based on the adjusted data of 2019, the method and parameters is the same as 2020.



Case: distributed Photovoltaic system installed on the roof of Fuyao Group's factories

Fuyao Group follows the principle of "localized and decentralized while being clean and efficient with the nearest consumption and use". The Company makes full use of local solar energy as a supplement to the power supply for the regional load to replace and reduce fossil energy consumption. As of December 31, 2021, the Company has successively built distributed photovoltaic power generation systems in eight subsidiaries, including Fuqing Float, Zhengzhou Fuyao Glass, and Hongde Tianjin Automobile Glass to provide reliable green and clean electricity for the company where the project is located with an installed capacity of 93MW.

In 2021, Fuyao Group's rooftop distributed photovoltaic power generation system generated 75.224 million kWh of electricity and reduced energy consumption by 9,245 tons of standard coal and CO₂ emissions by 53,200 tons.



Case: structural transformation of external glass forming furnace system at Suzhou Automotive Glass

In response to the energy-saving and efficiency requirements of Fuyao Group, Suzhou Automotive Glass carried out a structural transformation targeting the electricity waste of the external glass-forming furnace system during production. A mechanically jacked cylinder structure was added in the secondary tempering area of the external glass-forming furnace and fixed on the base of the former secondary tempering lower grille to replace the glass blowing and retain the secondary tempering function. It can turn off the secondary tempering fan and reduce electricity consumption. The project has completed the transformation of three external forming furnaces. That will save 3 million kWh of electricity every year, equivalent to 368.7 tons of standard coal and 2110.5 tons of CO₂ emission.



Case: Fuqing Automobile Glass transformed and renewed the workshop's curved washing machine

As the pretreatment flat washing machine and curved washing machine in the glass laminating workshop of Fuqing Automobile Glass's G3 Factory have been used for years, there are serious rust and corrosion on the frame and its fan are energy-intensive. Some electricity is wasted and glass is not washed effectively. In order to improve the energy efficiency of the workshop and wash off the glass, Fuqing Automobile Glass reduces fans and uses high-efficiency and energy-saving fans to replace the original washing machine based on the characteristics of flat and curved washing, improving the productivity and reducing the energy consumption.

The project has transformed five washing machines. That will save 1.03 million kWh of electricity every year, equivalent to saving 126 tons of standard coal and reducing 724.6 tons of CO₂ emission.



Fuqing Automobile Glass transformed and renewed the workshop's curved washing machine



Case: Shanghai Automotive Glass optimized glass tempering furnace process

In 2021, Shanghai Automotive Glass improved the glass tempering furnace process that consumed huge electricity. Specifically, Shanghai Automotive Glass identified and optimized the time-consuming glass varieties, and mobilized the process, equipment and technicians to the site to study and implement the production frequency optimization scheme. It also reduced electricity consumption by avoiding production during peak hours and reducing the response time through rapid mold change. After its completion, the project will save 3.227 million kWh of electricity every year, which is equivalent to saving 396.6 tons of standard coal and 2,270.2 tons of CO₂ emissions.

Use of energy and resources

Fuyao Group strictly abides by laws and regulations such as the Energy Conservation Law of the People's Republic of China, the Administrative Measures for Energy Conservation of Key Energy Users and the Administrative Measures For Industrial Energy Conservation, and has formulated policy documents including the Administrative Provisions on Energy Conservation and Environmental Protection. The Company continuously promotes energy management, optimizes energy structure, innovates technology and process, increases energy efficiency, and implants the concept of energy conservation in all aspects of the Company's production and operation. In 2021, the Company set quantitative targets for energy use, formulated breakdown targets and project plans for cost reduction and efficiency increase, followed up on the project timely, and ensured all objectives and tasks were in place.

Fuyao Group's Targets on Comprehensive Energy Consumption

- Reduce comprehensive energy consumption per 10,000 Yuan output value by 30% on the basis of 2019 by 2030



Data of energy consumption (2019-2021)

	Automotive glass			Float glass		
	2021	2020	2019	2021	2020	2019
Natural gas (MWh)	27,582.66	27,135.11	36,949.99	3,344,021.20	3,010,915.09	3,630,869.05
Diesel (MWh)	9,160.27	8,627.48	10,519.86	17,676.12	25,522.01	5,611.79
Gasoline (MWh)	378.89	435.31	272.13	0	0	145.11
Total direct energy consumption (MWh)	37,121.82	36,197.91	47,741.98	3,361,697.32	3,036,437.1	3,636,625.95
Direct energy consumption intensity	3.25 MWh/10,000 m ² of product	3.47 MWh/10,000 m ² of product	4.36 MWh/10,000 m ² of product	1.19 MWh/tons of product	2.35 MWh/tons of product	2.73 MWh/tons of product
Purchased electricity (MWh)	1,419,908.80	1,265,169.75	1,295,124.92	265,970.44	246,470.70	299,310.85
Purchased heat (MWh)	0	0	2,195.14	0	0	0
Total indirect energy consumption (MWh)	1,419,908.80	1,265,169.75	1,297,320.06	265,970.44	246,470.7	299,310.85
Indirect energy consumption intensity	124.29 MWh/10,000 m ² of product	121.13 MWh/10,000 m ² of product	118.52 MWh/10,000 m ² of product	0.09 MWh/tons of product	0.19 MWh/tons of product	0.21 MWh/tons of product
Total energy consumption (MWh)	1,457,030.63	1,301,367.66	1,345,062.04	3,627,667.77	3,282,907.8	3,935,936.80
Total consumption intensity ⁴	127.54 MWh/10,000 m ² of product	124.59 MWh/10,000 m ² of product	122.88 MWh/10,000 m ² of product	1.28 MWh/tons of product	2.55 MWh/tons of product	2.94 MWh/tons of product

⁴The use of renewable energy has not been included when calculate the density of total energy consumption



Case: energy saving activities in Benxi Float

In October 2021, Benxi Float responded to the national policy of "energy consumption dual control" and carried out a series of node-like work. Benxi Float set up a Electricity Saving Coordination Headquarters to coordinate the implementation of node-like work tasks, objectives and action plans; Benxi Float also prepared the Administrative Measures for Orderly Electricity Consumption of Benxi Float and the Proposal on Electricity Limitation and Energy Conservation, and set the strict target of saving 10% electricity; promoted green office, advocated employees to turn off lights when leaving, and strictly controlled indoor and outdoor lighting, air conditioning, electric heating, and other electrical equipment in offices, and dormitories; break down and implement the Company's electricity saving objectives, discuss to formulate measures such as shutdown of high-power fans and installation of frequency converters according to the change of ambient temperature to save electricity consumption while ensuring production quality; encouraged and mobilized all staff to manage orderly electricity consumption by means of pre-shift meeting and improvement proposal, and promoted the projects of key improvement proposals which prioritizes electricity saving.



Benxi Float mobilized staff for electricity saving

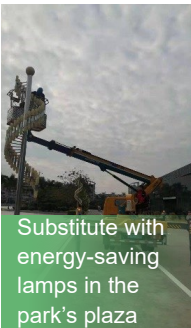


Case: Fuyao Group promoted green office

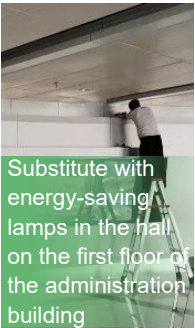
In 2021, Fuyao Group incorporated the energy-saving requirements into the Regulations on General Office, requiring employees to turn off computers and other electronic equipment in time to reduce unnecessary energy consumption. In addition, we have carried out energy-saving transformation in the headquarters park, replaced the building's curtain wall glass in the park with more energy-efficient Low-E glass, and installed LED energy-saving lamps in the hall of the Company's administrative building and the plant park, practicing green and low-carbon operation with practical actions.



