



洛 阳 玻 璃 股 份 有 限 公 司

LUOYANG GLASS COMPANY LIMITED

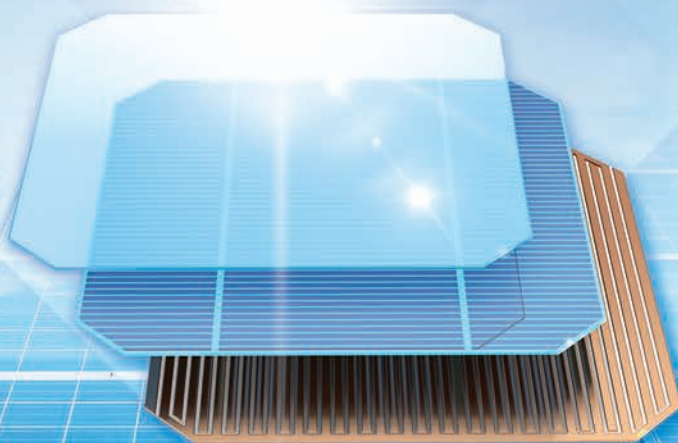
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

H Share Stock Code: 1108

A Share Stock Code: 600876

2021

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT LUOYANG GLASS

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

Luoyang Glass Company Limited, incorporated in the PRC on 6 April 1994, issued overseas listed foreign H shares which were listed on the Stock Exchange of Hong Kong Limited on 29 June 1994 and ordinary A shares denominated in RMB which were listed on the Shanghai Stock Exchange on 29 September 1995. The Company is a well-known manufacturer of float glass and new energy materials in China. The Company has accumulated leading knowledge system and processing experience during the development process of more than 20 years. The Company possesses a number of proprietary intellectual property rights and core technologies. The Company has successively won various accolades including “**National Quality Award for Float Glass – Silver Award (國家浮法玻璃質量獎–銀質獎)**”, “**Gold Invention Award (金質發明獎)**”, “**National Consumer Trustworthy Product (全國消費者信得過產品)**”, “**Well-known Trademark (馳名商標)**” and “**National Science & Technology Progress Award (first class) (國家科學技術進步一等獎)**”.

Taking “**materials create a better world**” as its mission, and adhering to the core conception of “**smart use of resources to serve the industrial construction**”, the Company fosters the core value of “**Innovation, Performance, Harmony and Responsibility**”, striving for and making contribution to the harmonious, healthy and sustainable development among the Company and environment, the Company and its employees, the Company and the society.

In 2021, the Company actively promoted the implementation of the strategic plan of optimizing, strengthening and expanding new energy materials, accurately planned the layout, strengthened the weak links and weaknesses, accelerated the construction of new projects and the pace of asset merger and acquisition and reorganization, consolidated and increased the scale of production capacity, and continued to enhance the development momentum. During the reporting period, the operating revenue amounted to RMB3,606 million and the net profit attributable to shareholders of the Company was RMB265 million.

Going forward, Luoyang Glass will follow the orientation of technology and product innovation, create a new pattern of high-end, intelligent and green business development to become a pioneer and leader in the new energy materials industry.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STEADILY PROMOTING ENVIRONMENTAL PROTECTION AND RESOURCES CONSERVATION

As at the end of the reporting period, the Company has eight glass production bases, including 7 wholly-owned subsidiaries and 3 controlled subsidiaries. Its glass production lines are distributed in eight cities in five provinces, namely Henan, Anhui, Jiangsu, Hebei, Sichuan.

