



信義玻璃控股有限公司
XINYI GLASS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 00868.hk

2023

Environmental, Social and
Governance Report

Hang Seng Index Constituents

信譽至上，義氣爭榮，
自強不息，善行天下



滬港通 深港通



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OVERVIEW

This report is the eighth Environmental, Social and Governance Report (the “**Report**”) by the Xinyi Glass Holdings Limited (hereinafter refer to as “**Xinyi Glass**” or the “**Group**”) (SEHK Stock Code: **00868**) for external publication, disclosing the Group’s performance in environmental, social responsibility and corporate governance under the principles of quantification, balance and consistency. In this Report, the Group has complied with the disclosure requirement of the “comply or explain” provisions set out in the ESG Reporting Guide. This Report should be read in conjunction with the Annual Report 2023 of Xinyi Glass. This Report is published in two languages, Chinese and English. In case of discrepancy between the two versions, the Chinese version shall prevail.

REPORTING SCOPE

The Report mainly describes the production and businesses of Xinyi Glass in Greater China region and Malaysia from 1 January 2023 to 31 December 2023, covering the production and sales business of glass owned by Xinyi Glass and its subsidiaries. The data and contents of the Report do not include Xinyi Solar Holdings Limited (SEHK Stock Code: 00968), Xinyi Energy Holdings Limited (SEHK Stock Code: 03868) and Xinyi Electric Storage Holdings Limited (SEHK Stock Code: 08328).

BASIS OF PREPARATION

This Report is prepared in accordance with the latest Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”), Appendix 27 (currently known as Appendix C2) to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “SEHK”). The Group has calculated the relevant density data by using the calculation method of the carbon management leading team since 2021.

DATA SOURCES AND RELIABILITY STATEMENT

The data used in the Report are obtained from the Group’s annual report, while other data are obtained from the internal sources of the Company or through manual collation. Unless otherwise specified, **Hong Kong dollar** is the unit for all currency amounts listed in the Report. The Board is responsible for the truthfulness, accuracy and completeness of the contents of the Report.

CONFIRMATION AND APPROVAL

This Report has been approved by the directors and management of the Company.



MODE FOR PUBLISHING

The Annual Reports since 2020 and this Report adopt a paperless principle, and the electronic versions of all reports are available on the Group's website (<http://www.xinyiglass.com>) and the SEHK website (<http://www.hkexnews.hk>).

If you have any inquiries or suggestions regarding the contents of this Report, please communicate with us. Our contact details are as follows:

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ABOUT XINYI GLASS

Xinyi Glass Holdings Limited, one of the major leading manufacturers in the global glass supply chain, was founded in 1988 and listed on the main board of the SEHK on 3 February 2005 (SEHK Stock Code: 00868). The Company provides a wide range of products, covering the fields of high-quality float glass, automobile glass, energy-saving architectural glass, etc. In 2021, Xinyi Glass was admitted as a constituent stock of the Hang Seng Index, at the same time, the share of Xinyi Glass is also a constituent stock of the Hang Seng Composite Index, the HSI ESG (environmental, social and governance) Index, the Hang Seng Composite Industry Index – Industry and Hang Seng Composite Large Cap Index etc. (Please refer to p.6 for the details of the relevant indexes). Apart from the overseas production base in Malaysia and production base under construction in Indonesia, the Xinyi Glass' thirteen existing industrial parks in China-Dongguan, Shenzhen, Jiangmen (Jianghai), Jiangmen (Heshan), Wuhu, Tianjin, Yingkou, Deyang, Beihai, Zhangjiagang, Chengmai, Qujing and Chongqing, have already covered most of the economically active areas, including the Greater Bay Area, Yangtze River Delta Region, Beijing-Hebei-Tianjin Region, Bohai Economic Rim and Western Chengdu-Chongqing Economic Zone. Those bases occupy a total gross floor area of more than 8.7 million square meters with more than 15,000 existing employees.

As a global leading manufacturer of high-quality float glass, Xinyi Glass is currently ranked the first in the PRC and Asia in terms of daily melting capacity as of 31 December 2023. Xinyi Glass has a long-term commitment to research and development of high-tech and environmental-friendly energy-saving products. The Company is one of the very few manufacturers in the industry that could make a major breakthrough in the production technology for the ultrathin and ultra-thick high-end float glass, with a range from 0.3 mm to 25.0 mm thickness. To satisfy the individual needs of domestic and overseas customers as well as from the fields of automobile glass, energy-saving architectural glass, office and home appliances glass and others, apart from the clear glass under regular production, various specially colored series of glass in ultra-clear, green, gray, brown and blue, etc. are produced. Relying on the advanced production technology and excellent management supporting system, Xinyi Glass has formed a lateral chain of integrated production and sales from the raw materials to the high-quality float glass products and the downstream processing of the glass products. This effectively reduces the production and logistics costs, improves efficiency and achieves the scale advantages.

Being one of the largest automobile glass manufacturers in China, Xinyi Glass operates automobile glass production lines in the industrial parks in Shenzhen, Dongguan, Wuhu, Tianjin, Deyang, Beihai and Chengmai, as well as the overseas production base in Malaysia. We account for over 25% of the global automobile glass aftermarket sector, and our products and solutions have been used in more than 140 countries and regions across the world. Our major products include SOLACO and SOLAR-X heat reflective automobile glass, laminated windshields, tempered auto glass, tempered automobile glass with heating elements, laminated automobile glass with heating lines, automobile sunroofs and soundproof automobile glass. With the high-end supporting R&D system and the data exchange platform with the automobile manufactures, Xinyi Glass is able to keep up the pace with the latest product development, and hence, become the best partner of many automobile companies across the world.



Xinyi Glass, one of the largest high-end environmental-friendly energy-saving low emission coating (“**Low-E**”) glass suppliers in China, operates Low-E glass production lines in industrial parks of Dongguan, Jiangmen, Wuhu, Tianjin, Yingkou, Deyang, Beihai, Zhangjiagang and Malacca, Malaysia. Its high-quality energy-saving architectural glass products include Low-E, heat reflective coated glass, insulated glass, tempered glass, laminated glass, silkscreen printed glass, etc. Xinyi Glass has supplied high-quality environmental-friendly and energy-saving architectural glass products to landmark buildings in cities of China and other countries, such as Digital Beijing, the Passenger Clearance Building of the Hong Kong Port of Hong Kong-Zhuhai-Macao Bridge, Xi’an Xianyang Airport, Hong Kong International Airport, Bangladeshi Dhaka Airport, Tokyo Skytree and Singapore Biopolis Valley, etc.

After the listing of Xinyi Glass in 2005, Xinyi Solar and Xinyi Energy spun off in 2013 and 2019, respectively. As a major shareholder of Xinyi Solar, Xinyi Glass continues to support the development and growth of Xinyi Solar in the green new energy industry. In turn, as the major shareholder of Xinyi Energy, Xinyi Solar continues to support the development and growth of Xinyi Energy in new green new operations. As such, Xinyi Glass has formed a series of professional green power development and operation models, and continues to perform and assume its social responsibilities. Given the shareholding of Xinyi Glass in Xinyi Solar and the holding of Xinyi Energy by Xinyi Solar, the power generation data of Xinyi Solar and Xinyi Energy respectively can be considered as Xinyi Glass’ contribution to the green industrial chain. In addition, Xinyi Glass upholds the mission of “**Leading a Green New Life**”. With its high-quality and energy-saving products incorporating with the concept of green development, it aims to develop an environmental-friendly and low-carbon industry. Through continuous integration and optimisation of the “green and low-carbon” industry chain, Xinyi Glass develops low-carbon industries such as high-end energy-saving glass, solar glass, PV power plants, as well as energy storage, wind energy, new energy materials, etc. Capitalising on the green and low-carbon transformation, clean and efficient use of resources, and digital empowerment, Xinyi Glass is committed to promoting green sustainable development of the industry and proactively undertaking the social responsibility while implementing the national strategy for “dual-carbon” goals as well as the green development of the industry.

Our corporate vision is “**To Establish a Remarkable Glass Enterprise and Achievements of World Class Brand.**” The Group is committed to providing the right products, services and solutions to meet customers’ requirements in order to facilitate the long-term value creation and potential growth for our customers and working partners. At the time of running the business, Xinyi Glass puts full efforts in planning several missions in favor of sustainable development. We care about our employees from various dimensions and offer them various learning opportunities and organising social activities – seeking to give them a joyous feeling of “Home”.

SOME OF THE RELEVANT INDEXES THAT INCLUDED OUR COMPANY (AS OF THE FOURTH QUARTER OF 2023)



**恒生指數
HANG SENG INDEXES**

1	Hang Seng Index	21	Hang Seng Stock Connect Greater Bay Area Hong Kong Index	41	Hang Seng Large-Mid Cap Low Volatility Comprehensive Index
2	Hang Seng Index - Commerce & Industry	22	Hang Seng Stock Connect Greater Bay Area Industrials Index	42	Hang Seng Large-Mid Cap Low Size Select Index
3	Hang Seng Equal Weighted Index	23	Hang Seng Stock Connect Greater Bay Area New Economy Index	43	Hang Seng Large-Mid Cap Low Comprehensive Index
4	Hang Seng Composite Index	24	Hang Seng Stock Connect Greater Bay Area Quality Growth Index	44	Hang Seng Large-Mid Cap Equal Weighted Factor Mix (QVLM) Index
5	Hang Seng Composite Industry Index – Industrials	25	Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index	45	Hang Seng Large-Mid Cap Risk Parity Factor Mix (QVLM) Index
6	Hang Seng Composite LargeCap Index	26	Hang Seng Stock Connect Greater Bay Area High Dividend Yield Index	46	Hang Seng Stock Connect China Value Select Index
7	Hang Seng Composite LargeCap & MidCap Index	27	Hang Seng SCHK Quality Growth Low Volatility Index	47	Hang Seng Stock Connect China Value Comprehensive Index
8	Hang Seng Large-Mid Cap (Investable) Index	28	SCHK High Dividend Yield Index	48	Hang Seng Stock Connect China Momentum Comprehensive Index
9	Hang Seng China (Hong Kong-listed) 100 Index	29	Hang Seng High Dividend Yield Index	49	Hang Seng Stock Connect China Quality Comprehensive Index
10	Hang Seng China Private-owned Enterprises Index	30	Hang Seng China High Dividend Yield Index	50	Hang Seng Stock Connect China Dividend Yield Select Index
11	Hang Seng SCHK China Private-owned Enterprises Index	31	Hang Seng Mainland China Companies High Dividend Yield Index	51	Hang Seng Stock Connect China Dividend Yield Comprehensive Index
12	Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) 300 Index	32	Hang Seng Large-Mid Cap Value Select Index	52	Hang Seng Stock Connect China Low Volatility Comprehensive Index
13	Hang Seng Stock Connect China 500 Index	33	Hang Seng Large-Mid Cap Value Comprehensive Index	53	Hang Seng Stock Connect China Low Size Select Index
14	Hang Seng SCHK Mainland China Companies Index	34	Hang Seng Large-Mid Cap Momentum Select Index	54	Hang Seng Stock Connect China Low Size Comprehensive Index
15	Hang Seng Stock Connect Hong Kong Index	35	Hang Seng Large-Mid Cap Momentum Comprehensive Index	55	HSI ESG Index
16	Hang Seng SCHK New Economy Index	36	Hang Seng Large-Mid Cap Quality Select Index	56	HSI ESG Enhanced Index
17	Hang Seng SCHK Materials & Industrials Index	37	Hang Seng Large-Mid Cap Quality Comprehensive Index	57	HSI ESG Enhanced Select Index
18	Hang Seng SCHK Materials and Industrials (Investable) Index	38	Hang Seng Large-Mid Cap Dividend Yield Select Index	58	HSI Low Carbon Index
19	Hang Seng Stock Connect Greater Bay Area Composite Index	39	Hang Seng Large-Mid Cap Dividend Yield Comprehensive Index	59	Hang Seng Climate Change 1.5°C Target Index
20	Hang Seng Stock Connect Hong Kong Greater Bay Area Index	40	Hang Seng Large-Mid Cap Low Volatility Select Index	60	Hang Seng Automotive Index




SOME OF THE RELEVANT INDEXES THAT INCLUDED OUR COMPANY (AS OF THE FOURTH QUARTER OF 2023) -MSCI (EXTRACT)



1 AC ASIA ex JAPAN HIGH DIVIDEND YIELD	11 WORLD/INDUSTRIALS ESG SCR 20/35 SEL	21 AC ASIA PACexJP ISL ESG UNIVERS SCR SEL
2 AC AP/INDUSTRIALS	12 WORLD VALUE EXPOSURE SELECT	22 AC FAR EAST ex JAPAN
3 PACIFIC ex JAPAN ESG ENHANCED FOCUS CTB	13 WORLD EQUAL WEIGHTED	23 PACIFIC ex SELECT CONTROVERSIES
4 PACIFIC ex JAPAN ESG SCREENED	14 WORLD INDUSTRIALS 35/20 CAPPED	24 PACIFIC VALUE
5 WORLD MID CAP EQUAL WEIGHTED	15 WRLD/INDUSTRIALS	25 PACIFIC
6 PACIFIC ex JP ex UNGC & CW	16 WORLD ENHANCED VALUE	26 PACIFIC GROWTH
7 PACIFIC ex JAPAN	17 WORLD RISK WEIGHTED	27 WRLD HIGH DIV YLD LOW CRBN SRI SCRND SEL(Wasn't found)
8 PACIFIC ex JAPAN ex CONTROVERS WEAPONS	18 WORLD INDUSTRIALS ESG REDU CARB SEL20 35	28 AC ASIA ex JAPAN
9 WRLD/CAPITAL GOODS	19 WORLD MID CAP	29 WORLD HIGH DIVIDEND YIELD
10 MPF GOLDEN DRAGON	20 PACIFIC ex JP ESG UNI SEL BUSN SCREEN	30 PACIFIC IMI

* MSCI has no official Chinese translation name

KEY FINANCIAL DATA FOR 2023

	Total assets:	Net asset value:	Net cash generated from operating activities:
	HK\$ 50.81 billion	HK\$ 35.87 billion	HK\$ 5.00 billion
	Operating income:	Gross profit:	Net profit:
	HK\$ 26.80 billion	HK\$ 8.61 billion	HK\$ 5.37 billion
	Dividend payout ratio:	Gross profit margin:	Net profit margin:
	49.3%	32.1%	20.0%
	Production capacity of float glass:	Production capacity of automobile glass (aftermarket):	Production capacity of architectural glass:
	8.80 million tonnes	27.62 million pieces	0.58 million tonnes
	Number of employee:	Industrial park area:	Social donation:
	15,816 persons	8,779,276 m ²	HK\$ 3.013 million



ESG HIGHLIGHTS for 2023

Green
Production

CO₂ reduction in 2023
as compared to 2022:

359,549 tonnes
carbon dioxide
equivalent

Use of renewable energy:

812.8 GWh

Reduction of energy consumption
in 2023 as compared to 2022:

1,293.0 GWh

Utilisation rate of
renewable energy:

4.8 %

Sustainable
Procurement

Green procurement commitment ratio:

100 %

Percentage of supplier integrity
agreements:

100 %

Superior
Customers
Services

Customer satisfaction score
for product quality:

85.76

Customer satisfaction score
for service quality:

89.29

Talent
Development

Training hours:

154,524 hours

Percentage of trainees:

100 %

Proportion of female employees
with professional titles:

9 %



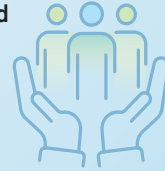
Staff Care

The Caring Fund:

RMB **1.56** million

Number of people supported by the Caring Fund:

219 persons



Staff satisfaction score:

82.4

Xinyi Education Fund:

RMB **1.948** million

Number of students funded by the Education Fund:

487 persons



Anti-corruption

Number of participants in integrity training:

2,397 persons

Ratio of Integrity Procurement Undertaking:

100 %



Social Welfare

Social donations:

RMB **3.013** million

Participants in social activities:

2,544 persons

Social activities participation hours:

6,335 hours





MAJOR EVENTS OF THE COMPANY IN 2023

<p>January</p>	<ul style="list-style-type: none"> ▶ Entering the 35th Anniversary of Xinyi Glass
<p>February</p>	<ul style="list-style-type: none"> ▶ 2022 Annual Results Announcement ▶ The official commencement of production of polysilicon in Xinyi Silicon ▶ Outstanding Contribution Unit in Social Responsibility in 2022
<p>April</p>	<ul style="list-style-type: none"> ▶ Awarded the honour of Preferred Brand of Architectural Glass for Architectural Doors and Windows of China 2022-2023
<p>June</p>	<ul style="list-style-type: none"> ▶ 2023 Ranking List held by Institutional Investors <ul style="list-style-type: none"> Most Honoured Company Best IR Company (Raw Materials) – First Prize Best Environmental, Social and Corporate Governance (Raw Materials) – First Prize Best Board (Raw Materials) – First Prize Best CEO (Raw Materials) – First Prize Best CFO (Raw Materials) – First Prize Best Investor Relations Officer (Raw Materials) – Second Prize ▶ The 9th Hong Kong Investor Relations Awards <ul style="list-style-type: none"> Investor Relations Awards (5 Consecutive Years) ▶ Hosted a large-scale investor tour for the first time ▶ Outstanding Contribution Award
<p>July</p>	<ul style="list-style-type: none"> ▶ S & P Global Sustainability Yearbook 2023 ▶ Sustainability Yearbook (China Edition) 2023 ▶ Best Progress Enterprise in the Industry ▶ 2023 Interim Results
<p>November</p>	<ul style="list-style-type: none"> ▶ Dr. LEE Yin Yee, Chairman of the Board, was awarded the Outstanding Industrialist 2023 by the Federation of Hong Kong Industries ▶ Dr. Lee Yin Yee, Chairman of the Board, was awarded the Silver Bauhinia Star ▶ Xinyi Education Fund Distribution Ceremony ▶ National Green Factory

MISSION





BOARD STATEMENT

Xinyi Glass keeps encouraging sustainable development in the enterprise. The first step is effective and comprehensive ESG governance, which lays an important cornerstone for corporate's path towards sustainable development in the future through establishment of relevant mechanisms.

The Board is the highest decision-making organization for ESG management. It is responsible for reviewing the Group's policies and risks related to ESG, defining ESG reporting scope and delegating CEO authority to formulate strategies and policies. To set and implement relevant targets in detail and to monitor progress, various working groups are led by CEO for promoting works and accomplish targets and reporting to the Board, thus making sure that the Group considers ESG factors in its business operations and future development, conveying importance of ESG from top to bottom and together implementing ESG works.

In addition, the Group keeps communicating with stakeholders through various channels including general meetings and questionnaires, and identifying important ESG issues from various aspects, relevant results will be reported to and reviewed by the Board. For those key issues, the Board will pay closer attention and set general direction for sustainable development and promotion methods etc.

