



FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)

Stock Code: 6088

2017

Environmental,
Social and
Governance Report



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Basic Principles of Reporting

This is the first Environmental, Social and Governance Report (“ESG Report”) released by Foxconn Interconnect Technology Limited (“FIT”). The report details the work and performance achieved by FIT in implementing the concept of sustainable development and fulfilling its corporate social responsibility in 2017.

This report has been prepared in accordance with Appendix 27, Guidelines for Environmental, Social and Governance Reporting issued by the Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”). Certain adjustments and enrichments are made in order to demonstrate FIT’s original system of sustainable development (or corporate social responsibility) and relevant internal operational procedures.

The Report is prepared based on the following internal control principles:

- (1) Materiality — The Company believes ESG exerts significant influence on the investors and stakeholders, thus the Report should disclose any important and significant ESG matter.
- (2) Quantitative — KPIs need to be measurable so that the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative explaining its purpose and impacts with comparative data where applicable.
- (3) Balance — The Report should provide an unbiased picture of the Company’s performance on ESG, and should avoid any selections, omissions, or misleading presentation that may inappropriately influence the readers on their decision making.
- (4) Consistency — The Company should use consistent methodologies to allow for meaningful comparisons of ESG data over time. The Company should disclose in the ESG report any changes to the methods used or any other relevant factors affecting a meaningful comparison.



About FIT

Foxconn Interconnect Technology Limited, (hereinafter referred to as “FIT”, “the Company” or “us” in this report), is a global leading precision component provider specialized in the design, development, production and sale of interconnect solutions and related products. We have offices and manufacturing sites in Asia, Europe and the Americas. Our featured products include, but not limited to, opto-electronic connectors, antennas, acoustic components, cables and modules for computers applications, communication equipment, consumer electronics, automobiles, green energy products and so on.

Formerly known as the Network Interconnection Business Group (NWInG), a business unit of Hon Hai Precision Industry Co. Ltd., FIT was found on October 1st, 2013 as an independent company. FIT has over 30 years of business practice in the connector and cable assembly industry since 1980's. Over the years, FIT has established an exclusive position as the owner and operator of numerous precision manufacturing systems that involve stamping, moulding, plating, cable extrusion and assembly processes. According to Frost & Sullivan, FIT is the market leader in providing interconnect solutions, as well as developing and manufacturing related products. Based on the revenue in 2016, FIT was ranked No. 4 globally and No. 1 in Greater China.

In Taiwan, China and the United States, the Company has established professional engineering teams specializing in mechanical, electrical, optical, acoustic, thermal and fluid mechanic researches. Through understanding the physical properties, methodical observations and mathematical models, the teams integrate multivariate analyses, root cause analyses and marginal analyses into the improvement process of new product development, high-volume production, and quality management.

FIT has quality, environmental management and production safety systems that are in compliance with all the major international standards. The Company is certified to GB/T 19001 — ISO 9001 (Quality Management Systems), ISO/TS16949 (International Automobile Quality Management System), ISO14001 (Environment Management System), IECQ_HSPM QC080000 (Hazardous Substances Process Management Systems), OHSAS18001 (Occupational Safety Hygiene Management Systems), and ISO14064-1 (Greenhouse Gases). It also holds product safety certifications required by over 20 regions, including UL (USA), CCC (China), BSMI (Taiwan) and so on.

As a leader of the interconnectivity industry, FIT is serious about innovation and protection of intellectual property. The Company has more than 10,000 patents worldwide. We are also the active participant in over 30 international standards associations and have contributed ideas and specification texts for setting the new international standard for various I/O connectors (e.g., USB 3.0).

With advanced research and technology in production, automation and analytical detection, FIT is being regarded by many well-known global companies as their important business partners.

FIT has the vision to enhance the quality of people's life by providing more convenient communication through advanced technologies and with innovative products and superior services. In line with our innovative spirit, FIT keeps pursuing high quality standards and actively performs its social and environmental responsibilities. We have established environmental policies with focuses on “Energy Conservation, Emission Reduction, Green Movement and Recycling” as well as policies to improve employees' health and safety. To achieve our goal of becoming the world's No.1 connector and cable products supplier, FIT will continuously transcend itself and uplift its “Green Power”.

Industrial Distribution

By December 31st, 2017, FIT has established the main production bases in China, Vietnam and Mexico. The following table shows the locations, major products produced and the year of establishment of these production bases.

Location	Main components, modules and accessories produced	The year of commencement of production/ acquisition
Taiwan	Optical modules Copper-based components	1982
China		
Kunshan, Jiangsu Province	Optical modules Copper-based components Wireless products and components Accessories Other products	1993
Shenzhen, Guangdong Province	Copper-based components Wireless products and components	1995
Huai'an, Jiangsu Province	Copper-based components Accessories	2007
Zhengzhou, Henan Province	Copper-based components	2010
Chongqing	Copper-based components	2010
Heze, Shandong Province	Copper-based components	2015
Mexico		
Matamoros	Optical modules and components	2015
Vietnam		
Bac Giang	Copper-based components Accessories	2016



Green Production and Sustainable Development

ENVIRONMENTAL MANAGEMENT AND PRODUCTION SAFETY SYSTEMS

As a manufacturing enterprise which provides interconnect solutions and related products, the production activities, products and services of FIT have inevitable interaction with the ambient environment, resulting in direct or indirect environmental impacts. Besides, certain aspects of our production activities may pose an impact on the occupational safety of our employees. With the application of effective environmental management and production safety systems, FIT aims to ensure the safety, greenness and smooth running of its production activities. We consider every aspect of environmental impact, apply occupational safety and hygiene hazard identification, conduct daily inspection and take timely corrective and preventive actions; we strive to undertake environmental social responsibility with the purpose of realizing corporate sustainable development.

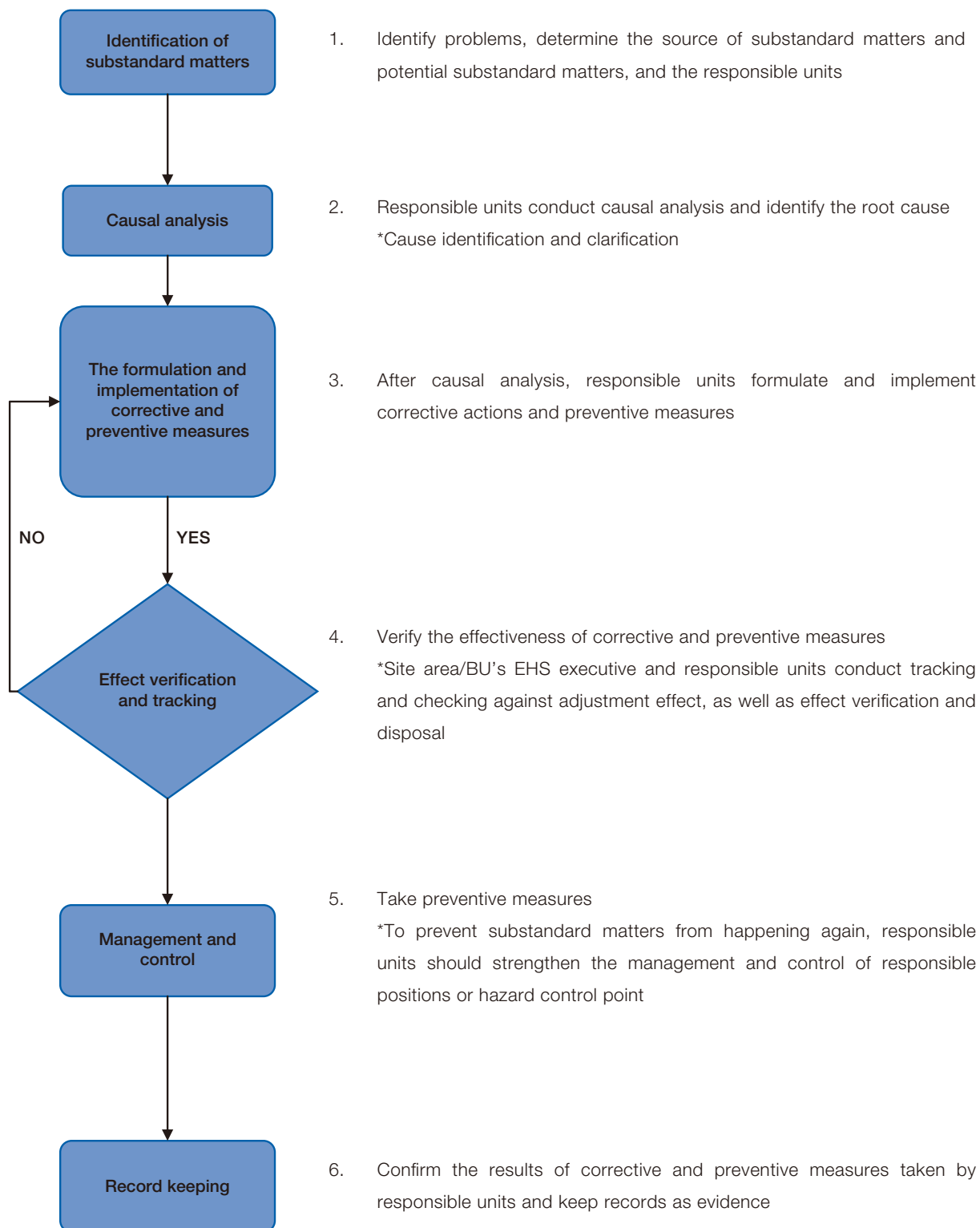
Environmental consideration, occupational safety and hygiene hazards identification

FIT has formulated the “Environmental consideration, occupational safety and hygiene hazard identification control process” to clearly define the environmental hygiene policy, target setting, recognition program, evaluation criterion and priority levels of action. The ultimate objective of this process is to effectively identify the significant and unacceptable factors that may affect the environmental, occupational safety and hygiene of production activities, products and services (i.e. elements of major environmental impact and hazards that are beyond FIT's risk tolerance).

Various business units (BU) of FIT have formed identification and assessment teams to analyze detailed working processes of production activities through questionnaires, statistics and other forms of information, to identify internal environmental consideration, occupational safety and hygiene hazards, and to assess the current practices against corresponding standards. The department of Environment, Health, and Safety (EHS) in each BU undertakes duties of scrutiny and data collection to organize and plan for further evaluation and controls.

Green Production and Sustainable Development

Environmental, Occupational Safety and Health Correction and Prevention



FIT has formulated and implemented “Environmental, Occupational Safety and Health Correction and Prevention Process” to guide the design and implementation of corrective and preventive procedures against substandard matters detected by the responsible entities and departments.

The implementation of this process effectively improves the timeliness of investigation of substandard matters and implementation of corrective and preventive measures in order to reduce the relevant risks, identify the root causes of the problems, and then efficiently solve them to ensure continuous and effective operation of the environmental management and production safety system within the Company.

SUSTAINABLE ENERGY MANAGEMENT

FIT has put a lot of emphasizes on the construction of energy management system and has integrated energy efficiency into management framework. This will facilitate comprehensive realization of energy consumed, optimization of energy management, effective assessment of the efficiency of new energy technology and impacts caused by greenhouse gas emissions. The ultimate objective is to achieve maximum compatibility between quality and environmental management.

Energy management system construction

Overall planning: Energy Conservation Propulsion Group

The Energy Conservation Propulsion Group of FIT determines the duties of each unit within the Company and promotes the establishment and effective operation of its energy management system.

It is responsible for the formulation of energy policy, compliance evaluation of laws and regulations, energy scrutiny, performance indicators, target setting, action planning, monitoring, measuring and analyzing the use of energy.

Energy review

The energy review team in each production base is consisted of management representatives who are familiar with the energy laws and regulations. Its roles and responsibilities include analysis of energy consumption, identification of major energy consumption areas, assessment of energy consumption by major equipment, and identification of opportunities to improve performance.

FIT has established a highly effective energy management system based on our energy review procedures, which help set performance targets according to reliable data and information.

By investigating and updating the trend of energy consumption, the energy review teams gather energy baseline data and compare it with the Company’s history, industry average, national standard and other external sources. In addition, they determine proper performance indicators according to the current energy use to better monitor and verify the execution status and effectiveness of improving measures. At the same time, FIT has devised guidelines on operational control, design and procurement to manage the energy performance of actual operations.

Green Production and Sustainable Development

Education and training for energy management

FIT has provided education and training for energy management in addition to the regular review and control measures in order to ensure the operators of main energy-consuming equipment possess the skill sets and qualifications required. In 2017, employees of energy conservation department participated in energy management courses covering multiple aspects including carbon emissions, energy management, energy audit and energy-saving technology with a total of 30 teaching hours.

Internal audit and evaluation

FIT has carried out internal audit during the planning period, analyzed the causes of substandard and potential substandard matters and have taken corrective and preventive measures timely. The facility department and all production units conduct monthly inspection on the use of water and electricity and hold regular meetings to discuss energy-saving and emission-reduction initiatives. At the same time, top management evaluates the performance of these initiatives and puts forward useful suggestions for improvement.

FIT has established internal communication channels including Company's internal network, e-mail, and bulletin board, to publish the performance and cost savings results from the energy management programs.

Great achievements in construction of energy management system

Through its energy system construction project in 2013, the Kunshan Company of FIT successfully completed its 12th Five-Year target. It passed the evaluation of Suzhou energy conservation center and received subsidy from the Finance Ministry of Jiangsu Province as reward.

In 2014, Shenzhen Fuding Company of FIT participated in the information development and industrialization project jointly organized by the Shenzhen Municipal Commission of Economy and Information Technology as well as the Shenzhen Energy Management Center based on the 12th Five-Year Plan. It also managed to hold the certification required by ISO50001 on energy management system.

By the end of the reporting period, four FIT companies which are Shenzhen Fuding Company, Huai'an Fuyu Company, Foxconn Kunshan Connectors Company and Foxconn Electronics Kunshan Company have obtained the certification of ISO50001 on energy management system. In addition to the independent third parties review each year, these four corporations also conduct yearly cross inspection.

Implementation and results of energy-saving and emission-reduction work

Energy-saving and emission-reduction work plan

FIT actively responds to the national call so it has drawn up its energy-saving and emission-reduction work plan during the 13th five-year group planning, and further refined it to annual targets of each factory. FIT encouraged all production bases to launch different types of energy-saving and emission-reduction projects, review the implementation progress at the quarterly promotion meetings. Incentives and rewards were also given to outstanding factories according to their results in quarterly and annual audit conducted by the headquarters of the Company.

Green Production and Sustainable Development



Factories carried out quarterly energy-saving projects promotion meeting

Basic measures for energy-saving and emission-reduction

FIT has worked out operational control and guidelines for the main equipment that consume significant amount of energy. In addition, there are operation and maintenance guidelines set up against facilities, processes, systems and equipment to avoid significant deviations in the effectiveness of energy performance.

Table 1.1: Basic measures for energy-saving and emission-reduction in FIT

Management category of energy saving and emission reduction	Basic measures for energy-saving and emission-reduction
Power management	<ul style="list-style-type: none"> According to the policy, power management units formulate, supervise and implement effective regulations of power use; assisting all the units in the formulation and implementation of power-saving management scheme. In practical operation, professional personnel in power management unit is responsible for power distribution, regular maintenance of equipment and record keeping. The power supply is properly allocated by power management units based on the Company's production and regional power supply condition, ensuring effective utilization of power.

Green Production and Sustainable Development

Management category of energy saving and emission reduction

Basic measures for energy-saving and emission-reduction

Water management

- According to the policy, all units should formulate, supervise and implement effective regulations of water use, establish water supply system and repair and inspection system for water facilities.
- In practical operation, timely treatment when failures occur is necessary to avoid waste of water resources and its impact on production. The Company encourages all units to actively establish and maintain the water recycling system, introduce energy-saving equipment and technology, aiming to make full use of water resources, and reduce waste.

Gas management

- According to the policy, all units should formulate, supervise and implement effective regulations of gas use, establish gas supply system and repair and inspection system for gas facilities.
- In practical operation, timely treatment when failures occurred is necessary to avoid waste of gas resources and its impact on production and daily living.

Oil management

- All units should use oil for production according to the machine operation manuals and complete scheduled maintenance for equipment to prevent dripping of oil.
- The Company holds the principle of recycling as much oil as possible to achieve rational use of oil. The disposal of non-recyclable waste oil is handled by processors with relevant qualifications, and it is strictly forbidden to pour the waste oil into the sewer.

Recovered material management

- For the recyclable materials, scraps and package materials produced in production process, all departments in the Company actively consider conducting appropriate and effective recycling so as to reduce the waste of resources.

Paper/stationery management

- All the papers and stationery should be purchased from qualified suppliers. The papers being used once, if not for confidential information, will be used as recycled papers or notes for second use. The reused papers will be collected and sold by relevant units for recycling

Green Production and Sustainable Development

Table 1.2: Total energy consumption and distribution of all operating entities of FIT in the reporting period

(Unit: ton; unit for power consumption: kKWh)

		Total	China	Taiwan	Vietnam	US	Singapore	Mexico
Direct energy consumption	Diesel oil (stationary sources)	261,910.20	255,632.00	29.20	—	—	—	6,249.00
	Diesel oil (mobile sources) ¹	58,120.79	57,193.17	147.62	780.00	—	—	—
	Gasoline	316,575.17	312,825.17	—	—	—	—	3,750.00
Indirect energy consumption	Power	470,035.67	429,754.18	9,689.00	17,789.00	3,358.52	1,062.91	8,382.07
	Steam	201,432.35	201,432.35	—	—	—	—	—

Figure 1.1: Regional distribution of direct energy consumption

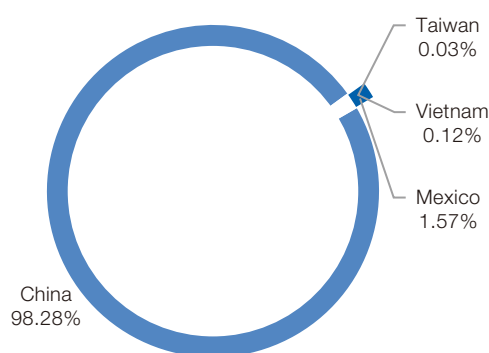


Figure 1.2: Regional distribution of power consumption

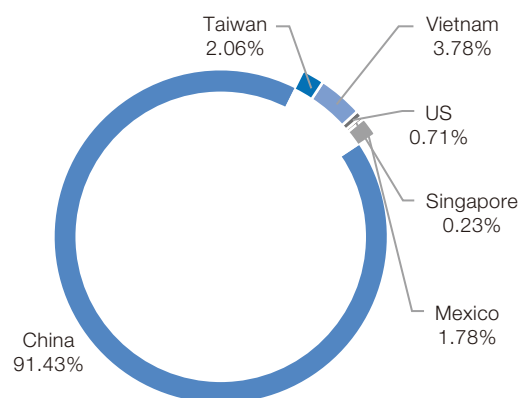
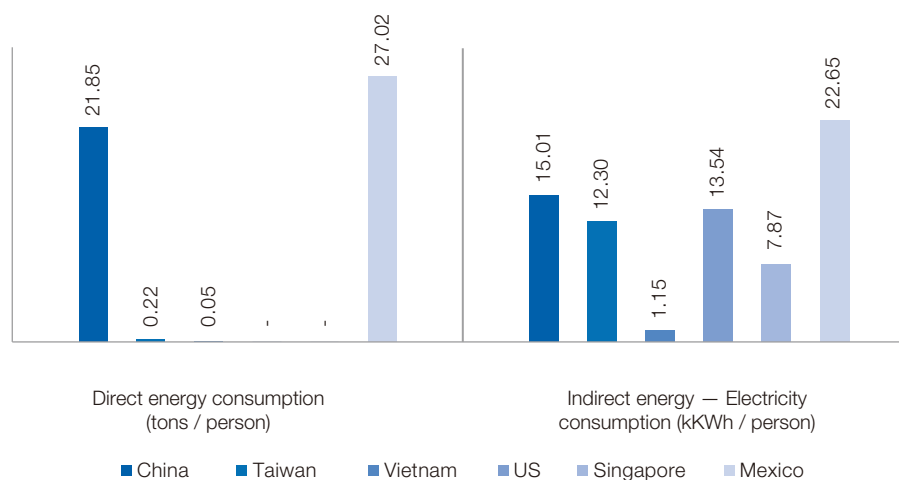


Figure 1.3: Per capita energy consumption in each operating entity of FIT in the reporting period



¹ "Diesel (mobile Source)" includes diesel for forklifts, logistics vehicles and business vehicles.