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

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

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

The new energy glass segment mainly produces photovoltaic original glass and its further processed products. It currently has 4 wholly-owned subsidiaries and 3 controlled subsidiaries producing such products, including Puyang China National Building Materials Photovoltaic Materials Company Limited ("**Puyang CNBM Photovoltaic Materials**") in Puyang County, Henan; CNBM (Tongcheng) New Energy Materials Co., Ltd.* ("**Tongcheng New Energy**") in Tongcheng City, Anhui; CNBM (Hefei) New Energy Co., Ltd.* ("**Hefei New Energy**") in Hefei City, Anhui; CNBM (Yixing) New Energy Resources Co., Ltd ("**Yixing New Energy**") in Yixing City, Jiangsu; Triumph (Zi Gong) New Energy Co., Ltd. ("**Zigong New Energy**") in Zigong City, Sichuan Province; Qinhuangdao North Glass Co., Ltd. ("**North Glass**") in Qinhuangdao City, Hebei Province and CNBM (Luoyang) New Energy Co., Ltd. ("**Luoyang New Energy**") in Luoyang City, Henan Province.

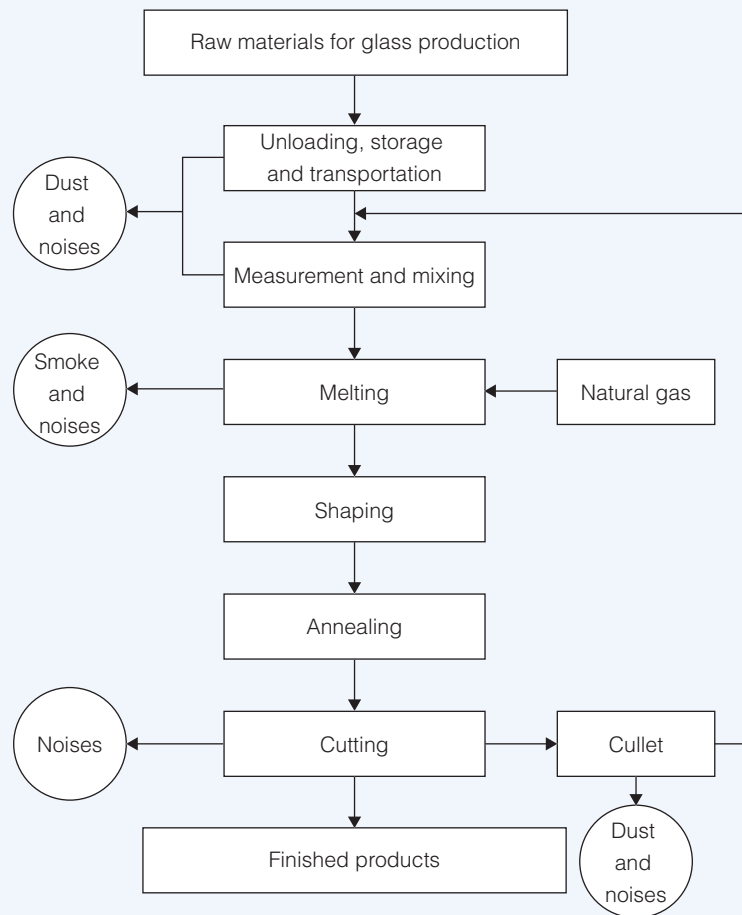


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

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

- Glass production process and analysis on major pollutants



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Data on Greenhouse Gas Emission of Luoyang Glass for 2019 – 2021

	2019	2020	2021
Total annual CO ₂ emission for the year (tCO ₂)	550,357.89	904,406.25	851,524.39
Total emission from burning of fossil fuel	242,623.62	615,919.73	455,458.31
Emission from oxidation of carbon powder of raw materials	68.51	123.74	139.985
Emission from decomposition of carbonate raw material	96,333.81	117,256.02	175,905.15
Emission from use of purchased net electricity	211,331.95	171,106.76	220,020.92