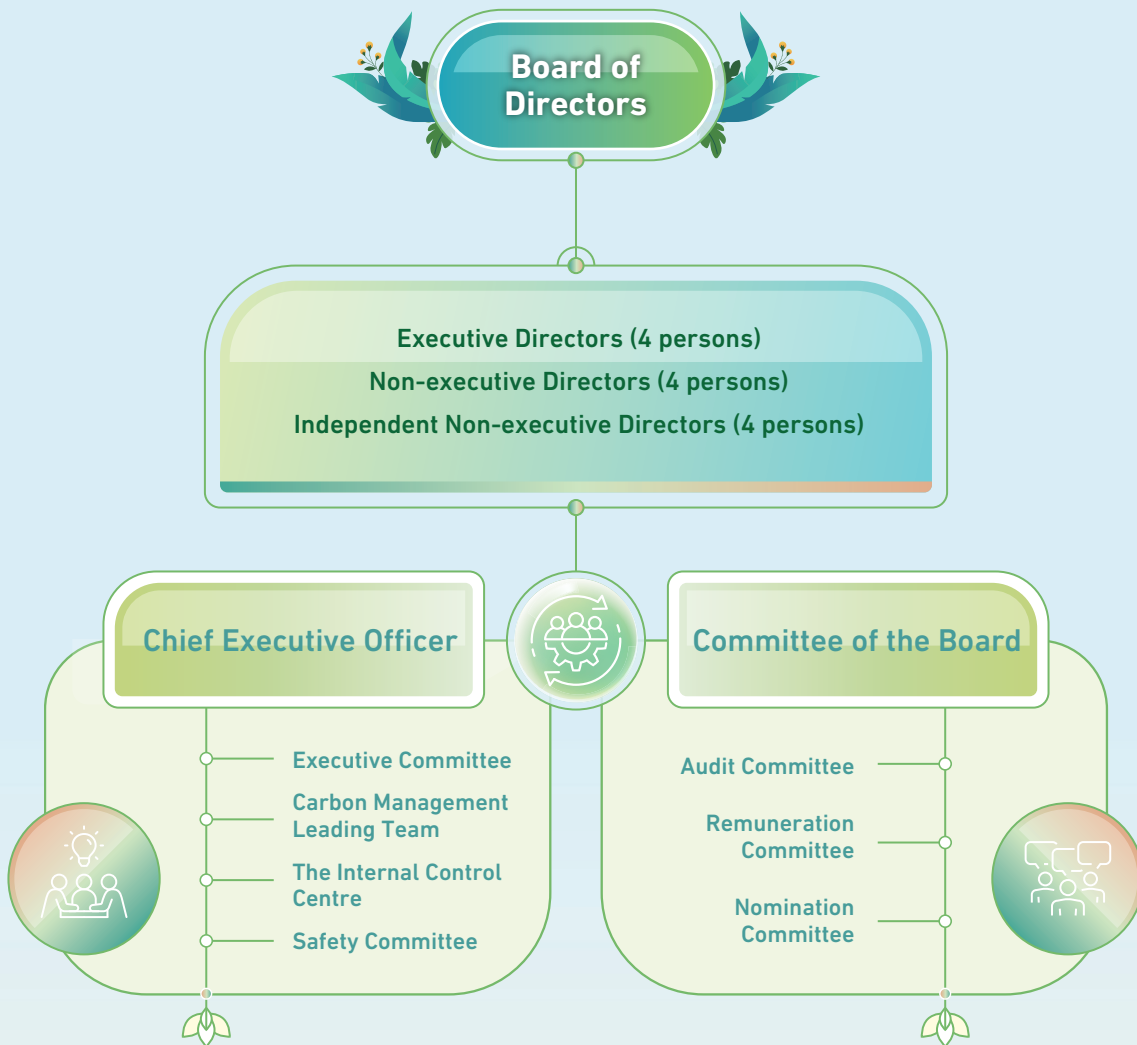
In 2021, the management conducted key review and supervision on ESG governance structure, materiality assessment regarding issues of the ESG report, identification of risks brought by climate change and other related ESG and their corresponding solutions, energy-saving and emission reduction, and work safety in production, and passed ESG targets set by relevant groups. We will continuously pay close attention to the future trend of sustainable development, update and introduce available actions as appropriate, and continuously increase investment in sustainable development.

This report makes detailed disclosures on Xinyi Glass's ESG work content in 2023, which have been approved by the Board on 26 April 2024.

Please refer to pages 22-32 of the Group's Annual Report 2023, the Corporate Governance Report, for corporate governance during the year.

ESG GOVERNANCE

The Environmental, Social and Governance Report for the year has been approved by the board of directors before being uploaded to the SEHK website. The Group recognizes the importance of ESG management and expects to bring the concept of sustainable development to the society, customers, employees, industry and other stakeholders through better ESG development, so as to shoulder its corporate social responsibility.





The board of directors is the highest decision-making organisation for ESG management and consists of four executive directors, four non-executive directors and four independent non-executive directors. The Group intends to add one or more female director(s) before end of 2024, to increase the diversity of directors. Each director has different expertise and experience, and has established an audit committee, a remuneration committee and a nomination committee (for the responsibilities of the main committees, please refer to the 2023 Annual Report p.25-26) to be responsible for corporate governance. At the same time, the board reviews the Group's ESG-related policies and risks, and empowers the chief executive officer to formulate corresponding strategies and policies. In order to set and implement goals in more detail and monitor the progress, in addition to the executive committee, the Group has successively established a carbon management leading team, an internal control center and a safety committee. The members are from relevant departments. In order to promote work more efficiently and to accomplish goals, and to make members pay more attention to the development of ESG, relevant organizational members will set up relevant key performance indicators for their assessment to convey important message of ESG from top to bottom. All relevant organizations are led by the chief executive officer and report to the board of directors to ensure that the Group considers ESG factors in business operations and future developments and can fully review and effectively manage ESG risks and to track progress, so as to participate in more ESG materiality assessment and review of annual ESG reports.

CARE ABOUT THE DEMANDS OF ALL STAKEHOLDERS

Xinyi Glass attaches great importance to the participation of stakeholders, including customers, government, investors, employees, etc. Through various channels, including general meetings, emails, investor meetings, questionnaire surveys, etc., we actively obtain opinions and expectations from various stakeholders on the environmental, social and governance aspects of the Company, which will serve as an important reference for the Company to formulate future plans and sustainable development.

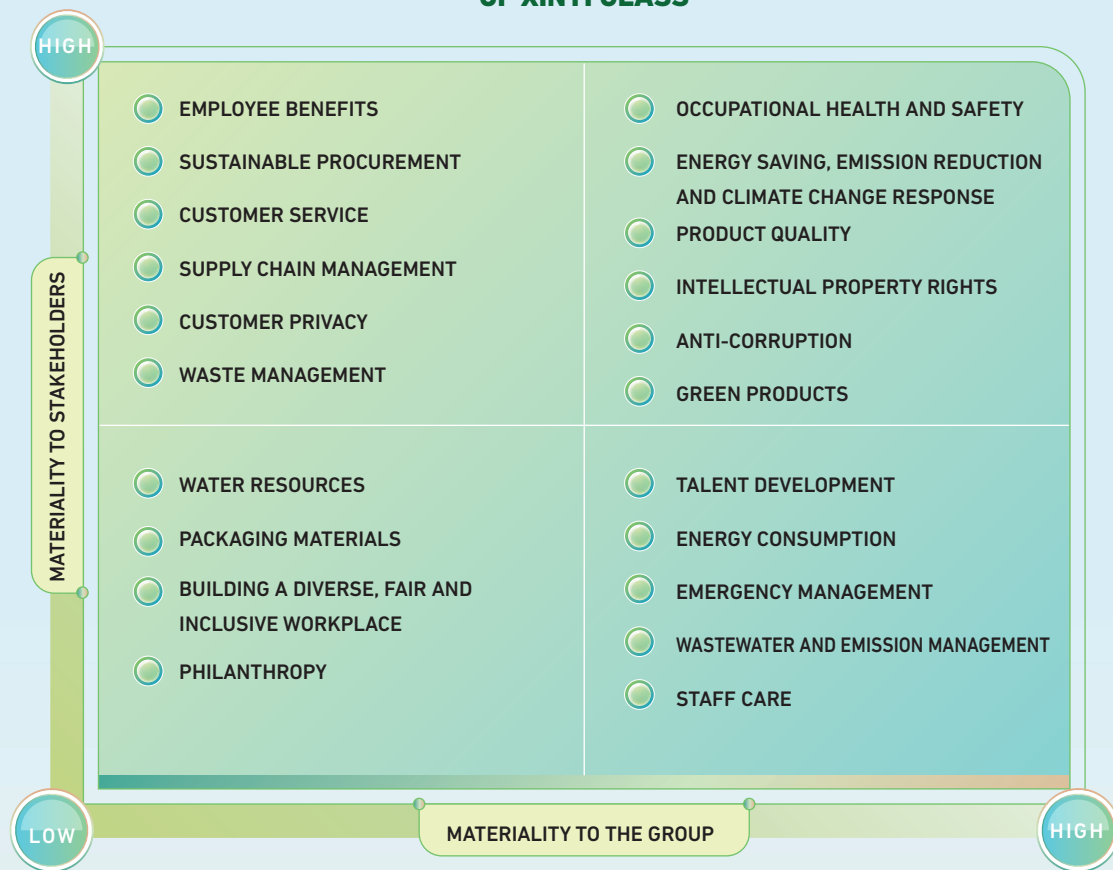
STAKEHOLDERS	STAKEHOLDERS' EXPECTATIONS	COMMUNICATION MECHANISMS
 Government	Compliance with laws and regulations	Respond to regulatory requirements
	Respond to national development strategy	Meetings
	Local economic development	Regular and random inspections
	Public welfare	Reception on visits
 Customers	Quality products	Daily communication through meetings, phone call and Internet
	Good pre-sales and after-sales services	Satisfactory survey
	Consumer rights protection	Visits to customers
	Information safety and privacy protection	

STAKEHOLDERS	STAKEHOLDERS' EXPECTATIONS	COMMUNICATION MECHANISMS
 <p>Investors/ shareholders</p>	Transparent and open corporate governance	Information disclosure
	Income return	General meetings
	Risk and compliance management	Investor relations activities
	Risks related to climate change	Routine visits and communications
		Communication through mail
 <p>Employees</p>	Reasonable remuneration and benefits	Remuneration and benefit system
	Safe working environment	Labour union activities
	Visible development opportunities	Training activities
	Staff care	Internal office system
	Diversity and Inclusion	Company Publications
 <p>Partners</p>	Open and fair procurement	Suppliers' conferences
	Compliance with agreement	Suppliers management system
	Win-win situation	Site visits
		Customer Appreciation Meeting
 <p>Local communities/ environment</p>	Environmental protection	Environment evaluation
	Corporate responsibility	Site visits
	Community involvement	Emission management system
	Driving economic development	Community welfare activities

MATERIALITY ASSESSMENT

The Group refers to the “How to Prepare an ESG Report: a Step-by-Step Guide to ESG Reporting” published by the HKEX. By engaging in stakeholder communication, considering industry characteristics, and identifying relevant issues aligned with the overall corporate development, the Group assesses its materiality of the impact (internal and external) of the identified relevant issues and the degree of impact on the business and stakeholders. The materiality matrix chart has also been approved by the Board of Directors, and the results are as follows:

2023 MATERIALITY MATRIX OF XINYI GLASS



ACTIVELY ACHIEVING ESG DEVELOPMENT RECOGNITION

Xinyi Glass has always been pursuing sustainable development. In order to enhance the transparency, in recent years, Xinyi Glass actively participated in a number of voluntary domestic and international assessments from relevant rating agencies, including MSCI ESG, Global Carbon Disclosure Project (CDP), DJSI Corporate Sustainability Assessment (CSA), enabling investors and relevant stakeholders to have a better understanding of our sustainable development direction and its actual effectiveness, and at the same time enabling us to have a better understanding on the industry and international standards so as to strive for improvement and to move with the times.

Some of our sustainable development achievements have been recognized by domestic and international indexes. As of 31 December 2023, Xinyi Glass has been included in indexes including HSI ESG Index, HSI ESG Enhanced Index, HSI Low Carbon Index, Hang Seng Climate Change 1.5°C Target Index, ACWI SELECT ESG SCREENED, PACIFIC ESG BROAD CTB SELECT, and WORLD SELECT ESG SCREENED.

Agency rating participated in:

- MSCI ESG
- Global Carbon Disclosure Project (CDP)
- Substainalytics ESG Risk Rating
- DJSI/Corporate Sustainability Assessment (CSA)
- HKQAA



Indexes included in:

- HSI ESG INDEX
- HSI ESG Enhanced Index
- HSI ESG Enhanced Select Index
- HSI LOW CARBON INDEX
- Hang Seng Climate Change 1.5°C Target Index
- PACIFIC ex JAPAN ESG ENHANCED FOCUS CTB
- PACIFIC ex JAPAN ESG SCREENED
- WORLD/INDUSTRIALS ESG SCR 20/35 SEL
- WORLD INDUSTRIALS ESG REDU CARB SEL20 35
- PACIFIC ex JP ESG UNI SEL BUSN SCREEN
- AC ASIA PACexJP ISL ESG UNIVERS SCR SEL
- PACIFIC ESG BROAD CTB SELECT
- WORLD ISLAMIC ESG UNIVERSAL SCREEN SEL
- AC ASIA ex JP ESG BROAD CTB SELECT
- WORLD SELECT ESG SCREENED
- WORLD ESG SCREENED
- AC ASIA PAC ex JP ESG BROAD CTB SELECT
- WORLD ex SWITZ ESG SCREENED ex SEL SEC
- WORLD ESG UNIVERSAL SELECT
- WORLD ESG UNIVERSAL SEL BUSINESS SCREEN
- ACWI ESG SCREENED CUSTOM ex FOSSIL FUELS
- ACWI SELECT ESG SCREENED
- WORLD ex EUROPE ESG BROAD CTB SELECT
- ACWI ex TC AD CAPPED 2.0x ESG UNIVERSAL
- MSCI Acwi Ex Tc Ad Capped 2.0x Esg Universal 100% Hedged to GBP
- WORLD ESG BROAD SELECT CTB
- WORLD ESG ENHANCED FOCUS CTB
- ACWI ESG UNIVERSAL 5% ISSUER CAPPED
- MSCI Acwi Esg Universal 5% Issuer Capped 100% Hedged to GBP

IDENTIFICATION AND SOLUTION OF RISK ISSUES

Climate change is a global concern, Xinyi Glass always keeps monitoring the relevant risks to the enterprise brought by climate change on its top list, as a leading glass manufacturer in the world, the Group actively responds to the demands of various stakeholders. Since 2021, the Group's carbon management leading team continues minimizing ESG risks to its businesses through relevant risk assessment and responses. The Group well answered concerns of Climate change risks from different parties through questionnaires, mails, investor conferences and other channels.

Based on the Sixth Assessment Report (AR6) issued by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations, the Group conducts assessment based on the risks related to climate which the Company may expose to as extrapolated from the above report, 5 new scenarios were developed in AR6 in 2021, which related to the possible changes of different greenhouse gas concentrations. We have selected "SSP1: Very Low Greenhouse Gas Emissions Scenario" and "SSP5: Very High Greenhouse Gas Emissions Scenario" for evaluation.

Category	Climate Condition by 2050 ¹			
	Temperature	Precipitation	Average sea level	Ice and Snow
SSP1: Very low GHG emission scenario	+ Approximately 1.6°C	+ Approximately 1.9%	Approximately increase by 0.20 metres	Approximately 2.2 10 ⁶ km ²
SSP5: Very high GHG emission scenario	+ Approximately 2.3°C	+ Approximately 3.8%	Approximately increase by 0.25 metres	Approximately 1.2 10 ⁶ km ²




RISKS AND OPPORTUNITIES UNDER CLIMATE CHANGE

Through setting of the "Sixth Assessment Report" (AR6) scenario issued by the IPCC, the Group has identified potential risks under two scenarios and has proposed corresponding measures to deal with them based on the relevant impacts that different potential risks may have on the business and the Group in various aspects.

¹ Global Climate Projections – Ice & Snow – Hong Kong Observatory (HKO) Climate Change
<https://www.hko.gov.hk/tc/climate_change/proj_global.htm>

Risks that may be faced by the enterprise under the SSP1 scenario and how they are dealt with:

This scenario depicts a significantly low emission scenario where CO₂ emissions are reduced to net zero in around 2050 or beyond, with global climate-related policies becoming more stringent, which may affect business operations and increase costs. Under such backdrop, it is imperative for enterprises to effectively address the heightened expectations and requirements of stakeholders.

Risk Description	Risk Response
<p> Policies and legal risk</p> <p>Information disclosure: Increased demand from governments and regulators for environmental information disclosure by enterprises, requiring greater transparency and detailed data</p> <p>Carbon Trading: The well-established carbon trading system has accelerated the pace of carbon reduction, compelling carbon-emitting enterprises to adopt more proactive measures in curbing their carbon emissions or transitioning their energy consumption practices to avoid incurring additional expenses</p>	<ul style="list-style-type: none"> • All environmental data will be disclosed in accordance with the latest requirements and reporting guidelines • Enhance optimization of energy utilization • Explore the viability of transitioning to sustainable energy sources • Establish more precise targets for reducing emissions
<p> Image risk</p> <p>Concerns of stakeholders: Shareholders, customers, suppliers or the general public expect that enterprises can meet or exceed the current environmental protection policies. Failure to meet these environmental targets as anticipated could potentially impact their stock price and corporate image</p>	<ul style="list-style-type: none"> • The management will pay more attention to the relevant policies of climate change and formulate corporate strategies • Provide multiple channels for stakeholders to communicate with the group to reduce relevant concerns
<p> Market risk</p> <p>Low-carbon products: Customers or the public expect enterprises to launch low-carbon or environmental-friendly products to reduce the burden on the environment</p>	<ul style="list-style-type: none"> • Improve research and development efforts to enhance product performance • Offer more comprehensive verbal or written introduction regarding the functionalities of enterprises' products



Risks that may be faced by the enterprise under the SSP5 scenario and how they are dealt with:

This scenario depicts a significantly high emission scenario where CO₂ emissions will increase by approximately two times in around 2050 and extreme weather events will occur more than often now due to accommodative policies or lack of practical implementation. In this context, enterprises need to face more operational problems caused by real climate changes.

Risk Description	Risk Response
<div data-bbox="236 614 343 722"> </div> <p data-bbox="359 646 598 679">Extreme weather risk</p> <p data-bbox="279 733 742 948">Extremely hot/cold weather: Increase electricity and water consumption to achieve a suitable working environment. In addition, extreme temperatures will impede the progress of product shipment and increase the risk of fainting and heat stroke when working outdoors</p> <p data-bbox="279 980 750 1142">Typhoon: Destruction of production workshops, machinery and finished products, along with the occurrence of casualties, resulting in increase in maintenance and compensation costs</p> <p data-bbox="279 1175 750 1304">Extreme rainfall: Industrial parks in coastal areas are susceptible to flood risks and cause damage to equipment and finished products</p>	<ul data-bbox="829 733 1316 1325" style="list-style-type: none"> • Formulate prevention and control guidelines for extremely hot/cold weather, and provide trainings to employees • Provide more first aid trainings • Increase the use of renewable energy • Formulate disaster prevention guidelines and strengthen drills • Monitor weather changes at all times and take measures in advance to protect property • Develop guidelines for extreme weather conditions • Maintain regular communication with relevant government authorities to streamline assistance when needed

The Group welcomes all suggestions. The management also takes high priority on ESG-related issues. In the future, we will improve the existing operation mechanism to more effectively manage relevant risks.

GREEN PRODUCTS UNDER SUSTAINABLE MANUFACTURING

GREEN PRODUCTION

Based on the principle of “the responsibility falls on the manager”, the person responsible for production management acts as the principal person in charge of all environmental protection work. Each of the companies and departments fully cooperates with well-defined duties and a clear division of responsibilities, which effectively facilitates all environmental protection work. Xinyi Glass has obtained ISO14001 environmental management system certification, ISO45001 occupational health and safety management systems, ISO50001 energy management system, ISO9001 quality management system certification and green product certification, and operates in strict compliance with the system requirements.

Natural gas, a clean energy, is adopted as the fuel for the float glass production line in each location. Compared to traditional energy, the pollution is thus lowered. Online fume and gas monitoring system is established, and the emission information will be uploaded to local environmental protection bureau in real-time to be monitored by them. Xinyi Glass carries out improvement projects to promote environmental-friendly energy-saving and consumption reduction actions. Hot water and part of the electricity supply for all living areas achieved self-sufficiency by effectively making use of residual heat from the furnace of float glass, and by installing distributed solar power generation system at all industrial parks, thus Xinyi Glass effectively reduces energy consumption and fulfils the needs of living of its staff. In addition, through the projects of improving lighting equipment in production workshops, managing the electricity consumption of production equipment and implementing the Group’s material control system, etc., Xinyi Glass significantly facilitates the achievement of the Group’s goal of energy-saving and consumption reduction. All Xinyi staff make their own contributions to the enterprise’s goal of “building a green, energy-saving and environmental-friendly enterprise”.

In accordance with the Environmental Protection Law of the People’s Republic of China, the Environmental Impact Assessment Law of the People’s Republic of China, the Regulations on the Administration of Construction Project Environmental Protection and other relevant local laws, all new industrial parks have engaged third parties to prepare environmental impact assessment reports on the sites, including analysis and advice on various aspects such as pollution caused by the project, current status and investigation of the site of the industrial park, impact forecast, protection measures and feasibility, environmental and economic profit and loss.