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Electric power is the main energy source and also the largest contributor to greenhouse gas emissions of FIT's plants throughout the world. Consequently, electricity conservation is considered as a prioritized area of FIT's practice of sustainable production.

FIT has achieved considerable energy saving benefits and value creation through technical update, implementation of energy efficiency projects to promote optimization of energy usage in factories. During the reporting period, 93 energy saving projects were carried out by all FIT's factories. The total energy saving was over 18 million KWh, with benefits reaching RMB 13.15 million.

Table 1.3: Achievement of energy-saving projects of FIT in the reporting period

	Unit	Numerical value
Energy-saving projects implemented in the reporting period	(Project)	93
Accumulated energy saved	(10 ⁴ KWh)	1,800.54
Accumulated implementation cost	(Million RMB)	810.17
Energy-saving benefits realized	(Million RMB)	1,315.17

Case 1: Replacing fluorescent lamps with energy saving LED lamps in factories

Compared with the traditional fluorescent lamps, LED lamps present many advantages, such as long life, lower power consumption, no mercury and other environmental pollutants, short reaction time, high luminous efficacy, small size, etc., but with higher unit price. In the long run, FIT believes the utilization of LED lamps can significantly reduce the maintenance and purchase cost of light, lighten the burden on the environment issues caused by waste and electricity consumption. It is more environmentally-friendly to save energy and reduce costs. Since 2017, the factory in Huai'an has started continuous project of replacing fluorescent lamps with LED lamps, and planned to continue the replacement until the completion in 2019.

Green Production and Sustainable Development



The traditional fluorescent light source before replacement



The energy-saving LED lighting source after replacement

According to the estimation of the project benefit, after completing the first phase of replacement in 2017, over 185,000 KWh, and RMB 135,000 will be saved annually.

In addition to the FIT's factory in Huai'an, the factories located in Kunshan, Shenzhen and Zhengzhou have progressively carried out the replacement of fluorescent lamps with LED lamps.

Green Production and Sustainable Development

Table 1.4: Overview of LED replacement in factories in China of FIT in the reporting period

Details of LED lamps replacement	Factory
LED lamps replacement in Fuhong restaurant	Kunshan
LED lamps replacement in ASE warehouse of Fuhong	Kunshan
LED lamps replacement in cable workshop of Fuhong	Kunshan
LED lighting energy-saving improvement in SMT workshop of Fuhong	Kunshan
LED lamps replacement in CW workshop	Huai'an
Explosion-proof LED lamps replacement in warehouse on the first floor in A4 building	Huai'an
LED lamps replacement in ABS workshop	Shenzhen
Project of LED lamps replacing fluorescent lamps	Shenzhen
LED lamps replacement in effluent disposal area	Zhengzhou
Expected annual average power saving (Ten thousand kilowatt hours)	93.52
Expected annual average cost saving (Ten thousand RMB)	66.55

Case 2: Huai'an — Energy-saving improvement of one molding dry for two forming machines

In the past, one forming machine normally worked with one dryer, and it needed auxiliary use of dehumidifier and suction machine at the same time, which led to low efficiency, fast heat dissipation and high power consumption. After measures being taken by Huai'an factory to optimize traditional drying machine and replace the old dryer (3.7 KW) with new equipment which assembles function of feeding, dehumidification and drying (3.23 KW), this new equipment can feed two forming machines without use of other auxiliary equipment, conducive to energy consumption reduction, efficiency improvement and device structure optimization.



1 to 1 machine before improvement:

One old dryer can only correspond to one molding machine, and also need dehumidifier, suction machine to achieve the drying effect.

1 to 2 machine after improvement:

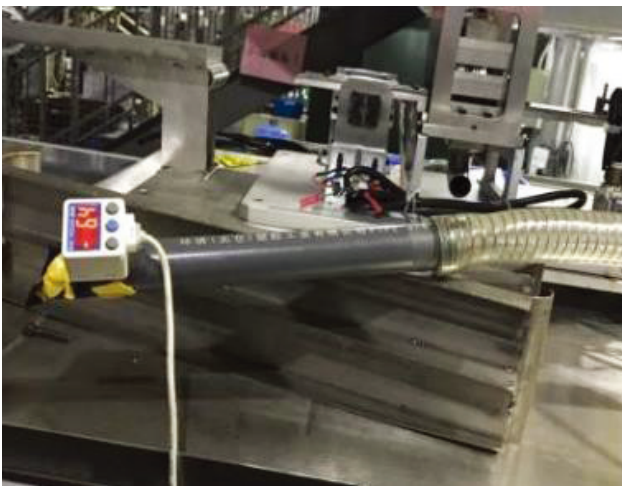
The new drying equipment combines the functions of suction, dehumidification and drying, and can work with 2 molding machines at a time.

Green Production and Sustainable Development

After the effective upgrade, 1.38 million KWh and about RMB 1.01 million were saved each year consequently. Considering that the number of new devices is reduced by about 56% than that before, later maintenance cost will be greatly reduced accordingly. Therefore, the energy-saving benefits achieved will continuously increase over time.

Case 3: Shenzhen factory — Energy-saving improvement of blowing machine replacing cutting machine for scrap absorption

When operated in ABS department at the Shenzhen factory, the terminals' protection angles must be removed before the terminals enter the forming machine. Previously, the workshop was equipped with traditional suction guns to absorb scraps, which needed to stop for one minute after every minute's work due to the design of the pipes, resulting in waste of compressed air. To properly solve this technical challenge, the ABS department adopted blowing machines instead of suction guns to carry out scrap absorption work, leading to enormous enhancement in efficiency, noise reduction as well as improvement of staff working environment. Thanks to this improved practice, the annual gas consumption saved is about 5,395,149.5 cubic meters, and the annual energy-saving benefit is estimated to be RMB 647,400.



Before improvement:

The trimmed protection angle is sucked away by a secondary pressure from a suction gun. Due to the design of the sniffer, it has to stop for 1 minute after working for 1 minute which resulting in the waste of compressed air.



After improvement:

Install a blower instead of a suction gun to raise the suction efficiency.

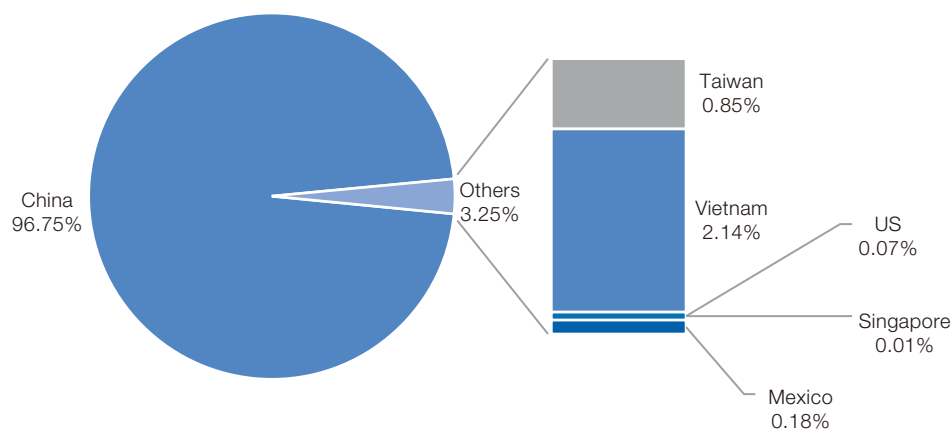
CONSTRUCT WATER-SAVING ENTERPRISE

Through multiple production processes including electroplating, huge water consumption is indispensable whether in the standard production process or the pollutant disposal at later stage in FIT. Apart from its usage in production line, water resources are necessary for meeting the demand of the daily living of over 45,600 employees all over factories and offices.

Table 1.5: Annual water consumption and water consumption density

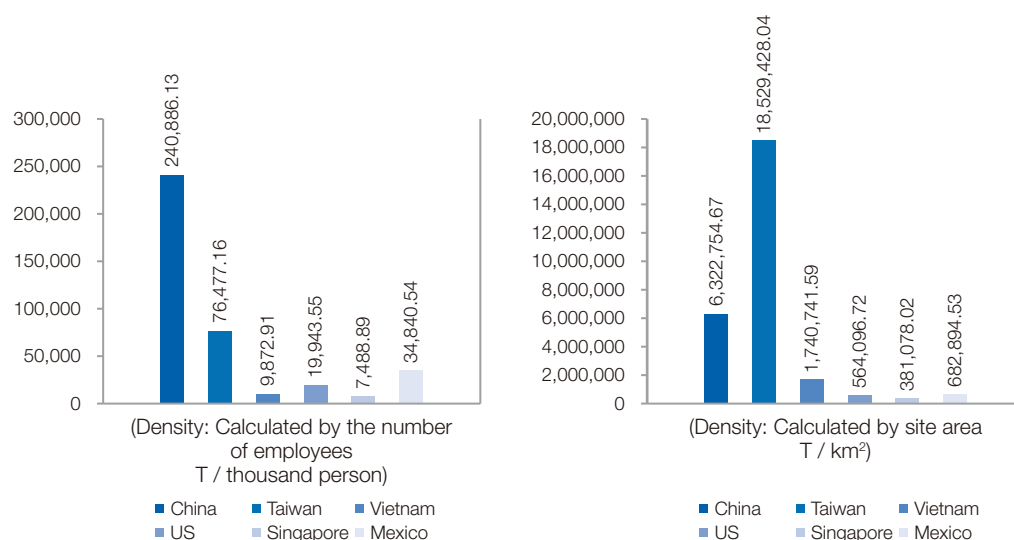
	Unit	Numeral value
Total water consumption	(Ton)	7,128,257.95
Density	(Calculated by site area Ton/km ²)	5,881,622.53
Density	(Calculated by the number of employees Ton/thousand person)	156,235.79

Figure 1.4: Distribution of annual water consumption in each operating entity of FIT during the reporting period



Green Production and Sustainable Development

Figure 1.5: Water consumption density in each operating entity of FIT during the reporting period



FIT takes an active role in practicing its social responsibility; insists in promoting and implementing various initiatives to save water. Certain annual targets were set for further comparison with the actual data of water consumption obtained by rigorous monitoring and statistical analysis. Relevant projects were encouraged and funded by the Company if approved. FIT has made great efforts to achieve decrement in water consumption, relieve the pressure of wastewater treatment and discharge through process modification and optimization. The Company expects these initiatives will bring sustainable water-saving benefits in the future.

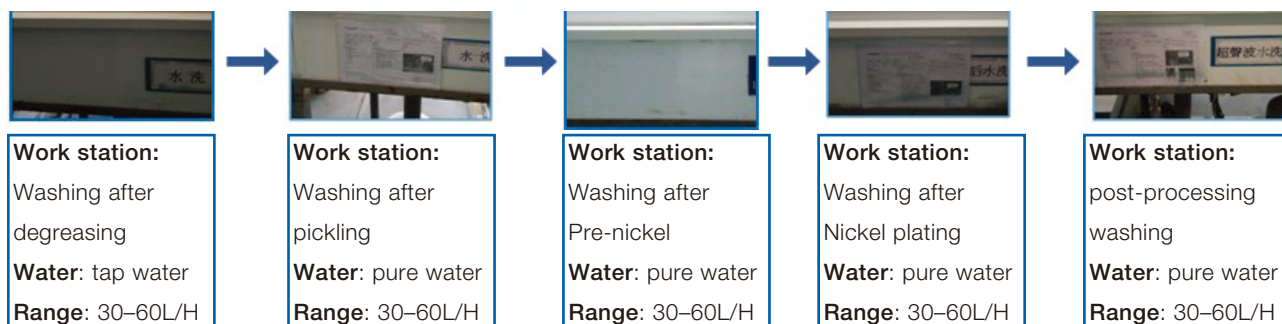
Table 1.6: Achievement of water-saving projects of FIT during the reporting period

	Unit	Numeral value
Water-saving projects implemented during the reporting period	(Project)	188
Daily water saving or water circulation	(Ton/day)	3,469
Water-saving benefit	(Ten thousand RMB/year)	424.22

Case 1: Huai'an — Flow monitoring for electroplating machine

Strict monitoring and optimization of water usage were carried out for electroplating process in the AEC business unit located in Huai'an. At the beginning of the year, AEC set up reasonable target based on careful analysis of water consumption in 2016 and its enhancing techniques during electroplating. For flow supervision, AEC has installed flowmeters on electroplating machines to monitor and control the water flow in different technological processes and stations, and thorough results would be revealed and report on the monthly tracking by the environmental unit.

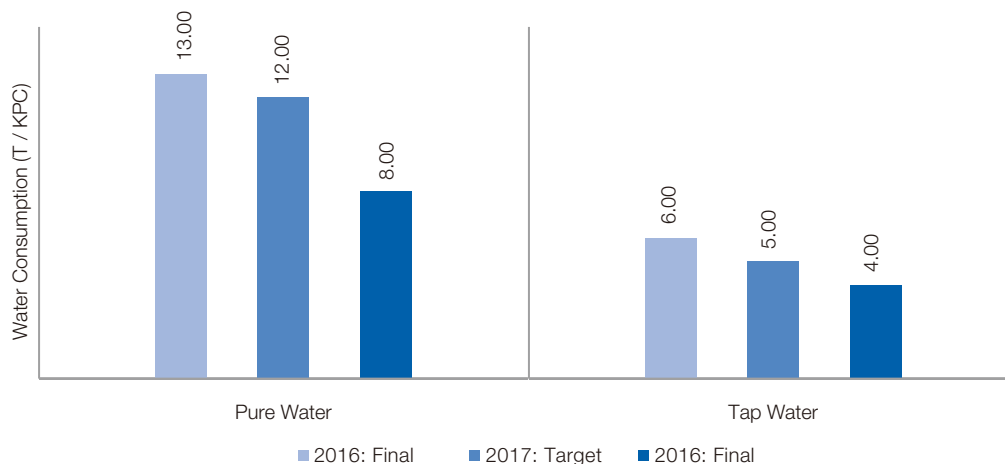
Green Production and Sustainable Development



AEC takes control of water usage in electroplating process through flowmeter instalment at stations

Under the monitoring and control of flowmeters installed on electroplating machines, AEC has successfully accomplished the scheduled task of saving 10% of tap water and pure water which exceeded the original target significantly.

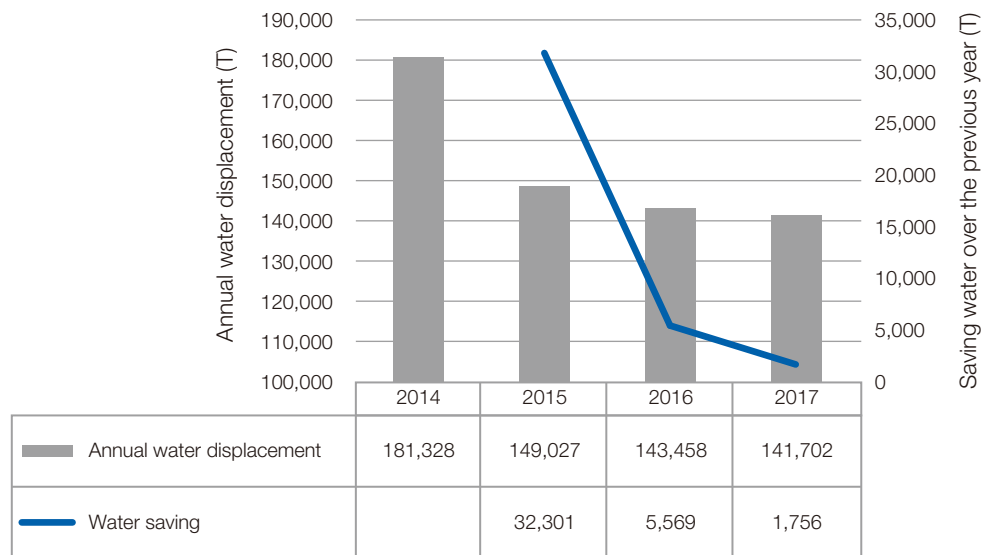
Figure 1.6: Performance of water-saving improvement in AEC electroplating



Case 2 : Shenzhen — Establishment and popularization of water-saving rating system for electroplating machines

At the end of 2014, the Shenzhen factory in FIT established water-saving rating system for electroplating machines in order to discover abnormality timely for further causal analysis and countermeasure establishment by standard setting. The system monitored and ranked based on water consumption; created healthy competition between electroplating machines in terms of water-saving performance. The rating system has been popularized in the BK-IDS electroplating process of Shenzhen factory since 2015. By the end of 2017, it has promoted to achieve 39,626 tons of water saving and a total reduction in drainage volume by 21.9%.

Figure 1.7: Popularization and implementation of water-saving rating system promote the optimization of performance



STRICT CONTROL OF “THREE WASTES” AND COMPREHENSIVE EMISSION REDUCTION

Exhaust Gas

The exhaust gas produced by FIT includes the process exhaust gas and the general exhaust gas. Different from the general exhaust gas produced by manufacturing supporting services and living facilities, the process exhaust gas is the harmful gas produced during its production, mainly including the acid gas from surface preparation process, and dust containing trace tin from thread binding and SMT process. These process exhaust gas can be found in the factories located in China and Mexico.

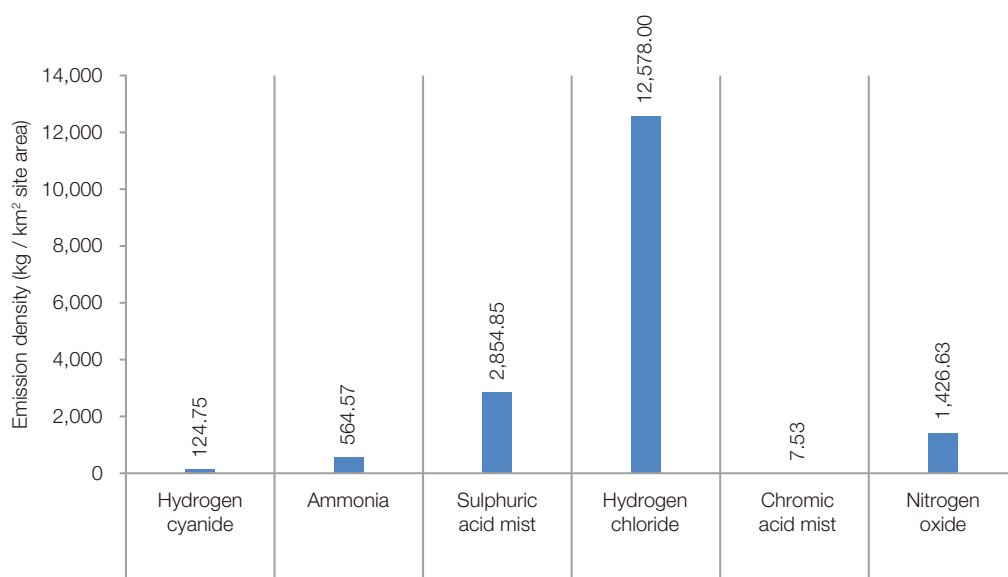
FIT follows the group’s exhaust gas control process to standardize the decrement, treatment, measurement and other correlative work of exhaust gas from industrial production and daily living, ensuring compliance with relevant laws and regulations of the exhaust emissions and minimizing its impact on environment.

