FIT Hon Teng Limited

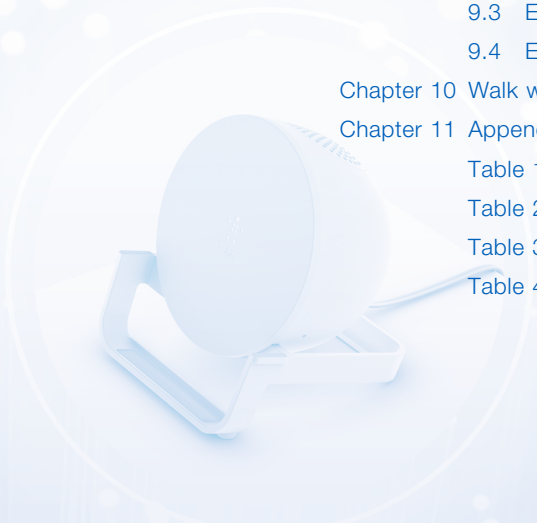
鴻騰六零八八精密科技股份有限公司

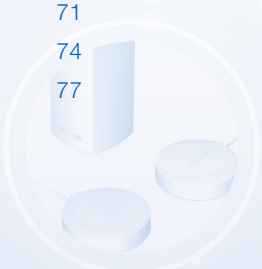
(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)

Stock Code: 6088

2019 Environmental, Social and Governance Report

Contents





Chapter 1 About This Report

This report is the 2019 Environmental, Social and Governance Report (hereinafter referred to as "ESG Report") released by FIT Hon Teng Limited (hereinafter referred to as "FIT", "the Company", or "we"). The Report details the work and performance achieved by FIT in implementing the concept of sustainable development and fulfilling its corporate social responsibility in the 2019 financial year.

This Report has been prepared in accordance with Appendix 27 "Environmental, Social and Governance Reporting Guide" (hereinafter referred to as "ESG Reporting Guide") to the rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "SEHK") for listing of securities at the main board. Certain adjustments and enrichments are made in order to demonstrate FIT's original system of sustainable development (or corporate social responsibility) and relevant internal operating procedures.

The Report is prepared based on the following basic principles:

(I) Materiality: The Report shall disclose environmental, social and governance matters that have material impact on the investors and other stakeholders.

Response from FIT: we disclosed in the Report the process to identify environmental, social and governance factors, including the method of identifying important stakeholders and evaluating substantial issues. According to the communication with stakeholders and the results of the substantial assessment, we identified ESG-related important factors and focused on them and disclosed corresponding policies, initiatives and performance in the report. For details, please refer to Chapter 4 of this Report: Analysis of Substantial Issues.

(II) Quantitative: KPIs need to be measurable so that the effectiveness of ESG policies and management systems can be assessed and validated. Quantitative information should be accompanied by a narrative explaining its purpose and impacts with comparative data where applicable.

Response from FIT: we disclosed environmental and social data in accordance with the requirements of the SEHK's ESG Reporting Guide and disclosed the methods and assumptions used in the Report. For details, please refer to Chapter 11 of this Report: Appendix.

(III) Balance: The Report should provide an unbiased picture of the Company's performance on ESG, and should avoid any selections, omissions or misleading presentations that may inappropriately influence the readers in their decision-making.

Response from FIT: we undertake that the information disclosed in the Report is true, objective, without exaggerated or fictional content, and helping investors making fair and effective decisions.

(IV) 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.

Response from FIT: we used a statistical disclosure method that is consistent with 2018 and compared with the data in the Report. For details, please refer to Chapter 11 of this Report: Appendix.

REPORTING PERIOD

The reporting period of this ESG Report is from January 1, 2019 to December 31, 2019. This Report is an annual report.

REPORTING SCOPE

We have prudently selected entities to be disclosed in the Report. We finally select entities to be included in the scope of the Report based on the relevance of entity business with ESG and the degree of impact. Entities covered include FIT's operating entities in mainland China, Taiwan, Vietnam, USA, Japan, etc., Belkin International, Inc. and its subsidiaries, FIT CHB Holdco., Inc. and its subsidiaries (hereinafter referred to as "Belkin").

For detailed information and notes on the changes of reporting scope, please refer to the Reporting Scope in Chapter 11: Appendix of this Report.

Chapter 2 Chairman's Letter and Report Summary

To shareholders,

On behalf of the FIT Hon Teng (FIT) board, I am pleased to share that we continue to make progress in improving corporate governance, environment, operations quality, employees and society and will further enhance our initiatives through ongoing investments in product innovation, quality of services, and delivering on our sustainability, societal and economic goals.

CORPORATE GOVERNANCE

In this past year, we have established a protocol for sustainable development and set up a committee responsible for sustainable development. In addition, we are conducting routine risk identification in connection with sustainable development and respond to risks that have been identified and assessed.

We also insist on compliance operations and anti-corruption and are providing corresponding training for employees. Actively engaging and guiding upstream and downstream industry partners have allowed us to establish compliance management systems which subsequently improve their internal governance systems.

ENVIRONMENTAL GOVERNANCE

FIT has set up a special work group responsible for energy management and established an environmental management system and conducted various energy conservation and emission reduction projects, including installing solar panels on the roofs of our production facilities in mainland China, and adopting a purification tower in the production facility in Vietnam and Kunshan to reduce exhaust emissions. As a result of our efforts, FIT's industrial park in Chongqing won the title "Environmental and Trustworthy Enterprise" in Chongqing in 2019.

We actively identify and evaluate hazards brought about by extreme weather and develop policies and corresponding measures, including forming emergency groups, conducting regular inspections, etc., so as to guarantee the safety of employees and the normal operation of the company to the largest extent.

In addition, green supply chain management is of great significance to FIT. We fully consider the impact of options selected in the procurement process, including whether or not the resources are used properly, whether energy is saved, how waste and hazardous materials are handled and recycled, and whether or not they have a great impact on the environment.

We also promote environmental protection knowledge internally, enhancing employees' awareness of energy conservation and emission reduction and encouraging our employees to brainstorm and propose more and better improvement plans for further realization of green production through training and education.

We have continued to manage energy consumption, emissions, and waste and to focus on carbon dioxide emissions and water recycling each year since 2017. In addition, we will continue to reduce energy, emission and water usage at FIT's main industrial parks in Mainland China in the coming fiscal year.

OPERATIONS

We conduct inspections in our main production facilities and promote safety protection, including training and regular exercises. In Vietnam, we have set up a dangerous goods storage warehouse in our production facility that meets local specifications.

FIT always regards safe production as the top priority of its work and has established a safe production management system, which meets the Company's actual needs and integrates concepts and measures, based on risk management and compliance to prevent any production safety incidents.

FIT's safe production management includes strict safety inspections, effective accident handling, and daily accident prevention, such as safety drills and safety training. In addition, we have established a standardized dangerous goods management mechanism to provide more effective and comprehensive protection of production safety and employee health.

QUALITY ASSURANCE

We have established a strict quality management system and obtained ISO standard certifications such as ISO9001, and QC080000. Moreover, we have established a quality technology committee to promote quality control.

We have established the return and exchange process and a database to record each return and exchange, analyze the reasons and perform on-going self evaluation. We attach great importance to our customers' opinions, record every complaint, visit and feedback of customers and follow up and deal with their needs, so as to make continuous enhancement.

EMPLOYEES

Employees are our important stakeholders and the foundation for the sustainable development of FIT. We have established a fair, diversified and transparent employment process to attract excellent talents. We protect the rights and interests of employees, adhere to employee care, and provide effective benefits for our employees.

We pay attention to the growth needs of employees, provide diverse training for employees, and set up an E-Learning platform to facilitate employees' continuous learning. We also provide transparent and effective promotion channels for employees to help them achieve their own accomplishments.

SOCIAL RESPONSIBILITY

Public wellbeing has always been the Company's direction. FIT proactively assumes the responsibility of corporate citizens, devotes itself to a variety of public welfare practices, cares for socially disadvantaged groups, and creates sustainable public welfare values.

We remain dedicated to enhancing a positive influence on the community through holding blood donation activities, elderly and orphan care, hosting clean-up days, advocating clean campuses, and carrying out welfare activities in various cities.

In 2019, FIT and The University of Illinois at Urbana-Champaign partnered in a new Center for Networked Intelligent Components and Environments (C-NICE) to contribute to future industrial development.

REPORT

This report outlines FIT's accomplishments in 2019 and we look forward to your continued support so that we can further establish these strategies to deliver satisfactory growth and long-term value for our shareholders.

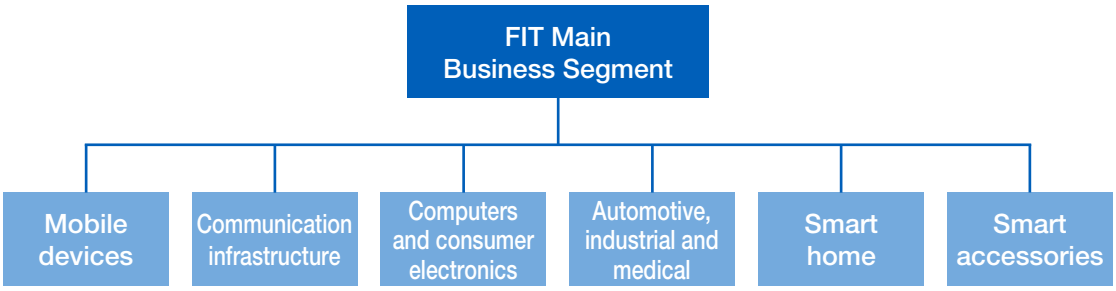
LU Sung-Ching
Chairman

Chapter 3 About FIT

FIT Hon Teng Limited (hereinafter referred to as "FIT", "the Company", or "we") is a global developer and manufacturer of connectivity solutions enhancing connectivity for a better world.

Formerly known as the Network Interconnection Business Group (NWInG), a business unit of Hon Hai Precision Industry Co. Ltd., FIT was found in 2013. FIT has over 30 years of experience in the connector and cable assembly industry. Over the years, FIT has established an exclusive position as the owner and operator of numerous precision manufacturing systems that involve stamping, molding, plating, cable extrusion and assembly processes.

FIT successfully expanded our business scope in 2018, such as the acquisition of Belkin to strengthen its smart accessories and smart homes businesses; entered into a joint venture agreement with Sharp to obtain technologies and services such as car cameras and electronic rear-view mirrors; and expanded its layout in Vietnam to reduce cost and increase competitiveness, etc. As of now, FIT's main business segments are mobile devices, communication infrastructure, computers and consumer electronics, automotive, industrial and medical, smart home and smart accessories.



In 2019, FIT continued to implement its business strategy to consolidate its leadership in the development and production of interconnect solutions and related products, targeting technology trends in the smart accessories and smart home market business. FIT has witnessed the diversified development trend of different end markets and also believes that this diversified trend will continue in the near future. To this end, the Company and its management will always review and pay attention to the trends of different terminal markets, persist in change, continue to innovate and promote diversified and sustainable progress.

While continuously pursuing excellence in product quality, FIT is committed to proactively fulfilling corporate social and environmental responsibilities, paying attention to employees' health and safety, implementing environmental protection policies of energy conservation, emission reduction and greening, so as to generate higher values and fulfil the expectations of investors, society, employees and partners.

Chapter 3 About FIT

The Company's main production components and their corresponding start years are listed below:

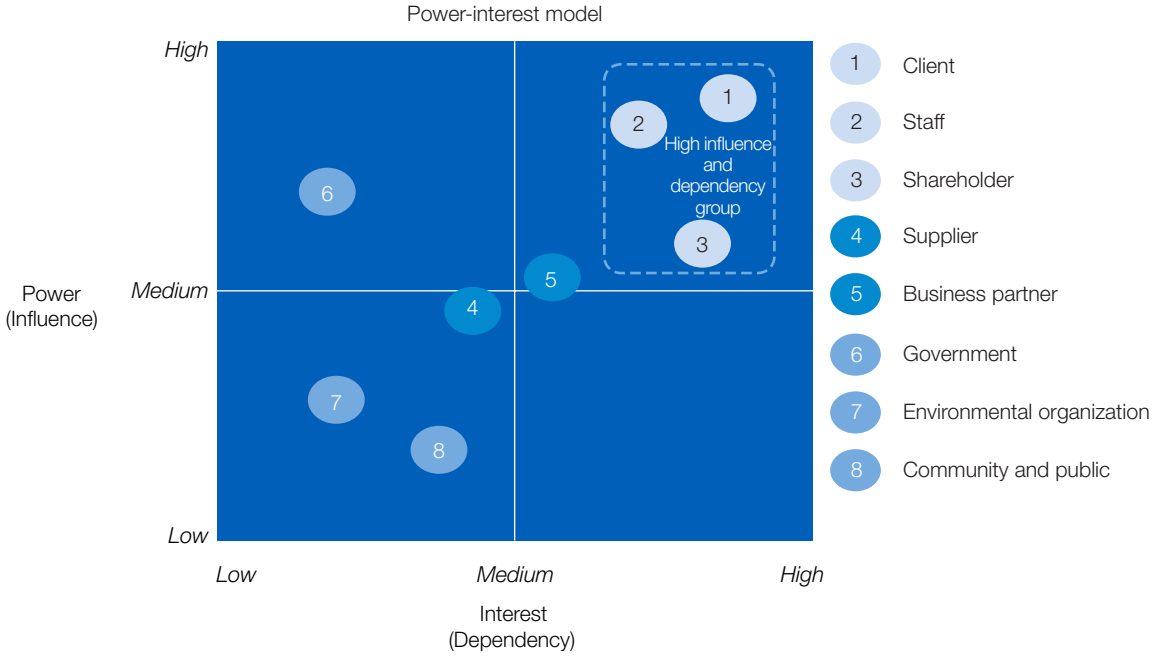
Location	Main components, modules and accessories produced	The year of commencement of production/acquisition
Taiwan	Optical modules	1982
	Copper-based components	
Mainland China		
Kunshan, Jiangsu Province	Optical modules	1993
	Copper-based components	
	Wireless products and components	
	Accessories	
	Other products	
Shenzhen, Guangdong Province	Copper-based components	1995
	Wireless products and components	
Huai'an, Jiangsu Province	Copper-based components	2007
	Accessories	
Zhengzhou, Henan Province	Copper-based components	2010
Chongqing	Copper-based components	2010
Heze, Shandong Province	Copper-based components	2015
Wuxi, Jiangsu	Car camera and electronic rearview mirror	2018
Vietnam		
Bac Giang	Copper-based components	2016
United States		
Belkin	Consumer electronic accessories	2018

Chapter 4 Analysis of Substantial Issues

4.1 COMMUNICATION WITH STAKEHOLDERS

Maintaining close communication with stakeholders is an important way for FIT to achieve sustainable development. FIT's main stakeholders include customers, employees, shareholders, suppliers, partners, governments, environmental organizations, communities and public welfare. FIT maintains a multi-frequency and multi-channel communication mechanism with various stakeholder groups, actively listens to their opinions and suggestions, understands the concerns and demands of stakeholders, and timely adjusts the Company's sustainable development-related measures to continuously monitor and strengthen and improve its operations and management.

The focus of this report is on substantial issues based on stakeholder concerns. To this end, we have used the power-interest model to evaluate the influence and dependence of different stakeholders in accordance with the relevant standards of the SEHK's Environmental, Social and Governance Reporting Guide, and identified the groups that have high influence on and connection with FIT: customers, employees, and shareholders.



Chapter 4 Analysis of Substantial Issues

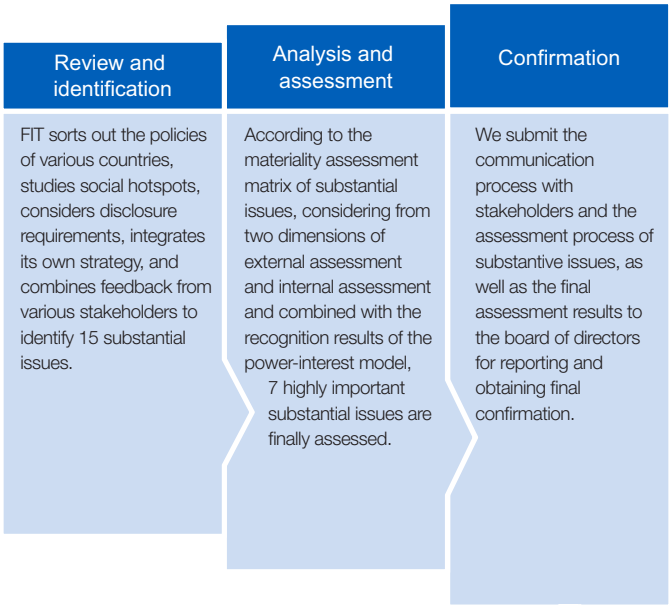
We communicate with different stakeholders in various forms such as on-site communication, telephone interview, daily communication, etc. to understand their demands and the substantial issues they care about, and we have given feedback to them. We list them as follows:

Stakeholder	Issues of concern	Response from FIT
Client	• Safe production • Customer service	✓ Establishment of safe production management system ✓ Product diversification ✓ Establishment of customer complaint response mechanism ✓ Formulation of comprehensive after-sales management ✓ Rigorous product quality inspection
Staff	• Occupational health and safety • Employee training and development • Employment and labor standards • Compensation and incentive system • Employee care	✓ Caring for employees' health ✓ Protection of special positions ✓ Establishment of talent training mechanism and organization of regular employee training ✓ Compliance with laws and regulations ✓ Providing reasonable compensation protection ✓ Providing effective employee benefits ✓ Employee care going deep into their family
Shareholder	• Safe production • Compliance operations • Market diversification • Climate response and management	✓ Establishment of safety production management system ✓ Product and market diversification ✓ Sustainable development ✓ Establishment of anti-corruption mechanism and maintenance of healthy business operations ✓ Identification of relevant risks, and regular inspection and response
Supplier	• Supply chain management • Climate response and management	✓ Transparent procurement mechanism ✓ Scientific and reasonable supplier management ✓ Growth with suppliers ✓ Identification of relevant risks, and regular inspection and response
Business partner	• Customer service • Intellectual property protection	✓ Product diversification ✓ Establishment of intellectual property protection mechanism

Stakeholder	Issues of concern	Response from FIT
Government	• Compliance operations • Emissions management	✓ Establishment of anti-corruption mechanism and maintenance of healthy business operations ✓ Compliance with laws and regulations ✓ Energy conservation and emission reduction, reasonable disposal of emissions
Environmental organization	• Energy management • Emissions management • Water resources management	✓ Establishment of a special group responsible for energy management work ✓ Energy conservation and emission reduction, reasonable disposal of emissions ✓ Water conservation
Community and public	• Giving back to society	✓ Participating in public welfare activities, and caring for the community ✓ Organizing volunteer services

4.2 ASSESSMENT OF SUBSTANTIAL ISSUES

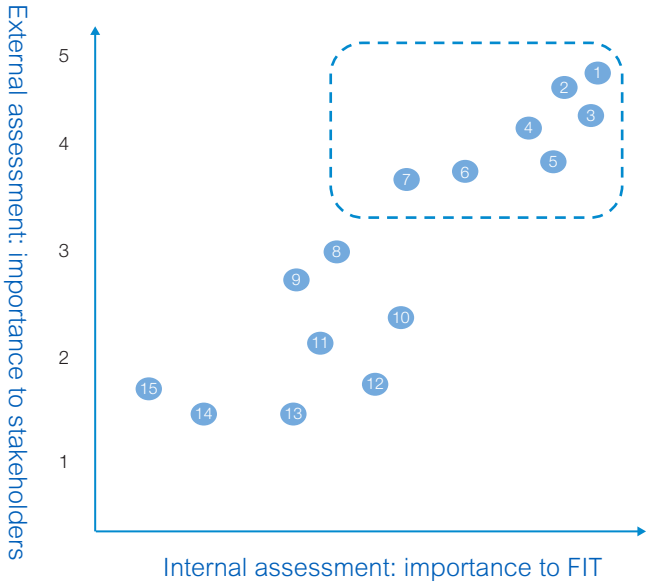
In 2019, on the basis of carefully reviewing the policies of various countries, researching social hotspots and industry trends, FIT identified 15 substantial issues for 2019, covering the three areas of "economics", "environment" and "society", by considering its own sustainable development strategy based on the disclosure requirements of the SEHK's ESG Reporting Guide, as well as feedback from stakeholders listed in the above table.