All newly-established industrial parks of the Group are complying with the laws and regulation of the PRC and local governments. In order to reduce pollution, during the construction of the project, sewage is discharged through “rain and sewage diversion” and “clean and sewage diversion”, and sewage treatment facilities are set up to recycle sewage after treatment, meeting the requirements of stable and up-to-standard discharge. All float glass production lines are planned to utilize natural gas, a type of clean energy, as the fuel, desulfurization and denitrification equipment are set up, and dust removal system is adopted, which effectively reduced the dust generated during the transfer, measure and distribution of raw materials of glass, glass furnace exhaust gas, and dust and uncontrolled exhaust gas from ammonia storage tank, etc., generated in the preparation process of raw materials. At the same time, the layout design of the plant area was reasonably carried out. By adopting noise reduction measures such as vibration reduction and sound insulation, and then by leveraging on distance attenuation, the noise at the plant area met the Class 3 standard in the Emission Standard for Industrial



Enterprises Noise at Boundary (GB12348-2008). In addition, a fixed centralised waste storage location is planned to facilitate centralised disposal, and the temporary solid waste storage site is constructed and maintained in strict compliance with the requirements of the Standard for Pollution Control on Hazardous Waste Storage and its modification order (2013) and the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes and its modification order (2013). During the construction of project, the prevention and control measures of groundwater and soil pollution are controlled by the generation, seepage, diffusion and emergency response of pollutants in accordance with the principle of combining source control, zoning control, pollution monitoring and emergency response, so there will be no significant impact on the regional soil and groundwater environment.

After the industrial parks commenced production, we have established an environmental protection online realtime monitoring system in accordance with the Measures for the Administration of Automatic Monitoring of Pollution Sources, in order to ensure that the emission data meets the national and local requirements. While expanding its businesses, the Group also pays attention to the impact on the surrounding environment, residents and all stakeholders, achieving a balance in many aspects through assessments and exchanges.

DEVELOPING GREEN FINANCE FOR THE GREEN PRODUCTION

Xinyi Glass maintains friendly cooperation relationship with a number of banks, and supports the development of green finance in Hong Kong and the PRC. Xinyi Glass also participated in a syndicated sustainability-linked loan in 2022 and 2023, the relevant performance goals included the greenhouse gas emission and energy consumption levels related to the production activities of the Group. The Group also made annual promise on reducing the greatest strength and intensity, so as to accept monitoring from the public on our energy saving and consumption reduction. Apart from acquiring green capital, the Group expects to showcase its dedication on green production, and sustainable development projects will continue to be the development direction of the Group in the future. The targets initially established have been successfully accomplished in 2022 and 2023, with emissions being systematically reduced.

GREEN PRODUCTS

On top of adopting green production, the Group also mainly focuses on green products in its product research and development. In 2020, the Group successfully launched a new automobile glass product, SOLACO, providing another choice of energy-saving automobile glass in the market with better heat insulation, sound-proof and UV protection functions. Continuous sales of automobile glass SOLAR-X and Low-E glass that accounts for a significant proportion among architectural glass provide more environmental-friendly products for customers to choose from, which contribute more directly to energy-saving and emission reduction.

Automobile glass

SOLACO is a type of automobile glass with heat insulation and sound-proofing properties that is developed by Xinyi Glass as its next generation product. By making use of nano material infusion technology, SOLACO features heat insulation, sound-proofing, UV protection and other functions.

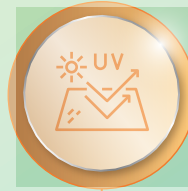
Product characteristics



SOLACO heat insulating and sound-proof automobile glass can block more than 85% of the infrared radiation. Experiments show that under the strong sun in summer, drivers and passenger do not feel scorching hot and thus provide a more comfortable driving experience. Compared to regular windscreen, SOLACO can effectively reduce the accumulation of heat within the vehicle, which in turn reduce the load of automobile air conditioners and fuel consumption, and is more energy-saving and environmental-friendly.



The weighted sound insulation loss of SOLACO heat insulating and sound-proof automobile glass can reach 34-35 dB in tests. Compared to regular automobile glass, it is capable of better sound insulation and noise reduction, providing a quieter and more comfortable driving experience for drivers and passengers.



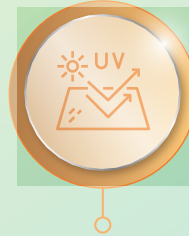
SOLACO heat insulating and sound-proof automobile glass can block more than 99% of the UV light in sunlight, minimizing the harm of UV to drivers and passengers to the greatest extent, while also alleviate the fading and ageing of the interior and chairs of vehicles. Compared to traditional automobile glass coating, SOLACO heat insulating and sound-proof automobile glass will not have tears, bubbles, ageing and other problems that would occur on glass coating after a long time.

The other heat reflective automobile glass, SOLAR-X, is a type of infrared reflecting coating laminated glass (patent no. 2006 2 0059916.5) which is manufactured with the most advanced equipment and technology at present. This product is formed when the surface of high-quality semi-finished clear float glass is plated with many layers of Low-E coatings before it is subject to heat bending and lamination.

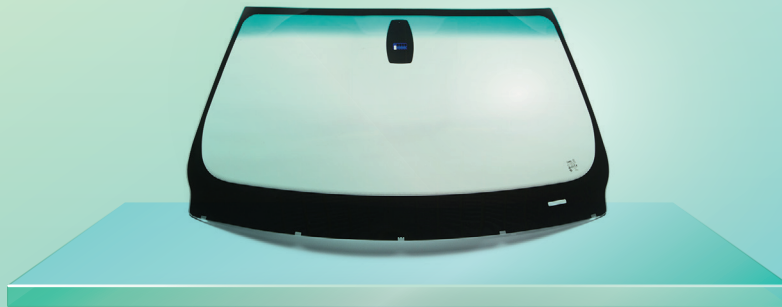
Product characteristics



60% or above of the heat radiation in sunlight are being blocked, thus reducing the accumulation of heat within the vehicle, reducing the load of automobile air conditioners and fuel consumption.



More than 99% of the UV light are being blocked, protecting the fiber and fabrics inside the vehicles from fading and change in colour, reducing the scorching hot felt by drivers and passengers on their skins, thus enhancing the comfort of drivers and passengers.





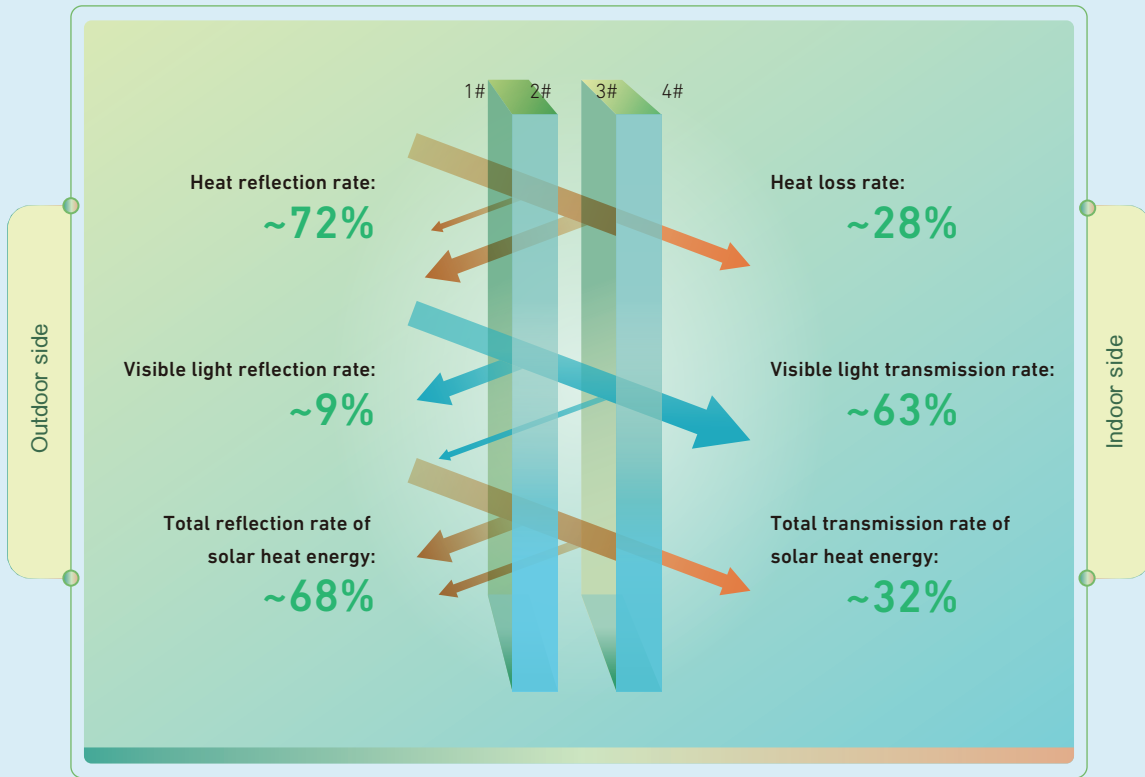
Architectural glass

Low emission coating glass or Low-E glass is the preferred type of energy-efficient construction material for green energy-saving buildings advocated by the state. Its energy-saving properties meet the required compulsory national standards for energy conservation in terms of materials used in public buildings and residential buildings. After coating the surface of regular building glass with metallic silver and auxiliary coating, it is combined with another piece of glass through various processes into a double glazed glass with dry air in between. Compared to regular energy-saving glass, low-E double glazed glass can, through utilizing silver's very high reflectivity for heat radiation, keep heat from sunlight outdoors in summer as much as possible, while ensuring sufficient natural lighting indoors. In winter, such glass can better prevent indoor heat from escaping outdoors through the glass, which significantly facilitate energy-saving efficiency of buildings.

According to the number of silver layers contained in the coating structure, it can also be divided into single silver Low-E glass, double silver Low-E glass and triple-silver low-E glass. On some occasions, a kind of Low-E product with high transmittance and very low shading coefficient is needed. Double-silver Low-E glass came into being under such circumstance. In normal cases, if the shading coefficient is the same, double-silver Low-E glass has higher visible light transmittance than single-silver Low-E glass. Triple-silver Low-E glass has even higher visible light transmittance. Double-silver glass can be used on nearly any occasion. It has the following several characteristics: lower shading coefficient than sun-shading Low-E glass, low radiance, heat preservation, generally lower reflectivity, and high permeability. Compared to regular single glazing glass, energy-saving glass (Low-E double glazing glass) can better preserve heat, keep warmth and insulate sound, saving 67-70% of energy, as opposed to approximately 40% for regular double glazed glass.



Principle of triple-silver Low-E glass





ENVIRONMENT

OUR ACHIEVED ENVIRONMENTAL GOALS IN 2023:

Goals	Level of achievement
<ul style="list-style-type: none"> Greenhouse gas emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Hazardous waste emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Non-hazardous waste emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Energy consumption intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Water consumption intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% 	<p>Greenhouse gas emission intensity of float glass, automobile glass, architectural glass decreased</p> <p>Hazardous waste emission intensity of float glass, automobile glass, architectural glass decreased</p> <p>Non-hazardous waste emission intensity of architectural glass decreased</p> <p>Energy consumption intensity of float glass and automobile glass decreased</p> <p>Water consumption intensity of float glass, automobile glass, architectural glass decreased</p>



OUR GOALS FOR 2024

Goals

Goals
<ul style="list-style-type: none"> Greenhouse gas emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Hazardous waste emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Non-hazardous waste emission intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Energy consumption intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0% Water consumption intensity of float glass, automobile glass, architectural glass slightly decreased by 1.0%



ENERGY CONSERVATION AND CARBON MANAGEMENT

“Xinyi Glass proactively takes the lead in the industry, setting a benchmark and spearheading green development by surpassing industry standards in various energy consumption indicators.”

As a global leading and integrated glass manufacturer, Xinyi Glass upholds the belief “Leading a Green New Life” in development. It takes the lead in promoting a green and healthy corporate culture under the concept of high-quality energy-saving products and green development. Xinyi Glass considers energy conservation, dual carbon management, and enhancing energy cost efficiency as the “ultimate challenge” that determines the enterprise’s survival. The company’s commitment to ongoing energy savings and consumption reduction is unwavering. From the selection of raw materials to the automation of processing technology, the Company increases the product research and development and innovation. Through continuous integration and optimization of the “green” industrial chain, it gives and actively promotes to customers such energy-saving and environmental-friendly product experience and green initiatives. Xinyi Glass continues to increase the investment in technological reform, energy-saving and reducing consumption as well as the environmental protection facilities. This is to create and shape Xinyi Glass itself into an environmental-friendly, innovative world-class glass brand.

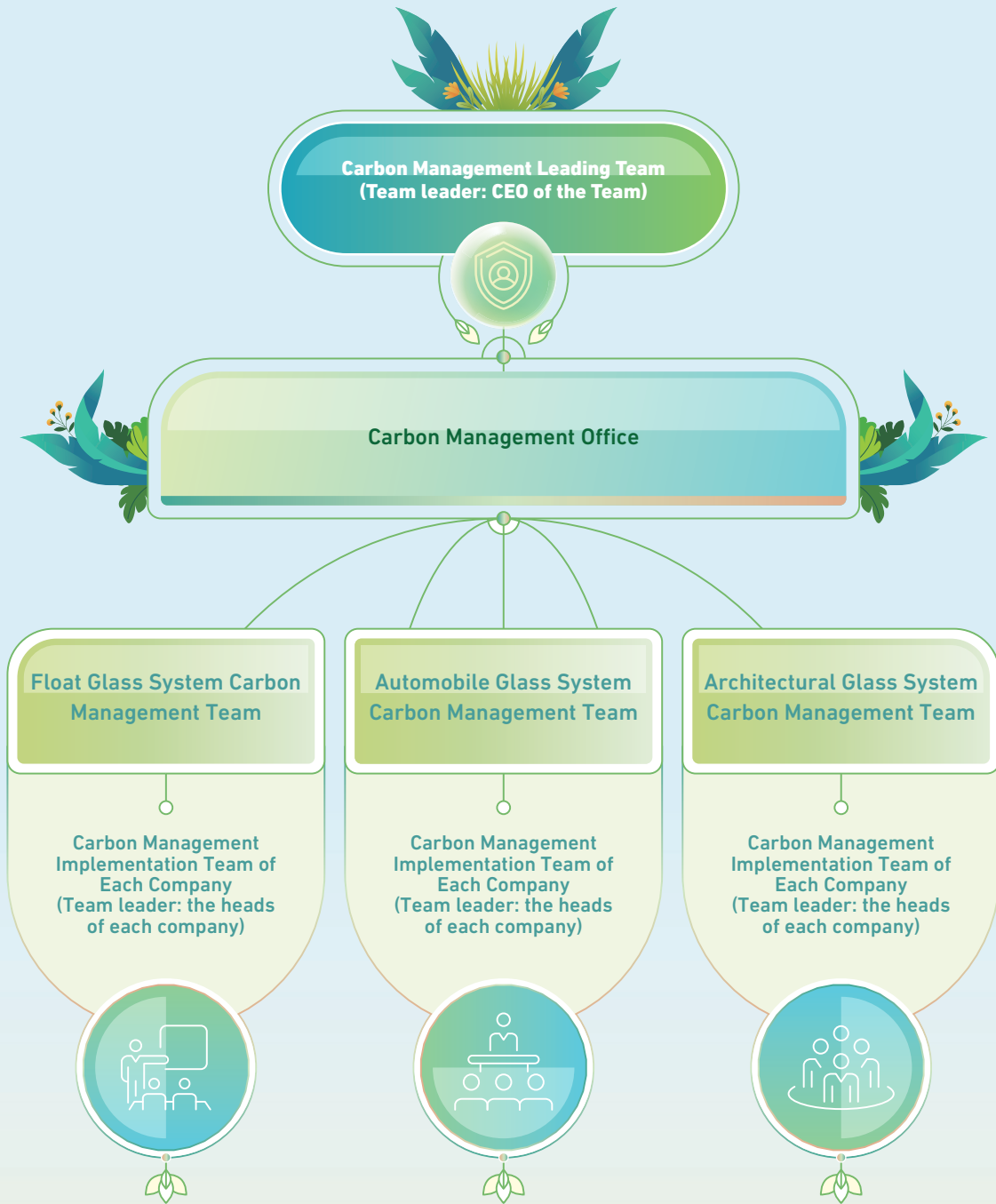
SETTING UP OF CARBON MANAGEMENT LEADING TEAM

In active respond to the country’s aim to hit “peak carbon” by 2030 and to achieve “carbon neutrality” by 2060 and realize the company’s vision of “leading green new life”, in 2021, Xinyi Glass formally set up the leading team of Xinyi Glass carbon management, appointed the Group’s Chief Executive Officer as the team leader and set up the Xinyi Glass Carbon Management Office that is mainly divided into carbon policy management, carbon project management and carbon data management. The team leader is mainly responsible for all work of the Group’s carbon emissions management office.

The carbon management implementation team of each company, led by the head of each company in China, implements the work plans made by the carbon management office for the group and the system focusing on greenhouse gases, carbon emissions, energy-saving and emission reduction, formulates the company’s goals, collects the relevant laws and regulations and policies on carbon management in the places where the company operates. At the same time, it compiles the Company’s annual energy conservation and emission reduction plan and energy conservation project implementation plan, identifies carbon emission factors and total amount, regularly evaluates the economic operation standards of equipment in various departments, proposes improvement measures for energy conservation and consumption reduction, and implements the work plan for carbon management to ensure the achievement of targets.

After receiving data from each carbon management implementation team, the carbon management office needs to prepare, review the annual carbon management goals, project implementation plans, assessment plans, etc., and check, supervise, and guide the implementation of the carbon management work plan. It is responsible for supervising the goals of the carbon emission management and the review and target assessment of the carbon emissions projects of companies of the Group, and provide relevant training courses for employees to achieve “top-down connection”, make people in each position have awareness of environmental protection and emission reduction and enable the Group to be at the forefront of the glass industry in terms of environmental protection.

XINYI GLASS CARBON MANAGEMENT LEADING TEAM STRUCTURE CHART



The Group has formulated a series of strict internal procedures such as Air Pollution Control Procedures (《大氣污染控制程式》), Environmental Monitoring and Measurement Management Procedures (《環境監測和測量管理程式》) and Environmental Objectives, Indicators and Program Management Procedures (《環境目標、指標和方案管理程式》) according to national regulations to better guide employees to implement relevant standards.

In order to improve each emission reduction target more effectively and to make employees pay more attention to environmental issues, the management of each department will set environmental targets at the beginning of each year with reference to environmental objectives, quantifiability, regulatory requirements and feasibility, and implement them to the relevant functional departments. The management plan includes the responsibilities and division of labour of each department and hierarchy, as well as the methods and timetables for achieving the goals, and shall be approved by the carbon management office. Each department promotes the environmental objectives to employees at all levels through publicity, document issuance and internal meetings.

Apart from that, in terms of relevant emission data, the Group engages qualified environment monitoring centers or monitoring company with national approval to conduct annual inspection on sewage, noise and exhaust gas, and maintain such inspection report. All departments regularly inspect the operation of energy consuming equipment and facilities related to their own department according to the relevant guidelines. Each responsible department collects statistics on the monthly consumption of resources and energy (such as water, electricity, fuel, wood, paper, etc.), while the financial department analyzes the progress of the environmental targets and indicators every month. Quality control department reviews the Company's compliance with the environmental laws and regulations and other requirements every year before evaluating environmental management. In terms of the operation of its environment management system, the Company conducts internal review on the environment management system at least once a year, while also conducts environment management review once a year.