All the FIT’s factories in China have been equipped with testing devices at the exhaust vent to conduct regular monthly monitoring against exhaust gas emission, making sure it is complied with related national laws and regulations.

Green Production and Sustainable Development

Figure 1.8: Exhaust emission and average emission density in factories in China of FIT during the reporting period²

		Hydrogen cyanide	Ammonia	Sulphuric acid mist	Hydrogen chloride	Chromic acid mist	Nitrogen oxide
Total emission	(Kg)	136.07	615.81	3,113.94	13,719.50	8.21	1,556.10
Average emission density of area	(kg/km ²)	124.75	564.57	2,854.85	12,578.00	7.53	1,426.63



The Mexico factory of FIT follows the requirement of exhaust emission standard in Normas Oficiales Mexicanas (NOMs)³. It has engaged an independent third party to measure exhaust pollutants' emission concentration. According to the testing results of the reporting period, the emission of exhaust pollutants in Mexico factory is in conformity with the requirement of NOMs.

² Taiwan and Vietnam sites are assembly factories, and the United States and Singapore are offices with no exhausted emissions.

³ FIT Mexico follows the NOM-043-SEMARNAT-1993 "Maximum Permissible Levels of Atmospheric Solids Particles from Stationary Sources" for exhaust emission treatment and periodic testing.

Green Production and Sustainable Development



INFORME DE : CONCENTRADO DE RESULTADOS DE EMISIONES A LA ATMÓSFERA
DE LA EMPRESA: FIT OPTOELECTRÓNICA DE MÉXICO, S. DE R. L. DE C. V.

FECHA DE MUESTREO: 14 Y 15 de Junio del 2017

FECHA DE REPORTE: 1 de Agosto del 2017

CHIMENEA	CONCENTRACIÓN $\mu\text{g}/\text{m}^3$		EMISIÓN kg/h		NUEVO mg/m^3	
	DEF. 1	DEF. 2	DEF. 1	DEF. 2	DEF. 1	DEF. 2
CHIMENEA No. 1	8.1565	7.3314	3.3736	3.2182	682.6862	559.5670
CHIMENEA No. 2	8.1568	6.6568	3.3622	2.8277	584.4343	394.4282
CHIMENEA No. 3	4.2210	5.0264	3.0281	3.5282	442.7748	442.7985
CHIMENEA No. 4	5.5102	5.2952	3.3685	3.3635	417.4365	412.4887

N.B.P. = Nivel Máximo Permisible de acuerdo a lo establecido en la NOM-045-Semarnat-1993

CHIMENEA	Diámetro del Ducto m	Altura m	Altura A + B m	Temperatura °C	Velocidad de Flujo de gases m/s	Gasto Volumétrico m^3/min	Presión Barica %	Presión de gases mmHg
CHIMENEA No. 1	0.3080	6.8882	6.9276	28.8187	3.2708	87.3268	98.5225	758.3421
CHIMENEA No. 2	0.3080	11.6332	6.6548	28.8187	3.0820	127.3094	98.3385	758.8878
CHIMENEA No. 3	0.3080	11.8384	6.6328	27.9722	6.7357	86.6708	98.4485	758.3620
CHIMENEA No. 4	0.3080	11.6728	7.2406	28.8187	7.0251	114.4936	98.4127	758.3470

Ing. Juan Ramón López Montoya
Signatario Autorizado ante la SEMAR

Página 1 de 2

The report of total solid particulate matter concentration and emission of Mexico factory, 2017



INFORME DE : CONCENTRADO DE RESULTADOS DE EMISIONES A LA ATMÓSFERA
DE LA EMPRESA: FIT OPTOELECTRÓNICA DE MÉXICO, S. DE R. L. DE C. V.

FECHA DE MUESTREO: 14 Y 15 de Junio del 2017

FECHA DE REPORTE: 1 de Agosto del 2017

PARAMETRO	CHIMENEA No. 1		CHIMENEA No. 2		CHIMENEA No. 3		CHIMENEA No. 4	
	CONCENTRACIÓN $\text{N. mg}/\text{m}^3$	EMISIÓN kg/h	CONCENTRACIÓN mg/m^3	EMISIÓN kg/h	CONCENTRACIÓN $\text{N. mg}/\text{m}^3$	EMISIÓN kg/h	CONCENTRACIÓN mg/m^3	EMISIÓN kg/h
PLOMBO	< 0.001	< 0.000004	< 0.0002	< 0.000002	< 0.0001	< 0.00001	< 0.0003	< 0.000002
COBALTO	< 0.1189	< 0.0003	< 0.1080	< 0.0014	< 0.1183	< 0.0007	< 0.2071	< 0.0014

PARAMETRO	CHIMENEA No. 1		CHIMENEA No. 2		CHIMENEA No. 3		CHIMENEA No. 4	
	CONCENTRACIÓN $\text{N. mg}/\text{m}^3$	EMISIÓN kg/h	CONCENTRACIÓN mg/m^3	EMISIÓN kg/h	CONCENTRACIÓN $\text{N. mg}/\text{m}^3$	EMISIÓN kg/h	CONCENTRACIÓN mg/m^3	EMISIÓN kg/h
ACETONA	< 0.2870	< 0.0008	< 0.2870	< 0.0073	< 0.2717	< 0.0462	< 0.2870	< 0.0588
ALCOHOL (ISOPROPILICO)	< 0.2870	< 0.0008	< 0.2870	< 0.0073	< 0.2717	< 0.0462	< 0.2870	< 0.0588
METANOL	< 0.2870	< 0.0008	< 0.2870	< 0.0073	< 0.2717	< 0.0462	< 0.2870	< 0.0588

Ing. Juan Ramón López Montoya
Signatario Autorizado ante la SEMAR

Página 2 de 2

The report of metal and volatile organic compounds concentration and emissions of Mexico factory, 2017

Green Production and Sustainable Development

With effective actions taken in source control, technical process re-engineering, and the establishment and maintenance of collecting and conveying pipelines, FIT has realized effective management to achieve excellent performance of emission reduction.

Source control

FIT determines target, index and management scheme against exhaust emission to take control of the sources produced by exhaust generating units. Based on synthetically consideration of every production unit's specific circumstances, FIT gives priority to the use of clean processing and serving equipment with high energy utilization and low pollutants discharge, aiming at reducing pollution and emission of exhaust gas through continuous technical process re-engineering as well as equipment upgrade.

Establishment and maintenance of exhaust collecting and conveying pipelines

The exhaust gas produced is emitted organically through exhaust funnel after being cleaned in collecting and conveying pipelines. FIT utilizes approved collecting and conveying pipelines that meet environmental requirements and continues to implement follow-up management and maintenance with the purpose of avoiding exhaust leakage caused by the damage of pipelines.

Wastewater

The wastewater produced by FIT includes industrial effluent from production and aided process such as manufacturing process, surface preparation and pure water production, as well as domestic sewage from living facilities like restaurants, dormitories, business areas and toilets. According to ISO14001 combined with BU needs and customer requirements, FIT formulated and followed the wastewater control process to standardize related operations such as wastewater treatment, emission reduction and measurement. Its goal is to maximize the utilization of water resources in order to minimize the negative impact.

The formulation of emission reduction target and the implementation and evaluation of management scheme

Under the leadership of environmental engineering unit in various factories of FIT, reasonable and feasible target and management plan for wastewater reduction is set up by wastewater generating units. Thorough supervision and appraisal of the practice is also launched.

Technical process re-engineering and cyclic utilization

In accordance with the principle of source management, FIT and the various wastewater generating units began the wastewater treatment with focus on controlling the production and pollution of wastewater from the source, accomplishing comprehensive optimization of the water resources utilization through initiatives in technical process re-engineering and cyclic utilization.



Industrial wastewater treatment equipment and water quality after treatment. FIT timely optimizes the efficiency of equipment and replaces out-dated equipment to ensure the stable operation of wastewater treatment.

Green Production and Sustainable Development



Domestic wastewater treatment equipment in Shenzhen. After treatment, the volume of treated water can reach 400,000 tons/year.

Establishment and maintenance of wastewater collecting and conveying pipelines

To ensure that wastewater collecting and conveying pipelines are not blocked and damaged which may cause the leakage of wastewater, the company regularly inspects the pipelines and will commence construction, expansion, renovation and maintenance of the pipelines.

Case: Kunshan — renovation of exposed pipe and bucket in wastewater transportation

The pipelines of wastewater and the transfer pool were originally put underground in factories of FIT. Although it can save space, it leads to problems in pipelines maintenance as well as finding the source of water leakage caused by aging and damage of pipelines and transfer pools, easily resulting in soil and groundwater contamination.

FIT has started promoting the construction of exposed pipes and bucket in wastewater transportation and has selected Kunshan factory as pilot. The original underground pipelines of wastewater were replaced by exposed overhead pipes. On the other hand, exposed buckets were constructed above the original transfer pool and being utilized as a secondary leak-proof pool after antiseptic treatment. With the renovation of exposed pipes and bucket, monitoring can be conducted easily against the condition of relevant equipment and prevent pollution caused by wastewater leakage.



The overhead conveying waste water transportation pipes and the waste water storage bucket above the original transfer pool are installed after transformation.

Green Production and Sustainable Development

Wastewater collection, treatment and monitoring

FIT carries out classified collection of all kinds of wastewater produced by factories to avoid aggravation of harm from mixing. The wastewater collected then enters the wastewater treatment station, where it is handled by specialized equipment before being allowed by regulations and laws to be emitted, thereby minimizing environmental damage.

The wastewater produced in electroplating makes up a major part of industrial effluent, of which the main pollutants are nickel, cyanide, ammonia nitrogen, chemical oxygen demand (COD) and so on. Detoxification processing against wastewater is conducted to help make the wastewater reach the discharge standard with full compliance with related regulations and laws. Testing standard is raised in line with “discharge standard for electroplating pollutants (GB 21900-2008)” to further promote emission reduction.

In the process of collection, transportation and treatment of the wastewater, real-time monitoring facilities are equipped to monitor compliance and safety of the whole process in order to timely identify and properly handle potential problems and emergencies.

Measurement of wastewater

In order to obtain assurance, the environmental unit of FIT is responsible for regular internal supervision and measurement of water quality treatment. For instance, in factories in China, industrial effluent with production cycle longer than 8 hours per day needs to be detected at least every 4 hours according to “Integrated wastewater discharge standard GB 8978-1996”. As for domestic sewage, before it is discharged into municipal sewage pipe network, quarterly internal measurement through sampling at the discharge outlet is necessary to ensure indexes of all the pollutants meet the requirement of local laws and regulations.

Table 1.7: Discharge of industrial wastewater and its average concentration in factories in China of FIT during the reporting period⁴

China		
Total discharge of industrial wastewater (Ton)		1,112,836.69
Average concentration of industrial wastewater pollutant emissions discharge (g/ml)	Ammonia nitrogen	2.17
	Chemical oxygen demand	25.70
	Total phosphorus	0.12
	Total chromium	0.01
	Tin	0.01
	Suspended matter	8.49
	Nickel	0.11
	Cyanide	0.00

⁴ Taiwan and Vietnam sites are assembly factories, and the United States and Singapore are offices with no industrial wastewater discharge.

Green Production and Sustainable Development

Table 1.8: Discharge of domestic wastewater and its average concentration in each factory of FIT during the reporting period⁵

		China	Taiwan	Vietnam
Total discharge of domestic wastewater (Ton)		1,947,631.80	83,094.00	152,565.00
Average concentration of domestic wastewater pollutant discharge (g/ml)	Ammonia nitrogen	21.21	N/A	72.51
	Chemical oxygen demand	102.57	142.00	398.73
	Total phosphorus	3.46	N/A	7.53
	Suspended matter	7.02	29.00	129.43

The Mexico factory of FIT follows the requirement of wastewater discharge standard in Normas Oficiales Mexicanas (NOMs)⁶. It has engaged an independent third party to test detoxification process and measure wastewater discharged. According to the testing results of the reporting period, all indexes of wastewater pollutants in Mexico factory is in conformity with the requirement of NOMs.

Norma Aplicable : NOM-002-SEMARNAT-1996 Muestreo Realizado Por : Personal de On-Site Analítica de México, S.A. de C.V.		Muestra : FIT-01A-D DESCARGA FINAL 1 CAFETERIA		
PARÁMETROS	METODOLOGÍA	RESULTADO	NIVEL REGULATORIO	FECHA DE ANÁLISIS
Conductividad (µmhos/cm)	NMX-AA-093-SCFI-2000	1042.0	N.R.	2016-12-20
pH (Unidades de pH)	NMX-AA-008-SCFI-2011	6.96	5.50 - 10.00	2016-12-20
Temperatura (°C)	NMX-AA-007-SCFI-2013	17.7	40.00	2016-12-20
Materia Flotante	NMX-AA-006-SCFI-2010	Ausente	Ausente	2016-12-20
Grasas y Aceites (mg/L)	NMX-AA-005-SCFI-2013	38.66	75.00	2017-01-05
Sólidos Sedimentables (m/L)	NMX-AA-004-SCFI-2013	<0.10	7.50	2016-12-22
Cianuro (mg/L)	NMX-AA-058-SCFI-2001	<0.02	1.50	2016-12-22
Cromo Hexavalente (mg/L)	NMX-AA-044-SCFI-2001	<0.10	0.75	2016-12-22
Sólidos Suspendedos Totales (mg/L) ⁽¹⁾	NMX-AA-034-SCFI-2001	102.00	200.00	2016-12-22
DBO(mg/L)	NMX-AA-028-SCFI-2001	156.03	200.000	2016-12-21
Arsenico (mg/L)	NMX-AA-051-SCFI-2001	<0.02	0.75	2017-01-10
Mercurio (mg/L)	NMX-AA-051-SCFI-2001	<0.005	0.015	2017-01-11
Cadmio (mg/L)	NMX-AA-051-SCFI-2001	<0.1	0.75	2017-01-09
Cobre (mg/L)	NMX-AA-051-SCFI-2001	<1.0	15.00	2017-01-09
Niquel (mg/L)	NMX-AA-051-SCFI-2001	<1.0	6.00	2017-01-09
Plomo (mg/L)	NMX-AA-051-SCFI-2001	<0.1	1.50	2017-01-09
Zinc (mg/L)	NMX-AA-051-SCFI-2001	<1.0	9.00	2017-01-09

Report on pollutant emission concentration of wastewater of Mexico factory, 2017

⁵ The United States and Singapore sites are offices, and there is no staff living area. The property company is responsible for the treatment of the waste water. FIT does not test the domestic sewage pollutant discharge.

⁶ FIT Mexico factory follows the NOM-002-SEMARNAT, 1996 "the maximum allowable limits of pollutants in the discharge water of urban sewage system" for wastewater discharge treatment and regular testing.

Green Production and Sustainable Development

Solid Wastes

FIT has formulated and adhered to the “Waste Control Procedure” to regulate the labeling, classification, storage, disposal and emission reduction of wastes, and to ensure its waste disposal procedures follow the rules and regulations and customer requirement. On this basis, the Company has achieved the goals of waste disposal optimization, emission reduction, and environmental sustainability targets. In addition, for the hazardous wastes generated in the process of production, FIT has also formulated the “Hazardous Waste Control Process” to ensure that the hazardous wastes are decontaminated, and the emission reduction work can be achieved.

Identification and Classification of Disposal

The wastes generated by FIT mainly include the production wastes generated during the manufacturing and office process, household wastes generated during the daily living and office process. The production wastes includes recyclable resources wastes, non-recyclable but non-toxic harmless wastes and harmful wastes which are harmful to human health or pollute the environment.

FIT requires each BU to identify the sources of wastes and develop a detailed list of wastes, on the basis of which the types of wastes are subdivided, and different disposal methods are developed based on its recyclability and pollution level so as to achieve the maximum utilization of resources and minimization of harm from wastes.

Table 1.9: Total waste emission of each FIT operating entity during the reporting period

	Unit	Total	Non-hazardous waste	Hazardous waste
Waste Emission	(Ton)	22,201.27	18,370.97	3,830.30
Density	(Calculated by site area Ton/km ²)	18,318.57	15,158.14	3,160.43
Density	(Calculated by the number of employees Ton/ thousand person)	486.60	402.65	83.95

Multi-sectoral collaboration to achieve waste disposal and emission reduction targets

The waste generating units, the environmental engineering unit, the waste management unit and the planning unit work together to complete the disposal of the wastes generated from FIT’s production bases, office and daily living and meet the emission reduction and sustainable development requirements.

The planning unit designates waste storage areas according to the type and feature of wastes. The waste generation unit manages the wastes on site and delivers the wastes to the corresponding waste storage area. The waste management unit supervises the storage of waste and maintains the facilities to prevent leakage, and fire. Warning signs are put in the storage area. After the waste storage reaches a certain amount, the waste management unit will contact the waste disposal vendors to remove the waste.

Green Production and Sustainable Development

The environmental engineering unit regularly declares hazardous wastes, and assists the BU to identify unrecognized hazardous wastes. The environmental engineering unit supervises the classification, storage, transportation and disposal of hazardous wastes, selects and approves the qualified waste disposal vendors to dispose hazardous wastes.

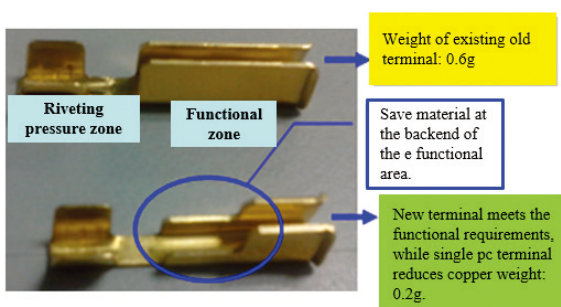
Product Design Optimization

FIT's BUs benchmark similar products in the market and take the initiative to explore possibilities in the production process and product design, which can contribute to optimizing product design, saving raw materials and reducing wastes.

Case: Huai'an — TSC Improvement Plan

In the cable manufacturing process, PVC plastic particles or copper materials will be extensively used as contact conductor. Under the premise of complying with safety regulations and meeting the quality and testing requirements, FIT Huai'an TSC BU has reduced the use of PVC plastic particles/copper through optimizing product design and changing product form. In addition to cost reduction, the TSC Improvement Plan has reduced waste generation and negative impact on the environment.

Case 1: C13 Tail-plugging terminal copper usage reduction plan



Comparison of specification between current and new product

Unit: mm	Current	New
Total length of terminal	20.35	17.14
Functional area	12.39	10.14
Riveting pressure area	4.15	3.6
Terminal thick	0.3	0.29
Weight of single pc	0.6g	0.4g

Program Description:

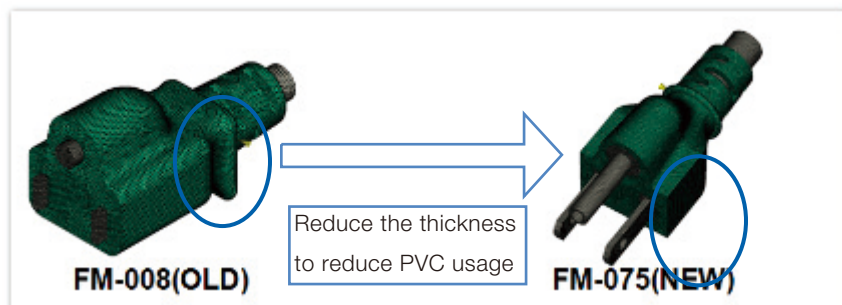
According to safety requirements and anatomy of the outlet, C13 terminal contact ribbon is only about 2/3 of the front end. It can reduce the functional area at the back end in order to achieve the purpose of saving material.