The operation site of curtain wall glass upgrading



Substitute with energy-saving lamps in the park's plaza



Substitute with energy-saving lamps in the hall on the first floor of the administration building



Case: Fuqing Float reduced the consumption of natural gas per unit of green glass through technical process adjustment

At the beginning of 2021, Fuqing Float continued to adjust and control the share of broken glass, glass melting combustion system and combustion-supporting air system on the basis of the research on the project of consumption of natural gas per unit of green glass in 2020. At the same time, Fuqing Float optimized and summarized the gas volume and temperature system of each daily output of green glass, and explored appropriate parameters for the production reference.

Fuqing Float has explored and concluded appropriate parameter data through a set of technical and process adjustments, which can not only improve the quality of glass but also control the consumption of natural gas per unit of green glass. The successful development of the technology, coupled with existing product production technology, reduced the use of natural gas and the emission of flue gas, which met the requirements of the country's energy conservation and emission reduction.



Case: Fuqing Float researched frequency reduction and energy saving of combustion-supporting fans and tin-bath fan

In 2021, Fuqing Float developed the frequency reduction and energy-saving project of combustion-supporting fan and tin-bath fan, and gradually adjusted the frequency of fan to ensure stable production. Fuqing Float also formulated all-temperature average curves according to the temperature of the bottom shell of the tin bath and adjusted the frequency to curves to save energy by directly reducing the fan frequency. In 2021, the implementation of the project saved 368,900 yuan of electricity costs for Fuqing Float.

We cherish the scarce water resources. Fuyao Automotive Glass analyses the data of industrial and domestic water consumption every month under the annual water-saving plan, taps the potential of water conservation targets, and formulates measures for improvement; Fuyao Float conducts technical renovation for energy conservation of circulating water temperature control and uses water-saving appliances. Some factories have built cooling towers, through which the cooling water from process production is recycled to reduce the waste of water resources.



Site of the cooling tower in Benxi Float

Fuyao Group's water efficiency

Fuyao Automotive Glass

Less than 0.03 ton of water consumption per square meter of products by 2030

Fuyao Float Glass

Reduce the water consumption per ton of products by 30% on the basis of 2019 by 2030

Total water consumption and intensity (2019-2021)

	Automotive glass			Float glass		
	2021	2020	2019	2021	2020	2019
Total water consumption (tons)	5,320,530.82	4,830,832.76	3,317,785.00	990,227.00	1,049,604.00	2,026,596.00
Water consumption intensity	0.05 Tons/ m ² of product	0.05 Tons/ m ² of product	0.03 Tons/ m ² of product	0.35 Tons/ ton of product	0.81 Tons/ ton of product	1.51 Tons/ ton of product

Fuyao Group attaches great importance to the utilization of resources and materials in the full life cycle of production in the process of production and manufacturing. Through waste recycling and other means, we have greatly reduced the waste of raw materials and continued to promote green manufacturing. In 2021, we made full use of broken glass, PVB scraps and other materials during production, the recycling rate of used materials in Fuyao Automotive Glass reached 16.91%, and that in Fuyao Float achieved 100%. In addition, Fuyao Float melted up the broken glass for recycling. During the proportioning process, Fuyao Float adjusted and modified the parameters such as recommended inventory, feed rate and amount of usage, and blended the broken glass into the production process of the mixed batch. The material production ratio reached 13%-45%. Also, Fuyao Group regularly collects data on the total packaging material use and packaging material used per unit output, formulates packaging use plans, and creates a unified management mechanism for packaging materials. In addition, we also encourage subsidiaries to set up packaging optimization teams as required to improve the packaging design of our products.

Total packaging material use (2019-2021)

	Automotive glass			Float glass		
	2021	2020	2019	2021	2020	2019
Wood cases (tons)	20,228.13	22,173.96	9,340.20	1,574.19	918.13	2,139.54
Paper cases (tons)	31,935.24	26,597.20	21,675.47	24.55	0.25	1.36
Total packaging material consumption (tons)	52,163.37	48,771.16	31,015.67	1,598.74	918.38	2,140.90
Packaging material consumed per unit of production	4.57 tons/ 10000 m ² of product	4.67 tons/ 10000 m ² of product	2.83 tons/ 10000 m ² of product	5.66 tons/ 10000 ton of product	7.12 tons/ 10000 ton of product	12.59 tons/ 10000 ton of product

Strengthening environmental management

Fuyao Group fully follows the requirements of national and local ecological and environmental protection policies and constantly enhances the environmental management system. The Company co-develops green factories, control environmental pollution and manages wastes, establishes an environmental risk assessment mechanism, tries its best to reduce the environmental impact during operation, and practices corporate environmental responsibility in an all-around and multi-dimensional way.

Environmental management system

Fuyao Group is proactively engaged in ISO14001 certification of the environmental management system and encourages its subsidiaries to build an environmental system under this standard and their own conditions. By the end of 2021, the Group's 22 companies had obtained ISO14001 environmental management system certification. In particular, 13 factories from Fuyao Automotive Glass and 100% of factories from Fuyao Float were certified by the environmental management system. In order to implement the 14th Five-Year Plan for Industrial Green Development, the Company strengthens its role of benchmarking in green manufacturing and makes the green factory certificated. The Company has another two factories in 2021 certificated as green factories, with a total of 11 factories certified

By the end of 2021, the Group's

22 companies

had obtained ISO14001 environmental management system certification.

The Company has another

2 factories

in 2021 certificated as green factories.

Waste management

Fuyao Group strictly abides by the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the people's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution, Law of the people's Republic of China on the Prevention and Control of Soil pollution, among others, and formulates a whole range of management measures such as Safety, Health and Environment Management Manual of Automotive Glass Group, Regulations on Environmental Protection Management and Regulations on Safety Management of Hazardous Chemicals to strictly manage the wastewater, waste gas and solid waste generated caused by regular production and operation. The Company has established a normalized, standardized and refined environmental management mechanism, controlled environmental pollution and managed waste discharge, approved environmental protection in a strict manner, and regularly monitored major pollutants, wastewater, waste gas and noise. The Company also set waste discharge targets, improved the environmental emergency mechanism and enhanced the environmental performance of the factory. In 2021, the Company had no major environmental pollution.

According to the Group's rules and regulations, we manage and monitor the sewage outlets at our subsidiaries to ensure standard emissions; we safely dispose of and comprehensively utilize all industrial solid waste and hazardous waste; each subsidiary develops its own procedures such as Hazardous Waste Management Process, General Waste Management Process and Hazardous Waste Emergency Preparation and Response Process. The general industrial solid waste generated by the factory is treated in strict accordance with Standard for pollution control on the non-hazardous industrial solid waste storage and landfilland relevant standards or 100% transfer to the competent and qualified treatment plant; the hazardous substances such as aldehyde, benzene, ammonia and radon in the interior decoration materials at the plant are up to national and local laws and standards, and the rooms that produce pollutants such as dangerous goods warehouse, toxic and harmful operation room and waste treatment room are set independently.