AIR EMISSION

In the process of float glass production, the main air emissions include sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulates. All the sulphur dioxide, nitrogen oxides and particulates emitted by Xinyi Glass comply with the Emission Standard of Air Pollutants for Flat Glass Industry as promulgated by China, under which the emissions of sulphur dioxide, nitrogen oxides and particulates shall not exceed 400mg/m³, 700mg/m³ and 50mg/m³, respectively. They also comply with local emission standards such as the Emission Standard of Air Pollutants for Flat Glass Industry of Guangdong Province, the Emission Standard of Air Pollutants for Industrial Furnaces of Tianjin, Malaysia Environmental Quality (Clean Air) Regulations 2014 and emission standards as required for emission permits in various places:

		Sulphur dioxide mg/m ³	Nitrogen oxides mg/m ³	Particulates mg/m ³
Applicable throughout China	Emission Standard of Air Pollutants for Flat Glass Industry (GB26453-2011)	400	700	50
Dongguan, Jiangmen	Emission Standard of Air Pollutants for Glass Industry DB44/2159-2019	280	550	30
Tianjin	Emission Standard of Air Pollutants for Flat Glass DB2021	50	200	10
Zhangjiagang	Notice on Extensive Nitrogen Oxides Emission Reduction for Non-Power Generation Enterprise Across the Province (Jiangsu Environment Bureau [2017] No.128)	N/A	350	N/A
Yingkou	Yingkou Environmental Bureau Pollutant Discharge Permit (Notice No. 2 and 4 of Department of Environment of Liaoning Province)	100	300	20
Malaysia	Environmental Quality (Clean Air) Regulations 2014	800	800	50

Natural gas, a safe, environmental-friendly and clean energy, is adopted as the fuel for the float glass production line, to which the integrated technology of semi-dry desulphurisation (NID technology), selective catalytic reduction (SCR) denitrification and dust particle removal by electrostatic is fully applied, and clean production is fully promoted. We managed to achieve clean production and reduced energy consumption and emissions while ensuring that the production system is operating in a safe and stable way. Meanwhile, in accordance with the Measures for the Administration of Automatic Monitoring of Pollution Sources promulgated by the State, an online system for real time environmental monitoring is established to ensure that the emissions meet the national emission standards. With the implementation of various industrial pollution remedial measures, all of Xinyi Glass's pollutant indicators are currently lower than the exhaust gas emission standards required by the State.

Actual emissions from our business:

		2023	2022	2021
Sulphur dioxide (SO ₂)	Tonnes	2,069	2,019	1,812
Nitrogen oxides (NO _x)	Tonnes	4,015	4,105	4,252
Particulates	Tonnes	140	159	201
Total	Tonnes	6,224	6,283	6,265

Despite the Group's acquisition of an industrial park in Chongqing in 2023 and the commissioning of the production line in Yingkou, leading to higher number of float glass production lines of the Group compared to 2022, the Group managed to achieve a slight reduction in total air emissions for the current year, which can be attributed to its improved processes in the melting furnace.



Continuous measures on reducing emission



Desulphurization: Semi-dry Desulphurization Technology (NID Technology)

Flue gas from the residual heat furnace draft fan reacts with the absorbent within the circulating ash used for humidification after mixing. The SO_2 in the flue gas reacts with the absorbent to form calcium sulfite and calcium sulfate. After reaction, the flue gas carries a large amount of dry solid particles into the post-desulfurization bag filter for collection and purification. After being collected by the post-desulfurization bag filter, the ash is separated from flue gas by the filter and transported to a mixer via conveyance equipment. At the same time, slaked lime is added to the mixer, and the content is released back to circulation after humidification and mixing. Purified flue gas is directly released to the chimney through a draft fan. The control system ensures that the reaction temperature within the reactor is constant for released flue gas by adjusting the mixer. The circulating desulfurization ash within the filter is collected from ash bucket. When the amount of ash exceeds the maximum capacity of the ash bucket, it will be released through overflow.

Denitrification: Selective Catalytic Reduction (SCR) Denitrification

The process of removing nitrogen oxides in flue gas generated from combustion. A SCR denitrification system is composed of four parts. Flue gas at exiting temperature enters the residual heat furnace. After cooling down, the gas enters a high-temperature electrostatic precipitator. Through mixing and reaction, flue gas is then transferred into a SCR reactor for reaction and filtering. The denitrified pure flue gas is then released back into residual heat furnace for heat collection.

Particulates reduction: Dust Particle Removal by Electrostatic

Dust particles removed by electrostatic by creating an uneven electric field between an electric corona electrode and a precipitation electrode, where the discharge electrode (electric corona electrode) is the anode while the precipitation electrode is the cathode. By generating positive and negative ions through the electric field, dust will build up on the collection plate.

GREENHOUSE GASES

During the production of float glass, automobile glass and architectural glass, greenhouse gases such as carbon dioxide and methane are directly or indirectly emitted. Xinyi Glass emits greenhouse gases in compliance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Measures for the Administration of Automatic Monitoring of Pollution Sources and Accounting Methods and Reporting Guide on Greenhouse Gas Emissions of Enterprises Producing Flat Glass in China (Trial) as promulgated by the state, as well as Environmental Quality (Clean Air) Regulations 2014 in Malaysia and emission standards as required for emission permits in various places. Greenhouse gas emissions are based on the direct and indirect greenhouse gas emissions from the Company's main production operations.

Actual greenhouse gas emissions from our businesses:

			2023	2022	2021
Float glass	Direct emission	tonnes carbon dioxide equivalent	5,091,951	5,429,878	5,371,886
	Indirect emission	tonnes carbon dioxide equivalent	157,483	196,820	260,270
	Total	tonnes carbon dioxide equivalent	5,249,434	5,626,698	5,632,157
	Emission intensity	rounded to four decimal places	0.6305 tonnes carbon dioxide equivalent/tonne	0.6416 tonnes carbon dioxide equivalent/tonne	0.6562 tonnes carbon dioxide equivalent/tonne
Automobile glass	Direct emission	tonnes carbon dioxide equivalent	269	265	263
	Indirect emission	tonnes carbon dioxide equivalent	213,199	215,089	270,953
	Total	tonnes carbon dioxide equivalent	213,468	215,354	271,216
	Emission intensity	rounded to four decimal places	0.0034 tonnes carbon dioxide equivalent/m ²	0.0036 tonnes carbon dioxide equivalent/m ²	0.0044 tonnes carbon dioxide equivalent/m ²
Architectural glass	Direct emission	tonnes carbon dioxide equivalent	193	259	0
	Indirect emission	tonnes carbon dioxide equivalent	135,358	115,691	127,315
	Total	tonnes carbon dioxide equivalent	135,550	115,950	127,315
	Emission intensity	rounded to four decimal places	0.2222 tonnes carbon dioxide equivalent/tonne	0.2325 tonnes carbon dioxide equivalent/tonne	0.2784 tonnes carbon dioxide equivalent/tonne
Total	Direct emission	tonnes carbon dioxide equivalent	5,092,413	5,430,402	5,372,149
	Indirect emission	tonnes carbon dioxide equivalent	506,040	527,600	658,538
	Total emission	tonnes carbon dioxide equivalent	5,598,453	5,958,002	6,030,688



Total amount of greenhouse gas emission (tonnes carbon dioxide equivalent) and emission intensity of each system decreased as compared to 2022, the total amount decreased by approximately 6.0%. The emission intensity of float glass systems, automotive glass systems and architectural glass systems decreased by 1.7%, 5.6% and 4.4% respectively. The Carbon Management Office established in 2021 set continuous emission reduction targets and implemented a number of energy saving and emission reduction projects during the year, resulted in significant reduction in the greenhouse gas emission and emission intensity.

The greenhouse gas data of 2022 announced by the Company have been verified and confirmed by Hong Kong Quality Assurance Agency on 14 June 2023.

Ongoing Measures for Reducing Greenhouse Gas Emissions

<p>Group management to reduce all kinds of electricity consumption</p>	<p>Xinyi Glass set up Coating Electricity Consumption Team, Laminated Electricity Consumption Team, Tempered Glass Electricity Consumption Team and other electricity consumption teams, designated persons are responsible to refine the issue of electricity consumption in every aspect, exploring measures on electricity conservation, and thus reducing the electricity consumed in the whole system.</p>	
<p>Making good use of daylight</p>	<p>Optimize the utilization of daylight by regulating and minimizing unnecessary lighting in areas such as office spaces and corridors when ample natural light is available. Additionally, maintain an air-conditioning temperature of 26 degrees Celsius in offices and dormitories to reduce electricity consumption associated with cooling.</p>	
<p>Installation of inverters for equipment</p>	<p>Installation of inverters for workshop equipment enables steady voltage and temperature control, effectively minimizing unnecessary operations and subsequently reducing electricity consumption.</p>	

HAZARDOUS WASTES AND NON-HAZARDOUS WASTES

Hazardous and non-hazardous wastes are inevitably produced during the production process. All wastes of the Group are treated in accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Administrative Measures for the Licensing of Hazardous Wastes, the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes and relevant local regulations. The Group advocates "Reduce, Reuse, Recycle and Replace" for all materials, and has internally formulated the Chemical Management Procedures, the Guidelines for Waste Separation Operation and the Waste Management Procedures as the standards for employees to handle hazardous and non-hazardous wastes on a daily basis.

Actual emissions of hazardous waste from our businesses:

			2023	2022	2021
Float glass	Emission	Tonnes	207.2	288.9	432.9
	Emission intensity	rounded to four decimal places	0.0240 kg/tonne	0.0329 kg/tonne	0.0504 kg/tonne
Automobile glass	Emission	Tonnes	64.2	221.6	59.2
	Emission intensity	rounded to four decimal places	0.0010 kg/m ²	0.0037 kg/m ²	0.0010 kg/m ²
Architectural glass	Emission	Tonnes	108.4	110.9	134.1
	Emission intensity	rounded to four decimal places	0.1778 kg/tonne	0.2224 kg/tonne	0.2932 kg/tonne
Living areas and office buildings	Emission	Tonnes	1.7	1.2	0.4
Total	Total emission	Tonnes	381.5	622.6	626.6



In 2023, there was a substantial decrease of 38.7% in the overall volume of hazardous waste compared to the previous year. Notably, all systems experienced reductions in both total volume and emission intensity. The most notable reduction was observed in the automobile glass system, where the total volume and emission intensity decreased by 71.0% and 73.0%, respectively. The major hazardous waste materials included waste empty drums, waste light tubes, and waste ink cartridges. Rigorous disposal method has been in place by the Group for hazardous waste, all hazardous waste will be packed and processed separately, they are temporarily stored in a specific area and warning signs are displayed. The Group engaged qualified hazardous waste processors to process hazardous waste in accordance with the relevant national requirements for hazardous waste management.

Ongoing Measures for Reducing Hazardous Waste



UV Photolysis Exhaust Gas Purifier

Specially designed high-energy, high-ozone UV ultraviolet beam technology is employed to effectively eliminate malodorous gases, including those with strong odors, cracked malodorous gases, and other irritating odors. This purification process ensures that the exhaust gas emissions are well below the environmental standards.



Wastewater Treatment Equipment

Wastewater collected is pumped into a sedimentation tank. Through dosing, reactions and subsequent sedimentation, a substantial portion of pollutants generated during the reaction is removed. The resulting effluent is directed to a reuse pool, where it can be reused within the workshop. The sludge is directed into a separate sludge tank and undergoes further treatment to transform the wastewater into non-hazardous, clean water, eliminating the need for external discharge and enabling reuse.





DISPOSAL OF HAZARDOUS WASTE







Actual emissions of non-hazardous waste from our businesses:

			2023	2022	2021
Float glass	Emission	Tonnes	505,030.9	451,954.9	464,475.2
	Emission intensity	rounded to four decimal places kg/tonne	58.3700	51.5023	54.1126
Automobile glass	Emission	Tonnes	75,692.2	69,876.2	59,496.0
	Emission intensity	rounded to four decimal places kg/m ²	1.18413	1.1575	0.9660
Architectural glass	Emission	Tonnes	52,121.2	51,695.3	44,785.4
	Emission intensity	rounded to four decimal places kg/tonne	85.4890	103.6276	97.9202
Living areas and office buildings	Emission	Tonnes	24,583.0	21,487.1	18,182.2
Total	Total emission	Tonnes	657,427.3	595,013.5	586,938.8

Among non-hazardous wastes, over 71% and approximately 15% are shattered glass and industrial sludge, respectively. Others include domestic waste, metal and paper. In 2023, the amount of non-hazardous waste increased by approximately 62,413.8 tonnes as compared to the previous year. It is mainly due to the increase in shattered glass as we acquired new production lines in 2023, and all shattered glass would be back to furnaces as raw materials; packaging and plastic waste would be sold to renewable resource recycling companies, and domestic waste would be collectively handled by the environmental hygiene department. Most of the non-hazardous waste generated will be sorted and recycled to reduce waste. In all aspects, the Group adheres to the principle of "sorting waste and recycling resources", promoting the idea of environmental protection to every corner of the industrial parks.

Ongoing Measures for Reducing Non-hazardous Waste



<p>Classified treatment of industrial non-hazardous solid waste</p>	<p>We strictly collect recyclable and non-recyclable solid waste separately. The amount of recyclable waste is increased when reducing the amount of solid waste entrusted treatment, which further increases the efficiency.</p>	
<p>Scrap steel</p>	<p>By implementing waste reduction measures at source, we have successfully decreased the quantity of approved steel products for manufacturing and scrapping. Consequently, the amount of recycled steel required to be sold to third parties has also been reduced this year.</p>	
<p>Reuse of shattered glass outside the Company</p>	<p>Optimizing resource utilization and alleviating the burden on the community for disposal, the Group has made external purchases of shattered glass, which is reused in furnaces for productions.</p>	

Behind these impressive figures, through continuous integration and optimisation of the "green" industrial chain, staff at Xinyi give and actively promote to customers such energy-saving and environmental-friendly product experience and green initiatives. Besides, we actively promote "Low-Carbon Production" and "Energy-Saving and Reducing Consumption" within the Company. All employees are encouraged to participate in the practices of "Green Production" and stay firmly committed to green and environmental-friendly path.



DISPOSAL OF NON-HAZARDOUS WASTE



ENERGY-SAVING AND EMISSION REDUCTION BY MAXIMISING RESOURCES

In addition to strict compliance with the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Energy Conservation and other relevant regulations in various regions such as the Measures for the Implementation of the Management of Water Conservation in Cities in Liaoning Province and the Regulations on the Management of Water Resources in Guangdong Province, Xinyi Glass has also formulated guidelines such as the Management Procedures for Energy Conservation and Consumption Reduction within the Group. At the same time, by continuously upgrading and renovating technologies and equipments, saving energy and reducing consumption and investing in environmental protection facilities, the Group is maximizing the effective use of resources and minimizing the consumption of various resources in appropriate manners.

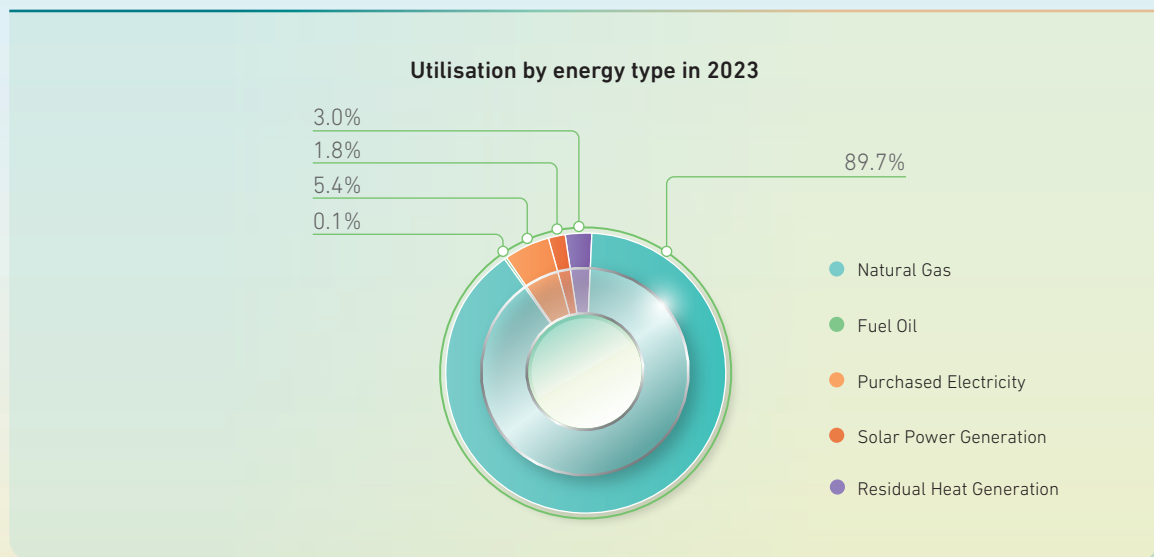
Total energy consumption of our businesses:

			2023	2022	2021
Float glass	Natural gas	GWH	15,073.8	16,391.7	17,261.7
	Fuel oil	GWH	14.7	18.3	17.5
	Electricity – direct energy	GWH	776.0	753.7	744.0
	Electricity – purchased electricity	GWH	389.1	449.2	446.8
	Total	GWH	16,253.6	17,612.9	18,470.0
	Consumption intensity	rounded to four decimal places	1.8785	2.0071	2.1518
			MWh/tonne	MWh/tonne	MWh/tonne
Automobile glass	Natural gas	GWH	0.0	0.0	0.0
	Fuel oil	GWH	1.1	1.0	1.0
	Electricity – direct energy	GWH	27.4	25.8	26.1
	Electricity – purchased electricity	GWH	290.7	298.2	351.7
	Total	GWH	319.2	325.0	378.8
	Consumption intensity	rounded to four decimal places	0.0050	0.0054	0.0061
			MWh/m ²	MWh/m ²	MWh/m ²
Architectural glass	Natural gas	GWH	0.0	0.0	0.0
	Fuel oil	GWH	0.7	0.8	0.3
	Electricity – direct energy	GWH	8.8	3.7	1.5
	Electricity – purchased electricity	GWH	212.5	140.8	204.3
	Total	GWH	222.0	145.3	206.1
	Consumption intensity	rounded to four decimal places	0.3641	0.2913	0.4507
			MWh/tonne	MWh/tonne	MWh/tonne

			2023	2022	2021
Living areas and office buildings	Natural gas	GWH	0.2	0.0	0.3
	Fuel oil	GWH	0.1	0.1	0.1
	Electricity – direct energy	GWH	0.6	4.8	1.8
	Electricity – purchased electricity	GWH	18.2	18.8	22.5
	Total	GWH	19.1	23.7	24.7
By energy type	Natural gas	GWH	15,074.0	16,391.7	17,262.0
	Fuel oil	GWH	16.6	20.2	18.9
	Electricity – direct energy	GWH	812.8	788.0	773.4
	Electricity – purchased electricity	GWH	910.5	907.0	1,025.3
	Total consumption	GWH	16,813.9	18,106.9	19,079.6

Energy used in production mainly includes natural gas, electricity and fuel oil, which are all types of energy used by the Group. Throughout the year, the float glass system consistently implemented a range of measures to conserve furnace gas. These measures included refining the melting process, enhancing insulation in different furnace components, and improving the overall efficiency of energy usage in the production process. As a result, there was a significant reduction in natural gas consumption. Additionally, the direct electricity consumption in 2023 amounted to 812.8 GWH, which represents approximately 47.2% of the total electricity currently utilized. The share of renewable electricity, which has experienced incremental growth annually, and the amount of purchased electricity in the current year stood at approximately 910.5 GWH. The total energy consumption in 2022 was 16,813.9 GWH, marking a year-on-year reduction of approximately 7.1%.

The total energy consumption data of 2022 announced by the Company have been verified and confirmed by Hong Kong Quality Assurance Agency on 14 June 2023.



Four major measures to save energy and reduce consumption

1. Distributed solar power generation

Since 2013, Xinyi Glass has initiated a solar power generation project. Relevant projects are implemented in all industrial parks, enabling the conversion of solar energy into electricity for internal use, primarily in production lines. The Group adds distributed solar power at the suitable locations in the existing industrial park to increase the amount of renewable energy available in the future. By directly integrating these solar power generation systems with the Company's internal grid, we achieve self-generation and self-consumption, thereby promoting the use of renewable energy and reducing emissions and pollution.



2. Low temperature residual heat generation

To reduce energy consumption and production costs, Xinyi Glass has built low temperature residual heat generation stations at its production bases in Dongguan, Tianjin, Jiangmen, Wuhu, Yingkou, Deyang, Malaysia, Beihai, Zhangjiagang and Chengmai where float glass production lines have been established. This can help to better exercise scientific and reasonable control over the emission of sulphur dioxide, carbon dioxide, nitrogen oxides, dust and high temperature gas generated by the glass melting furnace. Therefore, atmospheric and environmental pollution is significantly reduced, and the problem of high energy consumption and high pollution of the glass industry can be effectively alleviated. Advanced settings are adopted in the thermodynamic system and the installed programme of Xinyi Glass residual heat generation stations, which enable the power stations to operate flexibly and reliably and to work well with the glass production lines seamlessly.