Optimization benefits:

1. Single Pcs terminal can reduce the amount of copper: 0.2g. Calculating according to the current order (4000K Pcs/month), this program can reduce the amount of copper: 800Kg;
2. Material procurement costs can reduce: 0.03NTD/Pcs.

Green Production and Sustainable Development

Case 2: US-regulated 3Pin plug downsized design plan



Program Description:

The program meets the minimum thickness of safety regulations, and all the test results are more favourable than the requirements. And according to the laboratory dynamic mold flow analysis, the new PVC provides better mobility while the appearance has improved.

Optimization benefits:

PVC consumption per piece (Pc) product is reduced by 2.5g. According to the existing order quantity (1000K Pc/month), PVC consumption can be reduced by 3.25T/month.

Professional Training

FIT collects and understands the updates of laws, rules and regulations which are related to environmental protection, hazardous waste disposal, energy conservation and emissions reduction, and then disseminates to hazardous waste generation and disposal units. Meanwhile, we update the guidance of waste disposal and emission reduction in accordance with the new requirements.

The Company regularly carries out education and training for personnel involved in the generation and disposal of hazardous wastes to enhance their expertise, and strengthen awareness on safety operation and emission reduction.

Waste recycling

Non-recyclable general wastes are collected by the local sanitation vendor using garbage truck for disposal. For valuable trash (recyclable part), each business unit gives priority to whether it can be recycled for reproduction. If it cannot be recycled internally, each plant will entrust qualified recycling companies to dispose the wastes.

Case 1: Injection Molding Scraps Recycling Granulation

The TSC business department of FIT Huai'an Plant has reduced its solid waste emissions and material costs by crushing or pumping the injection molding scraps (PVC and PE) produced in the manufacturing process, for recycling and reuse purposes.

Table 1.10: Huai'an TSC-PVC scraps recycling granulation performance in 2017

	Unit	Numeral value
Total Recycling	(Kg)	1,054,502
Cost Saving	(RMB)	7,565,770

Table 1.11: Huai'an TSC-PE scraps recycling granulation performance in 2017

	Unit	Numerical value
Total Recycling	(Kg)	8,850
Cost Saving	(RMB)	151,132
PE scraps annual recycling rate		43%
PE scraps recycling cost savings account for the cost of purchasing new materials		9.60%

Green packaging

As an electronics manufacturing company, a large variety of materials and finished products are packed and sent from FIT to our customers all over the world. To ensure the safe transportation of materials and products, and to meet the quality control of customers' requirements, different types of products are carefully packed with different compositions and types of packaging materials, ranging from foam to corner paper, from labels to humidity indicator cards, and from cardboard to wooden box. Each FIT plant in Mainland China, Taiwan, Vietnam and Mexico, has been carried out the recycling of waste packaging materials in recent years. Meanwhile, by optimizing the packaging approach, each plant has reduced the consumption of packaging materials and achieved the reduction, recycling and reuse objectives.

Green Production and Sustainable Development

Figure 1.9: Packaging materials consumption and type distribution of each FIT operating entity during the reporting period⁷ (Unit: Ton)

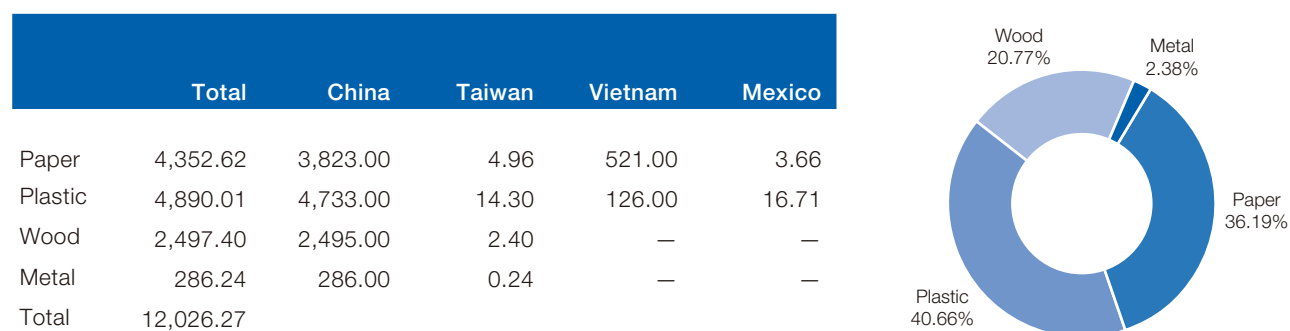
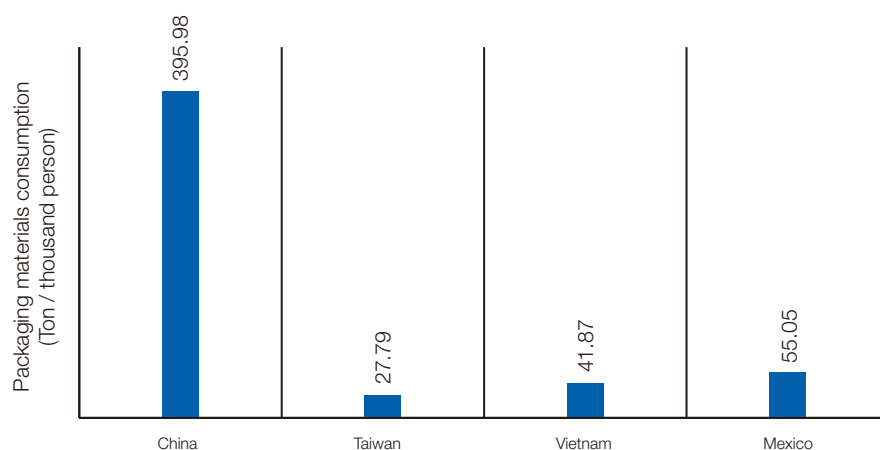


Figure 1.10: Consumption of Packaging Materials per thousand person in FIT Operating Units during the Reporting Period



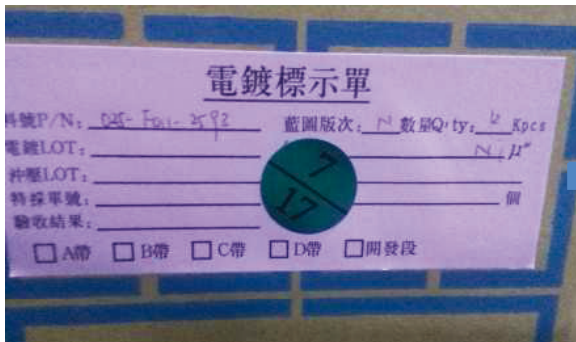
⁷ FIT only set up offices in the US and Singapore, no consumption on producing related packaging materials.

Green Production and Sustainable Development

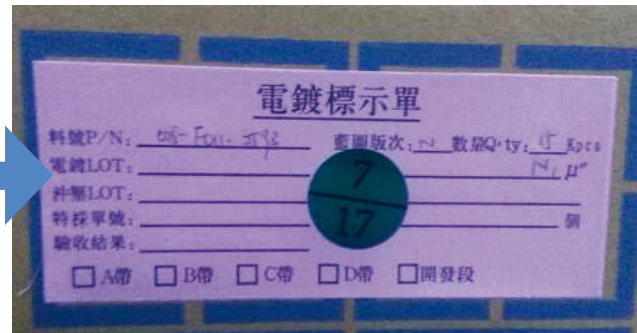
Case 1: Improve the packaging method

Based on the transportation requirement, each FIT local plant has optimized its packaging method by considering the features of materials or products.

Before Improvement



After Improvement



- Use carton *1+ foam *2+ clapboard *4
- 4 trays per carton

- Use carton *1+ foam *0+ clapboard *0
- 5 trays per carton

For the electroplating materials, on the basis of meeting the requirements of packaging and transportation, the plant has lowered the packaging cost by 25% through the improvement of packaging method thereby reducing the impact to environment.

Case 2: Shenzhen — woven bags instead of wooden boxes

Shenzhen Baoke Factory has been promoting the use of woven bags instead of wooden boxes as packaging materials, and it has recycled the used wooden boxes thereafter. During this reporting period, 1,238 woven bags were used in Shenzhen Baoke Factory. Calculated on the basis of an average weight of 65kg for a wooden box, it has contributed to a total saving of 80.49 tons of timber resources.

Green Production and Sustainable Development



The wooden box used for packaging before

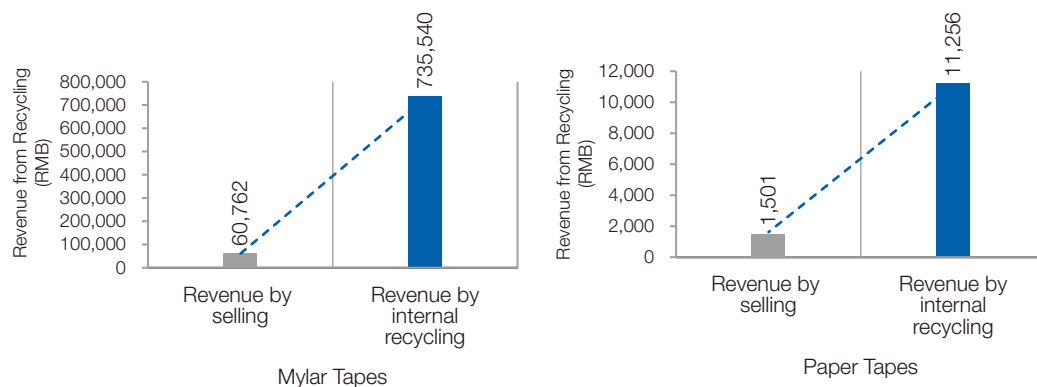


Now replace with reusable woven bags

Case 3: Chongqing — internal recycling and reuse of waste packaging materials

For the waste packaging materials generated in the electroplating assembly phase, FIT Chongqing Plant used to sell them to recycling suppliers with low prices after being scrapped into the warehouse. The plant needed to procure 100% new electroplating package materials on a monthly basis. Since 2017, the Electroplating Assembly Department in Chongqing Plant has sorted out the types of wastes and filtered the recyclable packaging materials such as Mylar tapes and paper tapes, and then recycled them to the workshop for reuse. It has contributed to a monthly drop of 20% in the number of new purchase of Mylar tapes, and greatly reduced the number of waste packaging materials. Compared to the sales of waste packaging materials, it has created a greater cost savings effect for the Company.

Figure 1.8: Internal recycling of scrap recycled packaging materials is more profitable than sold

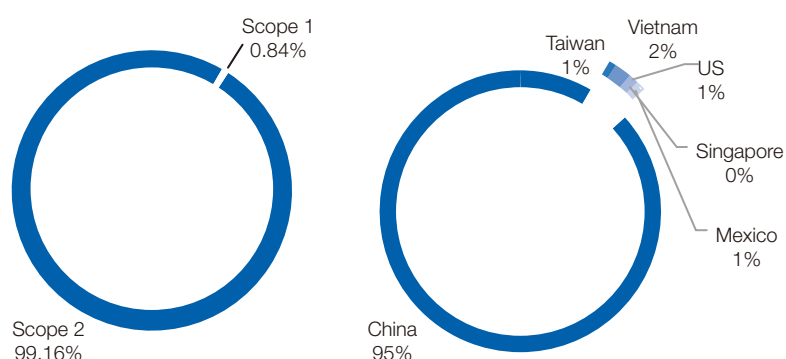


IMPROVING CARBON FOOTPRINT

Under the background of global warming, FIT actively fulfills its social responsibilities. We have established a thorough greenhouse gas (GHG) emissions inventory system for recording the statistics of inventorying greenhouse gases, in order to facilitate the control of greenhouse gas emissions and optimizing the performance of emission reduction.

Table 1.11 : Total CO₂ equivalent and distribution of each FIT operating unit during the reporting period (Unit: Ton of CO₂ equivalent)

	Total	China	Taiwan	Vietnam	US	Singapore	Mexico
Scope 1	3,869.97	2,834.35	0.08	17.04	787.99	203.09	27.43
Scope 2	459,408.03	438,927.95	5,929.67	8,304.76	1,837.44	615.47	3,792.75
Total GHG emissions	463,278.00	441,762.30	5,929.74	8,321.80	2,625.42	818.56	3,820.17

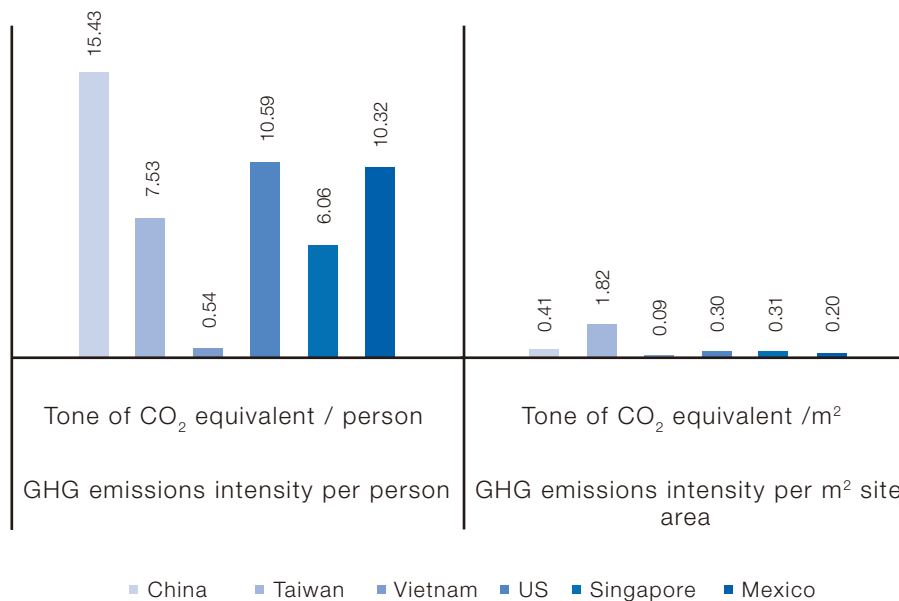


Note: "Scope 1" and "Scope 2" refer to the separate scopes of GHG emissions (direct and indirect) and removals⁸.

⁸ Scope 1: Direct emissions from operations that are owned or controlled by the company. These principally result from the following activities: 1) Combustion of fuels in stationary sources; 2) Combustion of fuels in mobile sources (e.g. motor vehicles and ships); 3) Hydrofluorocarbons ("HFC") and perfluorocarbons ("PFC") emissions during the use of refrigeration and air conditioning equipment and other fugitive emissions; 4) Assimilation of CO₂ into biomass through e.g. planting of trees.
Scope 2: "Energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the company.

Green Production and Sustainable Development

Figure 1.12: Total CO₂ equivalent and distribution of each FIT operating entity during the reporting period



Greenhouse Gas Inventory

FIT has established a complete greenhouse gas interrogating system to address the inventorying statistical problem of greenhouse gases. The director of greenhouse gas interrogation and emission reduction organization in each plant coordinates with each unit in the plant to determine the organizational boundaries of greenhouse gas interrogation in different units and different types of operations. According to the result of interrogation, each factory compiles the GHG Inventory Checklist (including the types of greenhouse gases and a detailed list of emissions and emission reduction by sources) and the GHG Inventory Report (including each interrogation process and the final emission reduction targets and performance). Each unit cooperates with the directors of GHG interrogation and emission reduction organization to implement the greenhouse gas emission reduction plan, and are subject to their supervision.



Green Production and Sustainable Development



12/27/11, 2:41

2017 年度

출처: 한국은행 DCI DB

Annual Greenhouse gas verification
report issued by third party agency

Environmental, Social and Governance Report of 2017

Green Production and Sustainable Development

Internal greenhouse gas verification

In order to effectively control greenhouse gas emissions, set reasonable emission reduction targets, and evaluate emission reduction performance, the Company has established the Internal Greenhouse Gas Verification Team to conduct an internal verification of greenhouse gases within each plant/BU on a regular basis based on ISO14064 International Standard for GHG Emissions Inventories and Verification. When the greenhouse gas emission reduction targets have undergone major changes, interrogation from important clients, significant changes in emission reduction requirements and other special circumstances, the team will also arrange a temporary internal verification.

Through the internal verification of greenhouse gas emissions, FIT can conduct a fair and objective review of greenhouse gas emissions and progress of emission reductions reported by each department can be supervised. Moreover, maintaining the interrogation and verification of greenhouse gases complies with the Relevance, Consistency, Integrity, Transparency and Correctness principles of the international standards and customer requirements while fulfilling FIT's commitment to reducing greenhouse gas emissions.

FIT greenhouse gas emissions mainly come from indirect emissions of purchased electricity. According to the interrogation and verification results during the reporting period, indirect greenhouse gas emissions accounted for about 99.16% of total emissions. Therefore, improving the efficiency of electricity use and reducing electricity consumption are important directions for FIT's current and future greenhouse gas emission reductions.

FIT's largest production base is located in Mainland China, with the most frequent carbon emission activities. During the reporting period, about 95% of FIT's carbon emissions came from the plants in Mainland China, so the Company has stepped up its carbon emissions management in this region. In addition to the internal interrogation, greenhouse gas emissions are verified annually based on ISO 14064-1: 2006 by third parties and a verification report is issued. The verification reports show a reasonable result for the carbon emission during the verification period.

Nothing is trivial enough to be ignored in greenhouse gas emission reduction

The greenhouse gas emissions will be indirectly reduced by saved electricity. The traditional lighting equipment in plant and office areas in mainland China have been replaced by LED lighting systems by batch in recent energy-saving projects, which will greatly reduce power consumption while ensuring compliance with lighting requirements. Singapore office uses more advanced automatic lighting systems and sensing devices to reduce electricity consumption. By setting the automatic lighting system, the lighting in the office area will be automatically shut down at 7 o'clock in the evening to prevent the staff from wasting power for not turning the lighting off after working hours. Meanwhile, the Singapore office uses lighting with motion sensors to control the lighting in toilets and storage rooms so that the lighting will only be turned on when there is staff using them.

Green Production and Sustainable Development

Currently Fluorine-containing refrigerants have still been widely used in refrigeration equipment such as air conditioners, where the fluorine-containing gas generated is an important greenhouse gas and has been considered to have an extremely high Global Warming Potential (GWP). That is to say each unit of Fluorine gas absorbs more calories than carbon dioxide. Reducing the duration and intensity of air conditioners will help cut down the electricity and refrigerant consumption, and indirectly reduce greenhouse gas emissions. The Company has installed air conditioners with frequency conversion technology in the office, and the temperature is set to 25°C. Meanwhile, in spring and autumn when the temperature is moderate, as well as the weekend, the air conditioners will be turned off.

In addition, planting trees and cutting down paper consumption can also contribute to the reduction of greenhouse gases due to the carbon dioxide absorption effect of trees. Every year, FIT organizes green public welfare activities such as afforestation, and 306 trees were planted in Mainland China and Mexico during the reporting period. Since the early years, the Company has gradually implemented digital office by using pdf documents and e-mail instead of traditional paper documents and mail delivery to reduce the dependence on paper. When paper-based printing is necessary, the Company encourages employees to print on both sides of the paper and recycle the papers that do not contain confidential information. By using less paper and planting more trees, FIT advocates greenhouse gas emission reduction from its production plants to office and fulfill the environment responsibility.