Chapter 4 Analysis of Substantial Issues

The analysis and management of substantial issues help us identify areas where the Company needs improvement to continuously improve the Company's level of sustainable development management. We have included all the substantial issues into the materiality assessment matrix of substantive issues, and analyzed and ranked the substantive issues from two dimensions: "internal assessment: importance to FIT" and "external assessment: importance to stakeholders". Using the power-interest model and the aforementioned issues raised by stakeholders, we prepared the following substantial issue matrix and finally concluded that safe production, customer service, supply chain management, energy management, emissions management, occupational health and safety and employee training and development as the seven substantial issues of high importance for FIT in 2019.

The stakeholder communication process as well as the substantial issues assessment process have been reported to the board of directors, and the final assessment results have been confirmed by the board of directors subsequently. Based on the "materiality" principle, we will focus on the substantial issues identified and formulate corresponding measures and approaches to ensure that stakeholders' major concerns have been addressed efficiently.



Economy

1. Safety production
2. Customer service
3. Supply chain management
8. Compliance operations
9. Intellectual property protection
13. Market diversification

Environment

4. Energy management
5. Emissions management
14. Water resources management

Society

6. Occupational health and safety
7. Employee training and development
10. Employment and labor standards
11. Compensation and incentive system
12. Employee care
15. Giving back to society

Chapter 5 Governance of Sustainable Development

The concept of social responsibility is deeply rooted in the corporate culture of FIT. FIT adheres to sustainable development and promotes the harmonious unification of enterprises, society and the environment. We adhere to compliance governance and have formulated a clear and standardized governance mechanism of sustainable development to continuously urge and guide us to implement sustainable development policies.

5.1 GOVERNANCE MECHANISM OF SUSTAINABLE DEVELOPMENT

FIT understands that opportunities and challenges coexist and has established a clear governance mechanism of sustainable development within the Company and continuously improved it. FIT has clarified the Company's sustainable development vision, established sustainable development policies and strategies and set up a sustainable development working group. At the same time, it has adhered to risk management and control and integrated corporate environmental, social and governance-related risks into the existing risk management system and conducted regular assessments.

• Vision of sustainable development

FIT is committed to fulfilling its social responsibilities, and has the vision of "being a responsible enterprise, contributing to the sustainable development of the market, employees, the environment, and society and promoting socially responsible management in production parks around the world". In the process of business development, FIT has always been grateful and strives to become a company that satisfies stakeholders such as society, government, employees, shareholders, customers, investors, etc.

• Policy and strategy of sustainable development

The Company believes that longer-term value can be created by building a sustainable business. The Company follows the latest principles and requirements of SEHK's ESG Reporting Guide as the guideline to fulfill sustainable development and applies it to environmental protection, employees and safe production. The Company complies with policies, laws and regulations around the world, formulates system procedures within the Company and obtains relevant international standard certifications. The Company regularly reviews the policies and strategies of sustainable development to ensure that the content is appropriate and applicable to the corresponding business.

• Governance of Sustainable Development

FIT sets up a Social & Environmental Responsibility Committee (SER committee) to provide continuous support to the Company's sustainable development management. At present, the head of the SER committee of FIT is a member of the Company's senior management. The SER committee is responsible for ESG matters, including formulating ESG policies, setting ESG-related goals, conducting risk assessments to identify ESG-related risks, determining ESG-related issues and implementing ESG-related initiatives and monitoring the progress of ESG work. The members of the SER committee report ESG matters to the board of directors every year and accept the board's review of related work to ensure that the ESG governance structure has a smooth and effective communication and decision-making channel.

Responsibilities of the SER committee:

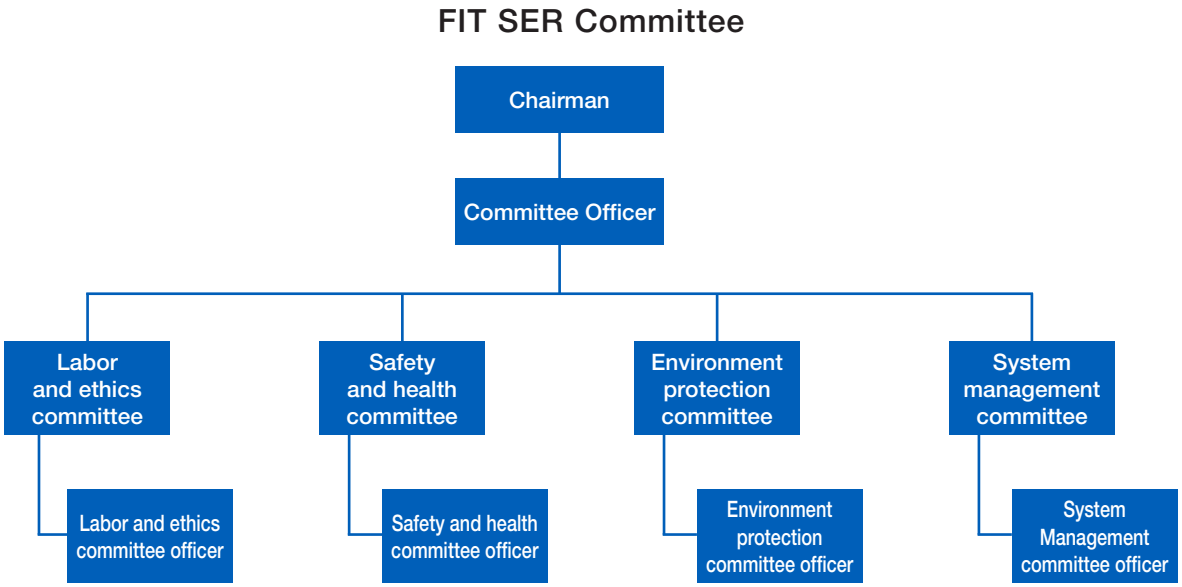
1. Formulate ESG-related policies
2. Set ESG-related goals
3. Undertake risk assessment to identify potential risks
4. Determine the importance of ESG-related matters
5. Monitor the progress of ESG work

Board engagement:

1. Receive regular reports from the SER committee
2. Regular review of the work of the SER committee

Chapter 5 Governance of Sustainable Development

The SER committee is made up of 4 committees: labor and ethics, safety and health, environmental protection, and system management. The SER working committee takes the lead in the promotion of sustainable development concepts and the implementation of sustainable development work within the Company and guarantees the effective implementation of environmental, social and governance related work through the improvement of assessment indicators.



- **Risk management**

FIT has established a practical risk assessment and management mechanism and integrated ESG-related risks into the existing risk management and control structure in 2019. The Company regularly conducts comprehensive risk assessments to identify risk factors that may have an impact on the Company, including assessing and identifying risks related to sustainable development work. The management and relevant business functions establish corresponding measures to ensure that effective and feasible risk management and internal control systems are in place. At present, the management has reported and confirmed the risk management work including ESG-related risk identification work and the corresponding internal monitoring system to the board of directors.

5.2 COMPLIANCE OPERATIONS

Legal compliance is a pre-requisite for the Company's long-term development. FIT adheres to the concept of compliance in the Company's internal governance, and continuously promotes and implements the requirements of integrity and self-discipline to all employees.

• Compliance management

FIT's internal management team coordinates the entire compliance management work, and has an audit committee, internal audit department, legal department, etc. to carry out internal compliance work and internal monitoring work, and strives to cultivate a high standard corporate culture with business ethics and compliance operation principles.

FIT regularly conducts audit work and internal control work, covering all the Company's business processes, and prepares an audit report based on the work results, reports to the Company's audit committee, and promptly ensures the rectification of problems found. In addition, FIT also conducts various special audit projects on a regular basis to strengthen auditing and control of key areas to ensure business compliance.

FIT also strengthens compliance promotion to business partners, actively promotes and guides upstream and downstream industry chain partners to establish compliance management systems, such as conducting regular audits of the Company's suppliers to cause suppliers to improve their internal governance systems, etc. so as to jointly create a compliant industry environment and atmosphere.

• Anti-corruption

The harm caused by bribery and corruption is self-evident. FIT has a "zero tolerance" attitude towards bribery and corruption, and has continued to strengthen the maintenance of an anti-corruption management system. The Company strictly abides by the relevant applicable laws and regulations regarding bribery, extortion and money laundering in each production park and has formulated the "Code of Conduct for Fighting Corruption and Promoting Honesty and Advocating Advantages and Eliminating Disadvantages" as a code of conduct within the Company. The Company requires every employee, including management personnel and grassroot employees, to strictly follow the principles of "integrity and self-discipline" when engaging in business and management and to oppose any form of corruption, commercial bribery and fraud.

FIT provides internal whistleblowing channels, such as hotline and e-mail, and encourages employees to make real-name reporting of any case involving corruption. The Company conducts promotion of internal anti-corruption policies and corresponding reporting channels for employees to ensure that employees are aware of relevant information. The Company requires project auditors to treat all reported information in a timely and confidential manner, strictly protects the safety of the reporter, and promises that reporting employees will not be discriminated against because of their reporting, so that the reporters can be worry-free. The Company seriously handles every report of corruption and strictly handles it after verification to establish an effective anti-corruption mechanism.

In 2019, the Company has strengthened anti-corruption training for employees, including the explanation of the Company's anti-corruption policies, the harm caused by corruption, and correct countermeasures, etc., and timely communicated the latest laws and policies in various places in order to strengthen the anti-corruption awareness of every employee including management personnel and grassroot staff. During the reporting period, the company has provided anti-corruption related training for employees in production parks in mainland China, Taiwan and Vietnam. The total number of trainees of on-site training (on-site training only for production parks in mainland China) is 722, with a total training time of 1,544 hours; the total number of trainees of online training is 5,579, with a total training time of 8,368.5 hours.

In 2019, two corruption cases relating to FIT were resolved. In 2019 and thereafter, FIT will continue to strengthen anti-corruption management, and enhance the anti-corruption awareness of all employees to continuously reduce corruption incidents of any form.

Chapter 6 Quality Oriented

6.1 STRICT CONTROL OF PRODUCT QUALITY

Providing better products is the cornerstone of the Company's sustainable development. FIT is committed to improving product quality, optimizing brand image, and has implemented corresponding measures within the Company, including improving the quality management system and standardizing the quality management process, to ensure that we provide customers with high-quality products and services that meet industry and customer requirements.

• Quality management system certification

FIT's production processes are designed to ensure high product quality standards. We uphold and continuously improve the consistently strict quality management system, and always adhere to the highest quality standards in mainland China, Taiwan, Vietnam, and the United States, and provide customers with guaranteed high-quality standardized services through stable product quality.

We list the quality control certifications of FIT in the following table:

Relevant certification	Main content
Mainland China	
ISO9001	Quality assurance system
QC080000	Hazardous substance process management system
IATF16949	Quality management system – special requirements of ISO9001 are implemented for organization of production parts and related service conditions in the automotive industry
Taiwan	
ISO9001	Quality assurance system
United States	
ISO9001	Quality assurance system
Vietnam	
ISO9001	Quality assurance system
QC080000	Hazardous substance process management system

These high-standard quality management systems ensure that we can meet the quality requirements of relevant laws and regulations in various countries in terms of raw materials, personnel, facilities and equipment, production processes, packaging, transportation and quality control, and can standardize equipment safety management, and hygiene and environment management of production sites of the Company, and can timely identify problems in the production process and improve them.

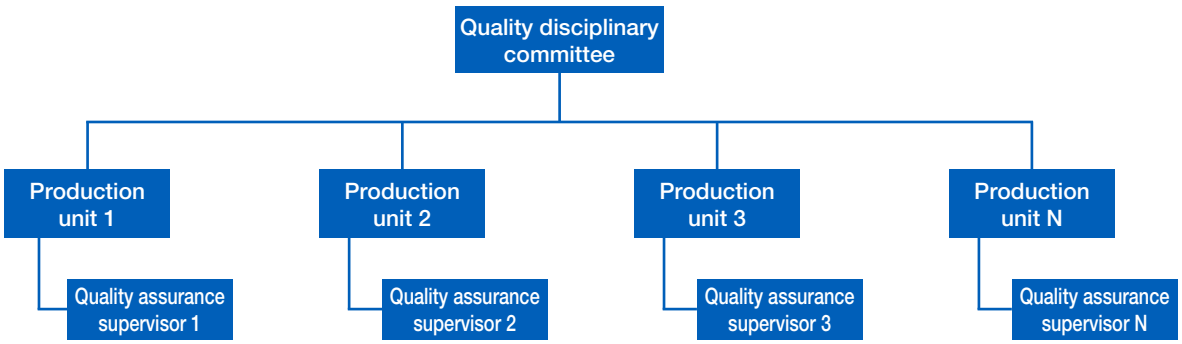
Chapter 6 Quality Oriented

As we consume plastic, paper, metal and wooden packaging materials in the process of production and transportation, we also comply with the aforesaid management system requirements. For the data on packaging materials we consumed in 2019, please refer to the Performance and Data table in Chapter 11: Appendix.

We truthfully indicate the quality standards that our products meet on the outer packages or product labels, promise to not falsify or fabricate, and provide customers with true and clear information related to product quality.

- **Established quality management process**

To ensure that product quality meets high standards, FIT has established a top-down quality management structure that covers all production units. FIT establishes a quality technology committee at the company level and quality assurance supervisors in its subordinate production units to jointly promote the establishment and continuous improvement of the Company's quality management system. The Company has formulated the "Quality Assurance Manual", which clearly defines a complete product quality management system covering R&D, mass production, process, in-storage and delivery from storage. In the whole process from R&D to delivery of products from storage, FIT carries out detailed risk assessment, feasibility assessment, quality inspection, etc. and consistently follows the concepts of being environmentally friendly, green and harmless.



For sold products, FIT has established a fairly comprehensive after-sales processing or recall process. FIT records each customer's return and exchange requirements, and conducts investigation and inspection of the products at the very first moment. If a product quality problem does occur, FIT will return and exchange the product for the customer or carry out the product recall when necessary to minimize losses to customers. FIT also established a database, to record each return and exchange incident, analyze the reasons and constantly review itself, in order to improve in the subsequent production management process, reducing the recurrence of similar problems.

FIT's products and services are in line with relevant industrial technical standards. During the reporting period, no product of the Company has been subject to a material recall for safety and health reasons.

6.2 CUSTOMER SERVICE

FIT adheres to the core value of "providing customers with quality services." While ensuring high-quality product management, it communicates closely with customers, establishes convenient customer communication channels, values customer ideas and feedback, and promotes continuous improvement and progress in order to create more value for customers.

• Value customer feedback

FIT values customer feedback and opinions, and believes that the improvement of customer satisfaction is closely related to the improvement of product quality. To this end, FIT has formulated "Operating System for Timely Handling of Customer Complaints" which clarifies the procedures for handling customer complaints and requires relevant employees of the Company's business units to strictly implement them. The Company has set up a "Customer Complaint Database." Each customer feedback and complaint will be recorded in the "Customer Complaint Database" and properly handled by employees. The Company also conducts statistical analysis on complaints and handling matters to adjust and improve the deficiencies in production and service management in a targeted way.

In order to obtain customer feedback more effectively and truthfully, FIT has also set up a "Customer Visit Database." When FIT invites customers or receives customer requests to visit FIT for communication or visits, the Company records the information of each customer's visit in detail, including whether or not customers are satisfied with the products, whether or not customers are satisfied with the management system, whether or not they have opinions, etc. The Company's relevant employees listen to customers' thoughts, set up a project to follow up and deal with customer needs or suggestions and communicate with customers in a timely manner after the case is closed.

On the basis of focusing on customer feedback, the Company continuously improves customer experience in every respect through product research and improvement.

Case: Belkin is dedicated to reducing the use of one-off plastic packages

During the Reporting Period, Belkin optimized the outer package of its wireless charging stand. In the original package, there was a plastic tray to store the product and cable. Through research and consideration, Belkin eliminated the plastic tray in the new packaging design and rearranged the product and plug in a simpler way, in order for users to take out all items more easily. This practice not only improved the out-of-the-box experience, but also made more friendly response to the environment.

FIT regards listening carefully to customer ideas or complaints[1] as an opportunity to improve existing business. In 2019, FIT has received 131 customer complaints (19 of them were caused by reasons not attributable to FIT); Belkin has received 1,358,966[2] customer complaints. Customer complaints during the reporting period have been properly handled in accordance with the Operation System for Timely Handling of Customer Complaints. After taking into account shipment quantity, FIT's complaint data shows a downward trend.