3. Use "Grade 1" energy-efficient equipment

The implementation of advanced technologies aims to replace "Grade 2" and "Grade 3" energy-efficient equipment with more energy-efficient "Grade 1" equipment in a gradual manner. Employees must use the equipment in accordance with the requirements of the standard operating procedure, and arrange production reasonably to improve the utilisation of equipment and facilities and reduce equipment idle time. At the same time, the production department should improve the utilisation rate of materials, improve yield rate and reduce rework, repair and scrap rate, to conserve resources and energy, and reduce the waste of materials.



4. Designating personnel for improving measures on electricity consumption

Designated personnel will study and propose measures on reducing the electricity consumption, for example, ways for improvement will be proposed on the electricity consumption on coating, lamination and tempering, etc., and their overall effectiveness will be monitored. Designated personnel will report the electricity consumption on equipment, craftsmanship and product processing daily and weekly, in order to improve the electricity conservation measures continuously.



Total water consumption of our businesses:

			2023	2022	2021
Float glass	Consumption	thousand tonne	8,967.2	11,414.1	12,822.8
	Consumption intensity	rounded to four decimal places	1.0364 tonne/tonne	1.301 tonne/tonne	1.4939 tonne/tonne
Automobile glass	Consumption	thousand tonne	279.7	413.8	931.9
	Consumption intensity	rounded to four decimal places	0.0044 tonne/m ²	0.0069 tonne/m ²	0.0151 tonne/m ²
Architectural glass	Consumption	thousand tonne	304.5	358.6	668.2
	Consumption intensity	rounded to four decimal places	0.4994 tonne/tonne	0.7189 tonne/tonne	1.4609 tonne/tonne
Living areas and office buildings	Consumption	thousand tonne	922.2	995.2	1,395.2
Total	Total consumption	thousand tonne	10,473.6	13,181.7	15,818.1

In 2023, there was a notable reduction of 2,708.1 thousand tonnes in water consumption, which represents a significant reduction of 20.5%. The significant reduction of water consumption was achieved by implementing effective measures across the three systems, including enhancing the production rate of purified water, implementing wastewater recycling from various production processes through collection, filtration, purification, and treatment, all with the aim of achieving zero discharge. Additionally, separate water meters were installed for different water-consuming equipment to facilitate monitoring and evaluation. Through the implementation of various improvement measures, the total annualized water consumption and the intensity of water usage within each system have significantly decreased.



FIVE MAJOR MEASURES TO SAVE WATER



1. Recirculating cooling water system for water recycling

Xinyi Glass actively promotes several measures in water saving and discharge reduction for water circulation. Recirculating cooling water systems have been built in all industrial parks. Through water circulation pump, cool water is circulated to thermal engineering equipment for cooling where heat is added to the cooling water. The warmed water is then circulated to the cooling tower, where the cycle is repeated. In 2023, the consumed water recycled through the recirculating cooling water system amounted to 429,191.6 thousand tonnes in total.



2. Use and treatment of sewage

The Group has also constructed sewage treatment system with a view to treating the sewage that is nonreusable or unsuitable for reuse. Sewage will be recycled and reused after treatment, and the water station can achieve zero sewage discharge. It is estimated that approximately 643.3 thousand tonnes of water were treated in 2023.



3. Publicity and education

Within all industrial parks, including production workshops, office buildings and living areas, prominent slogans are displayed in visible areas, such as notice boards, to raise awareness about water conservation. Pre-work meetings serve as reminders for water conservation efforts in production workshops, and periodic inspections are conducted to prevent water wastage. Internally, our focus lies on the daily water management of our production facilities by establishing a water-saving enterprise system and diligently implementing it in accordance with the established guidelines.



4. Energy and water saving team

Energy and water saving teams have been set up for certain systems to renovate the existing water routes by adding water meters to follow up the water consumption of each machine every day. The teams calculate the standard water consumption according to the volume of each machine's water tank, so as to calculate the discrepancy and solve the identified problems. Among which, some industrial parks rectified their water recycling system, and require that except for water evaporated in normal course and the loss of water during circulation, all water discharged in production have to be recycled and reused, thus reducing the water consumption at the greatest extent. In addition, water purification system is also been rectified, the ratio of water produced has been increased from around 50% to more than 60%.



5. Strengthen equipment inspection

The Group will strengthen the daily maintenance and management of water equipment, repair damaged water supply network and facilities in a timely manner, and regularly repair or replace faucets, pipeline valves, flushing valves and other drainage and water supply devices to prevent the waste of "running, emitting, dripping and leaking" and eliminate the phenomenon of "long running water". At the same time, the requirements for water saving are implemented in all aspects of production equipment, work and life, to improve the efficiency of water resource utilisation, establish a long-term water saving management mechanism, achieve sustainable utilisation of water resources, and strive to reduce the water consumption per capita of the enterprise as compared with previous years.



Packing wooden cases used in our businesses:

			2023	2022	2021
Float glass	Consumption	thousand tonne	32.9	30.7	26.0
	Consumption intensity	rounded to four decimal places tonne/tonne	0.0038	0.0035	0.0030
Automobile glass	Consumption	thousand tonne	43.6	41.3	51.2
	Consumption intensity	rounded to four decimal places tonne/m ²	0.0007	0.0007	0.0008
Architectural glass	Consumption	thousand tonne	20.5	26.1	21.0
	Consumption intensity	rounded to four decimal places tonne/tonne	0.0337	0.0524	0.0460
Total	Total consumption	thousand tonne	97.0	98.1	98.2

The Group considers using materials that can be recycled, giving priority to environmental-friendly materials, using less materials, and minimizing the impact of packaging materials on the environment during production and processing and after the packaging materials are disposed of. Some industrial parks have implemented film-free bare packaging to save packaging and labor costs since 2021. In addition, the main packing materials of float glass, automobile glass and architectural glass are wooden cases and metal frames, especially encouraging the use of reusable metal frames, and suitable wooden cases will also be reused. Therefore, the overall packing materials were decreased as compared to that in the previous years and other packaging materials include rainproof film, duct tape, adhesive tape and kraft paper amounting to approximately 4,266.4 tonnes, which accounted for 4.3% of the overall packing materials.

SOCIAL

OUR ACHIEVED SOCIAL GOALS IN 2023

Goals	Degree of completion
<ul style="list-style-type: none"> • No general fire and explosion accident • No major or more serious production safety accident • No serious factory vehicle accident • 100% pass rate of work safety standardisation certification on all systems • 100% completion of safety training by safety committee office as planned 	<p>No general fire and explosion accident</p> <p>No major or more serious production safety accident was not fulfilled</p> <p>No serious factory vehicle accident</p> <p>Work safety standardization certification on float glass systems is basically completed</p> <p>100% completion of safety training by safety committee office as planned</p>

OUR GOALS FOR 2024

Goals

- ◆ Rectify all safety hidden dangers
- ◆ To complete the bi-annual specialty safety inspection of industrial parks
- ◆ No major or more serious production safety accident
- ◆ Rectify all issues discovered by the surveillance centre

CREATING A MORE EFFICIENT AND TRANSPARENT WORKING ENVIRONMENT FOR EMPLOYEES

"Facing the market pressure together and strive to enhance the level of profitability for the Group, in order to strive for a deep bonding between Xinyi's business managers and Xinyi."

Xinyi Glass regards talents as its most valuable treasure. Xinyi Glass strives to provide continuous improving working conditions, competitive benefits and remuneration package and an effective training system to nurture talents. All employees are treated equally, and the hiring mechanism does not evaluate ability by diploma or compare contribution by qualification. Fair, just and reasonable opportunities are also given to everyone for individual growth, in order to build a platform where they could showcase their talents, so that we could attract, nourish, reward and retain talents with competency, high quality and international exposures, making them become Xinyi's "**business managers**".

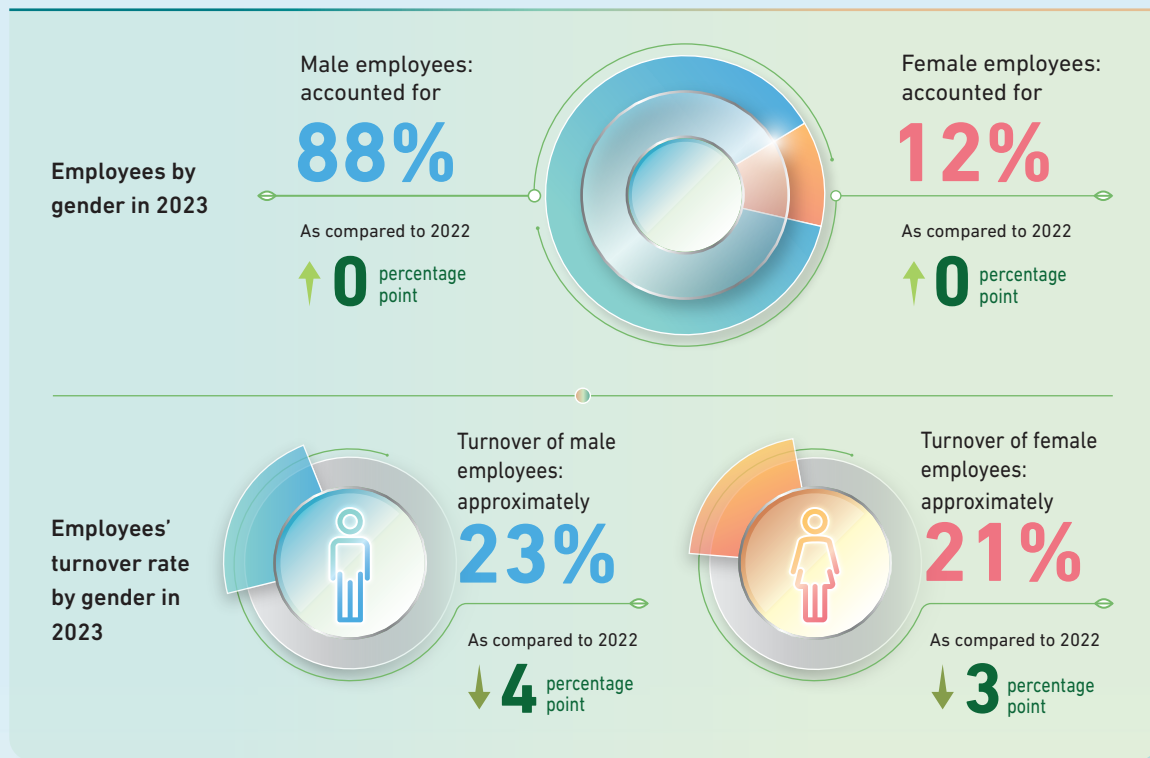
All the industrial parks of Xinyi Glass in the PRC have complied with the relevant labour laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Law of the People's Republic of China on Protection of Minors and the Law of the People's Republic of China on Protection of Women's Rights and Interests, and in Malaysia Industrial Park has complied with the Malaysian Labour Laws as the basis for handling the entering into and termination of labour contract, labour compensation, labour dispute settlement, social insurance premium payment, social insurance benefits, social insurance dispute settlement and so on.

While developing the Recruitment Management Procedure, the Group strictly complies with the Labour Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labour, the Law of the People's Republic of China on Protection of Minors and the Malaysian Labour Laws and the local legal requirements in the places where its businesses are located. For example, the Recruitment Management Process and the Malaysian Personnel Management System – Recruitment stipulate the division of labour in the Company's recruitment management process. Recruitment channels mainly include campus recruitment, recruitment through intermediaries, internal staff recommendation, etc. Internal guidelines have been established for all kinds of recruitment to ensure that all people are given a fair opportunity to apply for the jobs, in which suitable candidates are hired. The Group prohibits the use of child labour or forced labour. At the time of recruitment, the Group's recruitment team will review the resumes, cover letters and ID cards. When reviewing the resume of a job seeker, the educational background, working experience, and overall background will be checked if they match the job requirements. When reviewing resumes, the recruitment team will observe the following points to ensure better screening of potential candidates, including reasons for changing jobs, term of service for former employers, etc. For new employees with tertiary education or above, the Group will check the authenticity of their qualifications through the inquiry platform and print out the results and file with their résumés for categorization. If there is any doubt, the recruitment team will check with the relevant government authorities. In case of any violation, the recruitment team has the right to suspend the next recruitment procedure and blacklist the related person to avoid him/her from entering the Company for job application next time. To ensure staff health and safety, forced labour is strictly prohibited and no staff can start working before the completion of the relevant training.

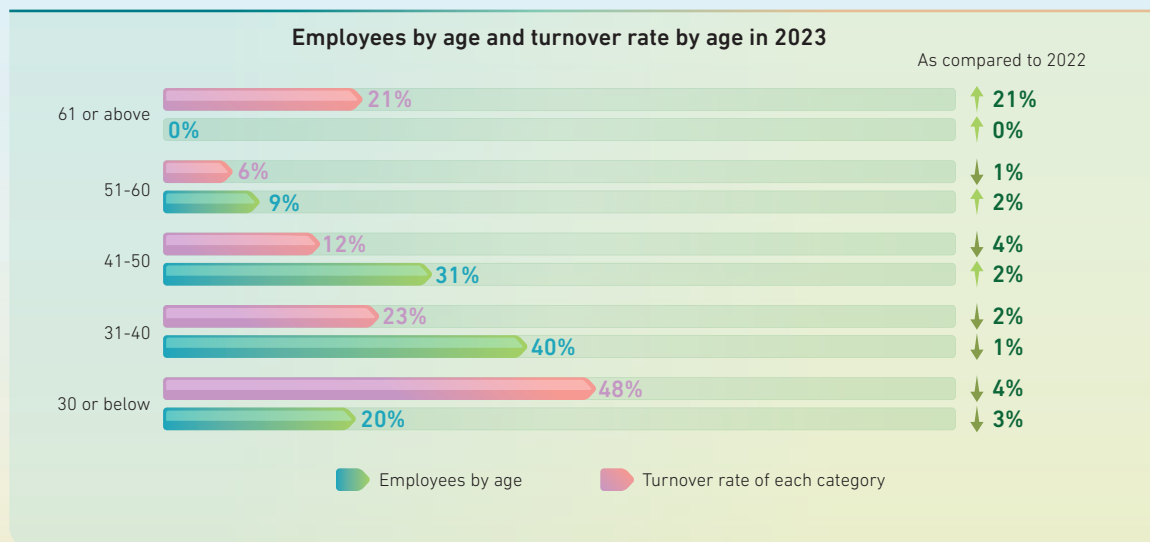
In terms of dismissal, the internal Employee Handbook clearly explains the various situations in which the Group will terminate the labour contract and other handling methods, while the Personnel Management System and Malaysian Personnel Management System – Dismissal states the procedures which should be carried out by the Group or the responsible executor, and the right of the affected employee upon the termination of labour contracts, so as to ensure that the Group treats each employee equally.

No part-time employees are employed in 2023, and all are full-time employees. As at 31 December 2023, the total number of employees was 15,816. Male and female proportion is consistent with that of 2022, which were 88% and 12%, respectively. Most of the employees belonged to the 31-40 age group, accounting for 40% of the total, which approximate to that of last year, and distributions by geographical region were 44% and 56% for local and non-local employees, with an increase in local employees. The full-year employee turnover rate was approximately 23%¹, representing a slight decrease of 4 percentage points as compared with 2022, details of employees by age, gender, region and rank are set out in diagrams a, b, c and d below.

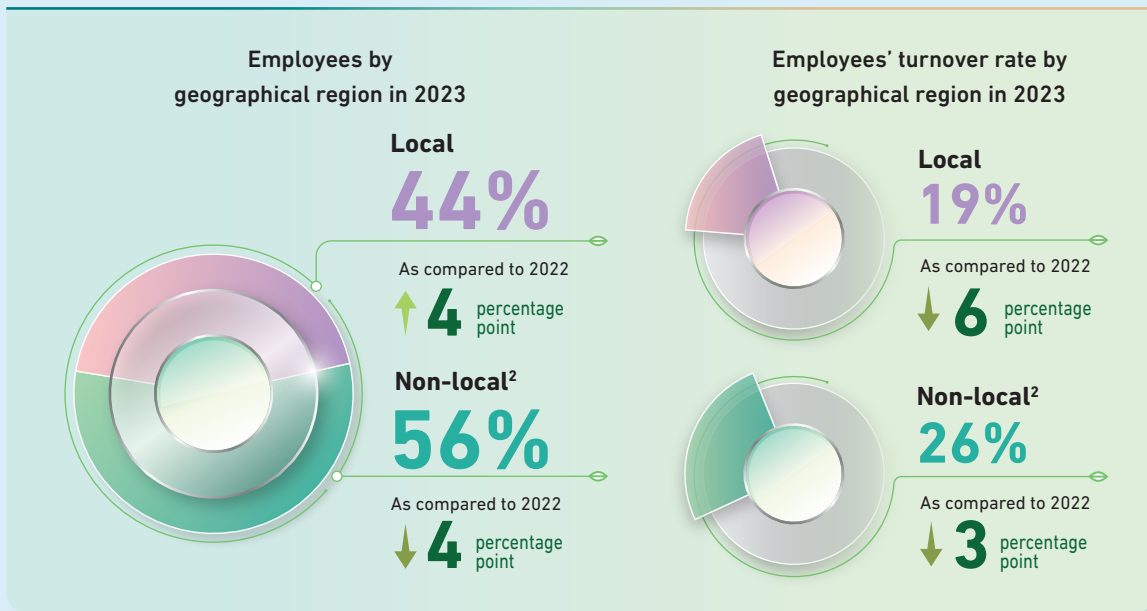
a. Diagram of employees and turnover rate by gender



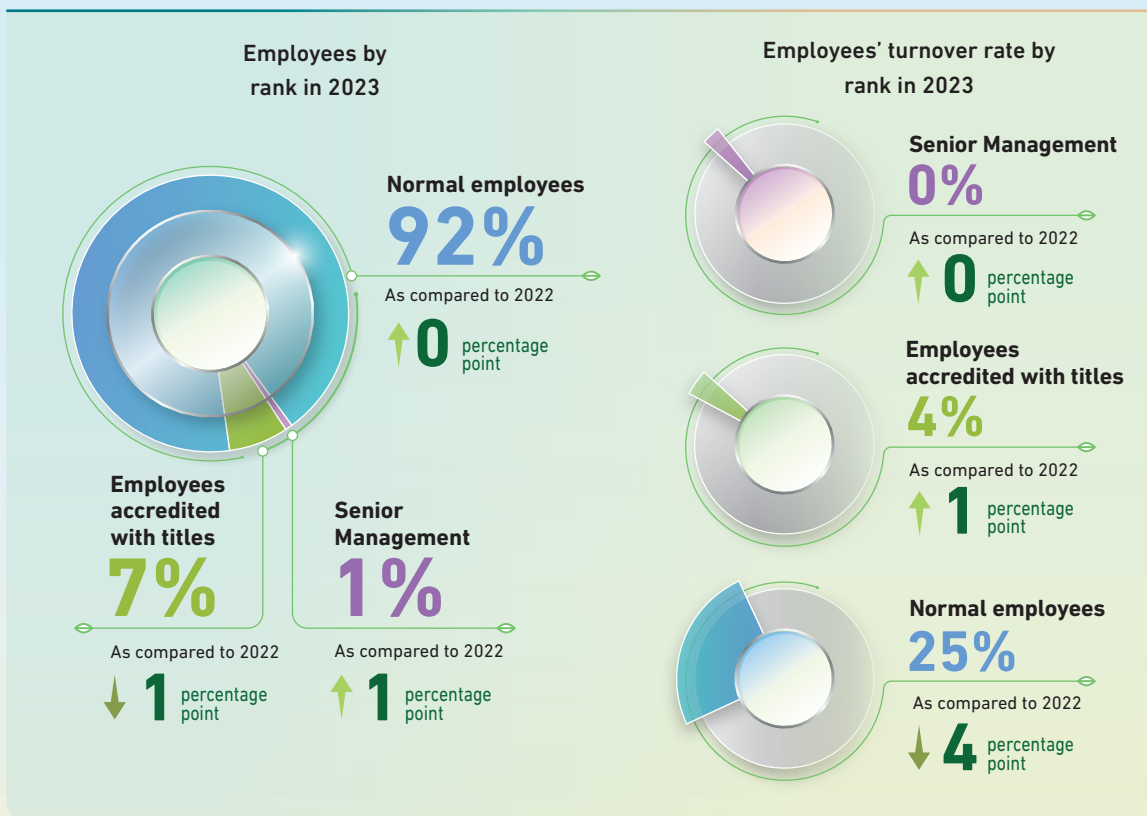
b. Diagram of employees and turnover rate by age



c. Diagram of employees and turnover rate by geographical region



d. Diagram of employees and turnover rate by rank



¹ Turnover rate by each category = number of employees resigned in such category/total number of employees in such category * 100

² In the case of the Guangdong Industrial Park, employees from outside Guangdong are counted as "non-local" employees

Xinyi Glass has set up procedures such as the Remuneration Management and Adjustment Procedure for the Group, Remuneration Formulation and Accounting Procedure and Malaysian Personnel Management System – Remuneration, providing the employees with attractive remuneration and benefits. Staff's remuneration package, comprised of basic salary, rewards and accountabilities, is adjusted for factors such as the Company's results, the value of the employee's position, personal competency and performance, and social development level, etc. At the same time, the Group provides them with meal allowances, housing benefits, subsidies for high temperature, transportation and communication allowances. Remuneration and benefits are calculated by the same means regardless of employees' gender, age group and ethnicity, so that all employees may enjoy similar average pay and company benefits.