FIT tree planting activities in spring

Excellent Employer

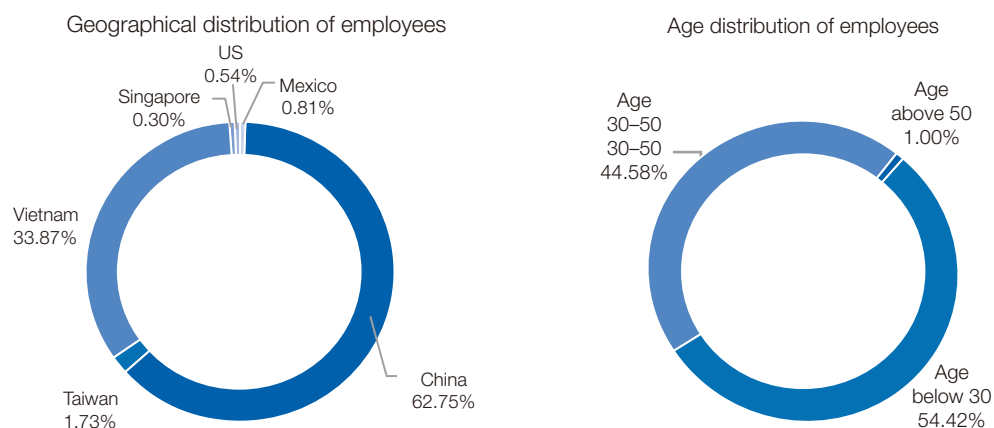
FAIR EMPLOYMENT

Mature human resources management system

FIT has a professional HR team and a mature human resources management system. We provide a fair and open employment opportunity for society and enables people from different regions and backgrounds to have equal opportunities to join FIT and achieve their personal pursuits. FIT's human resources management system has also been able to continuously deliver fresh blood to the company, bringing vitality to the Company's sustained and healthy development.

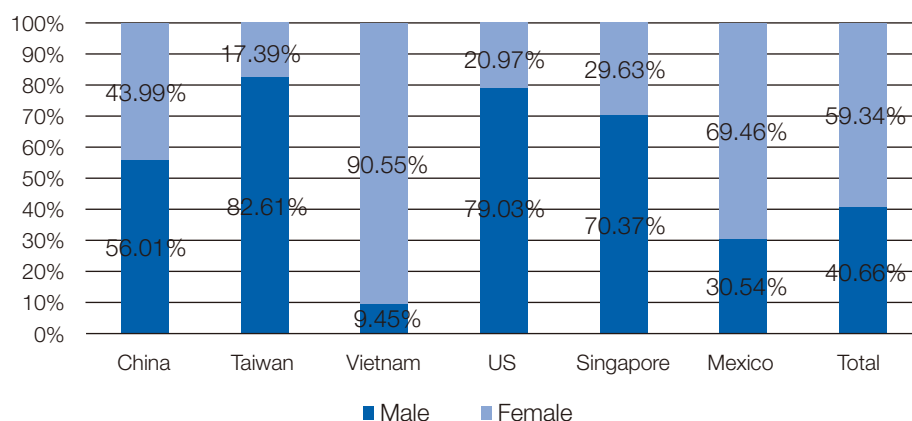
As of the end of the reporting period, FIT has 45,625 employees in our plants⁹ and offices in Mainland China, Taiwan, Vietnam, Mexico, the United States and Singapore, of which about 59% were female.

Figure 2.1: Geographical, age and gender distribution of employees as of the end of the reporting period



⁹. The number of employees is the number of employees in the 14 entities within the scope of this report and does not include employees of all FIT entities. For the scope of the entity of this report, please refer to the "Postscript — About the report — Preparation of baselines and scopes" section.

Gender ratio of employees in all regions



Standardized recruitment process

Relying on our mature human resources management system, FIT has established a complete policies and procedures on recruitment. FIT has refined the recruitment standards for basic employees and division-level employees respectively, and made rigorous and meticulous requirements on recruitment process. The main recruitment channels consist of onsite recruitment, college campus recruitment and government assistance. It has also been complemented by the resources from formal labor market and agencies, which provides a broad recruitment platform for potential employees.

Besides the “Employee Recruiting Operation Regulations”, FIT has established and strictly followed the “Non-Discrimination Management Measures” to effectively ensure the fairness and justice in the hiring process. During the recruitment process, based on the features of different types of work, professional diversity should be fully considered to achieve the best use of talents.

FIT provides indiscriminate salaries and benefits for disabled employees and gives special care and attention to their lives. The Company has formulated and followed the “The Disabled Recruitment and Appointment Management Regulations”, and provides disabled persons with campus recruitment, special job career fairs and other channels so that the disabled persons will have the opportunity to realize their values and fulfill social responsibilities.

A fair and unimpeded promotion system

FIT provides newly recruited staff with a competitive basic salary, which is higher than the local minimum wage level. After considering the comprehensive ability of employees, FIT performs annual employee assessment according to the human resources assessment scheme of the company. Through the elevation of wage level and position, the Company provides employees with unimpeded access to promotion. Under the fair and unimpeded promotion system, employees’ enthusiasm for work has been greatly stimulated. We have recruited and retained a large number of outstanding talents to support the growth of both employees and the Company.

EXIT CONTROL

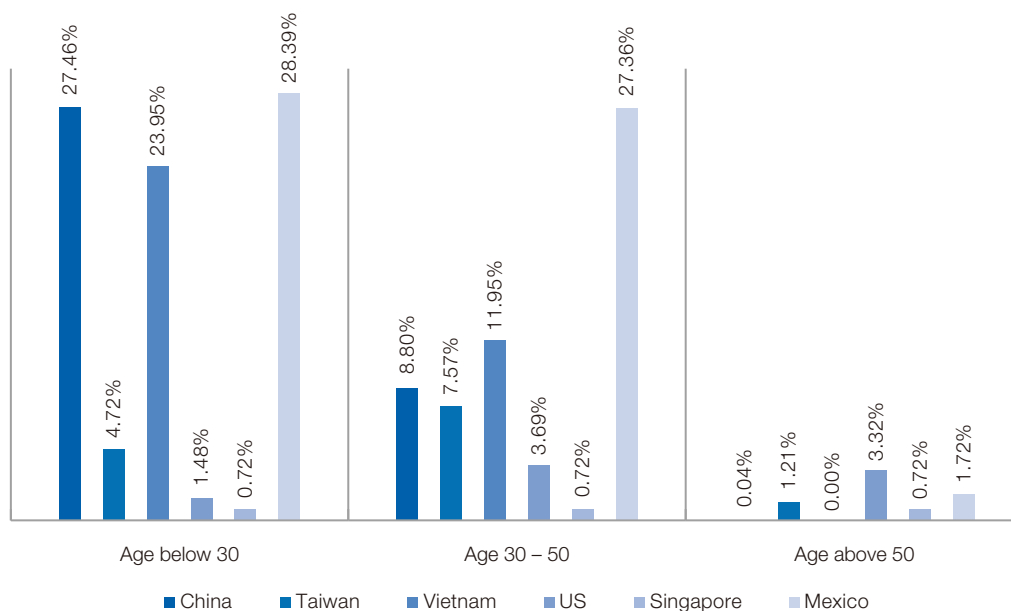
In order to optimize employee exit management, prevent labor dispute risks and protect the legitimate rights and interests of employees and the company, FIT has formulated the “Employee Exit Operation Management Regulations”, so that the employees’ exit process can be standardized and optimized. Human Resources Service General Office is responsible for the implementation of the Employee Exit Management System of the Group. The employee exit is managed and inspected in the system, where the statistical analysis can be conducted.

Exit Investigation

In daily work, FIT Care Center collects the feedback from employees, listens to the voices of the employees, keeps abreast of the needs of the employees and coordinates the problems faced by the employees. Through reassignment of position, the employees are provided with an appropriate solution to the problems, and their talent can be exercised in the new positions.

In event of resignation, the employer and employees will have a face-to-face communication. Meanwhile, the Human Resources Department and Professional Training Center will promptly arrange interviews with the employees and their departments to understand the reasons for resignation. The potential problems of the department and the Company will be analyzed and improved in a timely manner to reduce the employee turnover rate.

Figure 2.2: Employee Turnover Rates of Each FIT Operating Entity by Age for the Reporting Period



Notes:

1. *The high turnover rate of factory workers in Vietnam has the following two reasons:*
 - 1) *With agriculture as the major industry in Vietnam, some employees leave home for farming during the autumn harvest season, resulting in the loss of staff.*
 - 2) *Most of the workers in Vietnam factory are female. Due to the heavier family attitudes of Vietnamese women, most of them will leave after they get married to take care of their families.*
2. *The high staff turnover rate at the factory in Mexico is due to the reduction of production scale in late 2017 and layoffs in December 2017. In January–November, employees in Mexico factories lost was less than 8.3%.*

HUMAN RIGHTS AND LABOR

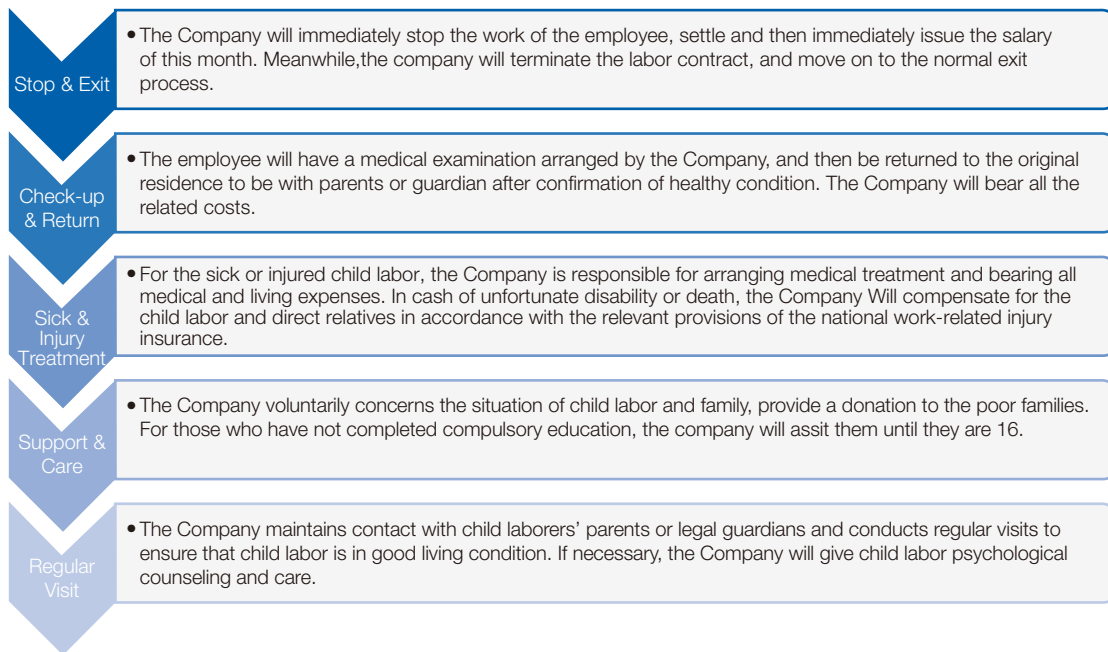
Prohibition of the Use of Child labor and forced labor

FIT has actively performed our social responsibilities to ensure that the management of our employees is lawful, open and fair. The Company protects the physical and mental health of the minors, as well as their legal rights. The use of child labor and forced labor is strictly prohibited. The Company has also formulated a series of management measures on preventing and correcting the use of child labor and forced labor. The recruitment process has also been regulated to prohibit and prevent the occurrence of child labor and forced labor.

Control and correction of prohibiting the use of child labor

- **Prevention in Recruitment Part:** FIT recruitment brochures and promotional materials indicate that the applicant's age must meet the requirement of minimum legal working age of the country/region according to the labor law. In the first part of the recruitment, FIT strictly checks the applicant's identity card and other proof of age. Through ID system authentication, minimum legal working age verification and own ID confirmation, FIT can effectively prevent hiring child labor by mistake.
- **Daily Inspection without Omission:** Each plant regularly inspects the staff in the production line, and immediately examines and confirms the situation in case there is suspected child labor.
- **Punitive and Incentive Dual-control:** For staff who deliberately hire child labor, FIT will strictly punish them according to relevant penalty clause and may take further legal actions. For employees who mistakenly hire child labor due to negligence at work, the Company will penalize them according to the regulations. If there are suspected child labor found, employees may report to the company's Human Resources and Labor Unions. Once the report is verified, the company will offer cash rewards.

- **Remedies for Discovering Child Labor:** When child labor is found, FIT will immediately take actions to remediate and continuously provide physical and mental care for the labor child so as to minimize the harm to the child.



Control of Prohibiting the Use of Forced Labor

FIT protects the personal freedom of employees and sticks to the legitimacy of the employment. The use of forced labor is explicitly prohibited for all plants of the company and our partners.

First of all, FIT prohibits the hiring and use of forced labor during the actual recruitment and production process. The Company proactively states the policies in the staff training regarding the "prohibiting the use of forced, debt-relief, jail, contractual, trafficking or slavery labor". When discovering relevant circumstances in daily inspection or reporting, FIT will immediately submit to the public security organizations.

At the same time, FIT states clearly to our subcontractors and labor service agencies that the use of forced labor must be prohibited. If any situation is found, we will immediately stop the cooperation and submit to the public security organizations. If the investigation shows that the partners deliberately hire forced labor, those companies will be banned for cooperation permanently.

FIT prohibits recruiting forced workers. We also prohibit the restrictions and constraints of employees' freedom. Moreover, the detainment of employees' identity documents, the request to pay a deposit or the deduction of wages during the recruitment or production process is strictly prohibited.

Attendance and Vacation

Attendance and Overtime Management

The Company scientifically and accurately records the working hours of staff by asking the employees to swipe their employee identification cards in the system. Overtime will be applied and verified through the “Overtime Tracking System”.

40_h

Weekly Normal Working Hours



Morning Shift
8:00–17:30



Night Shift
20:00–5:30



Meal & Rest Time
1h 30min

The approved overtime hours exceeding normal working hours will be paid based on the employees’ monthly salary level, overtime hours and overtime pay multiples. Through the “pre-applied, post-verified” approach in “Overtime Tracking System”, FIT ensures that the employees receive overtime pay that is consistent with the actual overtime hours worked.

Table 2.1: Overtime pay calculation

	Weekday overtime hours (Monday to Friday)	Weekend overtime hours (Saturday/Sunday)	Statutory holidays or unexpected events
Multiple	1.5x	2x	3x
Overtime Pay = Basic pay/21.75/8 * multiples * overtime hours			

Note: The multiples of the calculation of overtime compensation and the coefficient of formula vary with the country/region of each operating entity. However, the calculation elements and the overall form of the overtime pay formula are the same. The above table takes the FIT China factories as an example.

Paid Special Leave

According to the labor laws of their country/region, employees are entitled to paid leave, including statutory holidays, general sick leave, wedding leave, maternity leave, paternity leave, compassionate leave, and unpaid leave such as personal leave and family care leave. In addition, for those who have worked for a certain number of years, the Company gives them different days of paid special leave in each year according to their years of service, so as to give employees more time with their families and friends.

Table 2.2 : Employees with different years of service enjoy different days of special leave

Years of Service	Days of Special Leave
1 year–10 years	5 days/year
10 years–20 years	10 days/year
Over 20 years	15 days/year

Note: The above information is based on FIT China factories. The days of special leave varies with the country/region of the operating entities.

EMPLOYEES AS A FAMILY

The Vibrant Life of Employees

Vibrant employees make a vibrant company. FIT not only provides a financial protection to its employees, but also places a strong emphasis on providing them with solid spiritual support.

- **Infrastructure:** FIT has brought in banks, post offices, supermarkets and internet cafes in living areas of each plant to offer convenience to the employees. The preparation and opening of Employee House, Party Members' Activity House, Library, Sports Ground, Billiard Room and Gym will provide employees with a leisure and entertainment harbor. The employees can use these facilities to cultivate their hobbies and enrich their spare time.



Staff Living Facilities in FIT Plants Factories: Supermarkets, Post Offices, Billiards, Library, Party Members' Home

Excellent Employer

- **Sunshine Sport:** A strong physique is necessary for achieving a good working and living condition. FIT values employees' physical health and provides employees with sports ground, gym rooms and swimming pools. The Company has also organized running, table tennis competitions, badminton competitions, fun sports games and other group activities to call on employees to participate in fitness campaigns.



FIT Kunshan plant to carry out fun sports games

- Recreational Activities:** Besides work, FIT has organized a variety of recreational activities such as host contest, singing and dancing contests. The strength and charm of employees can be seen on stage, which also narrowed the gap between staff and management, and deepen the friendship between colleagues. We always encourage our employees to develop interests and skills, and it provides them with all aspects of support.



FIT sponsors clothing and equipment for volleyball teams set up by Mexican local staff

For statutory holidays and traditional Chinese festivals, FIT will hold a variety of activities and send wishes to employees to make them feel warm in a big family. FIT also organizes collective weddings for our employees, sending the best wishes to the newlyweds for happy married life and excellent future work.

Female Employee Development Support

Globally, over 59% of FIT employees are women, with about 90% in Vietnam and 69% in Mexico due to the nature of the work in those plants. FIT hopes to help its female employees become independent, confident and excellent women and provide more possibilities for their future development. In addition to providing a fair employment environment, FIT is fully aware of the special needs of female employees and provides necessary support and services to help them with personal development, legal issues, family-building, children caring.

Excellent Employer

- **Caring for Mothers:** FIT has set up breastfeeding room, pregnant women rest area in each plant and caring park for new mothers, providing them with the convenience of breastfeeding and caring babies. The Company also provides female employees with maternity benefits before and after delivery. We also express sympathy and solicitude to single-mother. As a result, each female employee can achieve a balance among her family, children and work and enjoy the welfare benefits she deserves.

FIT's care program for mothers has also gained social recognition and encouragement. Kunshan plant's two breastfeeding rooms were being recognized as the Suzhou Mummy Inn Demonstration Site. Meanwhile, FIT Kunshan Women Working Committee won the title of "Jiangsu Province May 1 female pacesetter Position".