Data on Greenhouse Gas Emission from Production Lines for 2021

	Total annual CO ₂ emission for the year (tCO ₂)	Emission from burning of fossil fuel (tCO ₂)	Emission from oxidation of carbon powder of raw materials (tCO ₂)	Emission from decomposition of carbonate raw material (tCO ₂)	Emission from use of purchased net electricity (tCO ₂)
Total	851,524.39	455,458.31	139.985	175,905.15	220,020.92
Longhai Glass	55,691.8	32,002.68	34.1	7,801.01	15,854.01
Bengbu CNBM					
Information Display	59,997.76	27,862.33	17.155	3,608.99	28,509.28
Tongcheng New Energy	130,840.34	65,777.19	0	18,282.4	46,780.75
Hefei New Energy	203,214.16	96,494.66	0	40,033.44	66,686.05
Yixing New Energy	111,888.09	72,867.11	0	30,865.59	8,155.39
Puyang CNBM					
Photovoltaic					
Materials	113,092.5	69,007.6	88.73	30,463.29	13,532.88
North Glass	133,320.93	86,451.43	0	29,320.03	17,549.46
Zigong New Energy	43,478.81	4,995.31	0	15,530.4	22,953.1

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



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

Data on Major Pollutants Emitted of Luoyang Glass for 2019 – 2021

	2019	2020	2021
Waste gas (0'000 standard cubic meters)	210,028	207,672.87	383,098.87
SO ₂ (Ton)	80.584	40.951	71.855
NO _x (Ton)	515.121	387.709	307.097
Granule (Ton)	26.133	26.001	31.328
Waste water (Ton)	764,538	704,239	904,693
COD (Ton)	45.256	50.40	35.93426

Data on Major Pollutants Emitted from Production Lines for 2021

	Waste gas (0'000 standard cubic meters)	SO ₂ (Ton)	NO _x (Ton)	Granule (Ton)	Waste water (Ton)	COD (Ton)
Total	383,098.87	71.855	307.097	31.328	1,457,321.9	35.93426
Longhai Glass	50,736	2.4	3.3	2.6	26,364	2.352
Bengbu CNBM Information Display	35,952.37	0.447	37.835	5.312	58,325.8	7.874
Tongcheng New Energy	25,498	9.95	64.85	3.473	526,304	0.1086
Hefei New Energy	28,401	34.3	103.9	8.2	45,2897	17.3
Yixing New Energy	49,946	7.291	0	2.541	123,883	5.944
Puyang CNBM Photovoltaic Materials	55,722.48	2.16	2.66	0.68	137,062	0.0061
North Glass	91,908.36	7.54	38.61	3.65	2,826.1	0.275
Zigong New Energy	44,934.66	7.767	55.942	4.872	129,660	2.07456



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Legal Compliance

The Company earnestly follows out environmental protection-related laws and regulations and strictly abides by the specialized standards in relation to environmental protection, energy conservation and comprehensive utilization of resources issued by the state and local governments. The relevant laws and regulations include: Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》, taking effect on 1 January 2015); Law of the People's Republic of China on Environmental Effects Assessment (《中華人民共和國環境影響評價法》, revised on 29 December 2018); Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》, revised on 26 December 2018); Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》, taking effect on 1 January 2018); Law of the People's Republic of China on Prevention and Control of Pollution from Noise (《中華人民共和國噪聲污染防治法》, taking effect on 5 June 2022); Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢物污染環境防治法》, taking effect on 1 September 2020); Law of the People's Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》, taking effect on 1 January 2019); Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》, taking effect on 1 July 2012); Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》, taking effect on 1 October 2020); Law of the People's Republic of China on Circular Economy Promotion (《中華人民共和國循環經濟促進法》, revised on 26 October 2018); Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》, revised on 26 October 2018).