[1] We include cases that are clearly identified by customers as "complaints" in the statistical scope, exclude data such as complaints and inquiries, and adopt consistent statistical standards within FIT.

[2] As Belkin directly faces consumers and receives complaints directly from consumers, so there is a large number of complaints. As FIT directly faces corporate customers and receives complaints from corporate customers, there are relatively few complaints.

- **Protect customer privacy**

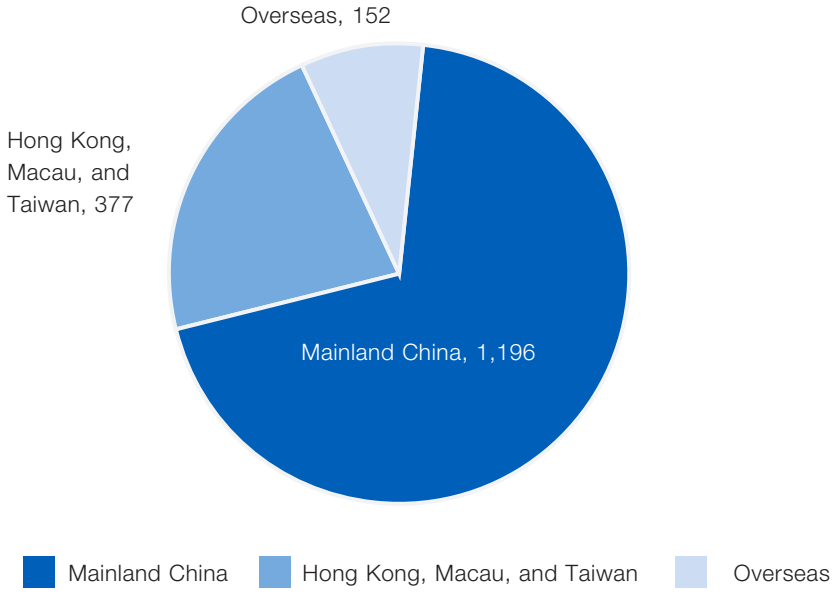
While focusing on customer service, FIT pays attention to customer information and privacy protection. Due to the customized nature of the interconnect solution products and services provided by FIT, the Company will come into contact with relevant information of customers in the process of customers' production development, R&D and new product launch. In response to such situations, FIT strictly abides by the relevant policies and laws and regulations of the countries where the production units are located, mainland China, Taiwan, the United States, Vietnam, etc. and formulates and follows the "Operation System for Security Regulation of Secret Projects" and strictly stipulates that employees shall collect relevant customer information legally and legitimately, abide by the confidentiality obligations under the customer contract, and protect the customers' relevant business secrets. Its main measures include entering into an intellectual property confidentiality agreement, covering customers' trade secrets with such agreement, with each new employee, conducting training and education on customer privacy protection to strengthen employees' privacy information security precaution consciousness, formulating information leakage remedy plans, and setting up a confidential project accident handling team to track and verify the accident.

During the reporting period, there were no material violations of law and regulations related to customer privacy at FIT. In the future, FIT will continue to respect and protect the interest and information of customers, continue to improve customer satisfaction, listen to the true needs of customers and work with customers to establish an environment of trustworthiness, compliance, and quality production and consumption.

6.3 SUPPLY CHAIN MANAGEMENT

The sustainable development of FIT is inseparable from the joint participation of a wide range of suppliers. FIT pays attention to supply chain management, and strives to create a competitive supply chain security system. While improving its own environmental and social governance capability, it also drives suppliers' sound development and promotes cooperation and win-win results. During the reporting period, FIT purchased materials required for production from 1,725 suppliers located in Asia, the Americas, and Europe, of which 1,196 suppliers are located in mainland China, 377 suppliers are located in Hong Kong, Taiwan and Macau, and 152 suppliers are located overseas, with the distribution of suppliers as shown below. For the data on other suppliers, please refer to the Performance and Data table in Chapter 11: Appendix.

Distribution of FIT suppliers in 2019: number



Every year, FIT carries out risk assessments including each aspect of the supply chain, such as procurement planning, procurement implementation, supplier access, supplier assessment, and supplier elimination, in order to identify possible risks in each aspect and formulate improvement measures based on the assessment results. In 2019, FIT launched a procurement audit of the entire group to verify the compliance of procurement and supplier management.

- **Sound supplier management system**

FIT has formulated institutional documents such as "Operating System for Procurement Quality Control" and "Operating System for Vendor Quality Control" to regulate the implementation of procurement behavior and supplier management. FIT requires every purchasing staff to adhere to a fair and impartial code of conduct in the procurement process and implement strict supplier management mechanism. Supplier management covers supplier access, annual supplier assessment and supplier elimination, and applies consistently to all FIT suppliers.

Supplier access: FIT performs assessment and inspection before selecting a supplier so as to confirm whether the supplier meets the quality policy and obtains the corresponding system certification. FIT comprehensively considers the supplier's actions in social responsibility and environmental management. If the supplier has any material defect, it will not be included by FIT in the list of eligible suppliers. FIT signs contracts, environmental declarations, social responsibility commitments, etc. with each approved supplier and urges the supplier to make efforts in social responsibility governance.

Supplier assessment: FIT has established a comprehensive supplier performance assessment management system, which regularly assesses whether the suppliers' quality capability, environmental system and social responsibility system continue to meet requirements. FIT implements rating and elimination management for suppliers based on the assessment results.

For new suppliers in 2019, we have added the following system certification requirements

- Car industry suppliers: Establish IATF16949 system certification
- 3C industry suppliers: Establish QC080000 system certification
- Manufacturer: Obtain ISO9001 certificate

FIT's supervision and management of suppliers have promoted the continuous improvement of the system certification of suppliers, and helped suppliers continue to grow, gaining recognition from many suppliers.

"We welcome FIT to audit and assess the company, which has helped the company make great progress in social responsibility governance. Under the regular assessment of FIT, our company has become more standardized in terms of production, management and environmental protection. This has directly and indirectly safeguarded the rights and interests of all people, including our employees, and made us achieve great progress".

– Voice from supplier

- **Promotion of green supply chain**

In recent years, green supply chain management has gradually become the focus of attention of stakeholders such as suppliers and customers. Green supply chain management is of great significance to FIT and the entire electronics industry. FIT fully considers the impact of options selected in the procurement process on the surrounding environment and personnel, including whether or not the resources are used properly, whether energy is saved, how waste and hazardous materials are handled and recycled, whether or not they have a great impact on the environment, etc. FIT uses these concepts of green supply chain management to promote more use of environmentally friendly products to continuously improve our environmental benefits.

FIT has formulated and followed the "Measures for Control of Green Supplier Selection and Assessment" and has consistently paid attention to the concept of environmental protection in the entire procurement behavior and supplier management process. FIT requires suppliers to develop a list of substances under environmental management, develop environment management methods that comply with the Company's actual situation, and ensure that products comply with the Company's environmental protection requirements. FIT hopes to cooperate with suppliers to provide high-quality and efficient products and meet the requirements of green and environmental protection and dynamically update the list of qualified suppliers to ensure that the suppliers' quality, technology, environmental protection and social responsibility management capabilities can meet the requirements of FIT.

In 2019, FIT continues to take the construction of a sustainable supply chain as a long-term topic, advocating and requiring suppliers to practice social responsibility and increase their awareness of sustainable development on the basis of supply chain management.

6.4 INTELLECTUAL PROPERTY PROTECTION

In 2019, FIT has continued to strengthen the management of intellectual property rights. We abide by and apply international intellectual property rules, handle intellectual property matters in accordance with international practices, and are committed to protecting our intellectual property rights through strict measures, including by patent, trademark, trade secret and otherwise.

Keep innovating	The Company always focuses on the continuous investment in research and development to continuously enrich its intellectual property accumulation. As of December 31, 2019, FIT (other than Belkin) has accumulated more than 2,100 patents in the world, and there are 1,100 remaining patents under review. As of December 31, 2019, Belkin has accumulated 393 patents in the world, and there are 26 remaining patents under review. During the reporting period, the number of granted intellectual property of FIT (other than Belkin) is about 400, including about 190 intellectual property patents granted in China, and about 240 intellectual property patents granted in countries other than China. During the reporting period, the number of granted intellectual property of Belkin is 37, including 4 intellectual property patents granted in China, and 33 intellectual property patents granted in countries other than China.

Chapter 6 Quality Oriented

We formulate and follow the “Measures for Application of Intellectual Property”. In the process of R&D and patent application, we continue to organize professionals to conduct research, understand the market’s development trends, choose the direction of R&D expansion and insist on risk assessment and investigation to avoid causing any infringement events. We comprehensively judge whether or not R&D results need to be legally protected as intellectual property rights based on factors such as market demand, technology highlights, and so on. At the same time, we have also designed a proprietary information system and a fairly complete processing system for the application and management of intellectual property rights, which has greatly improved our management level and management efficiency.

FIT regularly assesses and audits information security risks. For intellectual property rights that are protected by law, we maintain a high degree of attention and continuous monitoring. If there are signs of infringement, we take timely measures such as warnings and lawsuits. We adhere to the zero-tolerance principle for infringements, crack down on any violation of intellectual property rights, and at the same time put an end to the infringement of others’ creative achievements.

At the same time, FIT has strengthened communication and cooperation with external technical standardization associations and organizations from major countries such as the United States and China, and participated in the formulation of national connector standards. Colleagues, who are engaged in research and development work, have contributed to the development of new technologies in the industry.

Chapter 7 Safe Operations

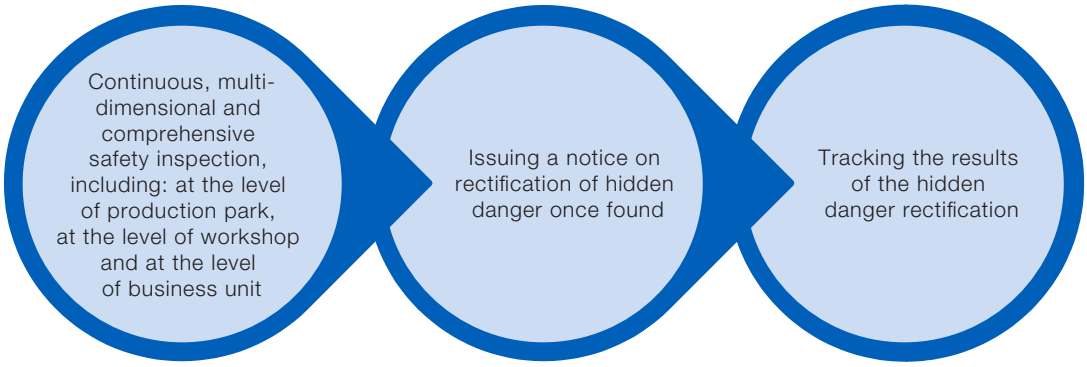
7.1 SAFE PRODUCTION

FIT regards safe production as the top priority of its work, and has established a safe production management system that suits the Company's actual needs. The system integrates concepts and measures based on risk management and compliance to prevent any production safety incidents. In business development and operations, we strictly implement the Company's safe production management system, actively prevent safety accidents and continuously improve employees' safe production awareness. The Company strictly abides by "Law of the People's Republic of China on Safety in Production", "Fire Safety Law of the People's Republic of China" and "Supervision Regulations of Special Equipment Safety" and other laws and regulations, as well as legal provisions and local policies around the world including those of Vietnam, the United States, etc., and has formulated a series of internal systems, such as "Environmental Safety and Health Management Manual", "Operation System for Safety Production Control", "Operating System for Audit and Control of Environmental Safety and Health" and other documents, to guide and standardize daily production operations. During the reporting period, there were no material violations of laws and regulations related to safety in production at FIT.

FIT's safe production management includes strict safety inspections, effective accident handling, and daily safety prevention, such as safety drills and safety training. In addition, we have established a standardized dangerous goods management mechanism to provide more effective and comprehensive protection of production safety and employee health.

- **Safety inspection**

FIT continuously conducts multi-dimensional and comprehensive safety inspections throughout the year, including factory-level safety inspections, workshop-level safety inspections and daily self-inspection audits of business units. After the safety inspection is completed, the inspector issues a notice of rectification of hidden dangers and rectification measures, and tracks the results of the hidden danger rectification to ensure that the hidden problems found in the safety inspection can be improved in time. For example, in 2019, the Company's production park in Kunshan has performed a total of 12 safety inspections at the production park level, and a total of 275 hidden danger conditions have been found and the rectification of hidden dangers has been completed by the end of 2019. In addition, each workshop in the parks performs self-audit according to the actual operation situation and timely corrects the hidden dangers found. At the same time, the Company formulates a regular equipment maintenance plan and performs regular repair and maintenance on the equipment in the parks to ensure that the equipment can operate normally and safely.



Case: FIT Kunshan production park conducts safety inspections

On March 15, 2019, FIT inspectors and related leaders conducted a safety inspection at the workshop site of the Kunshan production park. This inspection uses the "4 + 2" model, which means that "carpet" inspections of 4 special items, i.e. "dangerous goods safety, construction safety, fire-fighting safety and electrical safety", as well as common processes and compliance verification items. At the same time, the inspection process has promoted the development of safety publicity and educational activities, safety innovation and promotion activities, and strives to focus on the detail of safely issues, to ensure that the Company can operate safely and employees can work safely.

Case: FIT's Vietnam production park regularly checks equipment safety

The processes of FIT Vietnam production park include stamping, forming, assembling, electroplating, etc. In the event of any work-related injury in process, the injury to people is a serious matter. In order to prevent such accidents, FIT regularly inspects production equipment. For example, during an inspection of an automatic dispenser, it was discovered that its automatic chain was not operating and that no protective door was installed. In such a situation, the Company immediately launched improvement measures, repaired and maintained the interlock of the automatic dispenser and installed additional safety doors to prevent hidden dangers.

Before improvement

After improvement

Chapter 7 Safe Operations

• Accident handling

In the face of security accidents, FIT has formulated strict accident notification and handling procedures. In the event of an accident, the accident handling procedures will be initiated. The relevant departments will cooperatively handle and investigate the accident, investigate and optimize the safety hazards that caused the accident, and implement procedures for improvement of safety management. FIT has arranged medical employees to be on duty, fire safety employees to be on duty, etc. in the park to rescue the injured affected by the accident from the very first moment.

FIT advocates the concept of "stones from other hills may serve to polish the jade of this one". Cases of industrial accidents are promoted and learned within each park area, promoting the elimination of hidden dangers in each park, improving its own safety management mechanism and promoting mutual cooperation between the parks.

• Safety precautions

FIT is committed to enhancing employees' awareness of safety in production, improving the quality and skills of employees' occupational safety and health protection, improving the ability of accident prevention and emergency handling, and creating a more secure production environment. Therefore, the Company has established and followed the "Operation System for Education, Training and Control of Environmental Safety and Health" to continuously provide employees with safety training and strengthen safety work drills, including fire drills and dangerous chemicals drills, in order to enhance the safety awareness of all employees and enhance various security skills they need.

Safety training

FIT parks' safe management related units cooperate with the human resources department to provide employees with adequate and appropriate safety training courses according to the different needs of employees' positions, ranks and types of work, and actively carry out various type of competitions so that each employee can master the knowledge and skills for safety in production required to perform his duties to prevent safety accidents.

Case: FIT "Ankang Cup" competition in Kunshan Production Park in mainland China

In May 2019, the FIT Kunshan production park launched the "Ankang Cup" competition, in order for employees to get more knowledge on production safety by participating in knowledge contests. The content of the competition covered "Labor Laws", "Trade Union Law", "Law on Safety in Production", "Occupational Illness Prevention Law" and "Work-Related Injury Insurance Regulations" and other relevant laws and regulations, as well as knowledge of safety management technology. Through this competition, the colleagues improved the transfer of mutual expertise, achieved the good effect of complementary advantages, and enhanced their safety awareness.

Safety drills

Each FIT park regularly performs safety drills, including fire drills, chemical leakage drills and food poisoning drills.

FIT implements the fire protection work guidelines, policies and regulations of the regions where the parks are located and formulates and follows the "Operating System for Fire Control" and "Operating System for Fire Emergency Response" within the enterprise. Each FIT park sets up fire emergency response teams and regularly conducts fire emergency drills to ensure the effectiveness of fire emergency response methods. For example, in 2019, the Company's production park in Kunshan planned and held a total of 30 fire evacuation drills, including 4 nighttime drills and 26 daytime drills to ensure that all employees of all shifts can participate in these drills, evacuating 23,256 persons in a year.

Case: FIT's Vietnam production park promotes the use of fire blankets

On April 25, 2019, FIT's Vietnam production park organized fire drill study and training. This fire drill training demonstrated to all employees in the Vietnam park how to use fire blankets to extinguish fires. Through the drill, the entire Vietnam park not only tested the effectiveness of the comprehensive fire protection system integration, but also improved the emergency response capabilities of all units in the park.

Tips	Advantages of fire blankets: For small fires, compared with traditional fire-fighting equipment, fire blankets are more easy to operate, do not produce dense smoke, and also have advantages such as no effect on the surrounding environment and more environmentally friendly

Chapter 7 Safe Operations

Case: FIT Taiwan production park launches fire drill

In August 2019, FIT Taiwan production park launched a Safety and Health Month in the park, and a fire drill was held on August 22, which included smoke experience, operation of water hoses and fire extinguishers. The drill was carried out smoothly, allowing employees to experience the importance of environmental safety together after work and helping employees to improve their practical ability in dangerous situations.

Case: FIT's Vietnam production park conducts chemical leakage drill

In order to test the effective operation of the chemical emergency team of the FIT's Vietnam production park and allow employees to experience the process of chemical emergency treatment, FIT Vietnam park held a chemical leakage drill on June 20, 2019. Through this chemical leakage drill, employees' knowledge of handling abnormal situations was enriched, and their experience of quickly blocking leaked liquids and wearing protective equipment was improved.

- **Dangerous goods management**

FIT's main production process involves the use of multiple dangerous chemicals. As such, FIT has established and strictly followed the "Dangerous Chemicals Management Code" in accordance with local laws and regulations of places where parks are located around the world. FIT has standardized the Company's disposal and management of dangerous chemicals and properly managed the procurement, storage, use, transportation and discarding of dangerous chemicals to ensure the safety of employees, prevent environmental pollution, and achieve the institutionalization and standardization of dangerous chemical management.