Mother breastfeeding room and pregnant women rest area in the factories

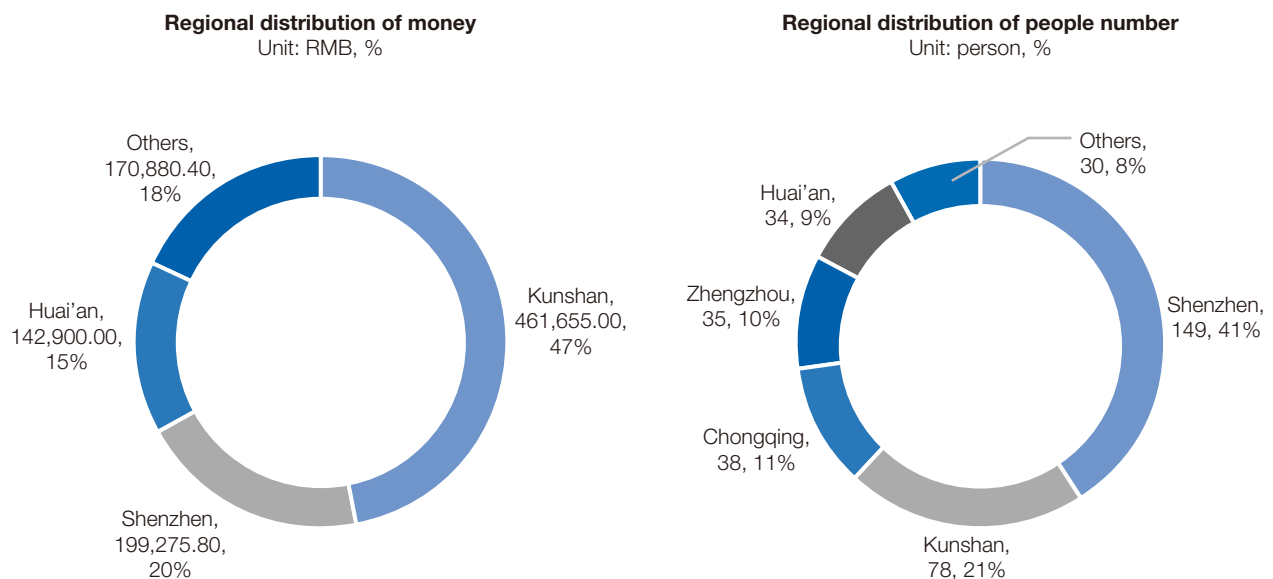
- **Legal aid:** FIT has successfully held two sessions of law consultation for women workers. It has provided legal advice and assistance to 2,800 women workers since its commencement.
- **Education Development:** FIT is not only concerned about the immediate benefits of women workers, but also their future development. The Company conducts diversified training programs and competitions in various topics for female employees to help them enhance their knowledge and skills, and provide them with more possibilities for their future development.

Employee Help and Support

FIT is grateful to each employee for their extraordinary contribution to the Company, and each employee is treated as a member of the FIT family. The Company pays close attention to and comprehends the living conditions of employees and provides material and spiritual care to those in need. The Company provides immediate family consolation pay and hospitalization consolation pay for poor families and injured employees. Those who meet the criteria can obtain the corresponding subsidies through application. The Company pays more attention to the actual needs of the employees who are in need. By visiting their families, providing daily necessities and helping repair houses, the company helps employees to solve their urgent problems and gives them care and warm.

During the reporting period, in total FIT spent RMB 956,711.20 on helping 349 employees in need.

Figure 2.3: Regional distribution of money and people amount for employee help

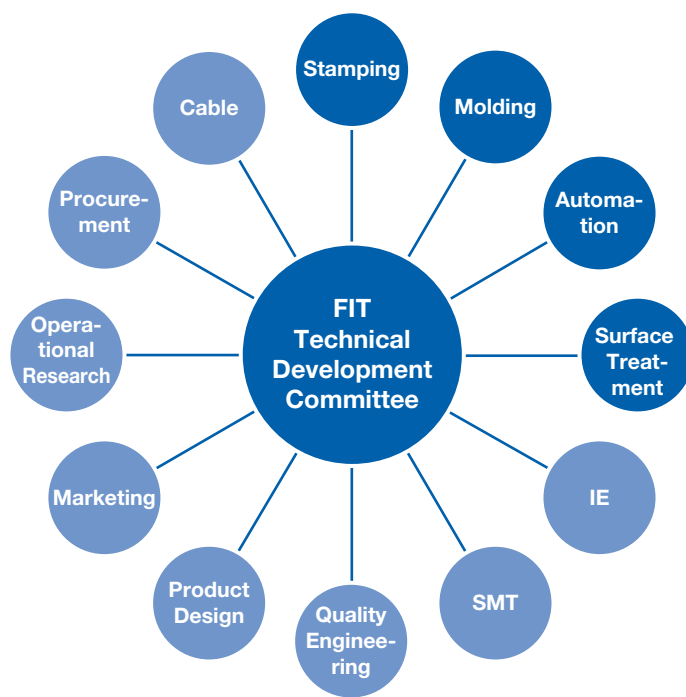


TRAINING AND DEVELOPMENT

Comprehensive, continuous and professional employee education and training system

In order to ensure the effective planning and implementation of the Company's overall education and training process, FIT has formulated and adhered to the "Education and Training Management System" to carry out education and training. The Human Resources Training Department (hereinafter referred to as "HRTD") and the Technology Development Committee have cooperated to establish a comprehensive, sustainable and professional employee education and training system. HRTD, who is responsible for employee education and training, will summarize the need for education and training in each plant and formulate the annual and monthly plan. Accordingly, the HRTD will provide appropriate training for each function and position so that the employees are equipped with necessary professional knowledge and management skills.

- **Technical Development Committee (hereinafter referred to as “TDC”):** FIT has set up 12 professional technical committees such as stamping, molding and automation to provide professional knowledge and technical skills to its employees. TDC should attach corresponding teaching materials when cooperating with HRTD to establish and maintain various functional systems and positions. TDC also organizes internal lecturer certification, establish and maintain the professional qualified lecturers and promote the internal knowledge transfer in the Company.

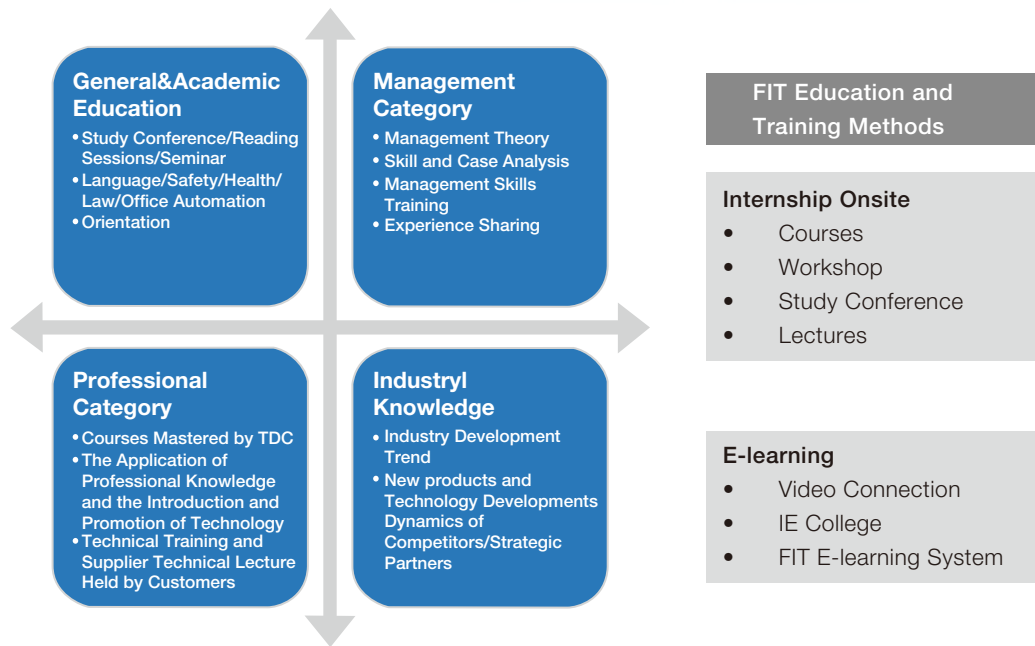


FIT has established 12 professional Technical Development Committees

- **Education and Training System:** The Company has established a comprehensive and professional education and training system consisting of general and academic education, management category, professional category and industrial knowledge. It provides targeted and continuous training for employees of different positions and at different stages of development.

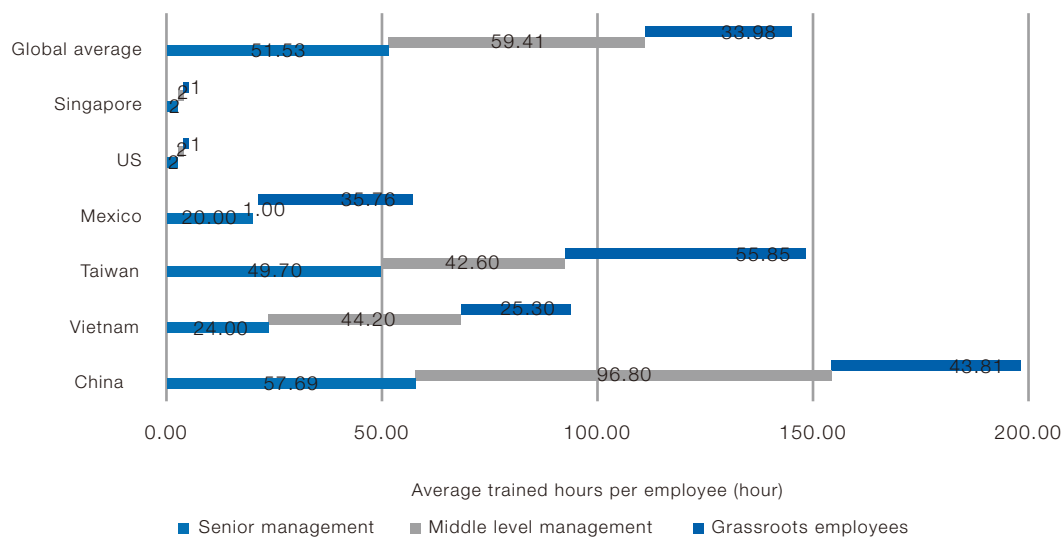
The Company encourages employees to attend various education programs in their spare time and has treated it as one of the important indexes for their annual assessment and promotion. Each employee shall complete all the compulsory courses and reach the required learning hours according to the compulsory and elective courses they need to master, which is prescribed by their positions. Through education and training, the employees strengthen their personal ability and meet the needs of career development.

Moreover, after the completion of the training courses, the HRTD will investigate the satisfaction of the employees on the content of the courses, the teaching ability of lecturers and the HRTD's service quality by issuing the "Course Feedback Questionnaire" so as to continuously improve the education training system and enhance its quality.



During the reporting period, FIT provided over 2,534,150 hours of training to a total of nearly 73,000 employees at its large plants and offices in the six major regions of the world, which helped our employees to be competent and to gain the development of personal ability at the moment when knowledge and skills are rapidly iteratively updated.

Figure 2.4: Average trained hours per employee in each FIT operating entity at the end of the reporting period



Safety in Production — to a Long-term Stability

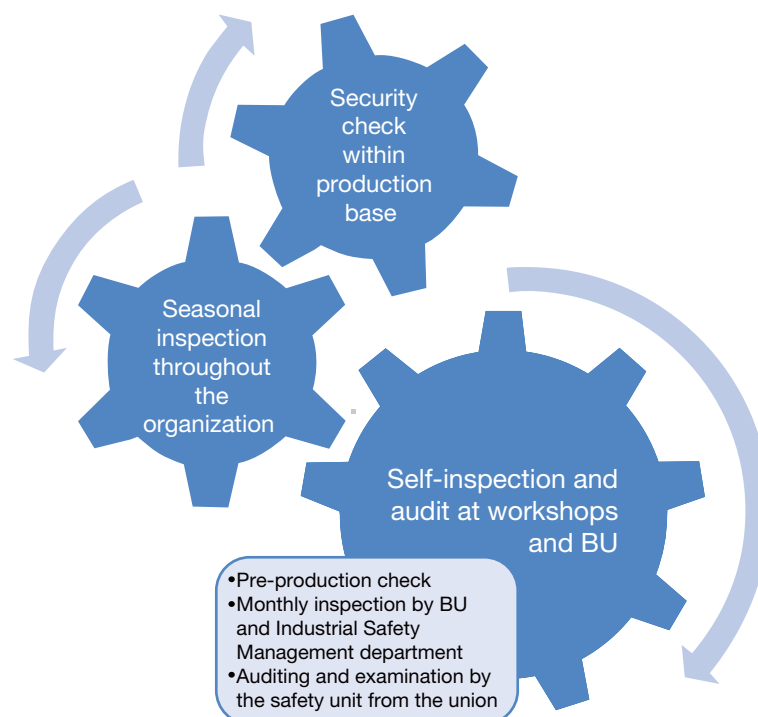
SAFETY MANAGEMENT SYSTEM

Production safety is essential in building an orderly, stable and sustainable business. At FIT, safety is placed as our top priority in the manufacturing process. The Company has established a sophisticated safety management system that covers the identification of risk factors, safety inspection, accident prevention and education, handling, and others. All production units strictly comply with the Company's policy and hold a serious attitude towards safety matters.

During this reporting period, there were 62 injured and one of them died in the accidents. Total lost work days is 2,519 days; average lost work days was 40.6 days per injured staff. These injured workers were given medical treatment instantly. Identifications of work injury were taken and compensation assistances were given by FIT. FIT strictly followed the "Intolerant four" principle to conduct prompt investigation and handling of work-related injuries. It thoroughly traced the causes of work-related accidents, formulated and implemented procedures for rectification and improvement of the causes of accidents. FIT uses the accidents as negative examples to promote safety awareness not only inside the factory where the accident happened. FIT keeps promoting the collaboration between factories for exchanging and learning of the cases, in order to prevent accidents, and to raise awareness of employee safety throughout the Company, as far as to avoid the same type of accident from happening again. Staying vigilant, FIT will continuously enhance its production safety management efforts and create a safe and healthy work environment for its employees.

Safety inspection and assessment

As mentioned, safety is regarded as top priority at FIT. To minimize accidents and avoid injuries, FIT organized and arranged multi-dimensional security check.



Safety in Production — to a Long-term Stability

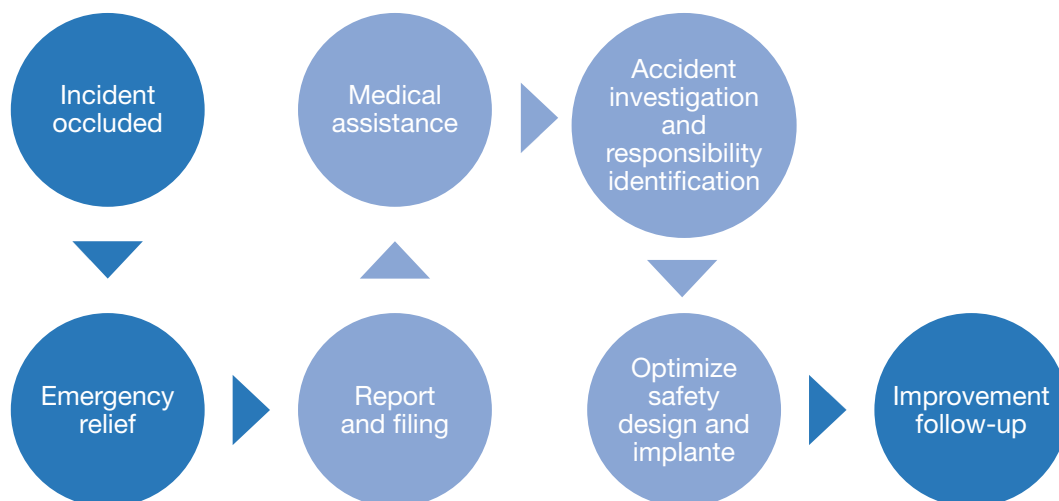
As the foundation of its security inspection, FIT refers to OHSAS8001 (Occupational Safety Hygiene Management Systems) requirements and appoints each production unit to identify dangerous sources. It also established a record of latest technology and imported new equipment updating on a yearly basis, created a check-list for safety assessment and designed countermeasures for potential problems and post-regular-evaluation.

Protection specification and measure for safe production

- **Equipment management:** FIT has equipment protection specifications designed for each production base and, abiding by *Equipment Safety Management System*, and it performs a life-cycle product management, including procurement, installation, operation and maintenance. Warning labels are placed on relevant equipment in production bases to remind employees of the precautionary measures to be taken.
- **Hazardous Chemical management:** Many key production processes at FIT, such as plating, involve the usage of various dangerous chemicals. To prevent incident from happening and ensure a safe yet proper chemical management, FIT strictly follows the nation's Safety Administration of Hazardous Chemicals regulations when purchasing, storage, using, transporting and discarding such chemical materials.
- **Fire safety management:** In accordance with the law of People's Republic of China on Fire Protection Management System, each industrial safety management (ISM) department in production base is responsible for deploying and examining the fire safety works; complementing and maintaining safety equipment on demand; and providing educational workshops. In addition, FIT has arranged and appointed fire emergency groups to organize regular fire drills thus ensuring an effective contingency approach and enhancing employee awareness, based on factory attributes and existing emergency plans.

Accident Management Process Flow

When accident happens, all following departments including Production unit where the incident happens, Affiliated ISM Department, Environmental Health and Safety Department and Human Resources, need to take timely and proper measures following FIT's accident management procedures.



Safety in Production — to a Long-term Stability

Emergency measures

FIT has established an emergency planning and responses system, which can provide immediate responses to potential safety hazard and carry out effective and efficient assistance.

Each ISM Department has set up a 24/7 hotline to assure any safety accident can receive immediate attention and organize on-site investigation and emergent relief. Meanwhile, the health department has prepared medical kit and drugs for first-aid treatment at each shop.

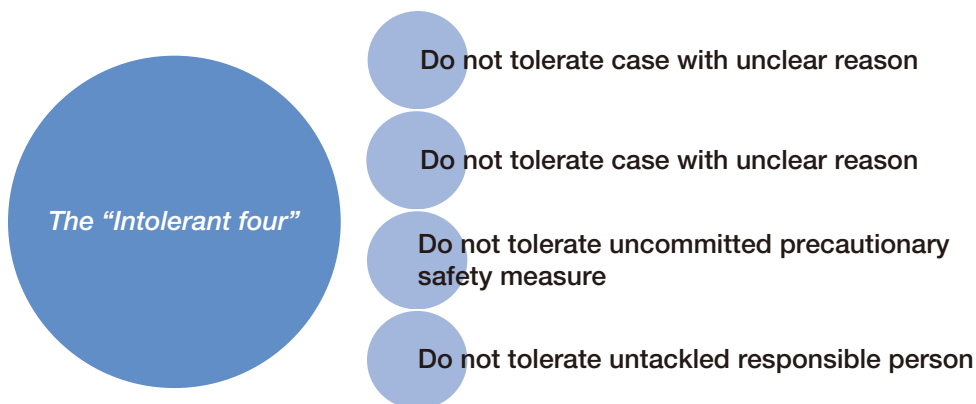
Reporting

To receive first-hand information, take effective measures, and avoid aggravation caused by delayed report, FIT has also created a Safety Accident Reporting System to keep an effective and transparent information communication.

When security incident occurs, the concerned unit needs to report to its ISM department immediately. Within 2 hours after the incident, ISM needs to input the case data into FIT's "Industrial Safety Accident Management System." For cases categorized above "minor" or "ordinary accident" level, ISM has to escalate the case to FIT's Central Fire and Industry Safety (CFIS) department and let them further handle and investigate the accident. FIT has a strict disposition towards individuals and shops that conceal injury and safety accident.

The "Intolerant Four" Principle

After receiving accident case report, CFIS and ISM departments will immediately assemble an investigation team to address the case following the "Intolerant Four" principle and later announce the investigation result. Such principle helped FIT to learn from each incident, enhance staff safety awareness and avoid re-occurrence.



Case: Huai'an — Accident treatment

Cause of incident

At 3:40 pm on Jun 18th, 2017, an operator on the sample line at Huai'an factory crushed his right index finger while trying to remove a piece of blocking material in an operating equipment with the power on thus triggered the tact switch.



Treatment process

1. Using the story of this accident as a negative example to promote safety awareness among other employees
2. Replace tact switch with two-handed operation to start the machine riveting pressure
3. Invite professional automation specialist to provide on-site training of correct operation techniques and safety matters
4. Encourage all supervisors to promote and regulate safety management with extra attention
5. All responsible personnel were held accountable for this accident

EMPLOYEE'S HEALTH AND SAFETY

Safe production training

To raise employee's awareness, competency and skills in preventing and handling safety related accidents and to create a favourable and safe production environment, FIT has created our own *Environmental Safety and Hygiene Training and Control System* and offers training regularly following this manual.