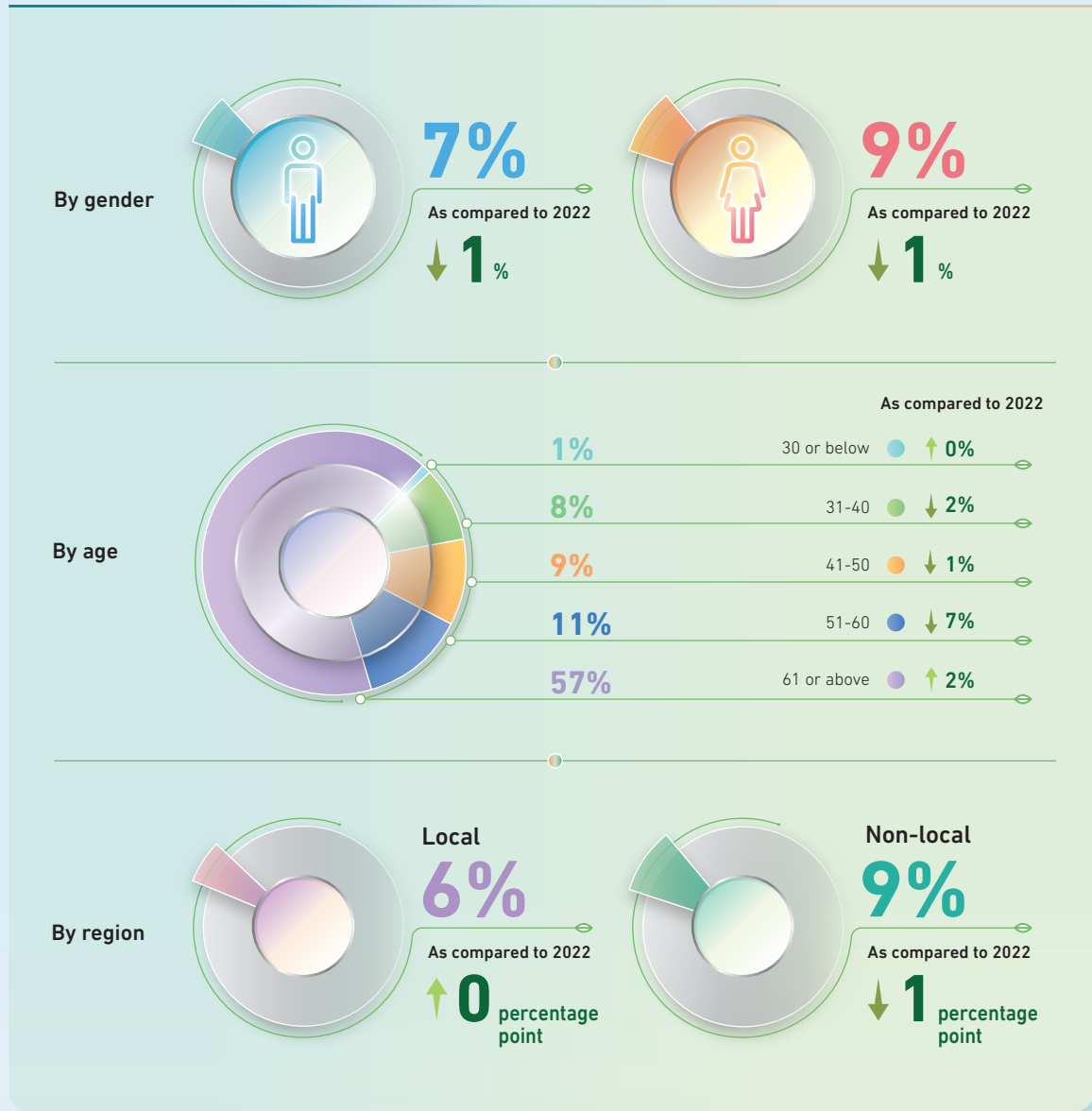
In addition to formulating the Personnel Management System and the Promotion/Demotion Management Procedure as the internal guidelines for general talents management, the Group has established reward systems such as Management System for the Internal Title Accreditation of the Group, Patent Reward System and Incentive Scheme to encourage professional personnel to study their business and enhance their skills. The internal title accreditation is carried out once a year. Upon the submission of materials and review on the daily performance, the employees are broadly divided into three levels, junior, middle and senior, so that the employees with adequate experience and capability will be actively provided with the same level of benefits. Staff members who have been internally accredited with titles, managerial duties and titles, or the long-service employees or specially recruited staff members are entitled to the Company's share options. In April this year, the Group obtained the "independent assessment right for professional titles of materials-related professions" in Wuhu, which was granted by the Wuhu Municipal Bureau of Human Resources and Social Security. During the first assessment this year, 17 socialised intermediate titles and 125 junior titles were accredited, opening up new avenues for the Group's cultivation and use of skilled personnel.

Employees accredited with titles accounted for 7% of the overall workforce in 2023, representing a decrease of one percentage point as compared with last year. Male employees accredited with titles accounted for 7% of their gender, while female employees accredited with titles accounted for 9% of their gender. About 9% of female employees are senior management or accredited with titles, higher than that of male employees. The 61 or above age group is with the highest proportion of senior management or accredited with titles, 57% of the employees from this age group are senior management or accredited with titles. There was 3% more of non-local employees to local employees.

This demonstrated that the Group takes a fair view of each employee when awarding titles, not affected by gender, geographical region and age.



Particulars of Employees Accredited with Titles or Senior Management in 2023



The Group has contributed to the social insurance and purchased work-related injury insurance for employees working in the domestic factories in accordance with the Social Insurance Law of the People's Republic of China and the Regulation on Work-Related Injury Insurances.

Xinyi Glass strictly complies with working hour limit and holiday requirements under the Labour Law of the People's Republic of China, the Employment Ordinance, the Regulation on Public Holidays for National Annual Festivals and Memorial Days, Provisions of the State Council on Employees' Working Hours, the Malaysian Labour Laws – Working Hours as well as the respective applicable employment laws and regulations in the overseas locations and the legal requirements of the places in which it operates. All industrial parks in China implement an eight-hour working system from Mondays to Fridays, while production departments implement a shift system. Employees enjoy statutory holidays and paid leaves, such as marriage leave, funeral leave, maternity leave, and paternity leave, etc.

To continuously improve the working and living environment of our staff and enhance their welfare and treatment, the Group conducts quarterly questionnaire surveys and scores on various aspects such as canteen, accommodation, security and environment, with a view to improving the relevant conditions and enhancing our employees' belonging of our staff to the Company. The relevant score will affect the performance of the responsible department and make the department pay more serious attention to the views of the questionnaire. The overall questionnaire scores for 2023 achieved the goal and are satisfactory with all sections scoring 80 or above except for the canteen section, but we witness an improving score for the canteen which achieves a satisfactory level. In the meantime, during 2022, the "Xinyi Group Issue Inspection Group" has been set up, establishing a direct channel for all Xinyi staff and external units to provide their opinion and feedback, thus continuously enhancing the internal management and the responsibility of management personnel of the corporation, and to facilitate the efficient completion of each key projects, in order to build a better working environment.



WELL-ORGANISED LABOUR UNION

Xinyi Glass cares about staff's social life after work. According to the Labour Union Management System and Malaysian Personnel Management System – Diversify set up by the Group, each industrial park has established a labour union, which possesses a complete structure with members including a chairperson, a treasurer, a coordinator, etc. Various groups have been set up under the union to ensure its orderly operation. Through transparent and democratic management, the labour union organises various activities that benefit the employees' well-being. Meanwhile, they also strengthen the communication between the Company and the employees as well as negotiating for the benefits to raise the employees' sense of belonging. In the past 12 months, there have been no major disputes or negotiations between employers and employees, and the labour union has always been concerned about the needs of its employees.

In response to the increasingly fast pace of life, Xinyi Glass encourages its staff to achieve work-life balance. The labour union organises medical check-ups and travel tours for the eligible staff and holds various fun afterwork events such as entertainment and recreational activities including birthday party, football and basketball match, Chinese New Year celebration, National Day celebration, etc. At the same time, the Group organises an open day for family activities to integrate employees into the Group's culture. There are different cultural and daily facilities in the industrial parks, such as library, basketball court, football field, badminton court, snooker room, table tennis room, cyber cafe, TV room, karaoke room, fitness room, medical room, kiosk, tuck shop, staff canteen, etc. Investments in various kinds of facilities are expanded to well perform their maintenance and management, enriching the life and enhancing the interaction of staff members outside the eight working hours.

"Xinyi Education Fund" was established by the Group in 2017. Managed in accordance with the Xinyi Education Fund Management Code, the fund provides our employees' children with education assistance. The results of the application are posted for one week. The fund paid more than RMB1.948 million and benefitted a total of 487 eligible children of our employees in the year of 2023, the number of beneficiary and fund paid are both higher than those of 2021. Since its establishment, the Education Fund has disbursed RMB11 million to 2,753 children of Xinyi employees, pursuing their dreams of going to university. 90 children of Xinyi employees are now working in Xinyi and have become members of Xinyi, realising a wonderful two-way journey.



ACTIVITIES ORGANISED BY LABOUR UNION IN 2023 (EXCERPT)







HIGHLIGHTS OF THE 35TH ANNIVERSARY CELEBRATION







TALENTS ARE OUR MOST VALUABLE RESOURCES

“Xinyi insists ‘internal nurturing as the prime direction of nurturing core talents’, and requests all systems to revitalize the existing human resources.”

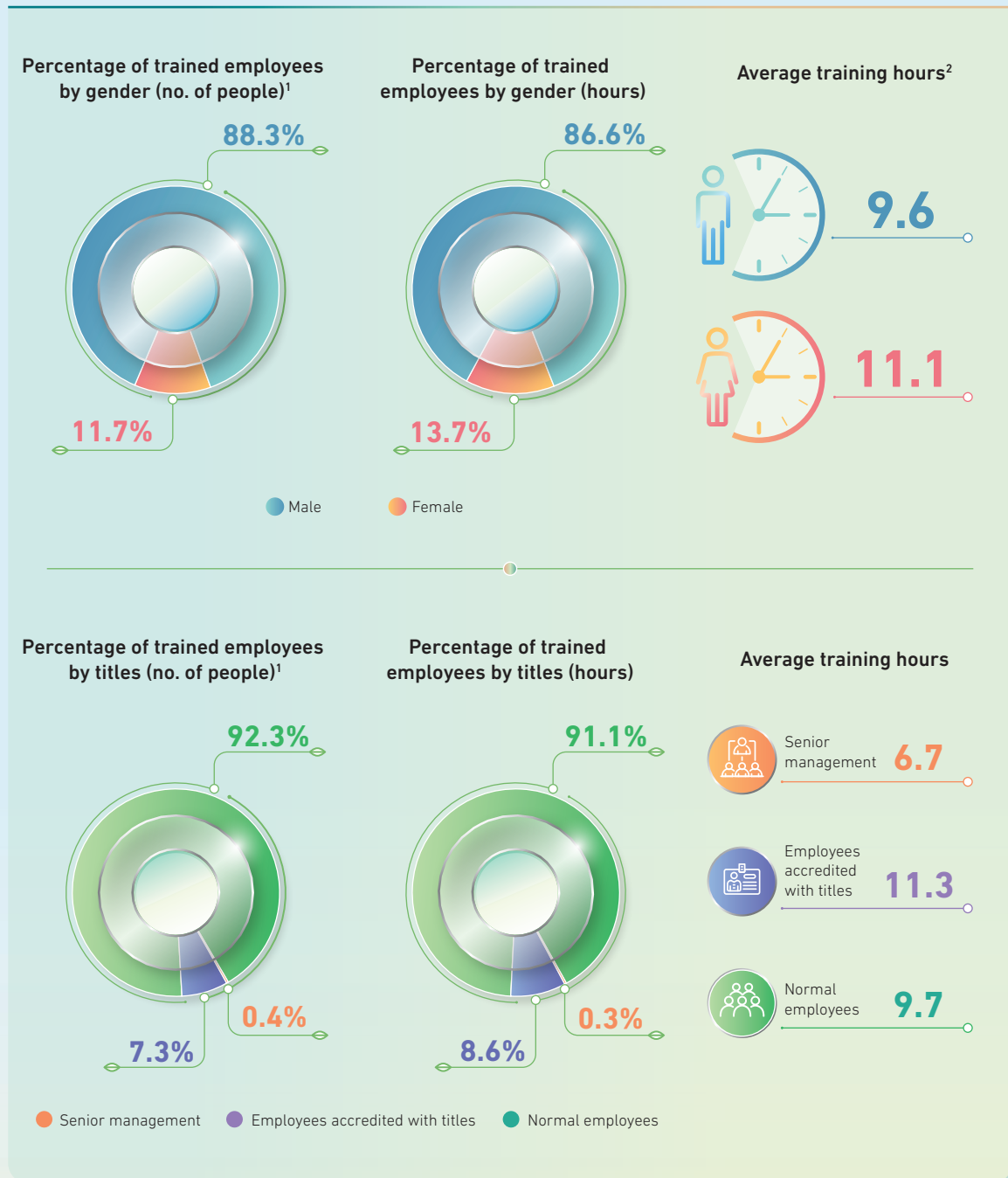
Xinyi Glass is committed to “deploying”, “nurturing” and “retaining” human resources, which is an intangible asset of the Company. The Group adheres to the principle of “internal nurturing” and adopts the “rolling in and out” approach to carry out circular training, which means that once a reserve talent is lost, promoted, transferred, etc., the talent pool will be replenished in a timely manner, including the training plan for management cadres, the talent echelon construction plan, the multi-skilled workers cultivation plan and other plans. In addition to the development of nurturing plans and training programs, the Group also has a dynamic management of the reserve talent pool to determine whether the employee will be promoted through different assessments.

Furthermore, based on the internal Training Plan Management Procedure, the Group has established an annual training plan, which is mainly divided into internal lecturer training (which is taught by senior employees internally accredited with titles) and external training. It is managed according to two processes, namely Internal Lecturer Evaluation and Management Process and External Training Management Process, respectively.

In 2023, a number of training programmes were held on different topics and a series of trainings with the theme “safety” were arranged, these include Drill on Emergencies of Social Security Nature, Training on Pre-cautionary Knowledge on Communications Fraud, Case Studies on Work-related Injuries, Training on Management of Hazardous Chemicals. Other training programmes held are focus on work specialty, which include Training on Insulation Production Techniques, Procedures and Troubleshooting for Air Compression Stations and The Operation of Coating Line Servicing, and also career skills, including Labour Law (Employment Risk), Training on Work Planning, Training on ISO-related Issues, and Training on Environmental and Energy System. Diversified training content enables employees to acquire work-related knowledge as well as developing their personal ethics and character and nurturing their problemsolving abilities. The comprehensive training resources and the learning environment enable the staff to learn more efficiently, helping them to innovate constantly and preparing a pool of talents for future development.

In 2023, the Group’s total number of training hours amounted to 154,524 hours and the average number of training hours per employee was approximately 9.8 hours. The percentage of employees trained was 100%. The annual cost for training amounted to approximately RMB2.075 million. By rank and gender, for the percentage distribution of each category, please refer to the diagram below.

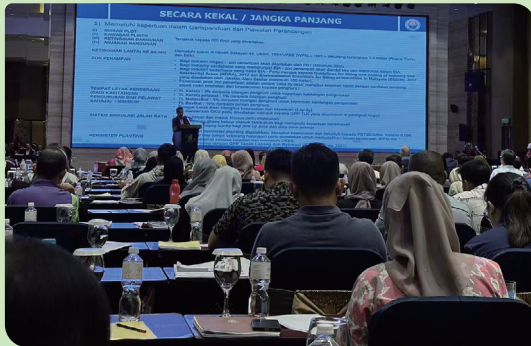
Ratio diagram of trained employees by gender



¹ Employees by relevant category = number of employees trained in category x/employees trained * 100

² Average training hours for the relevant category of employees = total training hours for the specific category of employees/number of employees in the specific category

TRAINING ACTIVITIES IN 2023 (EXCERPT)







HOLD FASTING THE “SAFETY” BOTTOM LINE

“To achieve the ‘Four Principles of No Harm’ and strengthen the supervision and inspection of safety committee office”

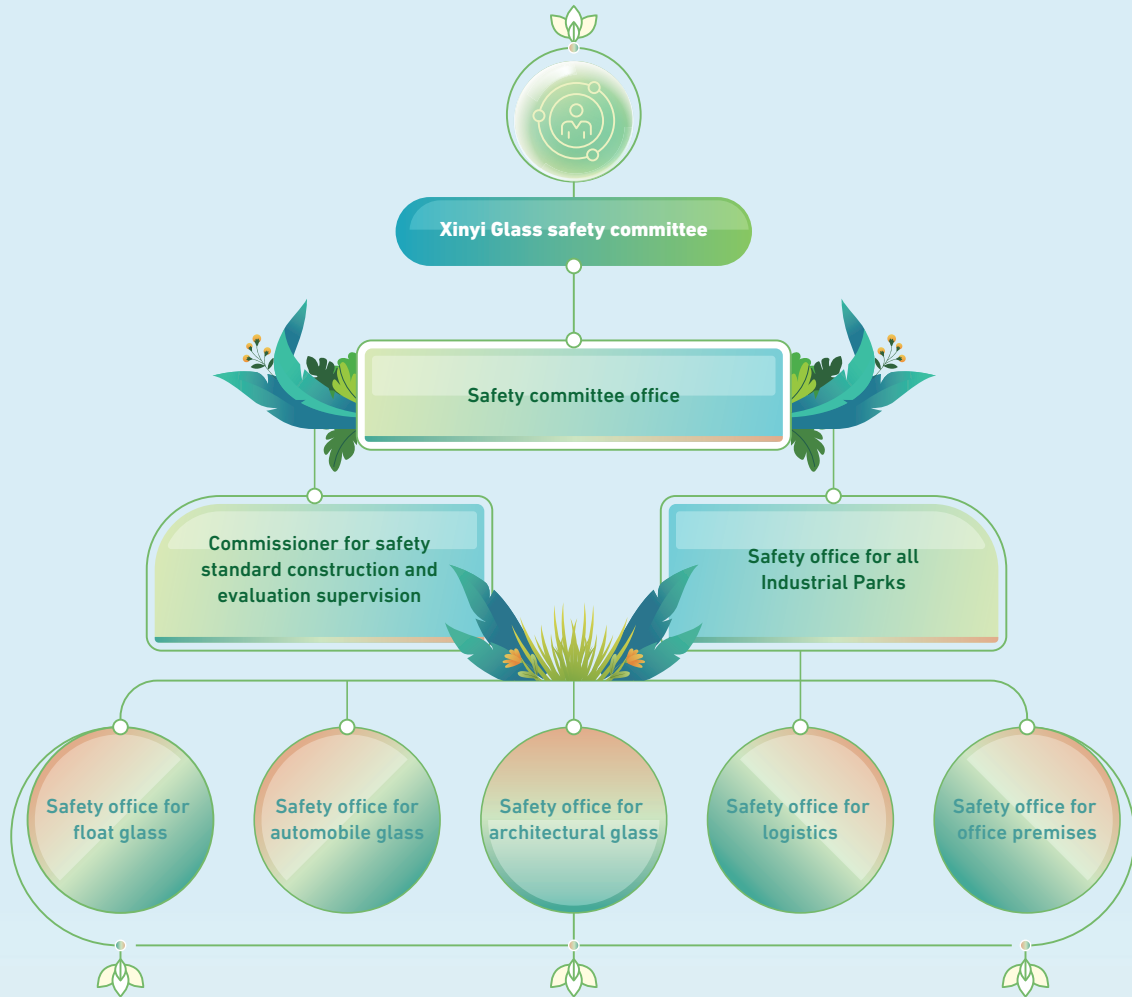
Xinyi Glass proposes “safety is the overriding priority” rationale, and has formulated the Safety Management Manual, the Safety Management System, etc. as the internal operating procedures in accordance with the Law of the People’s Republic of China on Production Safety, the Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Incidents, the Regulation on Emergency Responses to Work Safety Accidents, the Occupational Safety And Health Act 1994, the Measures for the Administration of Withdrawal and Utilization of Safety Production Fund for the Enterprise, and other relevant laws in the various regions. Also, the Accident Reporting Process, the Work-related Injuries Handling Process and the Emergency Plan for Production Safety Accidents, Risk Identification and Assessment Report, Emergency Resource Investigation Report have been prepared after the occurrence of accidents.