100%

of industrial solid waste and hazardous waste is safely disposed or comprehensive utilized

Fuyao Group's waste efficiency targets

Fuyao Automotive Glass

- Reduce the wastewater discharge per square meter of products by 30% on the basis of 2019 by 2030
- Reduce the hazardous waste generation per square meter of products by 20% on the basis of 2019 by 2030

Fuyao Float Glass

- Reduce the wastewater discharge per ton of products by 30% on the basis of 2019 by 2030
- Reduce the hazardous waste generation per ton of products by 20% on the basis of 2019 by 2030

Total pollutant emission (2019-2021)

		Automotive glass			Float glass		
		2021	2020	2019	2021	2020	2019
Wastewater	Wastewater (10,000 tons)	331.56	230.42	282.2	18.46	57.35	34.94
	COD (tons)	68.13	186.39	359.6	28.69	1.42	19.07
	Ammonia nitrogen (tons)	5.07	6.06	23.7	0.14	0.08	5.08
	TSS (tons)	97.95	81.08	67.9	5.26	1.42	12.99
Waste gas	SO ₂ (tons)	0.38	0.74	0	744.49	718.53	909.02
	NO _x (tons)	2.76	1.3	0	1,546.77	1,465.78	1,388.9
	PM (tons)	2.96	1.95	0	94.12	77.62	107.42
Solid waste	Total hazardous waste (tons)	1,474.60	1,428.33	780.46	206.40	57.76	25.84
	Density of hazardous waste	0.13 tons/ 10000 m ² of product	0.14 tons/ 10000 m ² of product	0.0713 tons/ 10000 m ² of product	0.73 tons/ 10000 tons of product	0.45 tons/ 10000 tons of product	0.18 tons/ 10000 tons of product
	Total non-hazardous waste (tons)	141,094.94	108,627.32	237,212.78	3,229.84	1,295.34	2,127.44
	Density of non-hazardous waste	12.35 tons/ 10000 m ² of product	10.4 tons/ 10000 m ² of product	21.67 tons/ 10000 m ² of product	11.43 tons/ 10000 tons of product	10.04 tons/ 10000 tons of product	8.92 tons/ 10000 tons of product

Fuyao Group's management of different emission and discharge sources

Type	Source	Measures
Wastewater management	<ul style="list-style-type: none">Wastewater from the production processInitial rainwaterDomestic sewage	<ul style="list-style-type: none">Wastewater treatment equipment should be concurrently designed, constructed and put into production alongside production equipmentThe wastewater generated by each post is discharged into the reclaimed water reuse and treatment facility of each subsidiary through the sewage pipeline. After treatment, it is discharged into the municipal sewage pipe network after passing the inspection of wastewater indicators by the automatic detection device with manual detection data.Implement real-time monitoring of water quality, actively develop and improve water recycling technology, reduce wastewater discharge and immediately suspend production if there is an abnormalityTimely manage, maintain and inspect the wastewater treatment facilities, and make recordsSpot check the wastewater regularly or irregularly, formulate response plans for abnormal conditions, and entrust qualified companies to test the production wastewater and domestic wastewater
Waste gas management	<ul style="list-style-type: none">Organic waste gas generated by glass deep processing, printing and drying processOil fume and waste gas from the canteen	<ul style="list-style-type: none">Waste gas treatment equipment and production equipment should be concurrently designed and put into production alongside production equipmentEach subsidiary should strengthen the treatment and monitoring of the waste gas generated by production, the monitoring indicators and frequency should be stricter than the local standards, and the waste gas treatment facilities should meet the requirements of the Local Environmental Protection BureauSubsidiaries using activated carbon and UV photolysis waste gas treatment equipment should replace activated carbon and catalyst regularly, in full and in sufficient quantity according to the equipment design parametersUse the no-methane hydrocarbon online monitoring system and connect with the local environmental management department to record the operation of the equipment in real-timeRegularly monitor the waste gas discharged from kitchen equipment to ensure compliance with regulations and standards
Noise management	<ul style="list-style-type: none">Cutting machine, washing machine, printing machine and other production facilitiesNoise generated during standby operation	<ul style="list-style-type: none">Regularly inspect the working environment and boundary noise according to the Standard for Noise at Boundary of Industrial EnterprisesTake measures to effectively control the noise in the area beyond the acceptable level (for example, take targeted measures such as shock absorption, sound insulation and noise elimination according to the noise principle)
Waste management	<ul style="list-style-type: none">General industrial solid wastes such as packaging surplus materials and leftover materialsWaste liquid packaging container, waste lamp tube, spraying waste liquid, wiping waste gauze, waste activated carbon and other hazardous wastes	<ul style="list-style-type: none">Hazardous waste management should be implemented in accordance with the Provisions on Chemical Management, and general solid waste should be implemented in accordance with the Provisions on Waste Classification and Waste Disposal. Broken glass is recycled in accordance with the Batching Process Operation Guideline, and the production ratio of broken glass blended into the production process of the mixed batch is 13%-45% routinely.Hazardous wastes and general solid wastes should be handled by qualified contractors and disposal records shall be keptRegularly review the qualification of the contractor for the disposal of hazardous wastes and general solid wastes, and regularly and irregularly review the contractor's waste disposal process to ensure the correct disposal of wastes in accordance with laws and regulations and contract requirements.

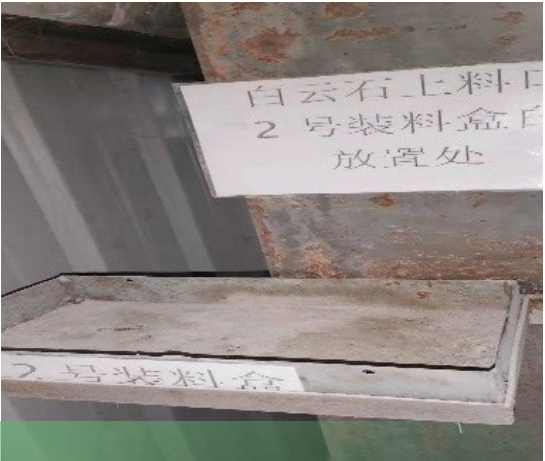


Case: Fuqing Float reduced the dust at batching system

In 2021, to reduce dust near the broken glass storage yard, Fuqing Float lowered the dust concentration in the field by innovatively renovating the broken glass storage yard, adding the spray system on the feeding port of the bucket elevator, prolonging the chute of the mixed waste discharge port, and making curtains. The technical transformation project improved the working environment of employees, and reduce the dust in ingredients and environmental pollution. At the same time, the sight of the batching loader at the blanking opening of the broken glass yard was enhanced to decrease potential safety risks.



Technological transformation test



Environmental risk assessment

The Company strictly abides by the Notice of Issuing the Interim Procedures for Emergency Plan for Environmental Emergencies and the State Emergency Plan for Environmental Accidents. Furthermore, the Company requires the environmental management staff from each subsidiary to organize their departments to identify and evaluate environmental factors, prepare environmental factor response measures, and create the Environmental Factors Identification and Evaluation Form and the List of Important Environmental Factors; the Company also formulates and revises the environmental emergency plan and drill plans, and regularly holds training and drill to effectively eliminate environmental risks during production and operation. In 2021, Fuyao Group conducted environmental risk assessments at its all sites.

We strictly implement the Environmental Impact Assessment Law of the people's Republic of China and the "Three Simultaneities" system of environmental protection. We carry out the environmental and ecological investigation and assessment from project site selection to production and operation, and comprehensively consider the environmental risk impact of the project, so as to achieve the purpose of protecting the ecological environment and biodiversity.



100%

of sites with environmental risk assessments



Developing green products

Fuyao Group continues to increase investment in research and development (R&D) and innovation and is committed to producing green products. In response to the national goals of carbon neutrality and carbon peak, the Company actively introduced highly automated production lines in innovative product manufacturing, greatly improving production efficiency and product quality while further reducing energy consumption caused by the production. Endorsed by intelligent manufacturing, the products quickly received positive feedbacks from customers in the early stage of development. In addition, while developing and innovating products, the Company also applies for invention patents and international patents by developing green products such as coated heating glass, solar sunroof glass, ultra-thin glass and ultra insulating glass, so as to provide customers with energy-saving products.