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

Type of pollutants	Pollutant discharge standards	Major pollutants	Discharge concentration
Exhaust	Emission Standard of Air Pollutants for Electronic Glass Industry (《電子玻璃工業大氣污染物排放標準》) (GB29495-2013)	Atmospheric particulate SO ₂ NO _x	Atmospheric particulate≤50 mg/m ³ SO ₂ ≤400 mg/m ³ NO _x ≤700 mg/m ³
	Emission Standard of Air Pollutants for Plate Glass Industry (《平板玻璃工業大氣污染物排放標準》) (GB26453-2011)		Atmospheric particulate≤50 mg/m ³ SO ₂ ≤400 mg/m ³ NO _x ≤700 mg/m ³
	Standard of Air pollutants for Industrial Kiln in the Henan Province (《河南省工業爐窯大氣污染物排放標準》) (DB41/1066-2020)		Atmospheric particulate≤10 mg/m ³ SO ₂ ≤100 mg/m ³ NO _x ≤300 mg/m ³
	Ultra-low Emission Standard of Air Pollutants for Plate Glass Industry in Hebei Province (《河北省平板玻璃工業大氣污染物超低排放標準》) (DB13/2168-2020)		Atmospheric particulate≤8mg/m ³ SO ₂ ≤40 mg/m ³ NO _x ≤150 mg/m ³
Wastewater	Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB 8978-1996) Class III	pH, COD, SS, BOD ₅ , NH ₃ -N, Animal and vegetable oils	pH : 6-9 COD≤500mg/L SS≤240mg/L BOD ₅ ≤140mg/L NH ₃ -N≤40mg/L Animal and vegetable oils≤100mg/L



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Systematic Management

The Company earnestly implemented the national, provincial and municipal environmental protection policies and regulations. Under the guidance of green development and the premise of ensuring the fulfillment of the various emission standards in a stable manner, the Company follows through the new enterprise growth path featuring low energy consumption, high efficiency, recycling and less emissions. The Company aims to promote its environmental protection capacity and achieve the Company's sustainable development through strict management, continuous improvement, and management innovation.

The Company's Environmental Protection Committee and the Ecological Environmental Protection Supervision Leading Group are responsible for performing the Company's environmental protection management duties, organizing the formulation of the Company's environmental protection development strategies, rules and regulations and work plans, and supervising, inspecting and evaluating the Company's environmental protection work. At the same time, Environmental Protection Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護管理制度》), Environmental Protection Responsibility System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護責任制》), Environmental Protection Management Implementation Rules of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境保護管理實施細則》), Environmental Emergency Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件應急管理辦法》), Energy Conservation and Ecological Environmental Protection Supervision and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司能源節約與生態環境保護監督管理制度》), Conservation and Ecological Environmental Protection Assessment Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司能源節約與生態環境保護考核管理制度》), Environmental Emergency Reporting Management Measures of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司環境突發事件報告管理辦法》), Ecological Environment Protection Responsibility Target Assessment and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司生態環境保護責任目標考核管理制度》), Pollution Prevention and Control Facilities Operation and Management System of Luoyang Glass Company Limited (《洛陽玻璃股份有限公司污染防治設施運行管理制度》) and other related rules and systems were prepared and published, and key environmental protection work for environmental protection were continuously strengthened.

During the reporting period, the Company and its subsidiaries entered into the 2021 Responsibility Letter for Contracting Ecological and Environmental Protection Targets, formulated and issued the key points of the Group's ecological and environmental protection work in 2021, and specified the work objectives and ten key tasks for 2021.

The Company actively responded to the national policy of “**Carbon Emission Peak and Carbon Neutrality**”, improved the level of green and low-carbon development, and took the lead in promoting carbon emission reduction in the industry. The Company has invested in the construction of a carbon dioxide capture, collection and purification green emission reduction demonstration project with an annual output of 50,000 tons in the production line of Hefei New Energy, which has accumulated experience in technology, construction and operation management for exploring low-carbon green development in the industry, so as to gradually realize the capture, recycling, utilization and recycling of carbon dioxide, and make positive contributions to the realization of the pre-determined goal of carbon emission peak and the vision of carbon neutrality of our country.



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Implementing and promoting the application of building integrated photovoltaics. Zigong New Energy applies building integrated photovoltaics for the simultaneous design and construction at the initial stage of project construction, integrating the solar power generation system with the curtain walls on the east, south and west sides and the roof of the production line plant, and building a glass curtain wall photovoltaic power generation system and a rooftop distributed photovoltaic power station, with an average annual power generation capacity of 15,000,000 kWh after grid connection. Compared with the thermal power generation with the same power generation, it is equivalent to saving 4,950 tons of standard coal per year, and correspondingly reducing the emission of various air pollutants per year, including approximately 14,955 tons of carbon dioxide (CO₂), approximately 450 tons of sulfur dioxide (SO₂), approximately 105 tons of dust, and approximately 60 tons of nitrogen oxides (NO_x).