FIT attaches great importance to the management of dangerous chemicals and has set up dangerous goods storage warehouses in various parks. In FIT's Vietnam production park, the Company has an independent chemical warehouse in addition to the production lines. The design, construction, electrical system installation, leakage prevention and fire prevention of the warehouse are strictly implemented in accordance with current local laws in Vietnam, fulfilling higher standard than the local requirements in Vietnam.

For warehouse management, FIT has the following measures:

– The warehouse floor is anti-static;

– Specific placement of each chemical in the warehouse;

– Bilingual safety data sheets for each chemical in accordance with regulations;

– Thermometers and humidity detectors are installed in the warehouse, and their temperature and humidity standards shall be strictly controlled;

– The warehouse is equipped with overflow prevention ditch and collection ditch, and its volume is larger than the chemicals stored in the warehouse.

Chapter 7 Safe Operations

FIT insists on safe production, and continuously urges and inspects safety management work for compliance and effectiveness. During the reporting period, the cumulative number of work-related injuries in our production parks was 122, of which a total of 103 injuries in FIT production parks in mainland China, Taiwan and Vietnam, and a total of 19 injuries in Belkin. There was no fatal work-related injuries. The total number of working days lost due to work-related injuries totaled 3,659.25, of which a total of 3,634.25 days lost in production parks in mainland China, Taiwan and Vietnam, and a total of 25 days lost in Belkin. From 2017 to 2019, the number of deaths due to work-related injuries, the number of work-related injuries, and the number of working days lost due to work-related injuries are shown as follows:

	2019	2018	2017
Number of work-related injuries	122	101[3]	125[4]
Number of work-related deaths	0	3	1
Proportion of deaths due to the Company	0.00%	2.97%	0.80%
Number of work days lost due to work-related injuries	3,659.25	3,838.80[5]	5,994.30[6]

7.2 OCCUPATIONAL HEALTH AND SAFETY

FIT strives to create a healthy and safe working environment for employees, do a good job in the prevention, inspection and publicity of occupational illness, and regularly issue labor protection supplies to employees to minimize risks and provide protection for employee safety. The Company's occupational health and safety management system has obtained ISO45001 certification.

- **Occupational illness prevention**

Improper protection against occupational illness can cause serious damage to the health and safety of employees. FIT believes that occupational illness hazards include chemical and physical hazards, such as noise and high temperature. Therefore, FIT pays attention to the impact of the occupational environment on the health and safety of employees, and has formulated systems such as the "Operating System for Prevention and Control of Occupational Illness and Epidemic" and the "Operating System for Noise Control" with the aim to reduce or avoid occupational hazard as much as possible and ensure safety and health of each employee. FIT taken various measures, for example, posting slogans throughout the park to remind employees to wear goggles, earplugs, helmets, etc. in order to eliminate or reduce factors that endanger employees' health.

3 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 and 2017 is not included here. The data of "100" work-related injuries in 2018 disclosed by production parks in mainland China, Taiwan and Vietnam was re-stated. The main reason is that one case was in the proceeding during the data statistics period in 2018, so the number of injured employees was not included.

4 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 and 2017 is not included here. The data of "62" work-related injuries in 2017 disclosed by production parks in mainland China, Taiwan and Vietnam was re-stated. The main reason is statistical omission in 2017.

5 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 and 2017 is not included here. The data of 2,847.50 days lost in 2018 disclosed by production parks in mainland China, Taiwan and Vietnam was re-stated. The main reason is statistical omission in 2018.

6 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 and 2017 is not included here. The data of "2,519.00" days lost in 2017 disclosed by production parks in mainland China, Taiwan and Vietnam was restated. The main reason is statistical omission in 2017.

- **Occupational illness check**

FIT adopts measures such as regular check and timely treatment for employees who have suffered or may suffer from occupational hazards. The Company actively conducts occupational illness health checks, and is committed to early detection of occupational illness conditions of employees, and carries out treatment or changes positions for employees in need. FIT's occupational health check consists of pre-employment check, on-the-job check and off-post check.

1. Pre-employment inspection. FIT performs pre-employment checks of employees and establishes basic health files of those exposed to occupational illness hazards. The pre-employment health check is a compulsory occupational health check. The persons to be checked include: a) new hires who are engaged in operations exposed to occupational illness hazards, including those transferred to such work positions; b) personnel engaged in operations with special health requirements, such as working at height, electrician, professional motor vehicle driving, etc.

2. On-the-job check. FIT conducts checks of on-the-job employees, dynamically observes the health changes of employees, and assesses the control effect of occupational hazards in the workplace. FIT regularly arranges medical examinations for employees, bears all medical examination costs, and arranges special operation health examinations for special operators to ensure that the care for employees can be effectively practiced.

3. Off-post check. Before an employee prepares to transfer out or leave from occupational illness hazard operation or position, FIT conducts a health check at the time of leaving the job to determine the health status of the employee when he ceases to be exposed to occupational illness hazards, and provides medical assistance and treatment to employees based on their needs.

Chapter 7 Safe Operations

- **Distribution of protective equipment**

In order to protect the health and safety of employees and prevent accidents, the Company provides employees with appropriate personal protective equipment, such as protective clothing, protective caps, respiratory protection products, eye and face protection products, hearing protection products, gloves, fall protection equipment for working at height, etc. and hazard warning signs are marked on workplaces or equipment where dangerous factors are identified in each park, and the type of protective equipment to be worn is posted to remind employees to wear it properly.

Safety is a key topic of FIT's ongoing attention. From the past to the future, we will attach great importance to safety work, focus on employee health, continuously improve existing policies and measures, and regularly assess safety risks, in order to continuously reduce any safety risks and achieve the Company's lasting stability and safety.

Chapter 8 Environmental Protection

As an international company, FIT pays attention to its impact on the environment while growing. We are committed to abiding by the environmental laws and regulations of each business location, such as the "Environmental Protection Law" in China, the "Energy Conservation and Effective Utilization Law" and the "Water Resources Law" in Vietnam, and actively respond to different climate challenges. All our production parks have established mature environmental management system and passed ISO14001 and ISO14064 certification. During the reporting period, there were no material violations of laws and regulations related to environmental protection at FIT.

In terms of environmental protection, we pay attention to the use of energy, the treatment of emissions, the management of water resources, actively assess the possible impact of extreme climate on us, and develop effective countermeasures.

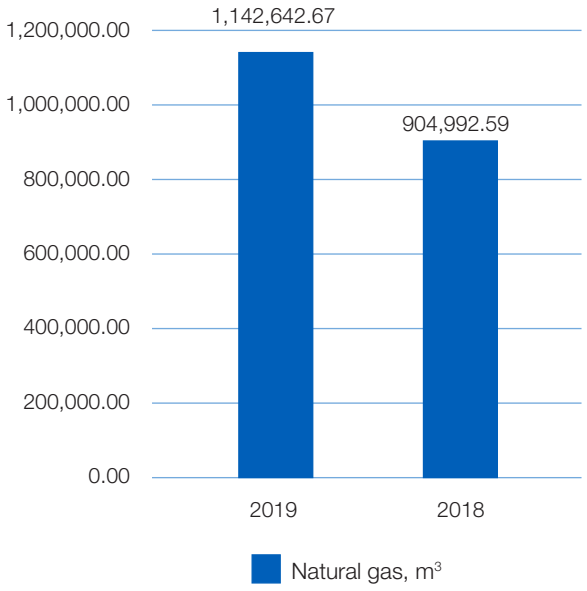
8.1 ENERGY MANAGEMENT

Energy is an important element for economic and social development. In 2019, FIT will continue to promote energy efficiency management in production parks. The Company establishes and follows the "FIT Energy Management System", "Energy Conservation Management Assessment Items and Scoring Rules", etc. to ensure full use of various energy resources to achieve the purpose of saving energy.

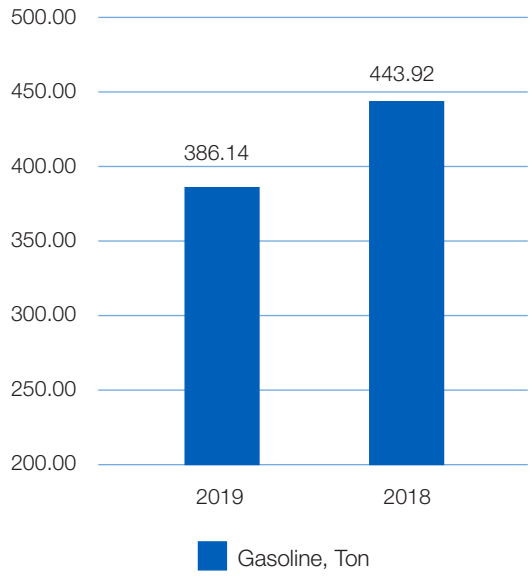
The energy directly or indirectly related to FIT production and operation activities is mainly electrical energy, supplemented by various forms of energy such as natural gas, steam, gasoline and diesel. In 2019, we will continue to improve the energy management system and to promote energy conservation and emission reduction. During the reporting period, our electricity, natural gas and steam consumption increased by 3.22%，26.26% and 2.01% respectively compared with 2018, which was mainly due to our expansion of the plants in the production park in Vietnam in 2019. Our gasoline consumption decreased by 13.01% compared with 2018, which was mainly due to our promotion of energy conservation and organization of energy conservation activities in our production parks. In 2019, we achieved preliminary results in energy conservation. The specific energy consumption data and comparison are shown in the table below. For other data on energy consumption, please refer to the Performance and Data table in Chapter 11: Appendix.

Chapter 8 Environmental Protection

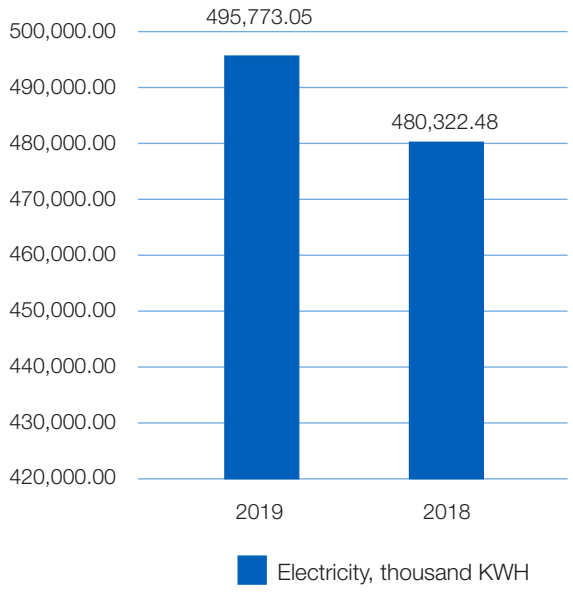
Natural gas consumption comparison of FIT between 2019 and 2018



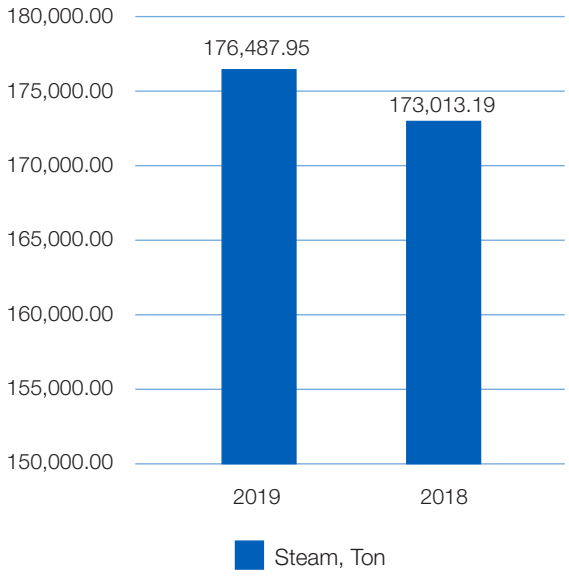
Gasoline consumption comparison of FIT between 2019 and 2018



Electricity consumption comparison of FIT between 2019 and 2018



Steam consumption comparison of FIT between 2019 and 2018



In order to further improve energy management, we have formulated an energy management system that suits the Company's actual needs, carried out various energy conservation projects within the Company and actively promoted the concept of energy conservation in order to continuously advance the progress of energy conservation work and increase the energy conservation awareness of all employees.

- **Establish energy management system**

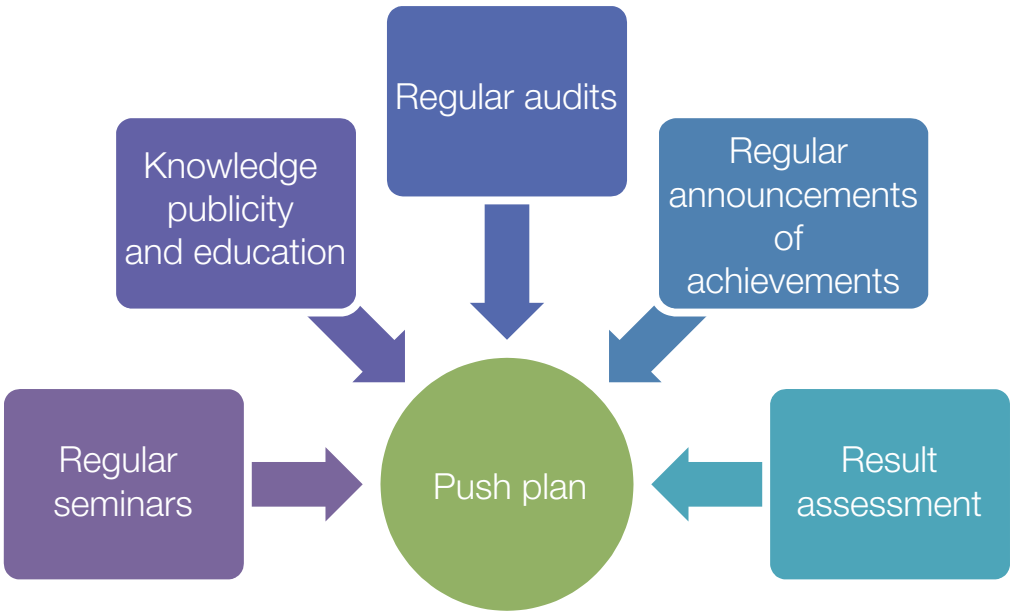
In 2019, FIT will continue to improve the energy management system and integrate energy efficiency into the framework of the management approach. We promote energy conservation through a dedicated team, set energy conservation goals, conduct energy reviews, conduct audits and assessments, etc. to ensure effective energy management.

Dedicated team

FIT has allocated professional personnel responsible for energy management, such as the "energy conservation technology committee" (hereinafter referred to as "energy conservation technology committee") of production parks in mainland China, and the "energy conservation group" of the Vietnam production park to be responsible for energy conservation and emission reduction of the Company's various departments, and to publicize and promote the implementation of energy conservation work of various units.

Case: The energy conservation technology committee is established in Kunshan Park in mainland China

The FIT Kunshan Park in mainland China has established an energy conservation technology committee. The energy conservation technology committee formulates energy policies and conducts energy reviews based on relevant laws and regulations and the Company's energy use. Effective operation of the Company's energy management system will be promoted through regular seminars, knowledge publicity and education, regular audits, regular announcements of achievements and the result assessment.



Chapter 8 Environmental Protection

Setting energy conservation goal

In order to respond to the environmental protection policy directions of various countries and regions, FIT has formulated energy conservation plans and targets, and regularly reviews and assesses the energy conservation targets, and analyzes and adjusts measures in a timely manner.

In 2019, the power conservation targets of production parks in Kunshan in mainland China and the production park in Vietnam are respectively 9,050 thousand KWH and 924.68 thousand KWH. The Company will break down the power conservation targets and move forward as planned. As of December 31, 2019, the above target achievement ratios have reached 100% in production parks in Kunshan in mainland China and 80 % in the production park in Vietnam.

Energy review

In FIT's production parks, representatives of employees who are familiar with energy laws and regulations form an energy review group to be responsible for evaluating the implementation of the work and recording the results. Specific implementation of energy review includes analysis of energy use and consumption, identification of major energy use and consumption areas, assessment of major energy use equipment and identification of opportunities to improve energy performance. Based on the energy review process, FIT has established a mature energy management system.

Audit and assessment

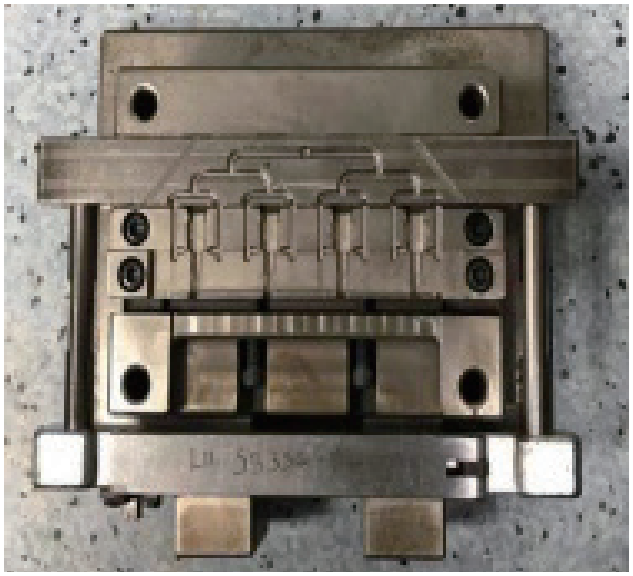
FIT regularly performs internal audits during the energy planning period to check the construction of the energy management system, further analyze the causes of non-compliance and potential non-compliance with the Company's requirements, and formulate feasible corrective and preventive measures. Each month, the Company's factory affairs department cooperates with various production units to audit the use of water and electricity and regularly holds energy conservation and emission reduction meetings. At the same time, during the planning period, management regularly holds management review meetings to review the performance of the energy management system and proposes suggestions for improvement.