Heat insulation glass

- Coated IRR: it uses magnetron vacuum sputtering technology to plate 9-20 layers of 50-300 nm thick metal compound film on the inner surface of automobile glass to reflect solar energy, infrared and lower the temperature inside the car by up to 10 degrees; it takes only up to 50% fewer hours to adjust to the temperature comfortable for the human body. In summer, it can reduce the use of air conditioners, fuel consumption by about 3%, emissions, and the damage caused by ultraviolet rays to automobile interior; it also saves energy, prolongs the service life, and has permanent thermal insulation, which is free from maintenance for the life
- PVB interlayer glass: it can reduce the heat entering the car and improve human comfort; it also can lower the load of air conditioning and save energy in two ways:
 - Absorbing heat by adding endothermic particles into PVB membrane;
 - Adding special heat-reflective film to ordinary PVB to reflect solar energy.
- Low emission glass: the inner glass uses a special coating to reduce the heat exchange inside and outside the vehicle, prevent ultraviolet rays, prolong the service life of the interior and prevent wireless shielding; it can retain heat, especially applicable to alpine areas

Super UV IR CUT glass

The inner surface of the glass is coated with an organic-inorganic hybrid film that can absorb infrared rays and isolate ultraviolet rays; it can isolate more than 80% of infrared rays and make the inner car more comfortable

Solar glass

Add solar cell modules into the glass. The sunshine on the semiconductor PN junction on the battery module will produce voltages on both sides of the PN junction to generate current, and the solar cell will start to work to provide energy for the car, so as to reduce fuel consumption

Lightweight glass

- Tempered glass: less than 2.6mm float glass processed by special tempering processes to greatly reduce the weight of tempered glass and the vehicle while lowering fuel consumption and CO₂ emissions
- Laminated glass: 0.7mm ultra-thin chemically tempered glass is used to replace the laminated inner glass, reducing weight by 30%. The lighter glass can reduce fuel consumption and CO₂ emissions; it is clearer and has better optical than ordinary glass; besides, it can insulate sound, and produce, absorb and reflect heats

05

Taking collective action and becoming a noteworthy example in the global industry

Fuyao Group is committed to establishing long-term and stable cooperative relations with customers and partners. The Company standardizes its supply chain as per global standards to provide customers with a high-quality supply chain. We take the view of "paying back to society", devote ourselves to public welfare and practice corporate social responsibility in an all-around way.



Advocating green supply

Fuyao Group aims to become a "noteworthy example in the global industry", continuously improve the efficiency and quality of the supply chain, and build a stable, long-term, safe and reliable sustainable supply chain system. We are committed to providing suppliers, customers and consumers with high-quality products and forming long-term, stable and sustainable cooperative relations with our partners.

Green procurement

Fuyao Group practices its sustainable development and social responsibility system. We revise the Supplier Management Handbook to incorporate the corporate social responsibility factors such as environment and business ethics, labor rights, health and safety into the supplier access assessment standards.

To properly set the strategic goals of a green supply chain and follow green procurement standards, Fuyao Group produces a green supply chain management system and a green supply chain leading group, which is responsible for establishing its green procurement standard system, reviewing suppliers in accordance with Fuyao Supplier Code of Conduct on Social Responsibility, and providing sustainable development information and training to suppliers. In 2021, all procurement personnel of Fuyao Group received training on sustainability.

We strictly guarantee the safety and environmental friendliness of raw materials. Fuyao Group requires the procurement departments of subsidiaries to communicate with suppliers and sign environmental agreements when purchasing materials directly used to produce raw material components and in direct contact with finished products.

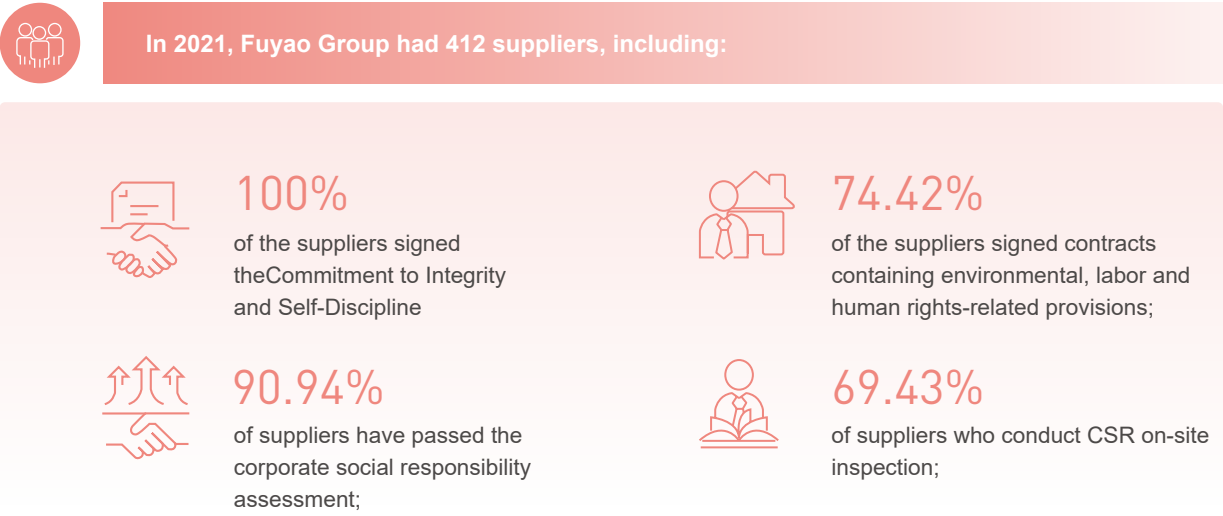
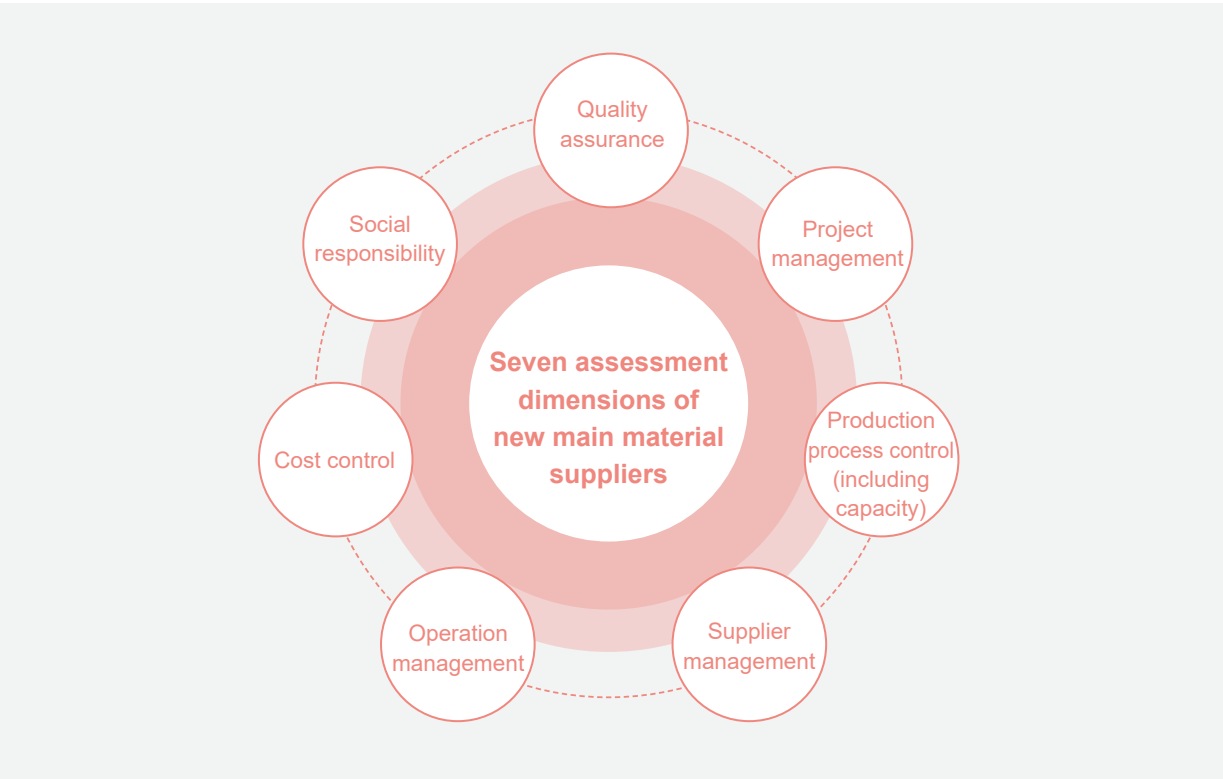


⁴ Six Sigma Green Belt test: an test organized by China Association for Quality to train leaders with strong ability in organization, incentive, project management technology and data statistics and diagnosis for enterprises.