The Company comprehensively improved the application capabilities of clean energy such as distributed photovoltaic power generation and furnace high-temperature flue gas residual heat power generation system, and actively promoted circular economy and energy conservation. The Company invested a total of RMB18,502,000 in energy conservation throughout the year. Among them, Longhai Glass, Tongcheng New Energy, Hefei New Energy and other subsidiaries of the Company have completed the construction of photovoltaic power plants on the roofs of the plants, and the average annual photovoltaic power generation is approximately 12,368,100 kWh in total; Each of Hefei New Energy and North Glass has built a new waste heat boiler, with an average annual waste heat power generation of approximately 14,836,400 kWh and 19,086,300 kWh, respectively.

The Company continued to increase investment in and technical support for environmental protection, further reduced energy consumption and pollutant emission level by improving production process, and achieved clean production. During the reporting period, the Company invested a total of RMB43,507,900. Among them, Hefei New Energy has added a catalytic combustion treatment facility, which can greatly reduce the emission of organic waste gas; North Glass replaced and reconstructed desulfurization and denitrification reactors, bag filters and other facilities; Yixing New Energy purchased and installed online sewage monitoring equipment.

Comprehensive Treatment

Major treatment measures and recycled utilization approaches include:

- Furnace fumes are disposed through the combination of the electronic precipitator, the denitrification reactor, the semi-dry process for desulfurization and the bag filter.
- For the dust generated from glass breaker system and the compounding system, a bag filter is used for collection and further treatment of such dust.
- For noise treatment, the Company selects and uses facilities with low noise design and made rational distribution of noise sources (for example, to position all intense noise sources such as the freezing units, emergency generator, air compressor and vacuum pump in airtight workshops and to emplace cooling towers with encircling sound arresters on the rooftop of the power house) to scale down effects of noises from the production facilities on the surroundings as far as possible.



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- Wastewater is treated through the process of equalization, sediment neutralization treatment and cycling. The reclaimed wastewater is reused for water supply in the ambient temperature cooling system. In addition, cooling water used in the freezing units and air compressors is all recycled to reduce waste of water resources.
- The solid wastes mainly consists of the dust collected by the bag filter, faulty glass substrate (semi-finished products and finished products), culled refractories and obsolete packaging materials, for which the recycled utilization measures include: to reuse the dust of compound and dust of ladle addition feeder collected by bag filters in production; to reuse all faulty glass substrates in production; to send used packing materials of chemicals back to the suppliers for recycling and common packaging materials to reclamation depot.
- The Company promotes circular economy and the use of new energy, and comprehensively improves its capabilities of application of clean energy such as distributed photovoltaic power generation and high-temperature flue gas residual heat power generation system in kiln furnaces.

PROACTIVELY FULFILLING CORPORATE SOCIAL RESPONSIBILITY

In the light of the core value of **"innovation, performance, harmony and responsibility"**, the Company proactively undertakes the corporate social responsibility based on the demands of stakeholders including the staff, customers, business partners, the community, the media and so forth. Safeguarding Rights and Interests of the Staff

Safeguarding Rights and Interests of the Staff

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

- The Company protects the staff's legal entitlements to the labor rights and performance of labor obligations in strict compliance with Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》 and relevant laws and regulations.
- The Company has entered into labor contracts with the staff and performed duties thereunder according to the laws. All employees have signed a labor contract with the Company. The Company pays in full the social insurances concerning pension, medicare, unemployment, work-related injuries and maternity to ensure the staff's treatment of social insurances in line with relevant national, provincial and local provisions.
- The Company has adopted the paid annual leave system for the staff and provides overtime pay for the work beyond legal working hours according to relevant provisions including Regulations of Paid Annual Leave of Employees 《職工帶薪年休假條例》).
- The Company unremittingly consummates the corporate democratic management system with the congress of employee representatives as the fundamental form, and reports to and receives reviews from the employee representatives on the annual production and operation as well as material matters of the Company through the congress of employee representatives. The Company has established labor unions at all levels to cope with issues of the staff in relation to expression of demands, conflict settlement and other aspects, thus guaranteeing the staff's rights for participation, knowledge and supervision.