Our industrial parks have obtained the certification of ISO45001 occupational health and safety management system.

“Safety Production Month” was held in 2023, which inspected 1,294 hidden issues, and 99% of these issues have been rectified.

476 contingency drills were held and more than 9,670 staff participated. The number of drill increased by 59% as compared to 2022, while the number of participants increased by 2%.

ORGANIZATION STRUCTURE OF XINYI GLASS SAFETY COMMITTEE



In 2021, the Group established Xinyi Glass safety committee (hereafter referred to as: Xinyi Glass safety committee) and Xinyi Glass safety committee office (hereafter referred to as: Xinyi Glass safety committee office) in accordance with the Law of the People's Republic of China on Production Safety, to promote safety management concept of "people-oriented, caring for life, cherishing health" based on the "red line" principle that safety is the overriding priority, which effectively prevented production safety accidents and improved level of systematic management of safe production. Being the leading and decision-making institution of safety management of Xinyi Glass, Xinyi Glass safety committee is supervised and authorized for implementing specific works by chief executive officer of Xinyi Glass. The specific works include safe production target, staffing level and qualification and capability nurturing, projects implementation plan and detailed scheme and work management strategy adjustment. Xinyi Glass safety committee formulated safety assessment scheme for supervision and inspection, rectified and improved measures through examination, supervision and guide, safeguarding the effective implementation of safety management target and plan, consolidating and refining original work of safety office, thus satisfying safety management principles of "safety first, laws and regulations compliance, planning and coordination, hierarchical administration, local responsibilities, full participation, diligence to duty".



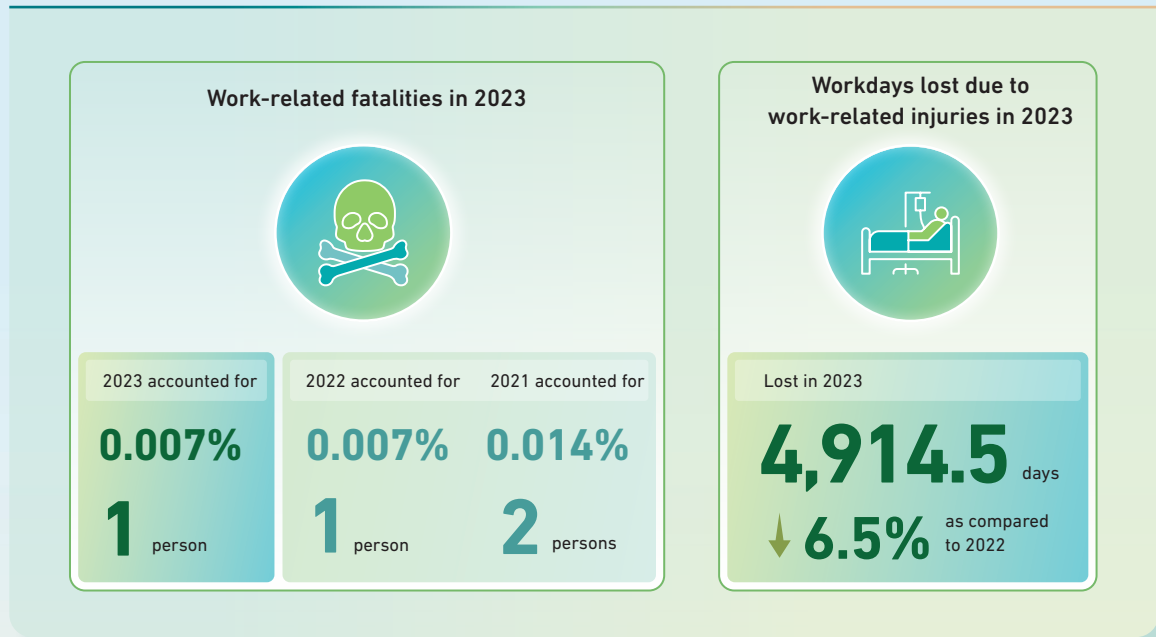
The Safety Office takes full responsibility for the Company's safe production management and promotes implementation of work arrangement of Xinyi Glass safety committee and safety committee office. It is responsible for safety management on personnel within working scope and daily management on fire safety and occupational health. It keeps effective communication and coordination with local emergency management, fire safety management and occupational health management departments and safeguards investment in safe production and emergency management. In addition to conducting conclusion and deployment for current safe production work through regular meetings and seminars, it organizes and participates education, training, and emergency rescue drill of safe production. Meanwhile, it will patrol production situation of industrial park, put forward highest potential safety hidden dangers and correct those default operation. It will strictly supervise "three violations" and follow principle of "four necessary focuses" (四不放過), to organize or participate in investigation and analysis, find out reasons and provide suggestions and improvement measures for relevant behaviors and problems.

In case of safety accidents during production, production safety accidents due to non-compliance operations, violation of regulations, violation of labour discipline, risky operations, etc., or production safety accidents due to poor working environment, absence of rectifications on equipment safety hazards, and non-elimination of adverse factors, etc., the Group will rank the direct economic losses caused by accidents (excluding work-related accidents) and work-related accidents, which will be handled according to the grades from "minor production safety accidents" or "minor work-related accidents" of level I to "special major production safety accidents" or "special major work-related accidents" of level V. If there are "major production safety accidents" or "major work-related accidents" of level III, officers from the Safety Office will conduct investigation and submit to the management for confirmation. If an accident reaches level IV or above, the person in charge of the safety production committee will form an independent investigation team consisting of personnel from different systems and professionals and make a final opinion on the accident.

For employees working at the production workshops, the Group equipped them with protective helmets, dust-proof masks, safety gloves and safety shoes, etc. There are also safety slogans and relevant warning signs placed around its industrial parks. Pinpointing some special risk stricken area, there are different warnings placed. For example, there is dust occupational hazard notification card placed at raw material workshops and high temperature occupational hazard notification card placed in front of the furnace to remind employees of the relevant risks so that they can prepare themselves with different levels of protection. In addition, real-time surveillance and monitoring has been installed and emergency response measures have been in place in flammable or explosive sites and toxic and hazardous premises such as natural gas rooms and petrol stations. Large-scale auxiliary tools with high usage such as trucks and forklifts are regularly inspected and examined to ensure their proper operation.

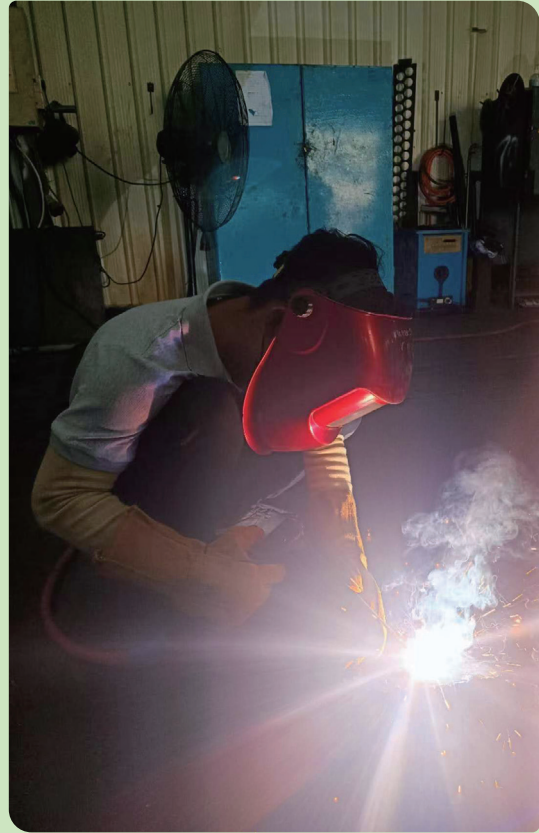
The Group formulated monthly performance assessment system by designated safety officer since 2022. The implementation of daily key works of each industrial park are being tracked monthly, and each company are instructed on commencing works and formulating work requirements through regular meeting organized by the safety committee office of the Group. By integrating the monitoring and inspection carried out in previous stages, in the same year, the safety committee office of the Group amended The Details on the Management and Assessment of the Works of Designated Safety Officer, and published Monthly Performance Assessment Form for Designated Safety Officer and Key Working Requirements on the Monthly Safety Management of the Safety Committee Office of the Group. Works are carried out around five aspects, namely incident management, safety training, the elimination, inspection and handling of hidden dangers, contingency management and work deployment, details of assessment are formulated and designated safety management personnel are urged to implement daily safety management works.

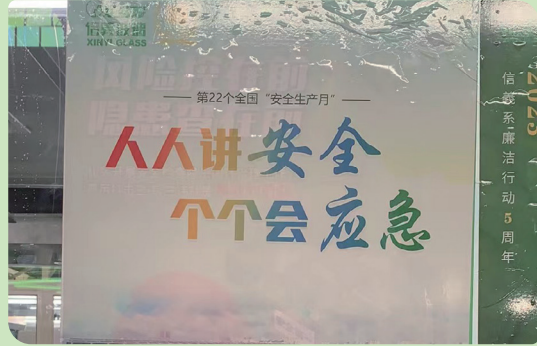
The Group also conducts annual welfare-based physical check-ups for the staff and occupational health checkups for personnel who are exposed to occupational hazards to ensure their health. All the new employees need to take 3 levels of pre-job training, accident case study and regular training, so that new employees have the safety awareness of their scope of work. For the existing staff, they are required to watch accident demonstration videos and sharing of accident case studies where appropriate for the safety knowledge. The Group also conducts fire and other emergency drills every year to equip all the staff with the necessary knowledge for handling emergency crisis. Smoking is strictly prohibited in the areas of both office and production workshops in order to create a healthy, safe, clean and comfortable working environment.





SAFETY IN WORKSHOP







TO CREATE VALUE FOR CUSTOMER CONTINUOUSLY

“All people from Xinyi focus on ‘quality, service and price’, and to strive for constant improvement in order to create value for customer continuously.”

Xinyi Glass is committed to producing quality glass and attaches great importance to product quality and reputation. All products are produced in accordance with national standards and laws, including the National Standard for Flat Glass, National Standard for Coated Glass, National Standard for Tempered Glass and Emission Permit, etc. The Group has developed an internal Quality Control System for inspection and has successfully obtained various domestic and international certifications, including ISO14001, ISO45001, ISO50001, UK BSI certifications, SGCC certification for North America, ARAI certification from India, US DOT standard, Australian SA certification, European Community ECE standard and China 3C standard, etc. We have also purchased liability insurance for our products. In the past, the Group was awarded the China Quality and Integrity Enterprise by the China Entry-Exit Inspection and Quarantine Association, China Well-known Trademark by the Trademark Bureau of the State Administration for Industry and Commerce, and Shenzhen Famous Brand by the Shenzhen Famous Brand Committee, etc. The Group has been recognised as Excellent Supplier, Excellent Cooperation Partner and Strategic Partners by many customers, which proves the high quality of the Group’s products and the good business relationships with our customers.

The Group received a total of 7,823 complaints and feedback on products in 2023. Internal guidelines such as the Customer Complaint Handling Routine, the Quality Complaint Handling Routine and the Product Management Procedure for Customer Returns have standardised after-sales service procedures. Upon receipt of a complaint, the complaint will firstly be verified and confirmed, and if due to customer misuses or does not know the relevant characteristics of the product, it shall be explained to the customer to eliminate the customer’s concern. In case of confirmed non-product issues, will explain the handling results to the customer, and let the customer to understand and satisfy; if it is confirmed a product issue, it will be categorized into general complaint or serious complaint. If it is judged that the product is not up to standard, we will deliver new products to customers. The complained product problems are reported back to the relevant production department, and the problems are analyzed and rectified, quality analysis meetings on complaints are regularly held, process improvement are conducted, relevant personnel are trained and at the same time, the effectiveness of related measures will be tracked to avoid the same problem again. In addition, according to the Customer Satisfaction Survey Management Procedure, satisfaction surveys are distributed to customers twice a year to understand their opinions on goods and services. At the same time, our sales staff will also rate objective factors such as on-time delivery, customer complaint rate and return rate in order to continuously improve our services and product quality.

Products recalled due to quality issues in 2023 (in terms of quantity) accounted for approximately 0.06% of the products sold, representing a decrease than that of 2022, mainly due to breakage, scratches, burst edges, etc. Before shipment, final inspection is carried out on all goods by the quality control department according to the standards required by the customer and under the Quality Management Procedure. In addition, the internal procedures of Product Audit Management Procedures and Quality Record Management Procedures can effectively guide the product audit work in the Company, ensure the orderly development of the audit work, and reflect the system problems, key problems and longer-term quality trends through the audit in a timely manner to avoid or prevent defective products from being delivered to customers. At the same time, the internal Product Identification and Traceability Management Procedures enables employees to identify product specifications, models and production status more quickly, and facilitates the tracing of quality problems in the processes of receiving, production and delivery of products, so that problems can be detected more quickly.

The Group has formulated relevant internal policies for the protection of customers' and their companies' information in accordance with the Archives Law of the People's Republic of China, including the Customer Property Management Procedures, Document Management Procedures, New Customer Account Opening Procedures and Procedure for Protecting Confidential Information and Ownership of Client. All information and files will be managed and stored at different levels, and the file management personnel must be trained to learn relevant knowledge. Without the consent of the customer, the design drawings and product drawings cannot be borrowed or copied to others. In addition, the process of verification, storage and maintenance of customers' and suppliers' properties is under control and in strictly confidential manner to prevent damage or loss and to standardize and manage customers' properties in a unified and effective manner.

The Group attaches great importance to the protection of intellectual property rights, has continued to follow up on compliant cases of infringement of the Group's intellectual property rights. The Group has set up a reporting phone number and email address to encourage the public to report suspected infringements, and all complaints are always followed up by the department. On the other hand, the Group incorporated the patents obtained into the employee's title assessment, and all successful patents will be rewarded with a one-time bonus to the employees as an incentive. The Group successfully applied for 1,207 patents in 2023, a significant increase of 17.4% compared to last year. In addition to demonstrating the Group's commitment to the protection of intellectual property rights, the Group also educates its employees on the importance of intellectual property rights.

SAFEGUARDING AND MANAGING THE INTERNAL SUPPLY CHAIN

"THE GROUP SHALL CONTINUOUSLY IMPROVING THE LEVEL OF SAFETY AND STABILITY OF THE SUPPLY CHAIN INTERNALLY"

Xinyi Glass has developed and implemented the Procurement and Outsourcing Management System, the Supplier Integrity Agreement, the Supplier Delivery and Outer Packaging Management Process and the Supplier Development and Management Program and other related processes for all potential and existing suppliers, all suppliers must be monitored by Supplier Management Process, and their non-quality system elements are being regularly assessed, which include system elements involving environmental elements. Among which the material suppliers of automobile glass are required to pass ISO9001 certification and the Group attaches increasing importance to green development and prefers to give priority to those with quality system, environmental system and other related certifications to ensure the normal operation of production, lowering the procurement cost and improve supply chain management, aiming to carry out standardized and professional procurement on the Group level to achieve resources sharing and the allocation of materials across the companies. All procurement activities involve the signing of agreements and contracts, and the performance of the contracts is strictly monitored, and the payment of funds is strictly controlled.



SUSTAINABLE SUPPLY CHAIN

Selection process for new suppliers

Potential suppliers are managed by the Supplier Development and Management Process. After receiving information on new supplier development, the procurement staff will conduct investigation, on-site audit, review and rectification, and development of sample presentation on the newly developed suppliers before they are finally included in the operation process of qualified suppliers.



Suppliers' commitments to the Group The commitment rate of suppliers is **100%**

All qualified suppliers are required to comply with the internal guidelines such as Supplier Management Process, Checklist for Quarterly Assessment for Suppliers and Standards on Regular Assessment on Qualified Suppliers, and are required to sign the Code of Conduct of Supplier to commit to the Company that they:

- 1) compile with all national laws
- 2) strictly forbid forced labour, including zero tolerance towards child labour and slavery
- 3) support the fair employment system, such as adopting non-discriminatory measures and salaries paid is up to or higher than the local standards
- 4) allow the freedom of association
- 5) establish a safe and healthy working environment
- 6) not involved in activities that infringe intellectual properties
- 7) refuse to use conflict minerals, forbidding the use of materials manufactured or procured from Congo or perpetual countries or regions
- 8) must sign the Supplier Integrity Agreement of the Company, and conflict of interests, corruption and bribery are forbidden
- 9) must sign the Green Procurement Agreement of the Company, and comply with the environmental protection and emission standards of different locations



Periodic assessment on suppliers

All qualified suppliers shall be internally assessed by various relevant departments based on six main criteria of competence, business, quality, delivery schedule, service and quality system, in order to regularly update the supplier list and monitor the quality and consumption of raw materials, accessories and other materials.

Procedures on procuring from suppliers

According to the Procurement Management Process of the Company, during the procurement process, the procurement staff shall determine whether there are qualified suppliers meeting the material requirements, make inquiries with several suppliers from the qualified suppliers list that provide such materials, then list the strengths and weaknesses of these suppliers based on several criteria, and finally select the suitable suppliers and determine the purchase price. The contract (including the quotation) shall be submitted to the finance department to establish a procurement contract handover form with the finance department and shall also be signed by both parties for confirmation. If there is any change in the price, the supplementary agreement signed shall also be submitted to the finance department in accordance with the above requirement.



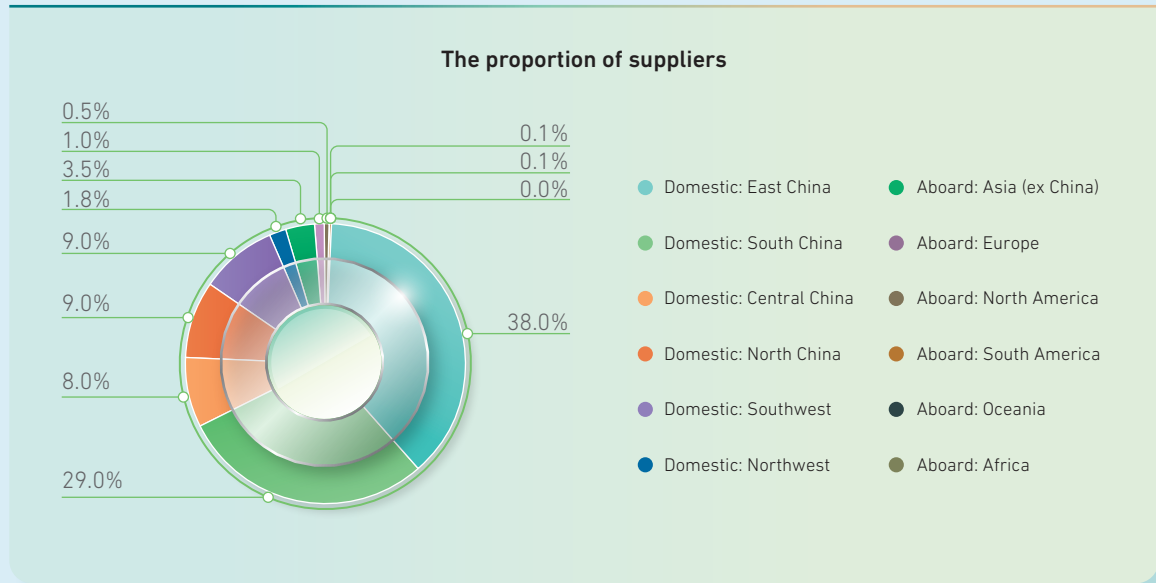
Additional requirements to specific suppliers

If the purchased materials are toxic, hazardous, flammable and dangerous, they shall comply with the requirements of relevant laws and regulations. The Group intensifies its monitor on those suppliers that pose potential risks to the environment, including hardware suppliers, rubber suppliers and composite material suppliers, all of which may cause water and air pollution, and the relevant suppliers are required to provide IATF16949 and ISO14001 certifications on a regular basis to prove their compliance with environmental standards.