Supplier management

Fuyao Group integrates corporate social responsibility into supply chain management, improves the Company's product quality, reduces the environmental impact of products, and augments the moral compliance in the supply chain. We have prepared the Supplier Management Handbook and Qualified Supplier Management System and managed suppliers in terms of supplier entry assessment, supplier communication and training, supplier risk identification and audit. In July 2021, Fuyao Group was included in the first group of national supply chain innovation and use models.

Fuyao Group regards corporate social responsibility as one of the barriers to entry for raw material suppliers, and the Company considers suppliers from multiple dimensions. The Company requires suppliers to satisfy the requirements of the ISO9001 quality management system and move towards IATF16949 technical specification. We have formulated the Supplier Code of Conduct on Social Responsibility, which requires suppliers to protect the employees' rights, pay care for environmental protection and refrain from using conflict minerals. In addition, the Company regularly conducts on-site CSR inspections on suppliers or requires them to fill in the Supplier Social Responsibility Self-Assessment Report, which covers different parts such as environmental management system, respect for human rights and labor, employee safety and health, environmental harmony, honest business activities, social harmony and information security. In our main supply agreement, the Company incorporated the terms of corporate social responsibility and proposed suppliers sign the Sustainable Procurement Charter and Supplier Code of Conduct. Through the evaluation, we will identify qualified suppliers and include them in the list of qualified suppliers for further management.

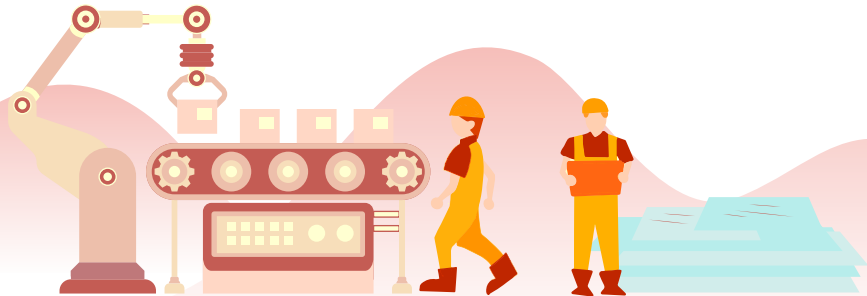




To continuously ensure the product quality of suppliers and improve the responsible procurement management of the Company, we formulate the Supplier Audit Process and conduct an annual audit on suppliers, including on-site CSR audits, and consider the environmental and social risks of suppliers from the aspects of quality assurance, production capacity and corporate social responsibility system. In addition, the Company conducts monthly and annual performance evaluations on qualified suppliers and timely follows up on the environmental and social risks of suppliers.

In terms of REACH compliance, the Company requires suppliers of new product development to provide inspection reports on prohibited and restricted substances. In 2021, the Company selected four chemical companies to investigate REACH compliance, 100% of which are compliant.

In addition, based on the Measures for the Administration of High-risk Suppliers, the Company identifies high-risk suppliers that may have supply interruptions or cause major quality incidents in the supply chain and includes them in the Company's List of High-Risk Suppliers. We also make rectification plans for high-risk suppliers and conduct on-site reviews to minimize supply risk.



Supplier communication and training

Fuyao Group focuses on communication with suppliers. We seek to help suppliers improve their ability to perform their responsibilities so that they are able to better meet Fuyao Group's requirements and expectations, which ensures the sustainable development of both sides.

Fuyao Group provides multiple communication channels for suppliers. The Company builds the Fuyao Smart Supply Chain Coordination Platform and sets up a dedicated supplier WeChat group to open up online business interaction channels. In addition, we also classify the suppliers by area, assign a supplier quality engineer (SQE) for each of them, and regularly provide on-site communication and guidance for suppliers.

The Company provides overall assistance and training courses for suppliers. We provide PPAP training, IATF16949 training, training on five tools and other courses for suppliers, provide echelon-like guidance to suppliers, and promote supplier refinement activities. The Company carries out the training on internal trainers for suppliers, and appoints dedicated personnel for liaison, inspection and paired assistance in terms of supplier guidance and advancement, income statistics and accounting, so as to fully assist suppliers to improve their quality control.

In 2021, Fuyao Group invited third parties to conduct carbon inventory training, collect the carbon emission data of its supply chain under ISO14064 standards, and popularize carbon neutrality for core suppliers.

Voices from suppliers

"Some companies usually value sales but neglect suppliers. However, what we have seen in Fuyao is that they treat every customer and supplier equally. We started late in the industry in China, but Fuyao still sent a professional team to help us improve and grow together with their commitment to supporting Chinese companies and increasing national comprehensive power.

"Those who give love and blessing away will be loved and blessed." Fuyao's success is driven by his affection and responsibility to this country. We will also give back to Fuyao with our best products and services to achieve win-win results. "

—A PVB material supplier in Zhejiang

"Fuyao attaches great importance to suppliers, big or small, which is the foundation for us to follow and grow all the way.

When you are weak, they constantly help you in management and system; when you are gradually on the right track, they will continue to urge and encourage you to build up your ability, and enable your company to continuously enhance your self-confidence.

As a supplier, I have been with Fuyao for nearly 20 years. It is our honor to trek through the journeys together and spread products all over the world. "

—An accessory supplier in Tianjin

"In the face of the huge temptation from real estate and e-commerce, Mr. Cho has always insisted on making glass. Inspired by this dedication, we stick to the manufacturing industry, continue to improve management, increase R&D investment, and are determined to produce good products made in China.

After nearly ten years of effort, we have developed many patented Chinese products and followed Fuyao's pace of internationalization to the United States, Russia, Germany and other places. "

—An accessory supplier in Hebei

"Mr. Cho's business philosophy has deeply inspired SMEs, especially our company who started from scratch. We have cooperated with Fuyao for 15 years. During this period, we have really grown thanks to the continuous guidance and help from Fuyao Group."

—An accessory supplier in Fuzhou

Conflict minerals management and control

Fuyao Group abides by international conventions and industry initiatives such as the UN Global Compact and the Responsible Minerals Initiative (RMI), and strictly controls supply chain risks. The Company has developed the Measures for Conflict Minerals Management and issued the Conflict Minerals Management Policy Statement to identify the risks of techniques, materials and suppliers involving conflict minerals. We strictly prohibited conflict minerals such as tin, tungsten, tantalum, and gold in our supply chain, and promised never to use conflict minerals. In 2021, all metal purchasing smelters of the Company were approved by the standard of RMI, a mineral organization.

In addition, Fuyao Group carries out due diligence on the supply chain. Required by the Group, all suppliers should conduct investigation and risk analysis on their secondary suppliers, and issue conflict minerals reporting template (CMRT) to the Company. In 2021, Fuyao Group's all suppliers submitted their conflict minerals report, covering tin, tungsten, tantalum, gold and cobalt. The Company identified 19 suppliers involved in conflict minerals by process and materials and demanded their CMRT.