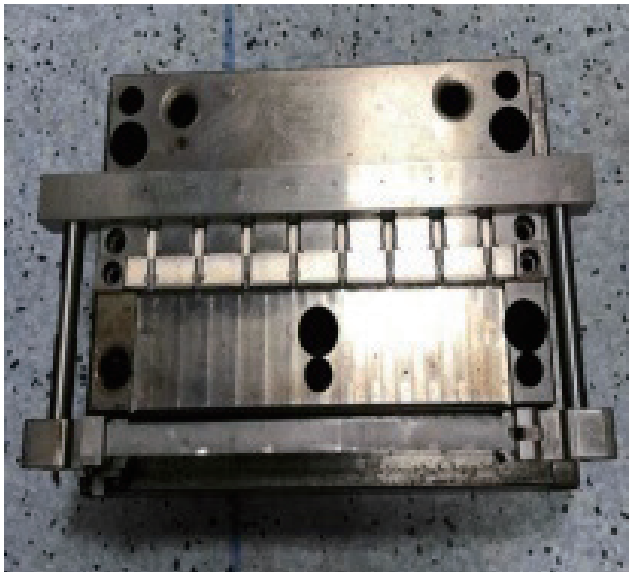
• Implementation of energy conservation projects

The Company encourages the development of different types of energy conservation projects, and each production park conducts energy conservation project improvement and promotion meetings on a quarterly basis to promote the effective implementation of energy conservation and emission reduction work.

Case: Vietnam injection molding machine expands from 4-hole to 8-hole to save power and energy

In 2019, FIT Vietnam factory expanded the original 4-hole injection molding machine to 8-hole by improving mold structure to double the capacity so as to reduce the number of molding machines used, shorten usage time and save power and labor. One year after improvement, it can save about 643,968 KWH per year.





Case: Production line belt improvement in the production park of Vietnam

From January to June 2019, colleagues in the production park in Vietnam considered that when the production line of the product used a short belt to form an assembly line, a large number of motors were used, and it was not safe for operators. The relevant departments continue to improve the belt structure of the line, changing the belt structure to a long belt. This not only reduces the number of motors to save electricity, shortens man-hours and increases productivity, but also ensures employee safety.

Chapter 8 Environmental Protection

• Enhancing awareness of energy conservation

FIT advocates the concept of green living and production. The Company promotes environmental protection knowledge, enhances employees' awareness of energy conservation and emission reduction, encourages employees to brainstorm and propose more and better improvement plans for further realization of green production parks through training, education, energy conservation-specific competition, etc. At the same time, the Company strengthens its own operation management, holds various types of internal competitions and continuously encourages all production units within the Company to achieve a full range of energy conservation and emission reduction during the operation.

Cultivating awareness of energy conservation

FIT persists in fostering employees' awareness of energy conservation. We encourage employees to use the existing resources scientifically and reasonably, and learn to recycle resources while not increasing waste. In this regard, FIT has adopted a series of measures, for example, gradually substituting the use of LED energy conservation lamps in offices and factories; promoting digital office and the replacement of traditional paper documents and mail delivery with pdf files and e-mails; requiring employees to immediately turn off lights after work and in unattended rooms to save electricity; organizing employees to carry out environmental protection and public welfare activities such as tree planting.

Launching energy conservation competition

In order to encourage various production units in the production parks to actively implement energy conservation and emission reduction work, FIT holds energy conservation and emission reduction competitions internally.

Case: FIT held energy conservation and emission reduction assessment work from the second quarter to the third quarter of 2019

From the second quarter to the third quarter of 2019, FIT carried out energy conservation and emission reduction assessments within the Company, and the production parks within the Company actively participated. Among them, Foxconn Electronics Industry Development (Kunshan) Co., Ltd. was ranked No. 1 in the internal assessment by virtue of the excellent energy conservation improvement project, and received financial incentives internally.

Case: FIT's Vietnam production park conducted internal assessment activity

In 2019, FIT's Vietnam production park conducted internal energy conservation assessment activity. 12 departments in the park actively participated in the assessment, including the implementation of energy conservation goals and the coordination of energy conservation work. The assessment was completed through cross-departmental checks. In the end, the Company's automation department was awarded the "Excellent Energy Conservation Unit" for its good energy conservation improvement project and effective development of its energy conservation management work.

Case: FIT's Chongqing plant was awarded "Green Enterprise"

On October 10, 2019, FIT's Chongqing plant was awarded the title of environmentally friendly and honest enterprise after several rounds of assessments because of its conscious performance of its legal obligations and social responsibilities.

Energy management is long-lasting work. FIT adheres to the concept of energy conservation and environmental protection, constantly improves the establishment of internal energy conservation system, and persists in promoting the implementation of various energy conservation projects to achieve the Company's due social responsibility.

8.2 EMISSIONS MANAGEMENT

FIT emissions include exhaust gas, wastewater, waste, and greenhouse gases. FIT pays attention to the harmony between the operation and the environment. During the reporting period, it insisted on environmental protection investment and reduced production emissions to minimize the adverse impact of the Company on the environment during the operation.

FIT is committed to complying with local laws and regulations of production parks around the world, such as the "Electroplating Pollutant Emission Standard" and the "2006 IPCC National Greenhouse Gas Inventory Guide" in China, the regulation "QCVN19/2009BTMT" relating to waste gas, the regulation "QCVN40/2011" relating to wastewater, and the "38/2015ND-CP Waste and Waste Material Management Regulations" relating to waste and other documents in Vietnam. In order to ensure legal compliance and the effective implementation of emissions management, FIT has internally formulated the "Operating System for Exhaust Control", "Operating System for Wastewater Control", "Operating System for Waste Control" and "Operating System for Greenhouse Gas Inventory and Emission Control", etc. and strictly observes the above operating procedures in its operations. FIT has established a complete emissions management system, and obtained ISO14001 and ISO14064 certifications.

- **Exhaust gas management**

The exhaust gas produced by FIT includes process exhaust gas and general exhaust gas, which is different from the general exhaust gas produced by production supporting services and non-production facilities. The process exhaust gas refers to the harmful gas generated by the Company during the production process. The exhaust gas of FIT mainly includes nitrogen oxide, cyanide, sulfuric acid mist and so on. For different exhaust emissions, we have corresponding measures to deal with. In the control process of exhaust gas, we emphasize the identification and control of the source of exhaust gas, and the transmission of exhaust gas.

Identification and control from the source

FIT stipulates that the source of exhaust gas shall be controlled by the exhaust gas generating unit, and target indicators and management plans shall be set to reduce exhaust gas emissions. On the basis of comprehensive consideration of the specific conditions of production units, priority is given to adopting clean production processes and service equipment with high energy utilization and low pollutant emissions. After identification of the exhaust gas, FIT's exhaust gas generating unit lists in the exhaust gas management checklist the emission source, emission quantity, control standard and other information, and regularly maintains the checklist.

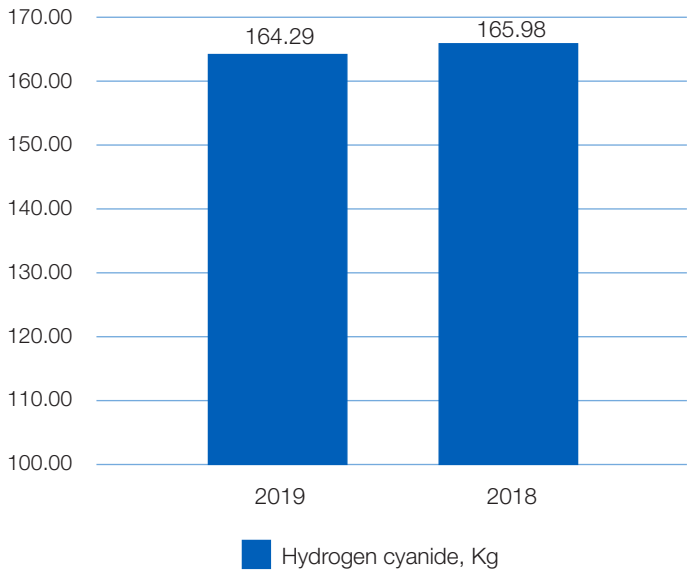
Maintenance of transmission pipeline

The exhaust gas produced by FIT is cleaned and then exhausted through the exhaust tube in an organized way. The Company plans, designs, monitors, and accepts the exhaust gas collection and transmission pipelines that meet environmental protection requirements, and conducts subsequent management and maintenance to prevent exhaust gas leakage caused by damage to the exhaust gas pipelines.

After the exhaust gas is discharged, we monitor the exhaust gas produced by the Company and conduct annual exhaust gas monitoring to ensure that the amount of exhaust gas does not exceed the standard limit and meet the requirements of the current environmental regulations to reduce environmental pollution.

Through our efforts in 2019, exhaust gas emissions have been reduced to varying degrees compared to 2018. Taking the emission of hydrogen cyanide as an example, its emission in 2019 was reduced to 1.02% compared to 2018. The specific emission data and comparison are shown in the figure below. For other emission data, please refer to the Performance and Data table in Chapter 11: Appendix.

Comparison of hydrogen cyanide emissions in FIT between 2019 and 2018



In the future, FIT will continue to start from the beginning, and strive to reduce the pollution degree of exhaust gas from various production aspects and unorganized emissions.

Case: Nickel Pre-plating stations use sulfamic acid

The nickel pre-plating stations in production parks in mainland China use the hydrochloric acid to pre-plate nickel and thus generate environmental pollution. From August 2019, after the improvement by FIT, the nickel pre-plating stations gradually switched over to sulfamic acid, and reduced the use of liquid chemicals, such as hydrochloric acid, that produces atmospheric pollutant emissions. According to statistics, the Company reduced the amount of hydrochloric acid used in 2019 to 4,225 kg, and because of the reduction in the amount of hydrochloric acid used, it further reduced the emissions of atmospheric pollutants.

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Case: Adopting purification towers to absorb harmful gas

In 2019, FIT's Vietnam and Kunshan production park continued using exhaust gas purification towers to treat harmful gases, recycled the exhaust gases emitted during the production process, and used activated carbon to adsorb and treat volatile organic compounds to ensure that the exhaust emissions meet the requirements of the current environmental protection regulations.

• Waste management

Waste management is an indispensable part of pollution prevention. FIT continues to carry out effective management measures on it. For different types of waste, FIT strictly implements the "Operating System for Waste Control" and formulated "Operating Specifications for Waste Recovery" and other institutional documents, applying the management concepts of quantity reduction, resource utilization and harmlessness in the process of waste generation, collection, storage, transportation, utilization and disposal, so as to achieve waste treatment optimization and waste emission reduction. In addition, for the dangerous waste generated during the production process, FIT has also formulated the "Measures for Control of Dangerous Waste" to manage it, ensuring that dangerous waste is harmlessly treated, promoting work reduction. FIT's waste treatment can be divided into collection, storage and disposal.

Waste collection and storage

FIT's waste can be divided into recyclable waste and non-recyclable waste, of which non-recyclable waste can be sub-divided into general non-recyclable waste and dangerous waste. We regularly review the relevant laws and regulations on waste, and update the corporate waste catalog in a timely manner. For the storage of waste, the Company guides employees to sort and store according to the type of waste and its degree of danger, and carry out centralized labeling management, sorting inspection and packaging.

Waste disposal

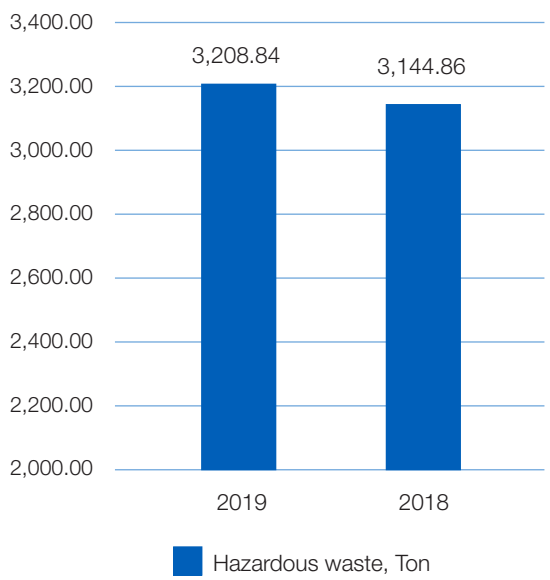
For recyclable waste, FIT clears and disposes in a timely manner, and the collection unit processes and counts them by types of recyclable waste, and records them in relevant documents for inspection, and takes effective measures to monitor the waste flow to avoid secondary pollution to the environment or cause safety health accident. For non-recyclable wastes, they are sorted and handled by garbage transfer stations; for dangerous wastes, such as dangerous chemical containers, they are delivered to a professionally qualified supplier for centralized removal and disposal.

Case: Classified storage of dangerous wastes in Vietnam's production park

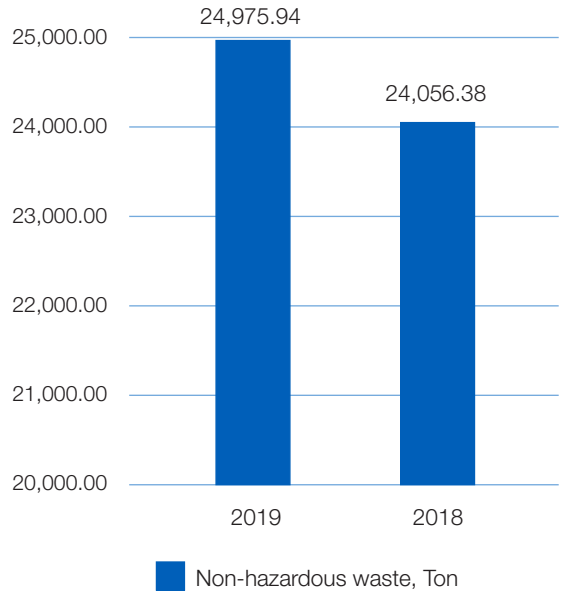
FIT's production parks set up dangerous waste storage locations therein, and posted the names, numbers and warning signs of dangerous wastes, and installed leak-proof ditches.

In 2019, emissions of both hazardous wastes and non-hazardous wastes in FIT showed a small increase, with the increase rate of 2.03% and 3.82% respectively, which was mainly caused by FIT's expansion of production in 2019. The specific emission data and comparison are shown in the figure below. For other emission data, please refer to the Performance and Data table in Chapter 11: Appendix.

Comparison of FIT hazardous waste emission between 2019 and 2018



Comparison of FIT non-hazardous waste emission between 2019 and 2018



Chapter 8 Environmental Protection

- **Wastewater management**

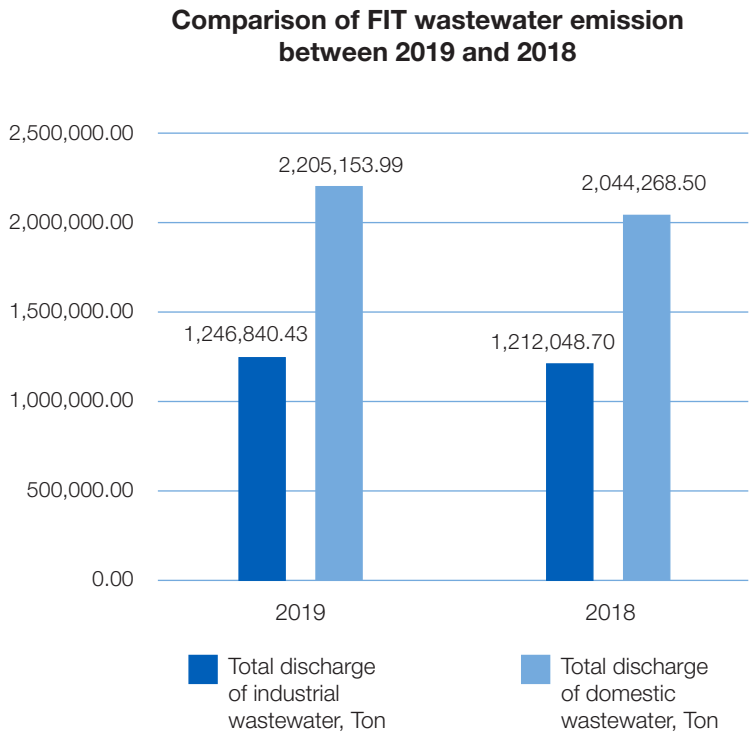
The wastewater generated by FIT includes industrial wastewater from manufacturing and auxiliary processes such as manufacturing processes, surface treatment, and pure water manufacturing, as well as domestic wastewater from restaurants, dormitories, commercial areas, and toilets and other non-production facilities. FIT strictly abides by the "Operation System for Wastewater Control", regulates the relevant operations of wastewater emission reduction, treatment, and measurement to reduce the adverse impact of wastewater pollutants on the surrounding environment and employee health.

FIT's wastewater generation unit or wastewater management unit preferentially adopts measures such as process improvement, recycling, water-saving technology reform, and water-saving publicity to carry out wastewater reduction operations, and develops target guidelines and management plans for implementation and review and improvement. After the wastewater is collected, it is treated uniformly. The Company prohibits any unit or individual from directly discharging untreated wastewater to the water body, soil and other environments. In particular, FIT has commissioned the municipal sewage treatment station for treatment of domestic sewage, and the industrial wastewater is treated by the sewage treatment station to which the production park is affiliated, and can be discharged only after meeting the standards.

Case: Wastewater treatment project in FIT's Vietnam production park

In 2019, FIT's production park in Vietnam invested about RMB13,000,000 to carry out a sewage treatment plant project and began production in April. According to statistics, the sewage treatment plant can treat about 900 cubic meters of sewage per day. According to the process of filter, the sewage can reach the QCVN40:2001/BTNMT standard after treatment, and reach the discharge status allowed by other relevant laws and regulations, to minimize the harm to the environment.

In 2019, FIT's total industrial wastewater discharge was basically the same as in 2018, and the discharge reached 1,246,840.43 tons; the total domestic wastewater discharge increased compared to 2018, with an increase rate of 7.87%. The specific emission data and comparison are shown in the figure below. For other emission data, please refer to the Performance and Data table in Chapter 11: Appendix.



8.3 IMPROVEMENT OF CARBON FOOTPRINT

Global warming is one of the issues that the world needs to deal with urgently. As a global multinational corporation, FIT has the responsibility to continue the transition to a low-carbon economy. We start with greenhouse gas emission and energy use and are committed to reducing the carbon emissions caused by our operations in order to promote the sustainable development of enterprises and the environment.

FIT strictly complies with the Company's "Operating System for Greenhouse Gas Inventory and Emission Control" and establishes a complete greenhouse gas inventory system in accordance with the requirements of the system. The greenhouse gases of each production park are examined thoroughly by the implementation officer of the emission reduction organization in coordination with the units in the park to formulate and strictly implement the emission reduction plan, which is subject to the supervision of the implementation officer. The Company formulates and promotes the emission reduction plan, regularly identifies the types of greenhouse gases emitted during the production process, calculates emissions, and produces list of inventory examined and examination report. Currently, our greenhouse gases management has obtained ISO14064 certification.