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- The Company lays emphasis on quality improvement and skill trainings for workers at the production line, carried out the “**mentoring system**” activity, established 7 model worker innovation workshops, 15 annual innovation research projects, realized 12 innovation achievements transformation, and created benefits of RMB42,524,600. In 2021, the Company selected and trained one provincial and one municipal level craftsman, two teams were named as the “**Top 100 Teams**” in the national machinery, smelting and construction industry, and one innovation achievement was awarded the National Machinery, Smelting and Construction Industry Employee Innovation Achievement Special Award.
- The Company carries on the “**Heart-warming**” themed activities. In 2021, it paid 87 visits to employees of the Company and distributed subsidies of RMB38,000.
- The Company has preserved the staff’s rights of occupational safety and health and arranged physical examination for all of its employees for free. Besides, the Company has exercised the special labor protection for female employees and recorded a full coverage of physical examination according to relevant stipulations including the Law on Protection of Rights and Interests of Women (《婦女權益保護法》).

Production Safety

In light of the safety principle of “**Safety First, Prevention Foremost and Comprehensive Treatment**”, in addition to ever-increasing efforts to the day-to-day safety monitoring and management, the Company attends to the work relating to “**targeted management of safety**”, “**identification of material latent hazards**”, “**establishment and rehearsal of the responsive system for material incidents**” and “**hierarchical control over danger sources (sites)**” aiming for the achievement of safety in essence and the comprehensive improvement of production safety. In 2021, the Company recorded no fatal accident or material fatal accident or minor injury accidents.

- The Company has established rigorous management systems, operation standards and responsive plans for production safety to strengthen the production safety accountability system and implement targeted management of production safety. Meanwhile, the Company has executed the Contract on Production Safety Obligations (《安全承包責任書》) in light of the overall control target of the safety work. In addition, the Company has strengthened its daily supervision and inspection mechanism and implemented the system of monthly safety and environmental protection meetings. It has especially strengthened targeted security supervision and special investigation, to eliminate all hidden dangers, in accordance with seasonal changes and major holiday arrangements.
- The Company has strengthened the prevention and control of incidents and the hierarchical monitoring and control over danger sources (sites) by implementing progressive control and management in view of the nature and perniciousness of the danger sources (sites). The Company also arranges regular inspection on danger sources (sites) at different levels for each month, assigns full-time safety officer for daily in-process inspection from district to district, collects feedback receipts for latent hazard rectifications, designates separate principals for different projects to push forward relevant rectifications with the prescribed time limit and carries out onsite post inspections. Thanks to the foregoing, the Company has made the danger sources (sites) manageable, within reach and under control, thus effectively preventing the occurrence of material incidents.