Conflict minerals management approach of Fuyao Group



Set up conflict minerals management procedures, covering risk analysis, due diligence, supervision and abnormality handling processes



Take the conflict mineral management and control as one of the criteria for selecting suppliers, and audit the conflict mineral management and control of new suppliers on site



Conduct conflict minerals control training for purchasers and suppliers, so that they can timely understand Fuyao's policies and controls on conflict minerals management and control



Add the terms of conflict minerals in the purchase agreement and boycott the use of conflict minerals with suppliers in the supply chain



Create a supervision mechanism for conflict minerals and publicize the contact of conflict minerals supervisors on the Company's official website

Collaborating together for the industry's growth

Fuyao Group always pursues to be "a noteworthy example in the global automotive glass industry". While enhancing the strength of the Company, Fuyao Group provides a communication platform for common progress and supports the innovation and empowerment of the industry.



Case: Fuyao Group co-organized the Third Automotive Glass System Innovation Technology Forum.

The "2021 The Third Automotive Glass System Innovation Technology Forum" hosted by LANCZ and co-organized by Fuyao Group was held in Xiamen and Fuqing, Fujian in November 2021. With the theme of "Cooperation, Innovation & Development", the Forum brought together 412 guests from automobile OEMs, representatives of automobile glass suppliers and research institutions to share, discuss and learn the knowledge of the automobile glass industry.



2021 The Third Automotive Glass System Innovation Technology Forum



Case: Fuyao Group formed a joint team with Tsinghua University and Peking University to launch the digital intelligent manufacturing innovation project

In August 2021, Fuyao Group, together with the team of Professor Liu Yunhao from Tsinghua University and academician Weinan E team from Peking University held the kick-off meeting of the digital intelligent manufacturing cooperation project. Based on Fuyao's big data of production and intelligent manufacturing practices, the two sides will jointly promote the innovation and R&D of intelligently manufactured automotive glass and empower the upgrading of the industry.



The joint team formed by Fuyao Group, Tsinghua University and Peking University



Case: Fuyao Group cooperated with BASF to create sustainable innovative use cases for the automotive industry

In September 2021, Fuyao Group signed a strategic cooperation agreement with BASF Group to further strengthen the sustainable innovation and development of automotive glass and functional exterior trim parts and jointly create new business opportunities for the automotive industry on the basis of current cooperation. In addition, the two sides will jointly develop sustainable solutions and create high-quality products, so as to realize carbon footprint management and create a sustainable future.



Fuyao Group cooperated with BASF



Case: Fuyao Automotive Aluminum Parts (Fujian) Co., Ltd signed a long-term strategic cooperation agreement with Haida Co., Ltd

In July 2021, Fuyao Automotive Aluminum Parts (Fujian) Co., Ltd, a wholly-owned subsidiary of Fuyao Group, signed a cooperative framework agreement with Haida Co., Ltd. the two sides will maximize their resource support and provide their preferential business guarantee as strategic customers for each other. In this way, both parties can improve their market competitiveness, new product development and sustainable profitability across the automobile industry to achieve win-win results.



Fuyao Aluminum Parts signed a long-term strategic cooperation agreement with Haida Co., Ltd

Commitment to public welfare

Fuyao Group is actively involved in social activities, fully leverages its influence and drives social progress around the three sustainable focuses - "voluntary activities", "public welfare" and "social impact".

Voluntary activities

We embrace partners all over the world and protect our common homeland with a piece of transparent glass.



Case: employees of Fuyao Glass America were engaged in voluntary services

More than 20 volunteers of Fuyao Glass America visited the United Rehabilitation Services of Greater Dayton for volunteer service activities on June 5, 2021. Volunteers completed onerous gardening activities for the organization, such as spreading sawdust, protecting tree roots and removing weeds, so that community patients receiving rehabilitation physiotherapy here could enjoy a new, clean and beautiful living environment.



The Scene of Volunteer Event in Fuyao Glass America



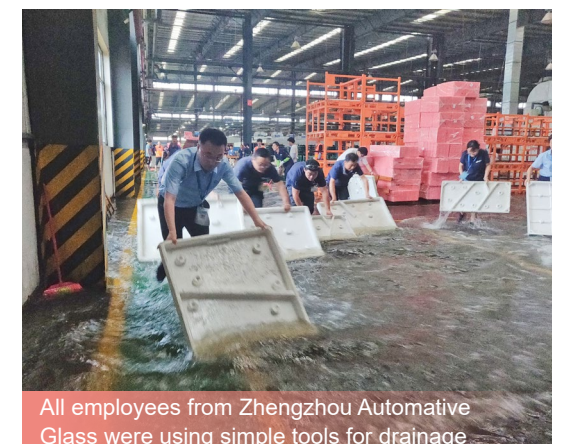
The Scene of Volunteer Event in Fuyao Glass America



Case: Employees from Zhengzhou Automotive Glass and Tongliao Float united to fight against rare natural disasters

In July 2021, Henan was hit by a rare rainstorm and flood. Zhengzhou Automotive Glass, despite being in the flood-stricken area, bravely and proficiently fought the raging flood. All the employees built a solid breakwater in front of the workshop equipment and struggled for more than 10 hours to protect the safety of the plant.

Fuyao employees never draw back from the flood; they also dare to confront the snowstorm. In November 2021, Tongliao in Inner Mongolia suffered a severe storm and snow. All employees of Tongliao Float were ready to fight against the bad weather. The company actively looked for external support to ensure the safety and normal production of the factory even in a crisis situation where heavy snow crushed the workshop roof.



All employees from Zhengzhou Automotive Glass were using simple tools for drainage

Public welfare

Fuyao Group has been adhering to the business philosophy of “respecting the heaven and loving people to the end of perfect kindness” proposed by Mr. Cho Tak Wong, and sticks to the traditional Chinese business culture of “Benevolence and Benefits”. While pursuing its business growth, Fuyao Group actively fulfills its corporate social responsibility and shares the results of business development with society. Up to now, Mr. Cho Tak Wong has donated 16 billion yuan in total. In 2011, he donated 300 million Fuyao Glass shares and founded Heren Charitable Foundation - the first non-public charitable foundation established with the contribution of shares approved by the State Council in China. The foundation has donated a total of 3.4 billion yuan since its establishment to charitable projects involving poverty alleviation, disaster relief, medical service, education, ecology, culture and other fields, covering more than 20 provinces and cities, including Tibet, Xinjiang, Yunnan, Guizhou, Sichuan, Gansu, Qinghai, Ningxia, Chongqing, Fujian and Jiangxi.

In 2021, Fuyao Group, Mr. Cho Tak Wong and Heren Charitable Foundation continued to devote themselves to public welfare. They prepared the establishment of Fuyao University of Science and Technology and offered scholarships to Fujian Medical University and the Northwest A&F University, mathematics competitions in middle schools in Fujian and other educational public welfare projects: donated money to support flood control and disaster relief in Henan; support poverty alleviation projects in remote minority nationality region in Qinghai, Gansu, Xinjiang, Sichuan and other provinces and cities. This year, Fuyao Group donated 1.2914 million yuan to public welfare, and the Heren Charitable Foundation donated 348.5364 million yuan.



Case: Mr. Cho Tak Wong donated 10 billion yuan to build the Fuyao University of Science and Technology

In May 2021, Mr. Cho Tak Wong, chairman of Fuyao Group, proposed to donate 10 billion yuan to establish the Fuyao University of Science and Technology. The university is run by private enterprises aided by public services and implements the staggered educational model. It is committed to developing high-caliber application-oriented and technical talents with international perspective, ingenuity and innovative managerial ability, and building a powerhouse of college engineers in China's new era.