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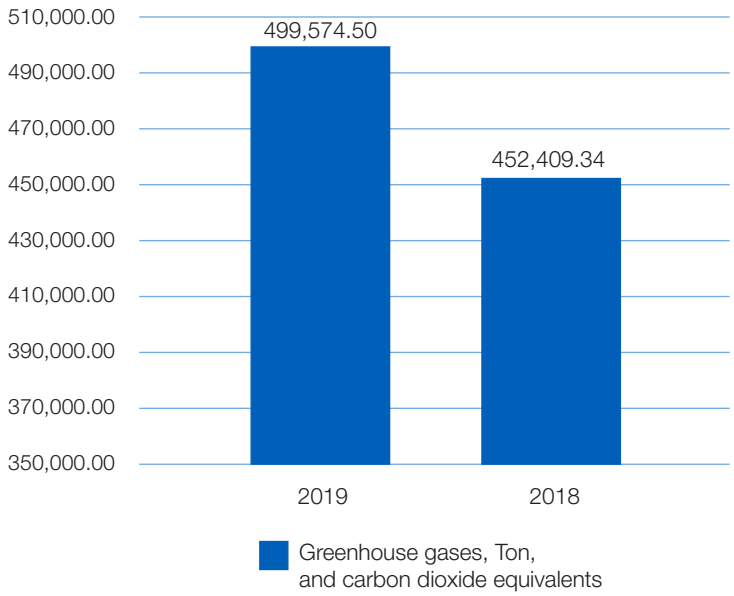
In order to effectively control greenhouse gas emission to achieve reduction targets, the Company has established an internal greenhouse gas verification team, which regularly conducts internal verification of greenhouse gases for each production unit based on the ISO14064 greenhouse gas examination and verification standard. When there are special circumstances such as material change in greenhouse gas emission reduction target and material change in examination and emission reduction requirements of key customers, the verification team will conduct temporary internal verification in a timely manner.

In 2019, we are actively worked on greening and energy conservation to continuously reduce greenhouse gas emissions. During the reporting period, we achieved total greenhouse gas emissions of 499,574.50 tons, including 1,644.60 tons for Scope 1 (direct emission) and 497,929.89 tons for Scope 2 (indirect emission). Total emission of greenhouse gases increased by 10.43% compared to 2018, which is mainly caused by FIT's expansion of production in 2019. The specific emission data and emission comparison are shown in the figure below. For other emission data, please refer to the Performance and Data table in Chapter 11: Appendix. For classification method, calculation method and conversion factor used in data statistics, please refer to the Data Description in Chapter 11: Appendix.

Comparison of FIT greenhouse gases emission between 2019 and 2018



In the coming year, we will continue to follow local policies and regulations, continuously review the progress of emission reduction, and continue to accept external and internal supervision.

Case: Tree planting activity of FIT's Kunshan production park

Relying on the trees' absorption of carbon dioxide, tree planting can help reduce greenhouse gas emissions, so FIT organizes events for employees to carry out environmental protection and public welfare activities such as tree planting every year. During the reporting period, FIT's Kunshan park has organized events for employees to plant 5,881 trees, and the area of lawns and shrubs in Kunshan park has reached 105,890 square meters.

Case: Actively promoting solar photovoltaic power generation

In 2019, FIT actively promoted solar photovoltaic power generation in the production parks in mainland China and Vietnam and installed solar power generation installations on the roof. Specifically, installed capacity of Kunshan, Huai'an and Shenzhen production parks in China totaled 10,468 KW, which not only achieved energy conservation, but also further reduced emissions and put environmental protection policy into real practice.

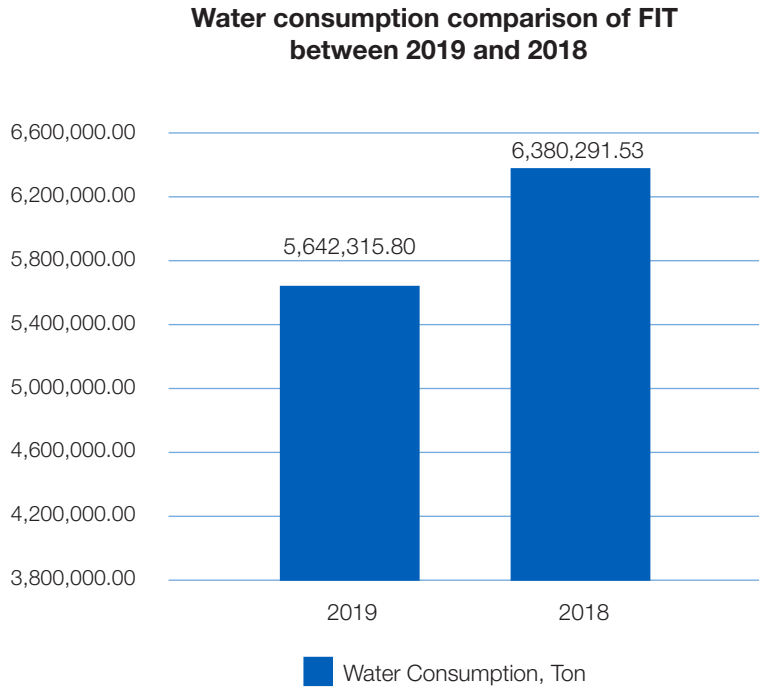
Case: Earth Hour

On March 30, 2019, the FIT's Kunshan production park in mainland China hosted a provincial public welfare event with the theme of "Let's work together to help the Earth for 2019, turn off a lamp, light up hope, and promise to live with nature together." We call on more citizens to join in environmental protection, start from everyone, adhere to low-carbon environmental protection, practice sustainable lifestyles, and contribute to a bluer sky and greener water.

8.4 WATER RESOURCES MANAGEMENT

FIT attaches great importance to the protection of water resources and strictly controls the use of water resources. We control water resources with the help of production technology, management concepts, and employee education. We strive to strengthen employees' awareness of water conservation and clarify the reward and punishment measures for employees' water consumption.

FIT's water resources are mainly used in a number of production processes including electroplating, supplemented by some domestic water. We value the impact of water resource consumption on the Company and the environment, and take various water conservation measures including in respect of production and non-production. In 2019, the total annual water consumption of FIT was 5,642,315.80 tons, with a year-on-year decrease of 11.57% compared to that of 2018, which was mainly due to a large number of water conservation projects we conducted in production parks in 2019, and we have achieved certain results. The specific water consumption data and comparison are shown in the figure below. For other data, please refer to the Performance and Data table in Chapter 11: Appendix.

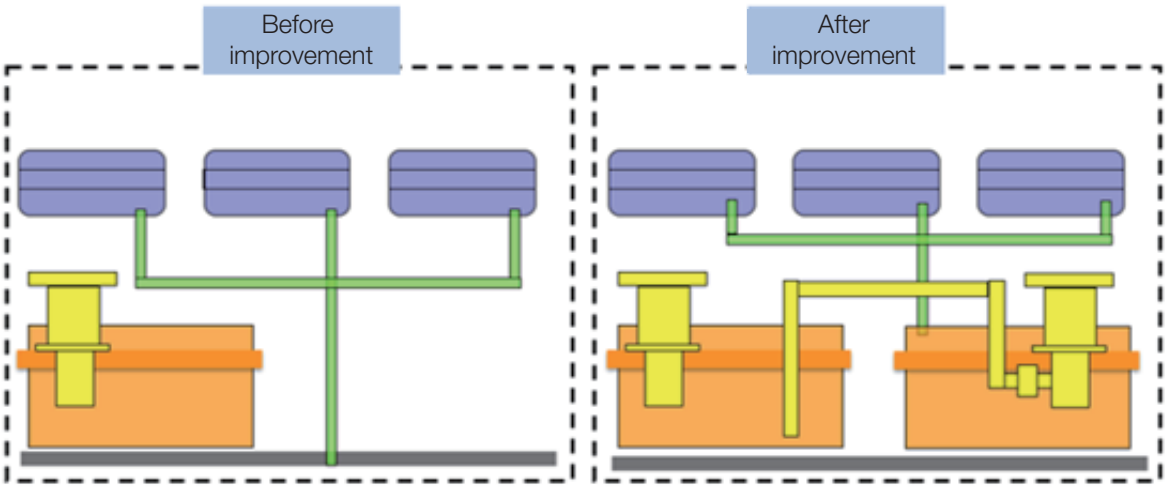


Case: Recycling water resources in Vietnam production park

According to the principle of the reverse osmosis (RO) water filtration system, filtering and cleaning can be realized at the same time during the filtration process. Therefore, FIT's Vietnam production park recycles RO water to replace tap water, completes the process of the cooling water tower, reduces the cost of cooling tower water intake, and saves water resources.

Case: FIT's Shenzhen production park introduced gold-groove automatic feeder to its electroplating machine bench

In July 2019, FIT's Shenzhen production park installed a gold-groove automatic feeder in the electroplating machine bench, so that the recycled water after the gold spray was recycled to the gold groove for re-use, reducing the replenishment of pure water, which could save approximately 9,360 tons of water annually.



Before improvement: After gold spraying, the washing water is directly discharged to the outside, wasting water resources;

After improvement: After gold spraying, the washing water is replenished to the gold mother groove through an automatic feeder to achieve the effect of water conservation and emission reduction.

Case: Reconstruction of water facilities in the residential plant in Kunshan production park in mainland China

In 2019, Kunshan production park in mainland China renovated the toilets in the employee dormitories. After the renovation was completed, the annual amount of water conservation in the dormitory building can reach 1,601 tons. The development of this project not only saves water resources to a certain extent, but also improves employees' awareness of water conservation in their personal lives and further promotes the concept of water conservation.

8.5 CLIMATE RESPONSE AND MANAGEMENT

In 2019, FIT focused on climate change, conducted risk assessments within the Company, and actively identified potential or already occurring impacts on the Company due to climate change, including suspension of production, asset damage and casualties due to extreme weather. In order to cope with weather changes, the Company formulated corresponding policy documents and countermeasures, such as formulating emergency plans, setting up emergency teams and conducting regular inspections, etc. Each of its emergency plans has passed the internal review of the Company and been issued to the employees.

According to internal assessments carried out by the Company, typhoons and river floods are currently the main extreme weather conditions that may affect FIT.

In order to prepare for typhoon prevention and emergency response in order to quickly respond to typhoon effects and reduce damage to the Company's property and employee safety after typhoon attacks, the FIT's production parks in mainland China have formulated "Management Measures for Typhoon Emergency Response", "Operating Instruction for Typhoon Prevention in Plant" and other policy documents to regulate corresponding measures for typhoon prevention and response. According to the above regulations, the Company conducts preventive inspections regularly, such as checking the roof of the factory building and the damage to the canopy. If problems are found, it is handled in time to protect the property and personal safety of the Company and employees. The following figure is the comparison of the building before and after repair by the Company.

At the same time, in order to maximize production safety and personal safety of employees in extreme weather and natural disasters such as typhoons, river floods and rainstorms and to prevent problems before they occur, the Company's production parks in mainland China also set up the emergency teams to respond to extreme weather, resulting in effective prevention in advance and dealing with accidents in a timely manner after disasters. The work of the emergency team includes regular inspection and maintenance of the factory gates and canopies (as shown in the photos below) to ensure building safety; cleaning up the drainage system to ensure smooth drainage; regular drainage of inland river channels and regular inspection and maintenance of drainage equipment, etc.

In future developments, the Company will continue to conduct risk assessments, identify any weather factors that may affect itself, and continuously improve the corresponding prevention and control measures.

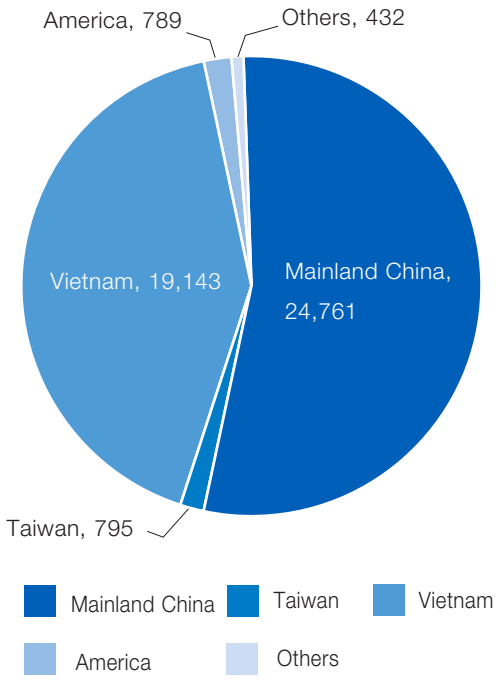
Chapter 9 People First

Employees are an important asset of FIT and an important contributor to the sustainable development of an enterprise. FIT adheres to a diverse, harmonious and open outlook on talents, and complies with labor laws and regulations around the world, such as the "Labor Law" and the "Labor Contract Law" in China, the "Labor Standards Act", the "Act of Gender Equality in Employment", and the "Employment Service Act" in Taiwan and the "Labor Act" in Vietnam, etc. FIT established clear rules and regulations inside the Company and regulates employees' recruitment to ensure maintenance of legitimate rights and interests of employees. FIT actively provides proper training for employees and reasonable occupational development path, and insists on practicing care for the employees. During the reporting period, there was no material violation of laws and regulations related to employee recruitment management and maintenance of employees' legitimate rights and interests at FIT.

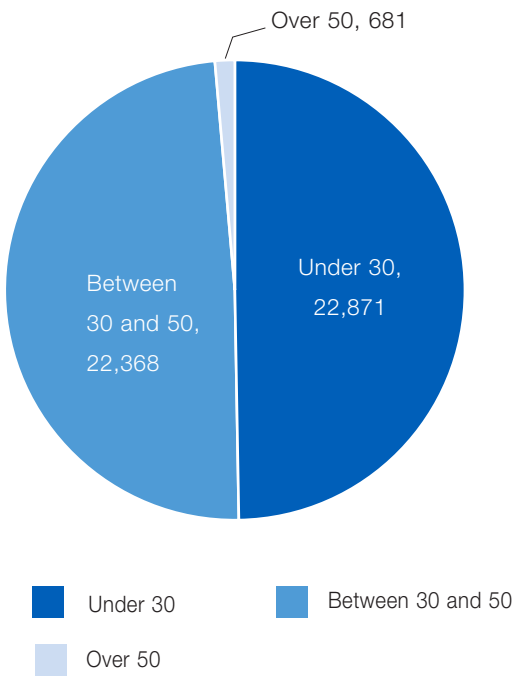
9.1 EMPLOYMENT AND LABOR STANDARDS

FIT firmly believes that excellent talents are the foundation of the Company's development, so we are committed to maintaining equality despite diverse employee backgrounds. As of the end of the reporting period, the total number of FIT's incumbent employees is 45,920. Among them, by region, there are 24,761 employees in mainland China, 795 employees in Taiwan and 20,364 employees outside of China and Taiwan, (i.e. 19,143 in Vietnam, 789 in America and 432 in other regions); by gender, there are 22,455 male employees and 23,465 female employees; by age, there are 22,871 employees under 30, 22,368 employees between 30 and 50, and 681 employees over 50. The specific data charts are shown below, and please refer to the Performance and Data table in Chapter 11: Appendix.

Distribution of FIT employees in 2019: by region (person)



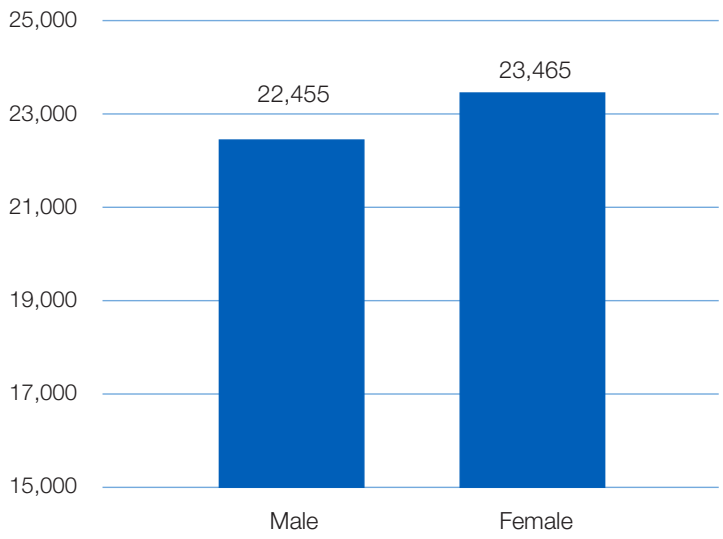
Distribution of FIT employees in 2019: by age (person)



- **Fair recruitment**

FIT adheres to the principle of fair employment and provides equal employment opportunities to people around the world, regardless of gender, religion, age, etc., in order to build a harmonious and efficient workforce. For example, FIT has formulated the "Regulations for the Management of Employee Recruitment" in production parks in mainland China, Taiwan and Vietnam, and has specified the recruitment process. In a fair and transparent manner, we continue to replenish outstanding talents through multiple channels such as campus recruitment, online recruitment, government cooperation, school-enterprise cooperation, and internal competition, and enhance the long-term development of talent selection and retention mechanisms. Our employees come from various countries and regions around the world. We strictly abide by relevant local laws and regulations and international conventions in various places to ensure fair employment for men and women. The specific data chart on gender is shown below, and please refer to the Performance and Data table (including the data on employee turnover) in Chapter 11: Appendix.

Distribution of FIT employees in 2019: by gender (person)



- **Equal opportunity**

FIT has established a number of institutional documents to regulate the rights and interests of employees. For example, the Company's production parks in mainland China, Taiwan and Vietnam follow the "Anti-discrimination Management Measures" to insist on achieving equal pay for employees doing the same work and abide by the same minimum wage standards; and have developed the "Employee Handbook", "Assessment Management Measures" and other systems to clearly regulate that the employees' promotion opportunities and salary levels shall be based on factors such as academic background, working years, working ability, etc. It is prohibited to use any non-work-related factors such as gender, ethnic group and native place of origin to trigger any form of unfair treatment. FIT's overseas operation sites such as the ones in the United States also strictly abide by local laws and regulations to actively protect the rights and interests of employees and achieve equality and fairness. In addition, the Company also provides disabled employees with salaries and benefits that do not deviate from those of ordinary employees, so that disabled employees can find their own job positioning, and the Company can truly realize a fair, just and equal corporate culture.