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- The Company has established the responsive rescue systems and mechanisms for material incidents and highlights investment in production safety to ensure full implementation of various safety measures. Professionals are arranged to make amendments to the responsive rescue plan in a timely manner and corresponding rehearsals are organized for each year in production units subordinate to the Company where there are concentrated danger sources, and the routine rehearsals were also improved.
- The Company has adhered to the concept of “**reasonable cost and comprehensive protection**” and resolutely forbidden the operation without protection appliances and equipment, to guarantee full purchase and timely handing out of security protection articles. The total investment of safety (including occupational health and fire protection) protection funds for the year was RMB4,981,100.
- The Company has continued to promote the development of a “**dual prevention system for safety production risks and hidden dangers**”, and formulated an implementation plan for the development of the dual prevention system for safety production risks and hidden dangers and urged its implementation. In 2021, Longhai Glass, a subsidiary of the Company, established a safety management informationization platform; Bengbu CNBM Information Display, Hefei New Energy and Tongcheng New Energy have improved the “**six mechanism safety production risk control reports**”; Yixing New Energy and North Glass organized risk point investigation, prepared risk identification guidance manuals, established a list of risk points, implemented specific control measures, established a safety production risk announcement system, and prepared a grid-based safety management classification chart for risk point management and control of production and operation units; Puyang CNBM Photovoltaic Materials passed the assessment and acceptance by experts for the construction of a dual prevention system for safety production risks of enterprises in Henan Province.
- The Company has strengthened occupational health management to ensure the health of workers. It has implemented the “**three contemporaries**” safety management system for new construction, reconstruction and expansion projects to prevent and reduce production accidents and ensure the safety of life and property of employees. The Company has regularly conducted physical examination for employees and established occupational disease archives, and timely handed out labor protection articles to protect the health of the staff.
- The Company has enhanced the safety awareness of the staff and improved their emergency response skills, and a total of 6,548 employees have received various fire safety trainings throughout the year. The Company carried out various kinds of training and activities including “**Production Safety Month**”, “**Observing and Learning from Furnace Glass Water Leakage Emergency Drill**”, “**National Online Competition on Safety Knowledge**”, “**Safety Production Open Class**” and watching safety warning education films.



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Safeguarding the Rights and Interests of Suppliers, Customers and Consumers

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

- The Company standardizes the management of suppliers, chooses excellent suppliers as cooperative partners in the supply chain and establishes long-term strategic cooperation relationship with them. It implements the concentrated purchasing through tender, and improves the fairness and justice of the supplier assessment systems so as to create a healthy competition environment for suppliers. In addition, the Company also designates professional technicians in production to provide technical instructions and services for suppliers for free so as to ensure qualified incoming raw materials as needed.
- In adherence to survival in virtue of quality and development through innovations, the Company energetically pushes ahead for stronger quality consciousness and increasingly improving quality management systems so as to provide high-quality products and services for customers and consumers. The Company has been improving the quality management systems covering each process from incoming raw materials to factory-gate products to make sure the in-process quality control. Paying consistent attention to the concerns of customers, the Company has made full use of various effective approaches to launch activities for collecting and analyzing information on customer satisfaction, and has formulated corrective measures based on helpful opinions or recommendations of customers and implemented the same into specific departments for timely rectifications. As a result, customer satisfaction has been increasing year by year.
- The Company takes full advantage of its own technological innovation, devotes efforts to the troubleshooting as well as the marketing and application of process technology to enlarge its product lines and raise the product quality. In 2021, the Company has invested a total of RMB157 million in research and development, representing a year-on-year increase of 20%; the Company completed a total of 47 patent applications, including 21 invention patents and 26 utility models, and was authorized 35 patents, including 6 invention patents and 29 utility models.

Public Relations

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

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



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

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

GIVING TOP PRIORITY TO ENHANCEMENT OF CORPORATE GOVERNANCE

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

Compliance with Corporate Governance Code

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

Securities Transactions by Directors and Supervisors

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

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

As at 31 December 2021, none of the Directors, supervisors or senior management of the Company and their connected persons to the knowledge of the Directors had any interest nor short position in the shares, underlying shares or debentures of the Company or its associated corporations which was required to be entered in the register of interest kept by the Company pursuant to section 352 of the Securities and Futures Ordinance.

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



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Board

Board The Board convenes meetings on a regular basis and also calls upon irregular meetings depending on actual conditions. During the reporting period, the Board convened 21 meetings and all Directors proactively attended the meetings in person or by way of videoconference. The attendance of Board meetings and the meetings of special committees in 2021 are set out in the section headed "Corporate Governance" in the annual report.

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

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

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



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Special Committees of the Board

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

The work and meetings of the special committees in 2021 are set out in the section headed “Corporate Governance” in the annual report.