A Transparent and Open Procurement Environment

As the Group aims to establish a sound anti-commercial bribery mechanism that remains effective in a long term, all existing and new suppliers are required to sign the Supplier Integrity Agreement. The Group is committed to establishing a transparent and fair procurement environment for suppliers, and suppliers are not allowed to engage in any form of bribery, and if it is found, the Group reserves the right to prosecute the relevant parties for commercial bribery offences. The Agreement also requires the supplier to undertake not to bid nor infringe the Group's intellectual property rights. Meanwhile, the Agreement provides a variety of methods for reporting corruption and other activities in order to create a clean and fair environment.

In 2023, the Group's suppliers were mainly domestic suppliers, accounting for 95%, while foreign suppliers accounted for 5%, the proportion of domestic suppliers has been decreased by 2% as compared to 2022. Both domestic and foreign suppliers will be screened and managed based on the above-mentioned procedures, and strict measures will be taken to ensure that all aspects of the supply chain are up to standard and safe.





THE STRICT RED LINE POLICY ON “CORRUPTION”

“CORRUPTION IS THE REDLINE OF XINYI AND NO ONE SHOULD VIOLATE IT”

Integrity is the redline of Xinyi that nobody can cross. The dedicated Xinyi Internal Control Centre directly managed by the Chief Executive Officer was established by Xinyi Glass to handle anti-corruption matters of the Group based on the “prevention first, supplemented by investigations” approach. Through a series of measures and audits, the Group exercised full effort in anti-corruption, advocating that all staff members should put the philosophy of integrity, honesty, fairness and compliance in daily lives.

STRENGTHENING THE ANTI-CORRUPTION MECHANISM

The Internal Control Centre has developed internal codes of Integrity System for Xinyi Employees and setting guidelines including Ethical Conduct Standards for Xinyi’s Staff, Top 10 Integrity Rules for Xinyi’s Staff, etc., as well as reward and liability systems such as Xinyi’s Whistle Blower Protection and Reward System according to the relevant laws and regulations of the PRC including Criminal Law of the People’s Republic of China – Bribe Taking Crime of Non-State Functionaries, Criminal Law of the People’s Republic of China – Bribery Crime of Non-State Functionaries, Criminal Law of the People’s Republic of China – Crime of Fraud and Criminal Law of the People’s Republic of China – Crime of Misappropriation of Public Funds. These encourage the suppliers, other collaborative units and Xinyi’s staff to supervise each other and actively report non-compliant matters such as corruption and duty crime, thereby protecting the legal rights of the enterprise and the employees. It is ensured that all staff members understand the significance of honest and ethical conduct and put it into action. In 2019, the Group set up the “Integrity Xinyi” on WeChat to promote anti-corruption and share important information. Staff can report, in ways of letter, email, telephone calls and WeChat, misconduct of any staff, including any breach of duty, dereliction of duty, abusing power for personal gains, receiving bribes, and encroaching company assets, to the Internal Control Centre, and the matter will then be handled upon investigation, collecting evidence, verification and drawing a conclusion in accordance with the Handling Process of Corruption Cases. Our strict systems show our zero tolerance towards bribery and corruption. In 2023, the Group identified and handled two cases of corruption, with the corresponding mechanisms.

In order to enhance the internal mechanism, the Group established the Xinyi Group Real-Name Whistle Blowing System for Corruption Cases in 2020. Employees whose employment contract was terminated because of the breach of the Xinyi Group Integrity Management System, providing or taking kickbacks or bribery, misappropriation and other work-related crimes, and whose cases were reported to the police with the enforcement of relevant measures and adjudicated, will be announced via intra-group emails and posting documents, as well as via the WeChat Public Account and the official website of the Group. This is to report to the society to raise the vigilance of the public. Upon approval by the senior management, the cases will be officially reported to industry association and our partners when necessary.

The new edition of the Management System of Conflict of Interest published by the Group in 2020 includes the scope of declaration, approval procedures for conflict of interest, as well as additional time requirement for the declaration of conflict of interest. This system is applicable to directors (including executive directors and non-executive directors), supervisors, senior management (including vice presidents, general managers, deputy general managers, assistants to general manager) and other personnel in key positions (including department manager, assistants to department manager, purchasers, warehouse keepers, salespersons, cashiers, custom declarers, human resources specialists, recruitment specialists, training specialists, back office managers, exhibition managers, all personnel of the Research Institute of Glass Production in Wuhu and other employees who need to declare conflict of interest), so as to maintain integrity and fairness in our work environment.

With a view to promoting the importance of integrity among the Group, the Internal Control Centre conducted integrity inspection and promotion in nine industrial parks in 2023, and conducted 19 integrity training programmes for more than 2,397 participants. The WeChat Public Account of "Integrity Xinyi" was updated with 29 articles, and the "Xinyi Integrity Handbook" was revised and published, as well as a promotional video on integrity and intellectual property protection was produced. The training programme was extended from normal employees to executive directors, helping staff to attach greater importance to the culture of integrity. A major breakthrough was made in the area of intellectual property protection with three cases reported.

Whistle-blowing methods are as follows:

1. **Follow the WeChat Public Account of "Integrity Xinyi" and choose to report online**
2. **By phone at 0553-2660777 or 15178586699**
3. **By email at 12388@xinyiglass.com**

Please watch the following video about integrity for further details of the Integrity Code:

<https://v.qq.com/x/page/u0818crpbeh.html>



ACTIVELY PARTICIPATING IN CHARITY ACTIVITIES AND GIVING BACK TO THE COMMUNITY

Since the foundation in 1988, Xinyi Glass proactively undertakes the responsibility of helping the poor and needy in the long term. The Company is committed to community and charity works, where its corporate value is striven to be brought into play. The Group makes donations enthusiastically in China for education, culture and health, transportation and environmental protection, poverty and disaster relief, social security, righteous and brave acts, etc. in philanthropy. As a member of the local community, Xinyi Glass always insists on the concept of giving back to society and plays an active role in public welfare undertakings. The Group has encouraged its staff to make positive contributions to public welfare, education, disaster relief and environmental protection with actions for the local communities. In accordance with the Management System of Request and Reporting formulated internally by the Group, the community organizations and activities on donation and sponsorship to be joined by each industrial park must be reported to the management committee of the Group or directors of the Company, and such activities could be joined only approval from management committee of the Group or directors of the Company is obtained. As COVID-19 pandemic subsided, the number and scale of community activities organised resumed back normal, increasing number of employees and hours in 2023 than 2022, recording a total of 2,544 employees and over 6,335 hours participating in community activities held by their Industrial Parks, including different types of activities such as Shenzhen Marathon, caring activities, basketball friendly match, flag selling day, career skills competition, etc. In 2023, the Group made charitable donations of more than HK\$3.01 million, such proceeds were utilised on children's welfare home, scholarship, and the donation of materials.

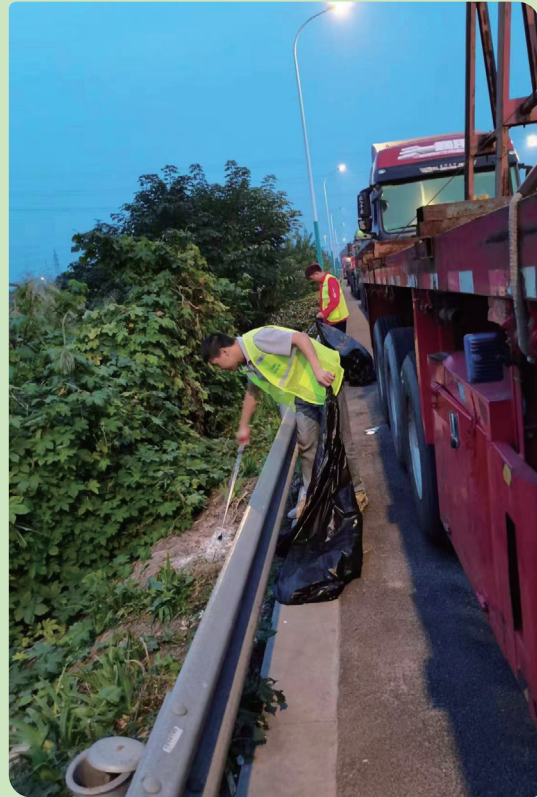
The Group's management advocates "Acts of Kindness" and has been donating money to various organisations in the community for many years, including the donation of RMB50 million to The Chinese University of Hong Kong (Shenzhen) by Dr. LEE Yin Yee, the Chairman of the Group, for campus construction and scholarships for underprivileged students in this year. At the same time, the Group's Executive Director and Vice President, Mr LEE Shing Kan, also took the lead in setting up and donating HK\$3 million to the District Services and Community Care Development Fund to help the needy in the districts.

Other than its external contribution, the **Caring Fund** under each labour union is operated in accordance with the Caring Fund Management Code 2017. Based on the main principles of "helping those in need but not the poor; transparency and openness; reporting to the superior level; collaborative decision-making", the fund assists the staff and their families who are in need and shows the spirit of mutual support. In 2023, more than RMB 1.56 million was used, benefitting 219 employees, the amount of donation and the number of beneficiary were higher than that of 2022.



PARTICIPATION IN COMMUNITY ACTIVITIES IN 2023





2023 AWARDED PRIZES (EXCERPT)

TIME OF AWARD	NAME OF AWARD/HONOUR	AWARDING BODY
February 2023	High and New Technology Enterprise	Department of Science and Technology of Guangdong Province Department of Finance of Guangdong Province Guangdong Provincial Office of the SAT and Guangdong Local Taxation Bureau
February 2023	Leading Organization in Technological Advancement in 2022	Party Working Committee of Yingkou Economic-Technological Development Area, The Management Committee of Yingkou Economic-Technological Development Area
February 2023	Large Tax Payer of 2022	Party Working Committee of Yingkou Economic-Technological Development Area, The Management Committee of Yingkou Economic-Technological Development Area
February 2023	Leading Organization in High Quality Project Establishment in 2022	Party Working Committee of Yingkou Economic-Technological Development Area, The Management Committee of Yingkou Economic-Technological Development Area
February 2023	Model Organization	The Guidance Commission on Building Spiritual Civilization of Zhangjiajagang
March 2023	"TOP10" Brands Inclusion Certificate under the Big Data of Architectural Doors and Windows Industry 2022-2023	Aluminum Door, Window and Curtain Wall Branch of China Construction Metal Structure Association (CCMSA) (中國建築金屬結構協會)
March 2023	Member Organization of Entrepreneurial Information Statistics Survey of Dongguan	Statistics Bureau of Dongguan
March 2023	Best Tax Payers of 2022	The Inland Revenue Board of Malaysia (IRBM)
April 2023	Preferred Brand of Architectural Glass for Architectural Doors and Windows of China 2022-2023	Aluminum Door and Window Association of China (中國建築鋁門窗協會)
April 2023	Research Centre for Safe Insulated Glass Engineering Technology with Anti-radiation, high transmittance and Heat Insulation	Department of Science and Technology of Guangdong Province
May 2023	Specialised New Small and Medium Enterprise	Guangdong Provincial Department of Industry and Information Technology

TIME OF AWARD	NAME OF AWARD/HONOUR	AWARDING BODY
June 2023	Top 50 Non-public Enterprises of Deyang	The Federation of Industry and Commerce of Deyang
June 2023	Outstanding Contribution Award	The CPC Management Committee of Yangtze River International Metallurgical Industrial Park of Jiangsu
August 2023	The Outstanding Contribution Award for Pioneering Enterprises for High Quality Development in 2022	CPC Zhangjiagang Committee Zhangjiagang Municipal People's Government
August 2023	The Implementation Award for the Best Maintenance of Staff Accommodation and Housing (Employer) 2023	Ministry of Human Resources, Malaysia
September 2023	"Enterprise Efficiency Front-runner" in the Glass Industry in Guangdong Province	Guangdong Glass Industry Association
September 2023	Top 100 Manufacturing Enterprises of Tianjin in 2023	Tianjin Enterprise Confederation
September 2023	Leading Enterprises of Strategic Emerging Industries of Tianjin in 2023	Tianjin Enterprise Confederation
November 2023	Provincial Water-saving Carrier – Water Saving Enterprise	Department of Water Resources of Jiangsu Province
November 2023	Warming Others Through Donation, Implementing Community Care for a Mid-Autumn Festival Filled with Love	Work Team for Towns and Villages Paired Assistance from Humen, Dongguan (Stationed in Changjiang Town)
November 2023	National Green Factory	Ministry of Industry and Information Technology
November 2023	Leading Technology Enterprises of 2023	Tianjin Science and Technology Bureau, Tianjin Industry and Information Technology Bureau
November 2023	Leading Technology Enterprises of 2023	Tianjin Science and Technology Bureau, Tianjin Industry and Information Technology Bureau
December 2023	Star of Community Care or Private Enterprise of Beihai in 2022	The Federation of Industry and Commerce of Beihai, The General Chamber of Commerce of Beihai

1. FLOAT GLASS:

Emission intensity = emissions/float glass output

OR

Consumption intensity = consumption/float glass output

The float glass output is the production of the raw float glass sheet, and the coating glass output processed by its own raw float glass sheets is not double counted. The coating glass is used as one of the production processes to avoid duplicate calculations of the glass output.

2. AUTOMOBILE GLASS:

Emission intensity = emission/automobile glass output

OR

Consumption intensity = consumption/automobile glass output area

Automobile glass output area is the actual glass area, that is, the single-piece glass is calculated in a single piece of area, and the laminated glass is calculated in the number of single-piece area multiply the glass layers. This calculation method can truly reflect the changes in the energy consumption of various industrial parks and the density of greenhouse gas emissions, and avoid fluctuations in the calculation results caused by the changes in product structure of various industrial parks in different periods;

3 ARCHITECTURAL GLASS:

Emission intensity = emissions/architectural glass output

OR

Consumption intensity = consumption/architectural glass output

Architectural glass output is the weight of glass output, and the calculation of glass weight can be truly reflected in the accuracy of the results. Because with the safety of architectural glass and energy-saving requirement, the product structure is diversified, and the proportion of double-layer, triple-layer, and multilayer glass products is continuously increased. If product area is kept as the calculation method, changes in product structure will have a greater fluctuation effect on the emission density of greenhouse gas and the consumption density of energy.





ESG KPI INDEX OF SEHK

ENVIRONMENT		
INDEX NO.	INDEX REQUIREMENTS	SCOPE OF THIS REPORT
A1: EMISSION	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.	P.32-45
	A1.1 The types of emissions and respective emissions data.	P.36
	A1.2 Direct (scope 1) and indirect (scope 2) energy Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.38
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.40
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.43
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P.32-39
	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.	P.32, 40-45



ENVIRONMENT		
INDEX NO.	INDEX REQUIREMENTS	SCOPE OF THIS REPORT
A2: USE OF RESOURCES	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	P.46-53
	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).	P.46-47
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.50
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P.32
	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.	P.32, 51-52
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P.53

A3: THE ENVIRONMENT AND NATURAL RESOURCES	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	P.24-30
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.24

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.	P.21-23
	A4.1 Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P.21

SOCIAL		
INDEX NO.	INDEX REQUIREMENTS	SCOPE OF THIS REPORT
Employment and Labour Practices		
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.	P.54-66
	B1.1 Total workforce by gender, employment type (e.g. full-or part-time), age group and geographical region.	P.56-57
	B1.2 Employee turnover rate by gender, age group and geographical region.	P.56-57
B2: HEALTH AND SAFETY	General Disclosure (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.	P.71-76
	B2.1 Number and rate of work-related fatalities in the last three years including the reporting year.	P.74
	B2.2 Lost days due to work injury.	P.74
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P.72-74

SOCIAL		
INDEX NO.	INDEX REQUIREMENTS	SCOPE OF THIS REPORT
Employment and Labour Practices		

B3: DEVELOPMENT AND TRAINING	General Disclosure	P.67-70
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P.68
	B3.2 The average training hours completed per employee by gender and employee category.	P.68

B4: LABOUR STANDARDS	General Disclosure	P.55
	(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.	
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P.55
	B4.2 Description of steps taken to eliminate such practices when discovered.	P.55



SOCIAL		
INDEX NO.	INDEX REQUIREMENTS	SCOPE OF THIS REPORT
Operating Practices		
B5: SUPPLY CHAIN MANAGEMENT	General Disclosure	P.79-82
	Policies on managing environmental and social risks of the supply chain.	
	B5.1 Number of suppliers by geographical region.	P.82
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P.80-81
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.80-81
B5.4 Description of practices used to promote environmentally preferable products and service when selecting suppliers, and how they are implemented and monitored.	P.80-81	



B6: PRODUCT RESPONSIBILITY	General Disclosure	P.77-78
	(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.	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.77
	B6.2 Number of products and service related complaints received and how they are dealt with.	P.77
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P.78
	B6.4 Description of quality assurance process and recall procedures.	P.77
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P.78	



INDEX NO.	SOCIAL		SCOPE OF THIS REPORT
	Operating Practices		
B7: ANTI-CORRUPTION	General Disclosure		P.83-84
	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.		
	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.	P.83
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	P.84
	B7.3	Description of anti-corruption training provided to directors and staff.	P.84

B8: COMMUNITY INVESTMENT	General Disclosure		P.85-89
	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.		
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.85
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P.85



Thank you for reading this report. The Group sincerely invites you to fill in the following form, so that the Group can improve the quality of the reports in the future and provide more targeted contents for you, and give full play to the effectiveness of the 2023 Environmental, Social and Governance Report of Xinyi Glass.

You may directly fill in the following questionnaire or scan the QR code on P. 98 to submit online questionnaire.

1. Your rating for the completeness and clarity of the data disclosed in Part A - "Environmental" session of this report.
(1 is the lowest, 10 is the highest)

2. Your overall rating for the related contents in Part A - "Environmental" session of this report.
(1 is the lowest, 10 is the highest)

3. Your rating for the completeness and clarity of the data disclosed in Part B - "Social" disclosures of this report.
(1 is the lowest, 10 is the highest)

4. Your overall rating for the related contents in Part B - "Social" session of this report.
(1 is the lowest, 10 is the highest)

5. Your rating for the Group's performance of environmental and social responsibilities.
(1 is the lowest, 10 is the highest)
A: Environmental _____ B: Social _____ C: Governance _____
6. Please indicate what you believe the most important to you.
(1 is the lowest, 5 is the highest)

ANTI-CORRUPTION	
BUILDING A DIVERSE, FAIR AND INCLUSIVE WORKPLACE	
CUSTOMER PRIVACY	
CUSTOMER SERVICE	
EMERGENCY MANAGEMENT	
ENERGY CONSUMPTION	
ENERGY SAVING, EMISSION REDUCTION AND CLIMATE CHANGE RESPONSE	
GREEN PRODUCTS	
INTELLECTUAL PROPERTY RIGHTS	
PACKAGING MATERIALS	
PHILANTHROPY	
PRODUCT QUALITY	
OCCUPATIONAL HEALTH AND SAFETY	
STAFF CARE	
SUPPLY CHAIN MANAGEMENT	
SUSTAINABLE PROCUREMENT	
TALENT TRAINING	
WASTEWATER AND EMISSION MANAGEMENT	
WASTE MANAGEMENT	
WATER RESOURCES	

7. Any other comments on the Group's work on environmental, social and governance.

8. Any other comments on this report.

9. As a stakeholder of the Group, you are _____.

(a) a customer (b) the government (c) an investor/a shareholder (d) an employee (e) a partner

(f) a resident living close to the industrial park (g) other:

After the completion of this form, please send back to:

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Thank you for your valuable opinion!





信義玻璃控股有限公司
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