- **Prohibition of child labor and forced labor**

In order to protect the physical and mental health of minors and protect the legitimate rights and interests of employees, the Company strictly abides by the laws and regulations of various countries, and has formulated a series of measures for the prevention and correction of child labor and involuntary labor, such as the "Measures for the Management of Child Labor Prevention", the "Special Measures for the Protection of Young Workers", etc. implemented by FIT in the production parks in Taiwan to prohibit and prevent the occurrence of child labor and involuntary labor.

FIT insists on eliminating compulsory labor, formulating reasonable working hours, including an 8-hour work system, and appropriate shift or rest mechanism. FIT discourages employees from overwork and provides statutory compensation to employees who need to work overtime. At the same time, FIT provides employees with legal holidays in accordance with policies around the world, such as statutory holidays, wedding leave, maternity leave and annual leave. FIT encourages employees to reasonably arrange their vacations, guarantees employees' rights and free will to take leave, and promotes work-life balance within the Company.

9.2 COMPENSATION AND BENEFIT SYSTEM

FIT has established a standard compensation and benefit system in its global operating entities. According to the salary level of companies in the same industry and the salary standards of the countries or regions where the Company is located, the Company timely adjusts its employees' salaries to provide employees with market-competitive salaries and benefits. For example, FIT's operating sites in mainland China, Taiwan and Vietnam have established the "Compensation and Benefit Management Regulations", which set out that the salary composition of employees, including basic salary, allowances based on post assessment, job allowances, etc., and provide employees with reasonable year-end bonuses in accordance with annual policies.

In order to attract, motivate and retain outstanding talent, FIT also provides employees with various incentives, such as equity incentives, retention bonuses, etc. In 2019, FIT granted equity to 115 important leaders as reward for their outstanding achievement. In addition, FIT's production parks in mainland China have also set up retention bonuses for grass-root employees. Bonus incentives are given to employees who have been employed for three months, six months and one year. The three-stage retention bonuses increase step by step, in order to motivate employees continuously.

While paying attention to the compensation levels of employees, FIT also provides employees with various benefits. FIT always pays attention to the physical and mental health of employees. In order to protect the personal health and safety of employees, the Company provides statutory social insurance, such as medical insurance and business insurance, to employees in accordance with policies around the world. At the same time, special commercial insurance and welfare items have been added, such as: supplementary work injury protection, assistance for medical treatment of diseases, and accidental personal insurance to reduce the pressure of medical treatment for employees. In the Company's production parks in mainland China, there is also an outpatient department set up by a regular qualified hospital[7] to maximize the convenience for employees to seek medical treatment.

In addition, the Company also has a full-time department to provide benefits to employees, such as: preparing birthday cakes for employees, giving gifts to employees on holidays, distributing summer articles to employees working in high-temperature environments in summer, distributing warm articles to employees working outdoors in winter and providing assistance fund to employees in need.

[7] Note: A regular qualified hospital here does not refer to national public hospital but a hospital certified by qualified health departments, such as a private hospital.

9.3 EMPLOYEE TRAINING AND DEVELOPMENT

The essence of enterprise competition and development is the competition of talent. Under the people-oriented corporate culture, FIT attaches great importance to the training of employees and insists on continuous and efficient personnel training to ensure the adequacy and depth of the talent system. At the same time, we provide employees with a clear development path, so that employees can gain access to good career development and sufficient promotion opportunities, helping employees continue to grow at work and help the Company develop while the employees achieving self-worth.

FIT provides equal, fair and transparent promotion channels for employees, such as the dual-track promotion channels applicable to FIT in mainland China, Taiwan and Vietnam. This includes management and technical positions. Employees can choose the appropriate career development path according to their own conditions. The Company conducts annual assessments of its employees. The assessment indicators are a combination of qualitative and quantitative indicators, and employees are regularly promoted based on the assessment results. In addition, FIT's overseas operating entities also provide employees with reasonable and feasible promotion channels on the premise of complying with local laws and regulations, and provide each employee with a fair promotion opportunity based on the results of their assessment.

FIT pays attention to the training of talent, and insists that employees improve their capabilities through learning. The Company actively organizes various types of training for employees, including industrial knowledge training, management category training, and general education and academic education-related training. The training covers management theories, management skills, industrial development trends, new technology development trends, seminars, languages, laws, office automation and project-related training and skills training. We also provide training to new employees to ensure that employees have the skills they need to master their jobs. In addition, our training is carried out in diversified formats, including lecturers' face-to-face teaching, video teaching, holding reading party, etc., and setting up an E-learning platform within the Company to enhance the interest of training through different types of formats. In 2019, FIT's employees have been trained for a total duration of 1,605,351.00 hours, and a total of 44,560 employees were trained, 36.03 hours per employee. For detailed classification and data, please refer to the Performance and Data table in Chapter 11: Appendix.

E-Learning platform

- The Company set up an E-Learning platform to make full use of the Company's internal training resources to create electronic learning content that employees can use repeatedly;
- The E-Learning platform helps the Company fully grasp the learning outcomes of employees through electronic teaching management mechanism, and integrate them more closely with human resources development;
- At the same time, the Company combines it with face-to-face training to maximize training efficiency.

Chapter 9 People First

Case: Employee competency training in production parks in mainland China

In order to meet the needs of the Company's employees to enhance their comprehensive capabilities, FIT vigorously conducts employee competency training, which aims to achieve the sharing and inheritance of knowledge, skills, and experience to promote the long-term development of the Company. On November 14, 2019, FIT's Kunshan production park held a special lecture on "Operating System for Control of Engineering Documents". This training aims to ensure that engineering personnel understand the requirements of the control of engineering documents, implement and supervise the use of documents on the production site according to the document control requirements.

Case: Management training in production parks in mainland China

In order to comprehensively improve the quality of grass-root line leaders, strengthen management capability and practical application capability, FIT starts from selection, education, use and retention to create a humane management atmosphere and a harmonious and efficient team, and offers training courses for line leaders for improving their management capability. In 2019, the line leader classes were opened three times in March, July and November, with 249 trainees. The trainees were grass-root reserve line leaders. Course categories cover: role positioning, corporate fundamentals, legal fundamentals, leadership and control, safety management, production management, quality management, training methods, etc. The training had a good effect, comprehensively improved the management capability and knowledge reserve of employees, and achieved the common growth of the Company and employees.

Case: Cooperation between Vietnam production park and Kaohsiung University of Science and Technology

For the purposes of reserving for basic management personnel in Vietnam, implementing talent cultivation and development plan, continuous promotion of exchange and cooperation between culture education and industry, and enhancement of local talent expertise and talent resources, in 2019, FIT cooperated with the Office of International Affairs of Kaohsiung University of Science and Technology, to start an international master class of mechanical engineering and technology management. They enrolled Vietnamese university graduates to study Chinese and master courses in Taiwan by means of cooperative education. They provided tuition, dormitory and subsidies to ensure that students could study without any worry and work immediately after graduation. The progress optimized talent cultivation and training resources, and established an incentive talent retention mechanism to allow employees to seek long-term development at FIT and achieve mutual-benefit and win-win situation.

9.4 EMPLOYEE CARE

FIT persists in creating an excellent working environment that places people first, advocating work-life balance. FIT and hopes that employees will find fun from work, so that employees and their families can get a sense of belonging, and strives to make every employee enjoy work and work happily. The Company actively organizes internal care activities for various employees to promote the formation of harmonious and positive cooperative relationships among employees.

Case: The production park in mainland China held "Employee Family Day and Gourmet Carnival" event

In 2019, FIT's Kunshan park in mainland China held a family day and gourmet carnival. The Company encouraged employees and their families to warm up and hold hands, let the family members directly understand the employees' working and living environment by "visiting and exchanges, happy garden visits, and welcome home banquets," integrating corporate culture and home culture, so that employees feel intimate, family members feel rest assured to stimulate the employees' sense of belonging and cohesion within the Company. In 2019, at the employee family day's gourmet carnival, more than 20 kinds of specialty foods from all over the country were gathered, so that employees could enjoy the flavors of different places and feel the warmth of their hometowns without leaving the city where the factory is located.

Case: Vietnam production park held "collective birthday party for employees" event

In order to show the Company's humanistic care for each employee, to enhance the sense of belonging of employees, and to make everyone truly integrate into the Company home; at the same time, in order to keep employees in good working conditions, the Company's production park in Vietnam held a "collective birthday celebration for employees" event on November 22, 2019 to celebrate their birthday in a collective way.

Case: Taiwan's production park regularly opens employee health consulting platform

FIT's Taiwan production park conducts a health consultation event for employees every quarter. The Company invites professional doctors to provide on-the-spot guidance. Employees can directly ask health-related questions such as analysis and assessment of medical examination results, daily health guidance, work-related injury prevention and control and how to identify and evaluate workplace hazards, etc., which are answered professionally by doctors to eliminate the health-related problems of employees in work and life.

Chapter 9 People First

Case: Taiwan production park held "year-end carnival" event

Every year, the employees of FIT's Taiwan production park actively participate in cultural performances at the year-end carnival. The colorful and dazzling stage, beautiful dancing and singing in the performance all show the vitality and enthusiasm of our employees. Everyone is inspired by the performance, which strengthens the spirit of solidarity among colleagues and intensifies the cohesion of each other.

Conduct employee satisfaction surveys	While carrying out various types of employee care activities, the Company focuses on obtaining employees' opinions and feedback. The Company conducts employee satisfaction surveys on a regular basis. The survey covers all employees, and the surveys are conducted in the Web version or mobile application. The survey includes employees' feedback or assessment on self-realization needs, self-esteem needs, social needs, safety needs, and physiological needs. The Company collects feedback from employees, conducts analysis and research, and continuously adjusts and improves employee management based on survey results.

FIT believes that only by truly putting people first in real actions, effectively protecting the legitimate rights and interests of employees, caring for employees in action, and providing a broad development platform for the realization of employees' personal values, can the Company achieve sustainable development in a vibrant, harmonious and orderly way. FIT has implemented this concept in 2019. In the coming years, FIT will also constantly review itself, continuously improve the management of employees, and achieve a win-win development for employees and the Company.

Chapter 10 Walk with Love

Public wellbeing has always been the Company's direction. FIT proactively assumes the responsibility of corporate citizenship, devotes itself to a variety of public welfare practices, cares for socially disadvantaged groups, and creates sustainable public welfare values. In 2019, we did, as before, actively participate in and organize various social activities, to help those in need to give back to society, such as launching "Old Clothes and New Tour" activities, voluntary blood donation, and elderly visits.

Case: "Old Clothes and New Tour" helps public welfare

The "Old Clothes and New Tour" event is a charity event jointly sponsored by organizations such as the Kunshan Charity Federation. We receive unused clothes donated by citizens at regular donation places and at fixed locations with the help of volunteers. After sorting, cleaning and disinfecting by the FIT volunteers, these clothes are handled through charity sale, refinishing, retailoring and direct donation. The remaining clothes that could not be reused were sold and converted into cash. The funds received were donated to the poor and used to support the operation of the project to achieve the purpose of donation, environmental protection and reuse.

Chapter 10 Walk with Love

Case: Expressing sympathy and solicitude for nursing homes

The volunteer team of FIT's production parks in mainland China, the "Volunteer Association for the Elderly" was established in 2007. We are committed to providing care services for the elderly in the nursing homes, welfare homes and the community, and have not stopped for 12 years. We visit local welfare homes and nursing homes regularly every year to visit orphans, disabled children and the elderly. Volunteers from the Volunteer Association for the Elderly talked with children and old people, brought them happy laughter and cheerful voices, learned about their needs in life, provided them with donations, and helped them get a better-quality life.

Case: "Love" vegetables

In 2019, FIT's Taiwan production park helped buy a backlog of vegetables of farmers in the surrounding areas and launched direct sales and supply to sell vegetables to employees at low prices as a benefit. On the one hand, this measure could reduce steps necessary for the circulation of vegetables, reduce the cost of circulation, increase sales volume, help farmers grow through difficult times, and also win more benefits for FIT employees.

Case: FIT cooperates with the University of Illinois at Urbana-Champaign

FIT and the University of Illinois at Urbana-Champaign jointly announced on October 1, 2019 the joint establishment of "Center for Networked Intelligent Components and Environments". The institution will be built into a global intelligent technology center to promote the future development of factories, hospitals, automated driving and smart home. FIT promises to assist the center in carrying out various projects and research. The University of Illinois will be committed to the expansion of the center's equipment and employment of personnel. Research projects and funds are selected and provided by both parties collectively.

Chapter 10 Walk with Love

Since 2013, LU Sung-Ching, FIT's CEO, has personally and continuously donated to the University of Illinois at Urbana-Champaign, including supporting for reconstruction of the Engineering Department, being committed to the expansion of the campus building as well as equipping it with advanced technology facilities and engineering teaching equipment so as to enhance teaching resources.

"By co-developing intelligent components and technologies, it will likely be applied to factories, cars, homes, and hospitals in the future, with unlimited impact on the future."

– LU Sung-Ching, FIT CEO

In addition, Belkin also established the Voluntary Time Off (VTO) plan for employees to obtain additional one-day leave to participate in volunteer work, with the aim to encouraging employees to actively participate in volunteer or public welfare activities and make contribution to social development.

In 2019, FIT's production parks in mainland China donated a total of RMB1,338,932.00, and Belkin donated a total of USD11,000 (for specific donation data, please refer to the Performance and Data table in Chapter 11: Appendix).

FIT believes that a company can only win the support and respect of local residents if it fully considers the impact of their own operations on society and takes active and effective measures to care for the vulnerable groups and contribute to local development. FIT will encourage its affiliated companies and production parks to continuously carry out various public welfare activities and contribute to charities around the world.

Chapter 11 Appendix

TABLE 1: PERFORMANCE AND DATA

Environment – Resource Consumption[8]

Category			Unit	2019	2018
Energy Consumption	Type	Electricity	MWh	495,773.05[9]	480,322.48
		Diesel (fixed combustion source)	Ton	8.30[10]	231.55
		Diesel (mobile combustion source)		27.32	28.43
		Gasoline (mobile combustion source)		386.14	443.92
		Natural gas	Cubic meters	1,142,642.67[11]	904,992.59
		Steam	Ton	176,487.95	173,013.19
Energy Consumption (density)	Type	Electricity	MWh/million USD	113.39	119.91
		Diesel (fixed combustion source)	Ton/million USD	0.002	0.06
		Diesel (mobile combustion source)		0.01	0.01
		Gasoline (mobile combustion source)		0.09	0.11
		Natural gas		261.33	225.93
		Steam		40.36	43.19
Water Consumption	Water Consumption	Total	Ton	5,642,315.80[12]	6,380,291.53
	Water consumption density	Density	Ton/million USD	1,290.44	1,592.83

8 In the Environment-resource Consumption data, the density value is calculated based on the production value (operating income). Upon comprehensive consideration of the impact and contribution of the entities covered by the report scope on and to FIT operations, the operating income is calculated based on the data disclosed in the FIT's 2019 annual report.

9 This is due to the expansion of production capacity by FIT in 2019.

10 This is due to the significant reduction in generator use time and the reduction in diesel consumption of generators in the FIT's production park in Shenzhen in 2019.

11 This is due to the change of method of electroplating heating to electric heating in FIT's production park in Chongqing in 2019.

12 This is due to the vigorous implementation of water conservation projects in FIT's production parks in various places and the adjustment of production in the production park in Heze, China in 2019.

Environment – Resource Consumption[8] (continued)

Category			Unit	2019	2018
Packaging Materials	Type	Paper	Ton	78,849.35[13]	24,388.53
		Plastic		42,519.36[14]	65,586.01
		Wood		2,478.39[15]	1,936.27
		Metal		54.31[16]	506.72
	Packaging materials consumption	Total	Ton	123,901.40[17]	92,417.53
Packaging Materials (Density)	Type	Paper	Ton/million USD	18.03	6.09
		Plastic		9.72	16.37
		Wood		0.57	0.48
		Metal		0.01	0.13
	Total	Total	Ton/million USD	28.34	23.07

13 This is due to the significant expansion of the production capacity of the FIT's Vietnam production park in 2019, as well as reduction of the consumption of plastic and metal packaging materials, and increasing of the consumption of paper packaging materials.

14 This is due to the significant expansion of the production capacity of the FIT's Vietnam production park in 2019, as well as reduction of the consumption of plastic and metal packaging materials, and increasing of the consumption of paper packaging materials.

15 This is due to the decrease in the number of recycled wooden boxes in FIT's production park in Kunshan, China and a large increase in the consumption of wooden packaging materials due to the upgrading of customer demand for individual products in 2019.

16 This is due to the significant expansion of the production capacity of the FIT's Vietnam production park in 2019, as well as reduction of the consumption of plastic and metal packaging materials, and increasing of the consumption of paper packaging materials.

17 This is due to the significant expansion of the production capacity of FIT's production park in Vietnam, and the same increase in consumption of packaging materials in 2019.

Chapter 11 Appendix

Environment – Emissions[18]

		Emissions	Unit	2019	2018
Exhaust Gas Emissions	Production emissions data[19]	Hydrogen cyanide	Kg	164.29	165.98
		Ammonia		439.75[20]	998.73
		Sulphur acid mist		813.16[21]	2,560.39
		Hydrogen chloride		4,617.76[22]	12,429.93
		Chromic acid mist		7.75	6.60
		Nitrogen oxide		885.86[23]	1,805.54
Wastewater Pollutant Emissions	Average concentration of emissions of industrial wastewater[24]	Ammonia nitrogen	mg/l	1.99	1.71
		Chemical oxygen demand		45.57	34.81
		Total phosphorus		0.17	0.09
		Total chromium		0.0098	0.0017
		Tin		0.06	0.01
		Suspended matter		18.29	15.62
		Nickel		0.11	0.11
		Cyanide		0.0014	0.0015
		Total nitrogen		10.36	16.43
		Petroleum type		0.17	0.27
		Fluoride		0.01	0.02

18 In the Environment – Emissions data, the density value is calculated based on the production value (operating income). Upon comprehensive consideration of the impact and contribution of the entities covered by the report scope on and to FIT operations, the operating income is calculated based on the data disclosed in the FIT's 2019 annual report.