On November 20, Fuzhou Municipal People's Government and Heren Charitable Foundation officially signed the strategic cooperation framework agreement on the construction of Fuyao University of Science and Technology. At the signing ceremony, Mr. Cho Tak Wong stated that Fuyao University of Science and Technology would borrow advanced school running concepts from the world, explore innovative teaching methods, implement a staggered educational model, mainly focusing on high-end technology which the country is weak in among manufacturing industries such as material science, precision instruments and equipment and electronic information engineering, and scientifically design professional disciplines. And the university would build a high-level teaching team and high-standard scientific laboratories, and strive to create a new type of high-level applied research university.



Construction roadmap of Fuyao University of Science and Technology



Case: Foundation of Cho Tak Wong Business School of Xiamen University

On April 6, 2021, on the occasion of the 100th anniversary of Xiamen University, the foundation laying ceremony of Cho Tak Wong Business School was held. The school was built with a donation of 202.1 million yuan from Mr. Cho Tak Wong. Entrusted by Mr. Cho Tak Wong, Cao Hui, vice chairman of Fuyao Group, delivered a speech at the ceremony and congratulated Xiamen University on its centennial birthday. He hoped that the company's modest efforts would contribute to the construction of Xiamen University and the completion of the Cho Tak Wong Business School as soon as possible. Also, with the concerted efforts of all sectors of society, the company jointly helped Xiamen University to write a more brilliant chapter in the management discipline and train more elite talents for the country and the nation.



Foundation laying ceremony of Cho Tak Wong Business School of Xiamen University



Case: Mr. Cho Tak Wong donated 100 million yuan to support flood control and disaster relief in Henan

In July 2021, to support the flood control and disaster relief efforts in Henan, proposed by Mr. Cho Tak Wong, chairman of Fuyao Group and donor of Heren Charitable Foundation, the Council of Heren Charitable Foundation decided to donate 100 million yuan to the People's Government of Henan Province.



Sail on the same tack to support Henan

Social Impact

Fuyao Group keeps pursuing top quality with a highly responsible attitude. Fuyao Group has won the recognition of global customers with high-quality products and services in the whole industrial chain ranging from a grain of silica sand to float glass, to deep processing of automotive glass, to exterior decoration parts and glass assemblies and to the last mile services to customers, the Group has not only become a business card for products made in China to participate in global competition, but also a window to show Chinese culture to the world.

Case: Fuyao Group is evaluated as an industry model of comprehensively practicing "Social Enterprise"

Fuyao Group won the "Best Managed Companies 2021" and was rated as an industry model that comprehensively acts as a social enterprise on June 30, 2021.

In addition to selecting and evaluating the four basic factors: strategy, ability, commitment and financial strength, this "Best Managed Companies" also takes the agile response-ability in the post-pandemic era and their practice in "social enterprises" as key indicators.

According to the White Paper on the 3rd Best Managed Company Management Project released simultaneously, Fuyao Group is a model of comprehensively practicing "social enterprise". As China's first and the world's leading Chinese-branded company in the automotive glass industry, Fuyao Group always aspires to become a loyal partner for global customers, a noteworthy example in the global industry, the trusted employer for global employees and a global world-renowned.



Fuyao Group won the "Best Managed Companies 2021"

Case: CCTV News interviewed Mr. Cho Tak Wong: the Confidence of a Chinese

On March 14, 2021, in an interview with CCTV News's Face to Face, Mr. Cho Tak Wong was described by the program - "Cho Tak Wong led Fuyao Group to grow into the world's largest professional supplier of automotive glass. Since the founding of new China and the reform and opening up, he has been the witness of China's rise, and his speech speaks the confidence of a Chinese."



Mr. Cho Tak Wong stated in the program that we must build our self-confidence

Case: Cho Tak Wong was granted the "Fudan Award for Outstanding Contribution to Business Management" in 2021

In November 2021, Cho Tak Wong, founder and chairman of Fuyao Group, was granted the "Fudan Award for Outstanding Contribution to Business Management". At the award ceremony, Cho shared the speech titled "Benevolence and Benefits - the main driving force for companies' sustainable development". The speech fully indicated Fuyao Group's business philosophy in unconditionally implementing the national strategy, changing the business concept, promoting the transformation and upgrading of enterprises and realizing high-quality development, and also reflected that the Company proactively shoulders the mission of private entrepreneurs in the new era.

Fudan Prime Fund of Management believed that Mr. Cho presents tenacious innovation and craftsmanship as Chinese entrepreneurs do. He closely combines the management ideas with Chinese characteristics with western management approaches and builds Fuyao Group into a real modern global enterprise with an international perspective featuring win-win, coexistence and cooperation. "Cho Tak Wong has not only contributed to the management ideas of Chinese entrepreneurs and told the story of a Chinese enterprise on the international stage, but also changed the world automotive glass landscape," said the award speech.



Case: Fuyao Group won the top award from several automobile manufacturers

In 2021, Fuyao Group continued to win the trust and respect of customers by virtue of quality and technology, and successively won the top awards from many partners.

On April 15, Ye Shu, President of Fuyao Group, was invited to attend the 2021 FAW Hongqi Supply Chain Partner Conference, read out the Changchun Declaration as the representative of all suppliers, and received the "New Honor - Hongqi Award" issued by Hongqi.

On April 16, 2021 FAW VW Supplier Conference of "Move on with Concerted Efforts and Start a Smart New Journey" was held in Changchun. Fuyao Group won two awards - "Excellent Partner Award" and "Accompany and Common Development Award".

On April 29, at the NIO Partner Conference 2021, Fuyao Group won the "NIO Quality Premium Partner".

On November 15, Mr. Wang Chuanfu, Chairman and President of BYD, presented the "Outstanding Strategic Partner" award to Fuyao Group.



Wang Chuanfu, Chairman of BYD (on the left) presented the "Outstanding Strategic Partner" award to President Ye Shu



President Ye Shu (the first one on the right) received the "New Honor - Hongqi Award" of FAW Hongqi

Future outlook



In 2021, the global economy recovered from the COVID-19 pandemic (the "Pandemic"), but the foundation of the recovery is not stable. Amid the mutation of the virus, automobile chip shortage, bulk commodity price hitting record highs, rising ocean shipping costs, the ongoing geopolitical tensions and other problems as well as further restructuring of the global supply chain, the global economy remains complex and grim. Facing the severe environment, we have worked hard to turn crises into opportunities, lay a solid foundation and build up our internal strength, and further improved the comprehensive competitiveness of our Company: our market share reached a new height in the industry; our total sales also reached a new level; our technological innovation achieved a new breakthrough; we won the fourth Enterprises with Outstanding Quality Award, the highest honor in China's manufacturing industry.

In 2022, with a grim global economy, we have to rationally evaluate the status of Fuyao in the manufacturing and automotive industries, carefully formulate a corporate strategy and take every step cautiously. To enhance our research and development, we should give full play to the intelligence of all members of Fuyao, intensity our efforts to develop high value-added products with independent intellectual property. We should continue to establish a green factory, and orderly promote "green supply chain, clean production, waste reclamation and energy low-carbonization"; maintain lean operation and further improvement, offset the impact of the increasing price of bulk materials and the high cost of ocean freight and other adverse factors with more efficient organization and more effective and comprehensive budget management and control; maintain a stable team, develop and introduce talents, pursue coordinated development, rebuild organizational discipline, establish an international and high-quality talent team with emphasizing mission, responsibilities and performance.

Fuyao is a very healthy enterprise. In order to keep up with the pace of upgrading in China, we need to facilitate our transformation and upgrading based on the needs of the country and the society. We will make full use of various management tools and methods to fully analyze the past achievements and experience, foster our strengths and avoid our weaknesses, and improve ourselves. We, all members of Fuyao, should work together to make Fuyao a benchmark enterprise with the high quality development of "innovative, green and steady", so as to make us a globally respected enterprise.