Risk Management and Internal Control

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

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

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

The Board, through the Audit Committee, reviewed the adequacy and effectiveness of the Company's risk management and internal control. The Company prepared the Report on Comprehensive Risk Management of Luoyang Glass Company Limited for 2021. It organized and conducted comprehensive monitoring and evaluation for the internal control management system of 9 functional departments and its subsidiaries in accordance with the Measures for Management of Internal Control Evaluation and the Plan on Implementation of Self Evaluation for 2021, and prepared the Report on Evaluation of Internal Control for 2021 of Luoyang Glass Company Limited. On 30 March 2022, the report was published on the websites of the Hong Kong Stock Exchange, Shanghai Stock Exchange and the Company.

Relationship with Shareholders



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Relationship with Shareholders

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

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

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

During the reporting period, the Company convened the 2021 First Extraordinary General Meeting, the 2021 Second Extraordinary General Meeting, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting, the 2020 Annual General Meeting, the 2021 Third Extraordinary General Meeting, the 2021 Fourth Extraordinary General Meeting and the 2021 Fifth Extraordinary General Meeting. Information on the general meetings of the Company and inquiry index are as follows:

Session	Date	Inquiry index on the website on which the resolutions are publicized	Date of disclosure
The 2021 First Extraordinary General Meeting	9 February 2021	http://www.sse.com.cn http://www.hkexnews.hk	10 February 2021 9 February 2021
The 2021 Second Extraordinary General Meeting, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting	12 March 2021	http://www.sse.com.cn http://www.hkexnews.hk	13 March 2021 12 March 2021
The 2020 Annual General Meeting	28 June 2021	http://www.sse.com.cn http://www.hkexnews.hk	29 June 2021 28 June 2021
The 2021 Third Extraordinary General Meeting	21 July 2021	http://www.sse.com.cn http://www.hkexnews.hk	22 July 2021 21 July 2021
The 2021 Fourth Extraordinary General Meeting	18 October 2021	http://www.sse.com.cn http://www.hkexnews.hk	19 October 2021 18 October 2021
The 2021 Fifth Extraordinary General Meeting	22 December 2021	http://www.sse.com.cn http://www.hkexnews.hk	23 December 2021 22 December 2021



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Amendments to the Articles of Association

Amendments were made to the Articles of Association of the Company during the reporting period pursuant to the applicable laws and regulations in the PRC as well as the requirements of the Listing Rules. Such amendments were considered and approved by the shareholders at the 2021 Second Extraordinary General Meeting, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting convened on 12 March 2021; and the 2021 Fourth Extraordinary General Meeting of the Company convened on 18 October 2021.

The principal contents of the amendments were: (1) the changes in total share capital of the Company from 548,540,432 shares to 645,674,963 shares and in registered capital of the Company from RMB548,540,432 to RMB645,674,963 which were due to the fact that the Company completed registration of the additional 97,134,531 shares issued under the non-public issuance of A shares for entrustment management and relevant selling restriction formalities for the shares with China Securities Depository and Clearing Corporation Limited Shanghai Branch on 18 August 2021. To this end, amendments were made to the relevant articles of the Articles of Association of the Company. (2) In accordance with the requirements on investor protection under the Securities Law of the People's Republic of China (effective from 1 March 2020), amendments were made to Article Ninety-eight of the Articles of Association of the Company involving the public solicitation of shareholders' voting rights.

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

Auditors' Remuneration

The Audit Committee of the Board is responsible for check of the independence of external auditors and the non-audit work undertaken by them. WUYIGE Certified Public Accountants LLP was re-appointed as the external auditors for the year upon approval by Shareholders at the 2020 Annual General Meeting. The auditors' remuneration is set out in the section headed "Significant Events" in the annual report.

Company Secretary

During the reporting period, the Company Secretary was Mr. Ip Pui Sum from Sum, Arthur & Co. in Hong Kong. The Company Secretary reported the corporate governance of the Company to the Chairman, ensured smooth information exchange among Directors and between Directors and Shareholders, and complied with the policies and procedures of the Board. In 2021, Mr. Ip accepted no less than 15 hours of professional training to update his skills and knowledge.

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

April 2022