Accident prevention training

Based on their title, rank and profession, all employees are provided with safety training(s) coordinated by the EHS, ISM and HR Training department, to make sure that everyone has the skill and knowledge to perform safety management at their position.

- **New employee safety training:** FIT offers a minimum of 24 hours three-level safety training, for all new employees to ensure them have the capacity to perform and react when accident happens. Their knowledge is being tested in the final examination. The three-level refers to: factory entry education, workshop onboarding and team learning.
- **In-service safety training:** FIT also provides advanced safety trainings for current employees with the following conditions: change of job type, repositioning, and adaptations to new technology, new technique and new material.

Safety in Production — to a Long-term Stability

- **Special safety training:** For jobs require special qualification, FIT provides professional trainings for workers to study relevant safety knowledge and pass their certificate examinations. Furthermore, the Company also requires special works to maintain a minimum of 24 hours continues learning about safety production, supporting with materials such as regulations, technical knowledge and case studies.



Vietnam factory held the Labor Safety and Health Training for the third working group (special job) on November 6–8, 2017.

Occupational disease prevention

Because FIT cares about the working environment which may impact the employees' health and safety, the Company developed a number of regulations for professional disease prevention, physical examination and protection gear management to avoid occupational hazard and ensure employee safety and health.

Health and safety training and detection

Staffs working in different shops and with different techniques may expose to different kinds of health impacts. To deal with any potential threat of occupational disease, FIT realized that aside from optimizing production procedures and techniques and providing protection gear(s) and physical testing, one's awareness, knowledge and ability to perform self-protection are essential. Therefore, the Company placed a strong emphasis on occupational health training. It organizes specific trainings for people work in different jobs and offering physical evaluations.

Safety in Production — to a Long-term Stability

The implementation of FIT's protection and detection plan for occupational disease

- Provide both general and job-specific health trainings for all type of employees;
- Hand-out hazard factor index to all new employees to help them understand the potential risks in working environment;
- Conduct regular physical exams for employees who joined over one year and offer body checks for before-, during- and after-employment;
- Perform 3–4 hazard identifications each year;
- Arrange on-site occupational disease assessment in every three years;
- Other supports.



*Huai'an factory invited Jiangsu UTS Company to conduct occupational health training on November 22, 2017.
A total of 98 employees participated in the training.*

Safety in Production — to a Long-term Stability

FIT's Employee Health Examination

Regular checks:

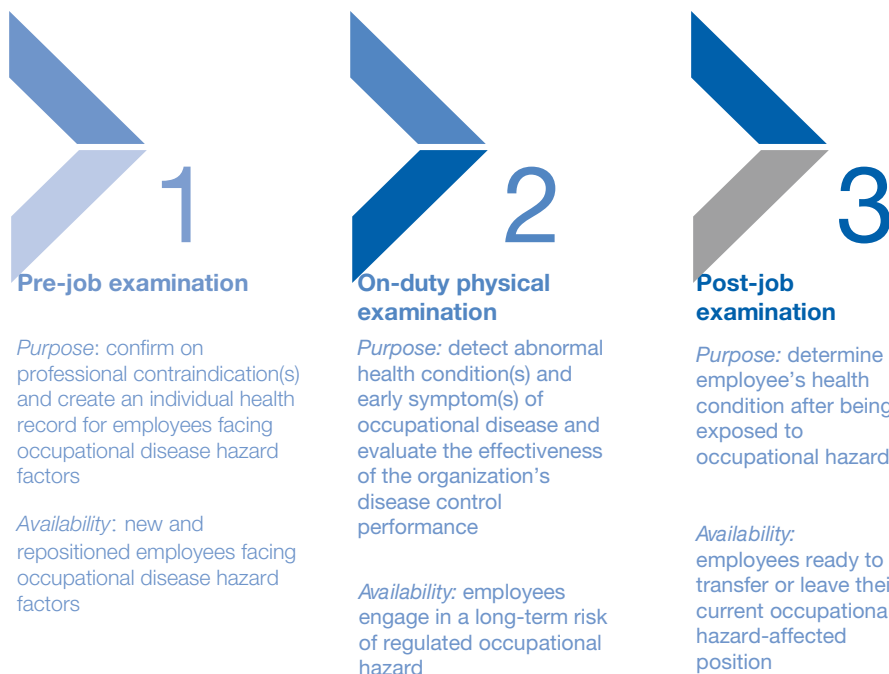
- Entry examination for new comers
- Annual examination for current employee with over 1 year experience

Underage employee health check

Job-specific checks:

- Pre-job examination
- On-duty examination
- Post-job examination

Special worker check





Safety in Production — to a Long-term Stability

The distribution and use of personal protective gear

FIT provides complementary personal protective equipment, such as protective wear, respirators, goggles, earmuffs, gloves and fall protection equipment at each workshop based on the potential risks.

Each factory needs to put up the warning signs both on equipment and at workplace where identified risks existed, clarifying requested protection gear and the correct way to wear it. Employees can also use FIT's *Manual of Personal Protective Equipment* to direct themselves. For all facilities request protection equipment, FIT has a mandatory management policy that demands EHS department to conduct on-site inspection to ensure all workers received necessary and proper protection.

Responsibilities to Our Clients and Partners

DO BETTER FOR OUR CUSTOMER

Excellent quality control management

As a leader in the global connector market, FIT endeavours to achieve high standards in its production processes, and possesses the ability to conduct ramp-up production corresponding to complex interconnection solutions in a short time. The Company has received a series of awards in Mainland China, Taiwan and the U.S. for its premium interconnection solutions and related products. With a consistent product quality and highly-rated gratification, FIT has established a respective reputation and attracted many long-term business partners.

Table 4.1: FIT's qualifications in quality control

Qualifications	Content
China	
ISO9001: 2008	Quality Control System — General requirements
ISO9001: 2008	Design and Production Quality Control System
ISO14001: 2004	Design and Production Quality Control System
ISO1400: 2015	Design and Production Quality Control System
OHSAS18001: 2007	Design and Production Quality Control System
OHSAS18001: 2007	Design and Production Quality Control System
ISO/TS16949: 2009	Quality Control System — Automotive production and related service (special request of ISO9001: 2008)
Qualifications	Content
China	
IECQ QC080000: 2012	Hazard Substance Process Management System (HSPM)
IECQ QC08000: 2012	Design and Production Quality Control System
Taiwan	
ISO9001: 2008	Quality Control System — General requirements
ISO9001: 2008	Design and Production Quality Control System
US	
ISO9001: 2008	Quality Control System — General requirements

All FIT's products and services are complied with related industrial standards, as well as the quality, safety and environmental regulations and specific qualifications of the countries where the products will be sold.

FIT also developed regulations for its product inspection and returning management system to carry out quality checks and confirmations, handle product recalls and analyze the reasons for recalls in order to monitor and strengthen its quality control. In this reporting period, the Company has no product recall incident occurred due to safety and health issues.

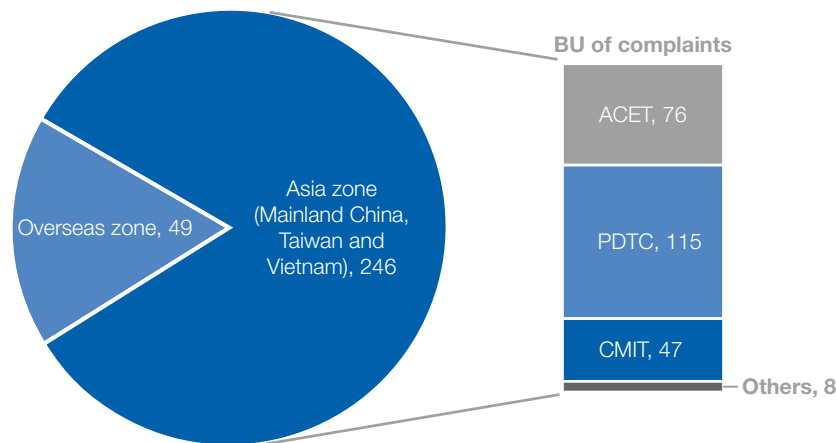
Customer feedback

In Taiwan and California of the US, FIT has a professional sales and marketing team focusing on the development of our business and industrial expansion as well as customer service in Asia, Northern America and Europe. The group is responsible for maintaining good face-to-face or email communications with existing and potential customers, reporting the Company's latest innovation and products and collecting valuable feedback and suggestion on FIT's interconnect solutions and related products, thereby better understanding and addressing customers' needs for the design and after-sales and other services in relation to FIT's interconnect solutions.

FIT sees customer complaint as a valuable opportunity for self-improvement and takes positive attitude to respond, process, reflect on, and learn from the problems addressed. All BU are set with a Quality Assurance Department following the Company's *Customer Claim System* to deal with, follow-up, and analyze complaints.

During the reporting period, FIT has an accumulated total of 296 customer claims, and all received proper settlement according the *Customer Claim System*.

Figure 4.1: Numbers and Source of Customer Complaints (Unit: piece)



Client Confidentiality

As interconnection solution is a customized product, the production process of such product involves many sensitive customer data. FIT has formulated and implemented a *Project Confidentiality and Security Control System* to promise its signed customer to protect their trade secrets. Key measures include:

- Listen to customer's request on project confidentiality, adopt and apply trade secret management policies, and unify the understanding across all internal entities.

Responsibilities to Our Clients and Partners

- All FIT employees will sign a Confidentiality of Intellectual Property, which contains the clause of protecting customer related information, when they commence their employment. The Company also provides training sections of confidentiality management for new hires.
- Using information management system to authorize employees to view commercially confidential information on a reasonable as-needed basis and prohibit unauthorized access. and conduct system maintenance and look out for loopholes on a regular basis.
- Conduct periodic checks on emergency plan drafted for data security breach and set incident unit to investigate and propose suggestions to avoid occurred cases.

Exceed innovation

Research quality and noticeable results

As a pioneer in the global connector industry, innovation plays a crucial role in FIT's products and market development. It is a major power that drives FIT's organic growth.

FIT possesses strong research and development (R&D) capability. It has major research centers in Taipei; Singapore; Brea and San Jose, California; and Harrisburg, Pennsylvania. The Company often organizes interactive research activities in its many production bases (including those in China) to stimulate innovations, respond to market trends and help FIT to gain its foothold. Besides, FIT's R&D staffs also collaborate with the production team and assist with the implementation of new technologies in mass production.

The research and development of FIT has contributed and resulted in many technology achievements. After reorganization, the Company has accomplished a total of 800 patents, over 1,000 on pending, and many uncounted due to its sensitivity in confidentiality. For instance, FIT is one of the key contributor in developing the USB 3.0 I/O connector and has reserved various IP rights necessary for USB 3.0 production. The combination of preminent R&D and with in-depth cooperation creates an entry barrier and makes FIT a brightening star among its peers and competitors.

Protection of intellectual property (IP)

FIT is devoted in IP protection, including patent, trademark, copyright and trade secret, through stringent measures. On the other hand, FIT also conducts retrieval and evaluations at an early stage of product development to avoid infringement of other's IP.

Due to its massive volume of patents and the intense competition within today's market, FIT may be involved in lawsuits of IP infringement, both as the plaintiff and defendant. At the same time, FIT may initiate legal proceedings when necessary in respect of the ownership, designs, trademarks and trade secrets relating to its products in order to protect its rights.

During the reporting period, FIT has faced 4 IP related legal disputes, and its legal team has actively fought back, protected the Company's IP right, and won in all of those 4 legal battles.

Table 4.2: Record of Intellectual Property Disputes and Results

IP Dispute	Litigation subject	Time	Outcome
***** company raised an invalid administrative dispute of Chinese patent — no. 200810128623.1	Foxconn Kunshan Connectors	2017/5/22	FIT won, patent validity affirmed
***** company raised an invalid administrative dispute of Chinese utility model patent no. 200820138608.0	Foxconn Kunshan Connectors	2017/12/19	FIT won, patent validity affirmed
***** company raised an invalid administrative dispute of Chinese utility model patent no. 200820033113.1	Foxconn Kunshan Connectors	2017/12/19	FIT won, patent validity affirmed
***** company requested a 337 investigation ¹⁰ at U.S. International Trade Commission (ITC) on FIT's auto-connector	FIT Cayman	2017/9/28	JST patent invalidated by ITC, FIT won at first instance

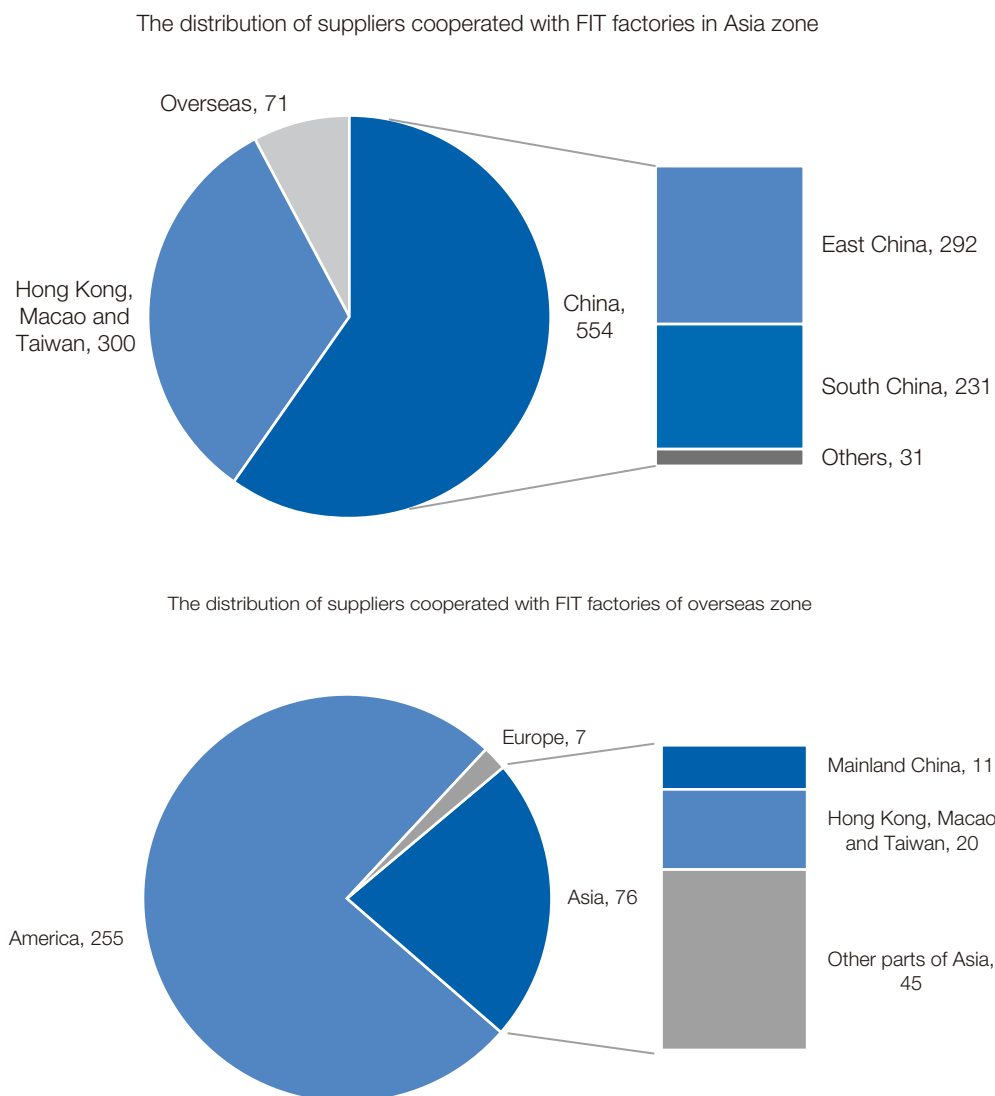
¹⁰ 337 investigation, refers to the investigation conducted by the United States International Trade Commission (USITC) based on no. 337 section (the 337 clause) of *Tariff Act of 1930*. The clause prohibits any unfair trade and competition in the U.S.

Responsibilities to Our Clients and Partners

GREEN RESPONSIBILITY SUPPLY CHAIN MANAGEMENT

As a manufacturer in the electronics industry, the production procedure of FIT leads to huge consumption of various metals, cables, plastics, electronic components, chemical and so on. Different kinds of necessary materials needed for production are purchased from 1,263 suppliers in Asia, America and Europe.

Figure 4.2: The number and distribution of FIT's suppliers in Asia and overseas zone during the reporting period¹¹



¹¹ "FIT factories in Asia Zone" means FIT's operating entities located in Mainland China, Taiwan and Vietnam. "FIT factories of overseas Zone" refers to FIT's operating entities located in the United States, Singapore and Mexico. The same applies hereinafter. The suppliers cooperated with FIT factories in Asia are based on the statistics of the places where they are actually produced, and suppliers cooperated with FIT factories of overseas areas are based on the statistics of the locations of legal entities of suppliers. We will unify this in our future annual report.

FIT has established and applied the Supplier Quality Management Procedure to manage the admittance, evaluation and audit of suppliers, attaching great importance to “Approved Vendor List (AVL)”.



FIT Updates “Approved Vendor List (AVL)” monthly

FIT focuses on constructing a sustainable supply chain, which is of great significance to FIT and the entire electronics industry. We advocate and require our suppliers to actively practice their environmental and social responsibility through communication and collaboration. Supply chain sustainability bears great significance to FIT and the entire electronics industry. At the same time, FIT makes efforts in the establishment and operation of green responsibility supply chain management system, committing to promote performance optimization of sustainable supply chain and “connect” the sustainable future together with approved suppliers.

Approved supplier admittance

FIT develops and follows the “Green Supplier Selection and Assessment Control Process”, evaluating and examining the new suppliers’ management level and capabilities in term of their quality system, process, environmental system, and social responsibility system in accordance with particular regulations and processes. The assessment procedure of qualified suppliers generally includes four stages: sample evaluation, supplier evaluation, correction of non-conformances, and document signing and data review.

- **Sample evaluation:** For the samples provided by new suppliers, FIT carries out careful assessment to ensure that their quality and environmental indicators meet the corresponding requirements according to the “Green Supplier Sample Qualification Control Process”.

Responsibilities to Our Clients and Partners

- **Supplier evaluation:** FIT requires newly approved suppliers that pass the sample evaluation to implement self-evaluation and on-site assessment by the supplier review team. In the process of supplier evaluation, careful and comprehensive assessment will be conducted by FIT against the current situation and ability of management considering their supply chain, quality, environmental system and responsibility to confirm whether they actually satisfy the requirements of green responsibility supply chain system. On the other hand, FIT has zero tolerance against suppliers with significant deficiency in social and environmental responsibility, and exercises a veto in the evaluation.
- **Correction of non-conformances:** FIT will allow the new suppliers to have an improvement period from 1–6 months based on their respective evaluation results. Under the guidance of FIT, problem containment, root-cause analysis, opportunities for improvement identification as well as further corrective and preventive actions have to be conducted by certain suppliers to enhance their ability of environmental protection and responsibility management.
- **Document signing and data review:** The suppliers who have completed their Correction of Non-Conformances within prescribed period of time will sign procurement related documents with FIT, including “Environmental Protection Undertaking”, “Commitment to Social Responsibility”, “No Use of Conflict Mineral Undertaking”¹². The above documents will be collected and reviewed by FIT.