Appendix

Index of the HKEX ESG Report Guideline

ESG Indicator		Location
Environmental		
Aspect A1: Emissions	General Disclosure: 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.	P57-59 P65-68
	A1.1 The types of emissions and respective emissions data.	P67
	A1.2 Total greenhouse gas emission (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P59
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P67
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P67
	A1.5 Description of emissions target(s) set and steps taken to achieve them	P59-P61 P66-P68
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	P66-68
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P61-P62
	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)	P62
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	P64
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them	P59-64
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	P64
Aspect A3: The Environmental and Natural Resources	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	P65
	KPI A3.1 General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	P69
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P69
Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P57-P58
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P57-P58

ESG Indicator		Location
Social		
Aspect B1: Employment	General Disclosure: Information on: (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.	P40-P42 P47-P48
	B1.1 Total workforce by gender, employment type, age group and geographical region.	P39
	B1.2 Employee turnover rate by gender, age group and geographical region.	P40
Aspect B2: Health and Safety	General Disclosure: 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.	P43-P46
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P43
	KPI B2.2 Lost days due to work injury	P43
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P44-P45
Aspect B3: Development and Training	General Disclosure: 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.	P48-P52
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P49
	KPI B3.2 The average training hours completed per employee by gender and employee category.	P49
Aspect B4: Labour Standards	General Disclosure: 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.	P40
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	P40
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	P40

ESG Indicator		Location
Social		
Aspect B5: Supply Chain Management	General Disclosure:Policies on managing environmental and social risks of the supply chain.	P73-P74
	KPI B5.1 Number of suppliers by geographical region.	P75
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P73-P74
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P73-77
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P73-77
Aspect B6: Product Responsibility	General Disclosure: 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.	P25,P32,P35
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P25
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	P31-P32
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	P35-P36
	KPI B6.4 Description of quality assurance process and recall procedures.	P25-P26
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P32
Aspect B7: Anti-corruption	General Disclosure: 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.	P19-P22
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P22
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P22
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	P21
Aspect B8: Community Investment	General Disclosure: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.	P80-P84
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P80-P84
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	P80-P84

Third-party assurance report



Independent Verification Statement

To the management and stakeholders of Fuyao Group:

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as TÜV SÜD) was entrusted by Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as "Fuyao Group" or "the Company") to conduct independent third-party verification on its 2021 Environmental, Social and Governance Report (hereinafter referred to as "the Report"). The TÜV SÜD Verification team strictly abides by the contract signed with Fuyao Group and verifies this report within the scope of authority recognized by the contract according to the terms of the agreement agreed by both parties.

This independent verification statement is based on the information collected and aggregated by Fuyao Group and provided to TÜV SÜD. The scope of verification is limited to the content of this information. Fuyao Group is responsible for the authenticity and integrity of the provided information.

Verification Scope

The time frame for this verification:

- ❖ The economic, environmental and social related information and data disclosed by Fuyao Group during the reporting period from January 1, 2021 to December 31, 2021, the management methods and action measures of material topics and the organization's sustainability performance during the reporting period.

The physical scope of this verification:

- ❖ The physical locations sampled by the on-site verifies are Fuqing factory and Fuyao Glass Industry Group Co., Ltd. headquarters which located in Zone II of Fuyao Industrial Zone, Fuqing City, Fujian Province.

The scope of data and information in this verification:

- ❖ The scope of assurance is limited to the data and information of Fuyao Group and its factories/production sites under the operational control covered by the 'Report'.

The following information and data are not in the scope of this verification:

- ❖ Any relevant information and content outside the reporting period of this report;
- ❖ The data and information of Fuyao Group's suppliers, partners and other third parties;
- ❖ The financial data and information disclosed in the Report and audited by an independent third-party agency have not been re-verified.

Limitation

- ❖ The verification process was carried out at the locations within the above-mentioned scope. During the verification process, TÜV SÜD adopted a sampling method for the data and information in the Report, and only conducted sample interviews with stakeholders within the organization;
- ❖ The organization's positions, opinions, forward-looking statements, forward-looking information and historical data prior to January 1, 2021 are not within the scope of this verification engagement.

Criteria of verification

This verification process is carried out by TÜV SÜD's expert team with senior experience in economic, environmental and social related topics and draws relevant conclusions. The verification refers to the following standards:

- ❖ The Stock Exchange of Hong Kong Limited: the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Main Board Listing Rules;
- ❖ TÜV SÜD Sustainability Report Verification Procedure;

To ensure that adequate verification activities are carried out in accordance with the contract and to provide reasonable assurance of conclusions, the verification team primarily conducts the following activities:

- ❖ Conduct preliminary research activities on relevant information before verification;
- ❖ Confirmation that high materiality topics and performance are presented in the Report;
- ❖ Verification of all supporting documents, data and other information provided by Fuyao Group, and sample verification of key performance information data;



- ❖ Remote Interviews were carried out with the employees who are engaged in collecting, organizing and reporting the disclosed information; and
- ❖ Other procedures deemed necessary by the verification team.

Verification Conclusion

After verification, we believe that the data for 2021 disclosed in the Report is accurate and reliable, and no systematic and substantive problems have been defined, which can be referred by stakeholders.
The specific conclusions are as follows:

Materiality	The Company has identified internal and external stakeholders of the organization and established a stakeholder communication mechanism to regularly collect the real demands of stakeholders. The Company has established a prioritization process for material topics, identified sustainable development issues that are highly relevant to the industry and prioritized them, and disclosed the Company's sustainable development management, management actions and performance data. The content of the Report is material.
Quantitative	The key indicators disclosed by The Company are measurable. The disclosed environmental data indicate the reference standard and calculation method.
Consistency	The Company uses consistent disclosure statistics to reflect its ongoing performance in relevant areas with consistent data.
Balance	In the process of preparing the Report, the balance of the Report was adequately considered by Fuyao Group, where both positive and negative impacts are disclosed.

Recommendation for continuous improvement

- ❖ Nil.

Declaration of Independence and Verification Competence

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Fuyao Group are two entities independent of each other and both TÜV SÜD and Fuyao Group and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by the Company. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:
On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch

TÜV SÜD Sustainability Authorized Signatory Officer
13-April, 2022 Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this verification statement shall prevail, while the English translation version are used for reference only.

Readers feedback form

Dear readers,

Thank you for reading this report. We sincerely look forward to your valuable comments on this report, so as to help us further improve our work and performance on social responsibility.

Multiple choice questions (please tick the appropriate box)

1. Who are you to the Fuyao Group?

- ☐ Government
- ☐ Investor
- ☐ Employee
- ☐ Customer
- ☐ Supplier/Contractor
- ☐ Business partner
- ☐ Community and public
- ☐ Media
- ☐ NGO
- ☐ Others (please specify)

2. How would you rate your opinion of the social responsibility/ESG performance of the Group?

- ☐ Excellent
- ☐ Good
- ☐ General
- ☐ Poor

3. How would you rate your opinion of this report?

- ☐ Excellent
- ☐ Good
- ☐ General
- ☐ Poor

4. How would you rate your opinion of the social responsibility/ESG information disclosed in this report?

- ☐ Excellent
- ☐ Good
- ☐ General
- ☐ Poor

5. How would you rate your opinion of the structure of this report ?

- ☐ Very reasonable
- ☐ Reasonable
- ☐ General
- ☐ Less reasonable

6. How would you rate your opinion of the layout and design of thi s report?

- ☐ Excellent
- ☐ Good
- ☐ General
- ☐ Poor

Please feel free to share any expectations you may have from th e Group in terms of the social responsibility/ESG.

You can send your feedback in one of the following ways:

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