19 The data of production exhaust emissions are mainly from the FIT's production parks in mainland China. The emissions data are based on the "instrument-detected concentration*air volume*production and operation time".

20 FIT's production parks in mainland China have strengthened the control of exhaust emissions in 2019. For example, the instrument-detected ammonia concentration in the production park in Chongqing is 0.996 mg/m^3 in 2019, and 1.27 mg/m^3 in 2018. At the same time. In addition, considering that the actual air volume monitored is used for measurement in 2019 while the total designed air volume is used for measurement in 2018, the former is about 50% of the latter, so there is a large difference in ammonia emission in overall.

21 FIT's production parks in mainland China have strengthened the control of exhaust emissions in 2019. The instrument-detected sulfuric acid mist concentration is 0.52 mg/m^3 in 2019, and 2.63 mg/m^3 in 2018. In addition, considering that the average air volume is used for measurement in 2019 while total designed air volume is used for measurement in 2018, the former is about 50% of the latter, so there is a large difference in sulfuric acid mist emission in overall.

22 FIT's production parks in mainland China have strengthened the control of exhaust emissions in 2019. The instrument-detected hydrogen chloride concentration is 0.97 mg/m^3 in 2019, and 4.09 mg/m^3 in 2018. In addition, considering that the average air volume is used for measurement in 2019 while total designed air volume is used for measurement in 2018, the former is about 50% of the latter, so there is a large difference in hydrogen chloride emission in overall.

23 FIT's production parks in mainland China have strengthened the control of exhaust emissions in 2019. The instrument-detected nitrogen oxide concentration is 0.7 mg/m^3 in 2019, and 2.9 mg/m^3 in 2018. In addition, considering that the average air volume is used for measurement in 2019 while total designed air volume is used for measurement in 2018, the former is about 50% of the latter, so there is a large difference in nitrogen oxide emission in overall.

24 Average concentration of emissions of industrial wastewater is the data of FIT's main production parks, i.e. in mainland China.

Environment – Emissions[18] (continued)

	Emissions	Unit	2019	2018
Total discharge of industrial wastewater		Ton	1,246,840.43	1,212,048.7
Industrial wastewater discharge intensity		Ton/million USD	285.16	302.59
Average concentration of emissions of domestic wastewater – Mainland China	Ammonia nitrogen	mg/l	8.36[25]	3.04
	Chemical oxygen demand		57.19	45.98
	Total phosphorus		0.86	0.45
	Suspended matter		35.70[26]	12.76
	Total nitrogen		11.58[27]	2.52
	Petroleum type		1.91	0.21
Average concentration of emissions of domestic wastewater – Taiwan	Ammonia nitrogen	mg/l	1.34	0.26
	Chemical oxygen demand		44.87	44.80
	Total phosphorus		NA[28]	0.03
	Suspended matter		1.28	0.35
	Total nitrogen		0.33	NA[29]
	Petroleum type		0.04	0.08

25 The standard limit value of ammonia nitrogen in domestic wastewater is 45 mg/L (GB/T31962-2015 Table 1B grade), current gap is within the normal fluctuation range.

26 The standard limit value of suspended matter in domestic wastewater is 400 mg/L (GB/T31962-2015 Table 1B grade), current gap is within the normal fluctuation range.

27 The standard limit value of total nitrogen in domestic wastewater is 70 mg/L (GB/T31962-2015 Table 1B grade), current gap is within the normal fluctuation range.

28 In 2019, FIT's production park in Taiwan did not test the total phosphorus emission concentration on the premise of comprehensive consideration of production demand, so this item is left blank.

29 In 2018, FIT's production park in Taiwan did not test the total nitrogen emission concentration on the premise of comprehensive consideration of production demand, so this item is left blank.

Environment – Emissions[18] (continued)

		Emissions	Unit	2019	2018
	Average concentration of emissions of domestic wastewater – Vietnam	Ammonia nitrogen	mg/l[30]	0.31	98.87
		Chemical oxygen demand		28.45	304.02
		Total phosphorus		0.69	9.31
		Suspended matter		12.75	45.03
		Total nitrogen		44.54	176.52
		Petroleum type		0.26	0.30
	Total discharge of domestic wastewater		Ton	2,205,153.99[31]	2,044,268.50
	Domestic wastewater discharge intensity		Ton/million USD	504.34	510.35
Solid Waste	Hazardous waste	Total	Ton	3,208.84	3,144.86
	Non-hazardous waste			24,975.94	24,056.38[32]
	Total waste			28,184.79	27,201.24
	Discharge density of non-hazardous waste	Density	Ton/million USD	0.73	0.79
	Discharge density of non-hazardous waste			5.71	6.01
Greenhouse Gases	Total GHG emissions	Ton of CO_2 equivalent		499,574.50[34]	452,409.34
	Density of greenhouse gas emission (Total amount)	Ton of carbon dioxide equivalent/million USD		114.26	112.94
	Greenhouse gas emission 1	Ton of CO_2 equivalent		1,644.60[35]	3,870.69[36]
	Greenhouse gas emission 2			497,929.89	448,538.65

30 In 2018, as FIT's production park in Vietnam was in the stage of initial operation, the values of various indexes of the sewage did not reach the design indicators, and the concentration of sewage was high. In 2019, the production park in Vietnam achieved full load operation, and various indexes reached the design indicators. Thus, the average concentration of wastewater pollutants (ammonia nitrogen, chemical oxygen demand, total phosphorus, suspended matter and total nitrogen) has been greatly reduced.

31 This is due to the expansion of production capacity by FIT in 2019.

32 We re-stated the total amount of non-hazardous wastes in 2008, revising to 24,056.38 tons from 75,971.62 tons in 2018. This was mainly due to the incorrect conversion of data units by the FIT's production park in Vietnam.

34 This is due to the expansion of production capacity by FIT in 2019.

35 In 2019, the emission of greenhouse gases decreased compared to Scope 1 of greenhouse gases emission in 2018, which was mainly due to reduction of diesel and gasoline consumption by FIT in 2019.

36 We re-stated the data for Scope 1 and Scope 2 of greenhouse gases in 2018, which was mainly due to Belkin's reclassification of greenhouse gases under the Scope 2 into Scope 1 in 2018.

Social Responsibility

			Unit	2019 Total	2018 Total
Employee Structure	Number of employees	Total	person	45,920[37]	39,362
	Gender	Female	person	23,465	23,124
		Male		22,455	16,238
	Full-time/part-time	Full-time	person	45,902	39,342
		Part-time		18	20
	Age	Below age 30	person	22,871	18,240
		Age 30 to 50		22,368	20,458
		Above age 50		681	664
	Regional distribution	Mainland China	person	24,761	24,790
		Taiwan		795	920
		Vietnam		19,143	12,236
		United States		789	900
		Others		432	516
Employee Turnover Rate[38]	Gender	Female	%	17.41%	22.20%
		Male		18.61%	16.55%
	Age	Below age 30	%	23.56%	25.24%
		Age 30 to 50		11.41%	12.38%
		Above age 50		0.22%	0.48%
	Region[39]	Mainland China	%	27.45%	/
		Taiwan		11.17%	/
		Vietnam		35.34%	/
		United States		16.42%	/
		Others		17.08%	/

37 The increase in the number of employees was mainly due to FIT's production expansion in 2019, and employment of a large number of employees in the production park in Vietnam in order to satisfy production demand.

38 Belkin closed its BIC factory in mainland China in 2019. For the purpose of information collection, the information on employee turnover in Belkin's BIC factory was not included in statistics of turnover rate.

39 This is a new indicator for 2019.

Social Responsibility (continued)

		Unit	2019 Total	2018 Total
Work-related Injuries	Number of work-related injuries	person	122[40]	101[41]
	The number of work-related death	person	0	3
	Proportion of deaths due to the Company	%	0.00%	2.97%
	Number of working days lost due to work-related injuries	Workday loss	3,659.25[42]	3,848.80[43]

40 A total of 103 injuries in FIT production parks in mainland China, Taiwan and Vietnam, and a total of 19 injuries in Belkin.

41 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 is not included here. The data of "100" work-related injuries in 2018 disclosed by production parks in mainland China, Taiwan and Vietnam was re-stated. The main reason is that one case was in proceedings during the data collection period in 2018, so the number of injured employees was not included.

42 A total of 3,634.25 days in FIT production parks in mainland China, Taiwan and Vietnam, and a total of 25 days in Belkin.

43 FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 is not included here. The data of 2,847.50 days lost in 2018 disclosed by production parks in mainland China, Taiwan and Vietnam was re-stated. The main reason is statistical omission in 2018.

Social Responsibility (continued)

			Unit	2019 Total	2018 Total
Staff Training	Total training hours		hour	1,605,351.00[44]	856,116.50
	Rank	Senior management	hour	5,538.00	8,257.00
		Middle level management	hour	24,627.00	25,522.00
		Grassroots staff	hour	1,575,186.00	822,337.50
	Total number of trainees		person	44,560[45]	35,594
	Total number of trainees – by gender[46]	Female	person	22,787	/
		Male		21,773	/
	Rank	Senior management	person	317	384
		Middle level management	person	1,072	1,043
		Grassroots staff	person	43,171	34,167
	per person		hour/person	36.03	24.05
	Rank	Senior management	hour/person	17.47	21.50
		Middle level management		22.97	24.47
		Grassroots staff		36.49	24.07
	Training ratio – gender[47]	Female	%	97.11%	/
		Male		96.96%	/
Customer Complaints	Products and services complaints		piece	1,359,097	1,207,615
	Safety and health-led recalls			0	0

[44] The increase in the duration of training was mainly due to FIT's production expansion and employment of a large number of employees in the production park in Vietnam in order to satisfy production demand and organization of a large number of trainings.

[45] The increase in the number of trainees was mainly due to FIT's production expansion, and employment of a large number of employees in the production park in Vietnam in order to satisfy production demand and organization of a large number of trainings.

[46] This is a new indicator for 2019.

[47] This is a new indicator for 2019.

Social Responsibility (continued)

			Unit	2019 Total	2018 Total
Intellectual property	Matters relating to intellectual property disputes		piece	2	3
Number of Suppliers	Total	Total	unit	1,725	1,900
	Region	Mainland China	unit	1,196	1,084
		Hong Kong, Macau and Taiwan		377	464
		Overseas		152	352
Anti-corruption	Number of closed anti-corruption cases[48]		piece	2	/
	Number of anti-corruption trainees[49]		person	6,301	/
	Anti-corruption training duration[50]		hour	9,912.50	/
Public welfare contribution	Amount of charitable donations – FIT	Total amount	RMB	1,338,932.00	1,134,783.49[51]
	Amount of charitable donations – Belkin	Total amount	USD	11,000.00	25,000.00

48 This is a new indicator for 2019.

49 This is a new indicator for 2019.

50 This is a new indicator for 2019.

51 The data disclosed in 2018 was RMB1,306,363.00, including USD25,000 donated by Belkin which was converted according to USD-RMB exchange rate published by the State Administration of Foreign Exchange on December 31, 2018.

TABLE 2: DATA DESCRIPTION

The following calculation standards and conversion factors are used in the disclosure of quantitative data in this report. The relevant factors and calculation standards mainly refer to the content of the "How to Prepare an Environmental, Social and Governance Report" attached to the ESG Reporting Guide, and are also based on the statistical standard of external environment where each production park is operated.

Exhaust emission – gas combustion

	Nitrogen oxide		Sulfur oxides	
Fuel type	Emission factor	Coefficient unit	Emission factor	Coefficient unit
Gas	4.02	Gas (in kilogram per million joules)	0.02	Gas (in kilogram per million joules)
Petroleum gas	4.02	Gas (in kilogram per million joules)	0.02	Gas (in kilogram per million joules)

Exhaust emission – vehicle emission

Vehicle type	Emission factor of nitrogen oxides	Coefficient unit
Coach	0.0747	g/km
Light truck (<= 2.5 tons)	0.885	g/km
Light truck (2.5-3.5 tons)	1.1546	g/km
Light truck (3.5-5.5 tons)	2.4216	g/km
Medium and heavy vehicles (5.5-15 tons)	3.1332	g/km
Medium and heavy vehicles (>= 15 tons)	5.6923	g/km

Fuel type	Emission factor of sulfur oxides	Coefficient unit
Diesel	0.0161	g/l
Gasoline	0.0147	g/l

Chapter 11 Appendix

Emission of greenhouse gases

Greenhouse gas emissions are divided into Scope 1 and Scope 2. Scope 1 is direct emission, which refers to direct greenhouse gas emissions from businesses owned or controlled by the Company, and carbon dioxide equivalents that can be cut by greening (such as planting trees) are deducted. Scope 2 is indirect emission, which refers to the greenhouse gas emissions caused by electricity, heat, refrigeration and steam purchased by the Company for its own consumption.

1. Direct emission

Refrigerant/mixture model	Global warming potential coefficient	Coefficient unit
HFC-134a	1,300	Carbon dioxide equivalent/metric ton
R407C	1,624	Carbon dioxide equivalent/metric ton
R410A	1,924	Carbon dioxide equivalent/metric ton

Energy type	Greenhouse gas emission factor		Note
	CO_2	CH_4	
Generator diesel	3.1605	1.2796×10^{-4}	
Vehicle diesel	3.1605	1.6634×10^{-4}	
Gasoline	2.9848	1.6367×10^{-4}	

2. Conversion factor of carbon dioxide equivalents that can be deducted per tree: 23 kg/tree

3. Indirect emission

Energy type	Greenhouse gas emission factor		Note
	CO_2	CH_4	
Electricity	0.968	/	North China
Electricity	0.8046	/	East China
Electricity	0.8367	/	South China
Electricity	0.9014	/	Central China
Electricity	0.638	/	Taiwan
Steam	0.3165	/	
Natural gas	2.1622	/	

Unit: electricity: Metric ton/thousand KWH; natural gas: Metric ton/thousand cubic meters; others: metric tons.

Employee turnover

The calculation formula of employee turnover rate is: employee turnover rate = number of leaving employees for the current year/(number of leaving employees for the current year + number of incumbent employees at the end of the year)

Staff Training

The calculation formula of training hours per person is: training hours per employee = total training hours/total number of trainees

Training ratio by gender:

Female employees training ratio = number of trained female employees/total number of female employees

Male employees training ratio = number of trained male employees/total number of male employees

Chapter 11 Appendix

TABLE 3: ESG GUIDE CONTENT INDEX

Environmental, Social and Governance Reporting Guide		
Aspect	**Disclosures**	**Reporting chapter**
A1	**Emissions**	Environmental protection
A1.1	The types of emissions and respective emissions data	Environmental protection
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental protection Performance and Data
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental protection Performance and Data
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental protection Performance and Data
A1.5	Description of measures to mitigate emissions and results achieved	Environmental protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental protection
A2	**Use of resources**	Environmental protection
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Environmental protection Performance and Data
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Environmental protection Performance and Data
A2.3	Description of energy use efficiency initiatives and results achieved	Environmental protection
A2.4	Description of whether or not there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved	Environmental protection
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to the per unit produced	Performance and Data
A3	**The environment and natural resources**	Environmental protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental protection

Environmental, Social and Governance Reporting Guide		
Aspect	**Disclosures**	**Reporting chapter**
B1	**Employment**	People first
B1.1	Total workforce by gender, employment type, age group and geographical region	People first Performance and Data
B1.2	Employee turnover rate by gender, age group and geographical region	People first Performance and Data
B2	**Health and safety**	Safe operations
B2.1	Number and rate of work-related fatalities	Safe operations Performance and Data
B2.2	Lost days due to work injury	Safe operations Performance and Data
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safe operations
B3	**Development and training**	People first
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	People first Performance and Data
B3.2	The average training hours completed per employee by gender and employee category	People first Performance and Data
B4	**Labor standards**	People first
B4.1	Description of measures to review employment practices to avoid child and forced labor	People first
B4.2	Description of steps taken to eliminate such practices when discovered	People first
B5	**Supply chain management**	Quality-oriented
B5.1	Number of suppliers by geographical region	Quality-oriented Performance and Data
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Quality-oriented

Chapter 11 Appendix

Environmental, Social and Governance Reporting Guide		
Aspect	**Disclosures**	**Reporting chapter**
B6	**Product responsibility**	Quality-oriented
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality-oriented Performance and Data
B6.2	Number of products and service related complaints received and how they are dealt with	Quality-oriented Performance and Data
B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality-oriented
B6.4	Description of quality assurance process and recall procedures	Quality-oriented
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality-oriented
B7	**Anti-corruption**	Governance of Sustainable Development
B7.1	Number of corruption lawsuits filed by issuers or their employees and have been closed during the reporting period and results of these lawsuits	Governance of Sustainable Development Performance and Data
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Governance of Sustainable Development
B8	**Community**	Walk with love
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Walk with love
B8.2	Resources contributed (e.g. money or time) to the focus area	Walk with love Performance and Data

TABLE 4: REPORTING SCOPE

This report covers the following legal entities located in mainland China, Taiwan, Vietnam, the United States, Japan, etc.:

Foxconn Computer Connectors (Kunshan) Co. Ltd.

Foxconn Electronics Industry Development (Kunshan) Co., Ltd.

Fuding Precision Components (Shenzhen) Co. Ltd.

Fuding Precision Industry (Zhengzhou) Co. Ltd.

Fu Yu Electronics Technology (Huai'an) Co. Ltd.

Chongqing Hong Teng Technology Co., Ltd.

Fu Meng Electronics Technology (Heze) CO., Ltd.

Sharp FIT Automotive Technology (Wuxi) Co., Ltd.

XingFox Energy Technology Co., Ltd.

FIT Electronic Inc.

New Wing Interconnect Technology (Bac Giang) Co., Ltd.

Belkin International, Inc. and its subsidiaries

Sharp FIT Automotive Technology Co., Ltd.

FIT CHB Holdco, Inc. and its subsidiaries

Note on change of reporting scope

Based on the relevance of entity business with ESG and the degree of impact, we exclude the following operating entities:

Foxconn Interconnect Technology (USA) Inc.

Foxconn Optical Interconnect Technologies Singapore Pte. Ltd.

Foxconn Optical Interconnect Technologies Inc.

The following operating entity has been added:

Sharp FIT Automotive Technology (Wuxi) Co., Ltd.

Sharp FIT Automotive Technology Co., Ltd.