The approved and qualified new suppliers will be placed on “Approved Vendor List (AVL)”, and receive continuous management evaluation and audit against their performance by FIT.

Approved supplier maintenance

FIT anticipates to cooperate with suppliers and provide green and ethical products with high quality and efficiency. For this reason, continuous maintenance and dynamic update of FIT’s “Approved Vendor List” is of great importance, ensuring the suppliers’ management capability in terms of quality, technology and social responsibility have consistently fulfilled FIT’s requirements.

FIT has established Scorecard system to realize thorough and comprehensive performance evaluation management of delivery quality (Including environment-related substances), price and business terms, supply chain support, and technical support to supervise the delivery performance of the suppliers. The supply chain related departments of each business unit login the Scorecard system every month to conduct evaluation against various suppliers, which generates the final score and is summarized by the system automatically. For suppliers with poor performance or potential poor performance, FIT facilitates to guide them to accurately identify defects and quickly take improvement measures in the review of suppliers’ performance. In addition, annual audit and irregularly-scheduled audit are implemented for assurance of required operation in quality system, process, environmental system, and social responsibility system.

¹² “Conflict minerals” refers to minerals originating in the Democratic Republic of the Congo and its neighboring countries, such as tin, tantalum, tungsten and gold. The sales of these minerals may provide financial support for the ongoing armed conflicts in these countries. The issue of conflict minerals is of widespread concern in the electronics and other industries. FIT does not procure nor support the use of conflict minerals and requires all suppliers not to purchase conflict minerals.



Responsibilities to Our Clients and Partners

Supplier capacity building

FIT regularly convenes the supplier meetings or provides education and training courses to convey the latest laws and regulations in related fields of quality, environmental protection and social responsibility as well as the Company's quality and environment-related requirements. These specialized training and coaching organized by FIT commits to guide suppliers to better identify their existing improvement opportunities, draw lessons from excellent practices, aiming at enhancing suppliers' awareness in quality control, sustainable development and capacity building.

Give Back and Pass on Love

As an organization with a strong sense of social responsibility, FIT believes that by supporting the sustainable development of our local communities, we can help promote community stability and the company's social value, and create greater value for our stakeholders.

Our volunteer teams across the globe have established a close connection and relationship with their local communities, supporting the improvement of local education, living condition and cultural development. During the reporting period, FIT has contributed over RMB13.62 million donations.

Employment creation

FIT plays an active role in admitting local residents into our organization. By the end of this reporting period, over 58% of FIT's global workforce is local staff¹³ and 26,550 are locally hired.

Public education welfare

EducAid Day

FIT believes that children are the future, and schools are their cradle of growth. Thus, the Company has been organizing the EducAid Day over the years and donating HDTVs, projectors and many other teaching equipments to schools, hoping to enrich the education resources and result in better learning outcomes, thereby giving back to society and contributing to the future.



Factories of FIT carried out “student day” activities in the local area

¹³ “Local” as within the province where FIT's campus located.

Mexico Scholarship Fund



Scholarship program of 2017

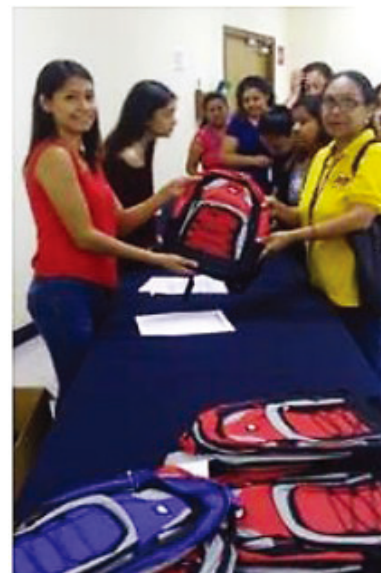
To promote education for local employees and their families in Mexico, FIT teamed up with local primary and secondary education centers to create a scholarship fund and offered 2000 peso (approx. RMB 671) each for 18 outstanding students, to help covering their learning costs.

Annual Backpack Program

In each year before school begins, staffs from FIT's Mexican campus would distribute backpacks filled with all necessary school supplies to children from poor communities and together welcome a new year of learning.



All kinds of school supplies prepared for students



Donate site of the 2017 Backup Annual Program

Give Back and Pass on Love

Public welfare

FIT knows that the success of the business today cannot accomplish without the support from our local employees, community and government. As a return, FIT actively took on the responsibility to help people in straitened circumstances within the neighborhood.

Welfare home visits

FIT's volunteering team insists to visit orphans and elderlies living in welfare homes and nursing homes and provides joy, companionship, care and donations on a regular basis, hoping to help them enrich their quality of life.



The volunteer team of Huai'an visited local children's welfare homes

“Lighten Your Smile”

In Vietnam, FIT has a factory (with a floor area of 87,650 m² and 15,454 staff members as at the end of the reporting period) located at Bac Giang (to the east of Hanoi, Vietnam’s capital), a place where numerous nature attractions lie, yet people are still living in poverty because of all the rugged mountain roads led to a geographic challenge for infrastructure development. As an appreciation of the supports given by the local community, FIT staffs at Bac Giang organized a “Lighten Your Smile” public event to do their best to care and help these needy families.

Thach Son of Son Don County is one of the local communities listed in FIT’s “Lighten Your Smile” event in 2017. 25 FIT local employees visited needy families, children’s welfare center, Dâu Temple, and the public affair office at Thach Son. On behalf of FIT, they offered daily necessities and cash of approximately RMB 23,300, hoping to bring light to the future of this village and strengthening FIT’s internal unity.



On June 10, 2017, 25 staff representatives from FIT Vietnam visited the families of poor employees in the high mountainous area, Son Don County in Bac Giang Province. They also visited the children in the “Dâu Temple” children’s welfare institute and local social assistance centers Compatriots, and gave them materials and financial assistance.

Give Back and Pass on Love

Love watermelons help farmers crossing the storm

Beiti, a village in Zhengzhou, Henan province, was a seriously underdeveloped place in year of 2011 and in 2015 the government proclaimed its anti-poverty status. However, in 2017, Beiti has encountered a poor market for watermelons, one of its major sources of income. One of FIT's employee heard the news, reported to the Party branch and organized 4 on-site promotions to help marketing the 500 tons unsalable melons. From July 22nd to the 28th, the team has successfully helped the local farmers to sell 10 tons of watermelons.



FIT Zhengzhou Fuding Company held 4 "Love Watermelon Fuding Trips" in succession, providing a sales platform for the sluggish farmers in Beiti Village. Nearly 20,000 kg of watermelon were sold out to help them overcome obstacles.

Voluntary Blood Donation

"Every time I come for blood donation is like having a baptism of my mind, because I know that 400ml of blood for me may mean nothing but for another person may be the only chance to live."

— an employee from FIT's Heze factory



November 17, 2017, the Party Committee and Labor Union invited the staff from Heze blood station to carry out education talk about blood donation. A total of 127 employees participated in the unpaid blood donation of 40,000 ml of blood.



FIT Fuding Company won the title of “Advanced Blood Donation Group”. In 2017, a total of 100 people participated in the public welfare blood donation in FIT Shenzhen Plant, accumulating 37,600 ml of blood.

All factories and offices of FIT in China have collaborated with local blood centers to promote the personal and social benefits of blood donation and encourage their employees to do so through events and activities every year so as to fulfil their social responsibilities.

Anti-corruption and Integrity

Integrity does not only manifest a positive company image but also is the cornerstone of a long-standing business. Complying with Foxconn's Employee Code of Conduct, FIT actively promotes anti-corruption and honesty among our staffs and we imbedded this in our corporate culture.

Voluntary disclosure

FIT established a voluntary disclosure mechanism to create a healthy, safe and honest working environment. All staffs and supplier are encouraged to fill out the Declaration form; and for those volunteer confessed their wrong-doing, the Company may consider reducing the punishment.

Reporting encouragement

As a key source of anti-corruption, whistle blowing plays an important role in managing an honest and disciplined workforce. FIT has opened reporting channels, such as letter, email, SMS, Weibo, QQ, etc., and always guarantees the unhindered communication. When on-boarding, staffs are also educated on the Company's value of integrity and measures to take anti-corruption actions. Appointed by senior management, the internal audit team is abided to keep the confidentiality and safety of people came forward. Incentives are also designed for accredited offence reporters.

During the reporting period, no corruption offence was occurred. FIT is devoted to discipline itself and maintain its integrity through actions.

PERFORMANCE AND DATA

Environment — Resource Consumption

Category			Unit	Total Amount
Energy Consumption	Type	Electricity	MWh	470,035.67
		Diesel (fixed combustion source)	Ton	261,910.20
		Diesel (mobile combustion source)		58,120.79
		Gasoline (mobile combustion source)		316,575.17
		Steam		201,432.35
		Solid Waste	Hazardous waste	Total
Non-hazardous waste	18,370.97			
Total waste	22,201.27			
Discharge density of non-hazardous waste	Calculated by site area		Ton/km²	3,160.43
Discharge density of hazardous waste				15,158.14
Discharge density of non-hazardous waste	Calculated by the number of employees		Ton/thousand person	83.95
Discharge density of hazardous waste				402.65
Water Consumption	Water Consumption		Total	m³
	per person	Consumption	m³/person	156.24
Packaging Materials	Type	Paper	Ton	4,352.62
		Plastic		4,890.01
		Wood		2,497.40
		Metal		286.24
	Packaging materials consumption	Total	Ton	12,026.27

Environment — Emissions

		Emissions	Unit	Total Amount
Exhaust Gas Emissions	Production emissions data	Hydrogen cyanide	Kg	136.07
		Ammonia		615.81
		Sulphuric acid mist		3,113.94
		Hydrogen chloride		13,719.50
		Chromic acid mist		8.21
		Nitrogen oxide		1,556.10
Wastewater Pollutant Emissions	Average concentration of emissions of industrial wastewater	Ammonia nitrogen	g/ml	2.17
		Chemical oxygen demand		25.70
		Total phosphorus		0.12
		Total chromium		0.01
		Tin		0.01
		Suspended matter		8.49
		Nickel		0.11
		Cyanide		0.00
	Total discharge of industrial wastewater		Ton	1,112,836.69
	Average concentration of emissions of domestic wastewater	Ammonia nitrogen	g/ml	23.99
		Chemical oxygen demand		124.77
		Total chromium		3.62
		Suspended matter		16.41
	Total discharge of domestic wastewater		Ton	2,183,290.80
Greenhouse Gases	Direct GHG emissions (Scope 1)		Ton of CO ₂ equivalent	3,869.97
	Indirect GHG emissions (Scope 2)			459,408.03
	Total GHG emissions		Ton of CO ₂ equivalent	463,278.00

Social Responsibility

			Unit	Total Amount	
Employee Structure	Number of employees	Total	person	45,625	
	Gender	Female	% / person	59.34%	27,074
		Male		40.66%	18,551
	Age	Below age 30	% / person	54.42%	24,830
		Age 30 to 50		44.58%	20,340
		Above age 50		1.00%	455
	Regional distribution	China	% / person	62.75%	28,630
		Taiwan		1.73%	788
		Vietnam		33.87%	15,454
		US		0.54%	248
		Singapore		0.30%	135
		Mexico		0.81%	370
	Community care	Local staff	% / person	58.19%	26,550
		Field Staff		41.81%	19,075
Employee Turnover rate	Gender	Female	%	20.73%	
		Male		15.23%	
	Age	Below age 30	%	25.84%	
		Age 30 to 50		10.04%	
		Above age 50		0.07%	
Work-related Injuries	The number of work-related injuries		person	62	
	The number of deaths due to work-related injuries		person	1	
	Workday loss		day	2,519	

Social Responsibility (continued)

			Unit	Total Amount
Staff Training	Total training hours		hour	2,534,151
	Average hours		hour/person	35
	Rank	Senior management		52
		Middle level management	hour/person	59
		Grassroots staff		34
Customer Complaints	Products and services complaints		piece	296
	Safety and health-led recalls			—
Intellectual Property	Matters relating to intellectual property disputes		piece	4
	Number of successful wins		%/piece	100.00% 4
Community Contributions	Community charitable donation	Total Amount	RMB	13,628,805

ESG GUIDE CONTENT INDEX

HKEX ESG GUIDE CONTENT INDEX			
Aspect	Disclosures	Reporting chapter	Page No.
A.	Environmental		
A1	Emissions	Green production and sustainable development	19–37
A1.1	The types of emissions and respective emissions data	Green production and sustainable development	19–26, 33–34
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green production and sustainable development	33–34
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green production and sustainable development	26
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A1.5	Description of measures to mitigate emissions and results achieved	Green production and sustainable development	22–24, 34–37
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A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green production and sustainable development	16
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HKEX ESG GUIDE CONTENT INDEX

Aspect	Disclosures	Reporting chapter	Page No.
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green production and sustainable development	16–19
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	Green production and sustainable development	30
A3	The environment and natural resources	Green production and sustainable development	7–37
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green production and sustainable development	7–15, 19–32, 33–37
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B1.2	Employee turnover rate by gender, age group and geographical region	Excellent employer	40–41
B2	Health and safety	Safety in Production — to a long-term stability	52–59
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B2.2	Lost days due to work injury	Safety in Production — to a long-term stability	52
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety in Production — to a long-term stability	52–59
B3	Development and training	Excellent employer	49–51
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Excellent employer	51
B3.2	The average training hours completed per employee by gender and employee category	Excellent employer	51

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Aspect	Disclosures	Reporting chapter	Page No.
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B5	Supply chain management	Responsibilities to our clients and partners	64–66
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B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Responsibilities to our clients and partners	65–66
B6	Product responsibility	Responsibilities to our clients and partners	60–63
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsibilities to our clients and partners	60
B6.2	Number of products and service related complaints received and how they are dealt with	Responsibilities to our clients and partners	61
B6.3	Description of practices relating to observing and protecting intellectual property rights	Responsibilities to our clients and partners	62–63
B6.4	Description of quality assurance process and recall procedures	Responsibilities to our clients and partners	60
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Responsibilities to our clients and partners	61–62
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Aspect	Disclosures	Reporting chapter	Page No.
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B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption and Integrity	74
B8	Community investment	Give back and pass on love	68–73
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Give back and pass on love	68–73
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NOUN INTERPRETATION

- **ISO 9001**, refers to the international standard set by ISO/Tc176 (International Organization for Standardization, Quality Management and Quality Assurance Technical Committee) for quality management system requirements.
- **GB/T 19001**, refers to the quality management system requirements of the People's Republic of China jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine of China and the China National Standardization Administration. It is a Chinese version of ISO 9001 and is equivalent to ISO 9001.
- **IECQ_HSPM QC080000**, refers to the electrical and electronic equipment and products dangerous goods process management system requirements issued by the International Electro-technical Commission.
- **ISO14001**, refers to the environmental management system standard formulated by the International Organization for Standardization Quality Management and Quality Assurance Technical Committee.
- **OHSAS18001**, refers to the occupational health and safety management system certification of international standards.
- **ISO 14064**, refers to the set of international standards for greenhouse gas calculation and verification guidelines developed by the Quality Management and Quality Assurance Technical Committee of the International Organization for Standardization, specifying the best international greenhouse gas data and data management, reporting and verification models.

- **UL**, refers to the safety standard published by Underwriter Laboratories Inc.
- **CCC**, refers to the China Compulsory Certification. It is a product conformity assessment system implemented by Chinese government to protect the personal safety and national security of consumers, strengthen product quality management and implement laws and regulations.
- **BSMI**, refers to the product safety certification established by the Bureau of Standards, Metrology and Inspection of Taiwan's Ministry of Economic Affairs.
- **TDC**, refers to the FIT Technology Development Committee. TDC currently includes 12 majors, including stamping, molding and automation to provide employees with professional knowledge and expertise.
- **ISO50001**, refers to the International Standard for Energy Management System formulated by the Energy Management Committee of the International Organization for Standardization.
- **NOMs**, refers to the Normas Oficiales Mexicanas, which is the enforceable standard for environmental protection issued by official standards bodies in Mexico.
- **BU**, refers to the Business Unit of FIT
- **EHS**, refers to the departments of Environment, Health and Safety of each FIT operational entity.
- **"Environmental unit"** and **"Environmental engineering unit"**, refers to the management units that handle and control the pollutants such as waste water, waste gas and waste designated by FIT's factories (or regions/chargers) (such as Environment Engineering Department of East China, solid waste disposal/management unit, etc.) collectively.
- **HRTD**, refers to the Human Resources Training Department in each FIT operational entity that is responsible for the education and training of employees.
- **ISM**, refers to the Department of Industrial Safety Management, including the relevant departments responsible for industrial safety management in FIT factories.

ABOUT THE REPORT

This is the first Environmental, Social and Governance Report (“ESG Report”) released by Foxconn Interconnect Technology Limited (FIT). The report details the work and performance achieved by FIT in implementing the concept of sustainable development and fulfilling its corporate social responsibility in 2017.

During the Reporting Period, the Company’s core business is the provision of interconnection solutions and related products. The contents of the ESG report mainly focus on the environmental and social performance of the above core businesses of the Company during the reporting period.

REPORTING PERIOD & CYCLE

The reporting period of this ESG Report is from January 1, 2017 to December 31, 2017, with some contents exceeding this period. This report is the annual report.

INDICATOR SELECTION

According to the principles of materiality, stakeholder engagement and sustainability background analysis, and the objectives and experience of electronic industry, the Company identifies reporting items and indicators in the following ways:

- Stakeholder communication
- Relevance and importance analysis of sustainability issues
- Reporting continuity analysis

Based on stakeholder research and other ways of communication, the Company conducts a comprehensive review of what major issues stakeholders concerned about, and channels of communication of stakeholders, to ensure that the topics managed and reported are consistent with the needs and expectations of stakeholders, in order to promote the Company’s continuous improvement in sustainability as well as communication and cooperation with stakeholders.

PREPARATION OF BASELINES AND SCOPES

This report has been prepared in accordance with Appendix 27, Guidelines for Environmental, Social and Governance Reporting issued by the Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”). On the basis of this, the report makes appropriate adjustments and enrichments based on FIT’s original system of sustainable development (or corporate social responsibility) and relevant internal operational procedures.

Given the scale, staff number and revenue distribution of the Company and its affiliated entities, according to the principle of importance, the report covers factories in Mainland China, Taiwan, Vietnam and Mexico, as well as offices in the United States and Singapore, which are the following 15 corporate entities respectively:

- Foxconn Interconnect Technology Limited
- Foxconn Electronics Industry Development (Kunshan) Co., Ltd.
- Foxconn (Kunshan) Computer Connectors Company Limited
- Fuding Precision Components (Shenzhen) Company Limited
- Fuding Precision Industrial (Zhengzhou) Company Limited
- Fumeng Electronics Technology (Heze) Company Limited
- Fuyu Electronics Technology (Huai'an) Company Limited
- Chongqing Hongteng Technology Company Limited
- XingFox Energy Technology Co., Ltd.
- New Wing Interconnect Technology (Bac Giang) Co., Ltd.
- FIT Optoelectrónica de México
- FIT Electronics, Inc.
- Foxconn Optical Interconnect Technologies Singapore Pte. Ltd.
- Foxconn Interconnect Technology (USA), Inc.
- Foxconn Optical Interconnect Technologies Inc.

With the changes in the Company's operational data, dynamic adjustments will be made to the reporting scope in future reports.

DATA COLLECTION

All data herein are from the Company's statistical reports and official documents. The Board of Directors (the "Board") and the directors (the "Directors") of the Company have confirmed that there are no any fictitious statements, misleading statements or omissions in this report and are jointly and severally accept responsibility for the truth, accuracy and completeness of the contents of this report responsibility.