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

2020

Environmental, Social and Governance Report

FIT belkin LINKSYS wemo PHYN

Contents

CHAPTER 1

About this Report

This report is the 2020 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 describes the work done and performance achieved by FIT in implementing the concept of sustainable development and fulfilling its corporate social responsibility in the financial year of 2020.

This Report has been prepared in accordance with Appendix 27 "Environmental, Social and Governance Reporting Guide" (hereinafter referred to as "ESG Reporting Guide") of the listing rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "SEHK") for companies listed on the Main Board of SEHK. On this basis and in combination with FIT's existing systems and relevant internal operating procedures, certain adjustments and enhancements have been made.

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 ESG factors, including the method of identifying important stakeholders and evaluating substantial issues. According to the communication with stakeholders and the results of the substantial issue assessment, we identified ESG-related important factors and focused on disclosing the 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 purposes 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 view 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 fictitious content, and can help investors make 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 method which is consistent with that used in 2019 for calculation, disclosure and comparison with 2019 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, 2020 to December 31, 2020. This Report is an annual report.

REPORTING SCOPE

We have prudently selected entities to be disclosed in the Report. The final in-scope entities are selected 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, etc., Belkin International, Inc. and its subsidiaries ("Belkin"), Linksys Holdings, Inc. (formerly known as FIT CHB HoldCo, Inc.) and its subsidiaries.

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 Reporting Summary

Foxconn Interconnect Technology is committed to designing connectivity products to promote a better future for our world and the people living on it. 2020 was a year that will go down in history as humanity rallied around healing and staying connected in a world of lockdowns and disease. For businesses, it was a time of tremendous challenge, agility and resilience. We were tested to the ultimate limits but achieved what was most important – to provide our worldwide teams with security, and to continue making products in a sustainable way to keep people and families connected.

In line with this commitment, we identified areas where we could apply a progressive and aggressive approach. Over the last decade, we worked hard to reduce environmental impacts through new processes including the strengthening of green competence via removal and restriction of hazardous materials in electrical and electronic equipment. (http://www.fit-foxconn.com/Home/Green)

As a founding member of the Responsible Business Alliance, we act responsibly and ethically with our employees and communities around our factories since day one. Today, we continue to identify areas of improvement and implement a progressive corporate strategy in key categories such as governance, energy and climate, anti-corruption and environmental management.

We are proud to learn and incorporate best practices from our newer entities like Belkin International, who are leaders in implementing sustainability initiatives and achieving robust corporate goals. Belkin has set aggressive goals to become 100% carbon neutral (scope 2 emissions) and reduce single use plastic packaging by 25% by 2025. Belkin requires 100% of suppliers to comply with its Supplier Code of Conduct, and aggressively moves towards a circular economy. All while meeting ESG requirements and participating on the FIT Social & Environmental Responsibility Committee. Belkin's efforts are aligned with Foxconn Interconnect Technology's efforts to hold ourselves to the highest standards.

In 2020 Foxconn Interconnect Technology formulated energy-saving and emission-reduction targets for 2021 which includes energy use, water resources, and greenhouse gas emissions. Last year we also accomplished our power and water savings goals with Mainland and Vietnam factories, achieving more than 100% and 50% electricity saving targets, with electricity saving of 24746 kWh and 540 kwh; and the Vietnam factories have achieved about 85% of its water conservation goal, achieving a per capita water consumption of 0.85 cubic meters.

The company has increased energy-saving audits, energy-saving awareness and training, and green disposal of emissions and waste, so that the adverse impact of manufacturing and production on the environment could be reduced. For example, in 2020, the discharge of industrial wastewater in the mainland has been reduced by about 160,000 tons compared to that of 2019, while the discharge of domestic sewage in the mainland has been declined by about 50,000 tons compared to that of 2019. In addition, the Kunshan and Huai'an factories have completed the change from traditional emission to organized collection and disposal of VOCs waste gas from the production process, and achieved the requirement of 10% reduction rate.

We improved our governance structure, forming new management methods carried out by the ESG committee to oversee risks and impacts and clarify roles and responsibilities within the organization. Insights from external partners via surveys and increased communication informed our processes and allow us to improve year over year.

We published our Major Climate Management System, which outlines responsibilities of relevant departments during extreme climate events such as typhoons, heat waves, etc. adhering to our "safety first" policies and putting our workforce first. We reaffirm our core values of honesty and integrity, with zero tolerance for fraud and corruption. We provided our employees with anti-corruption training and raised awareness levels on maintaining our gold standards of operations.

We are proud of the work we've accomplished and look forward to delivering on our responsibility to provide a safer, healthier, more equitable future for all.

LU Sung-Ching (盧松青)
Chairman

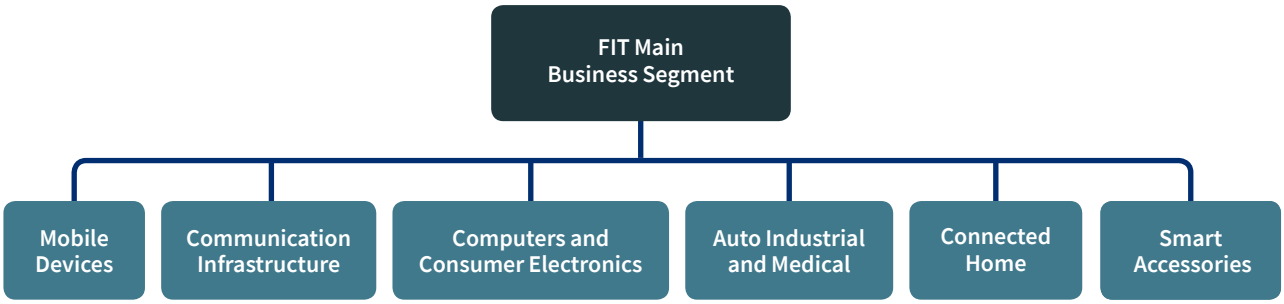
CHAPTER 3

About FIT

FIT is a leading global interconnect solutions provider and one of the few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. It is also a global consumer electronics leader, connecting people with technologies at home, at work and on the go.

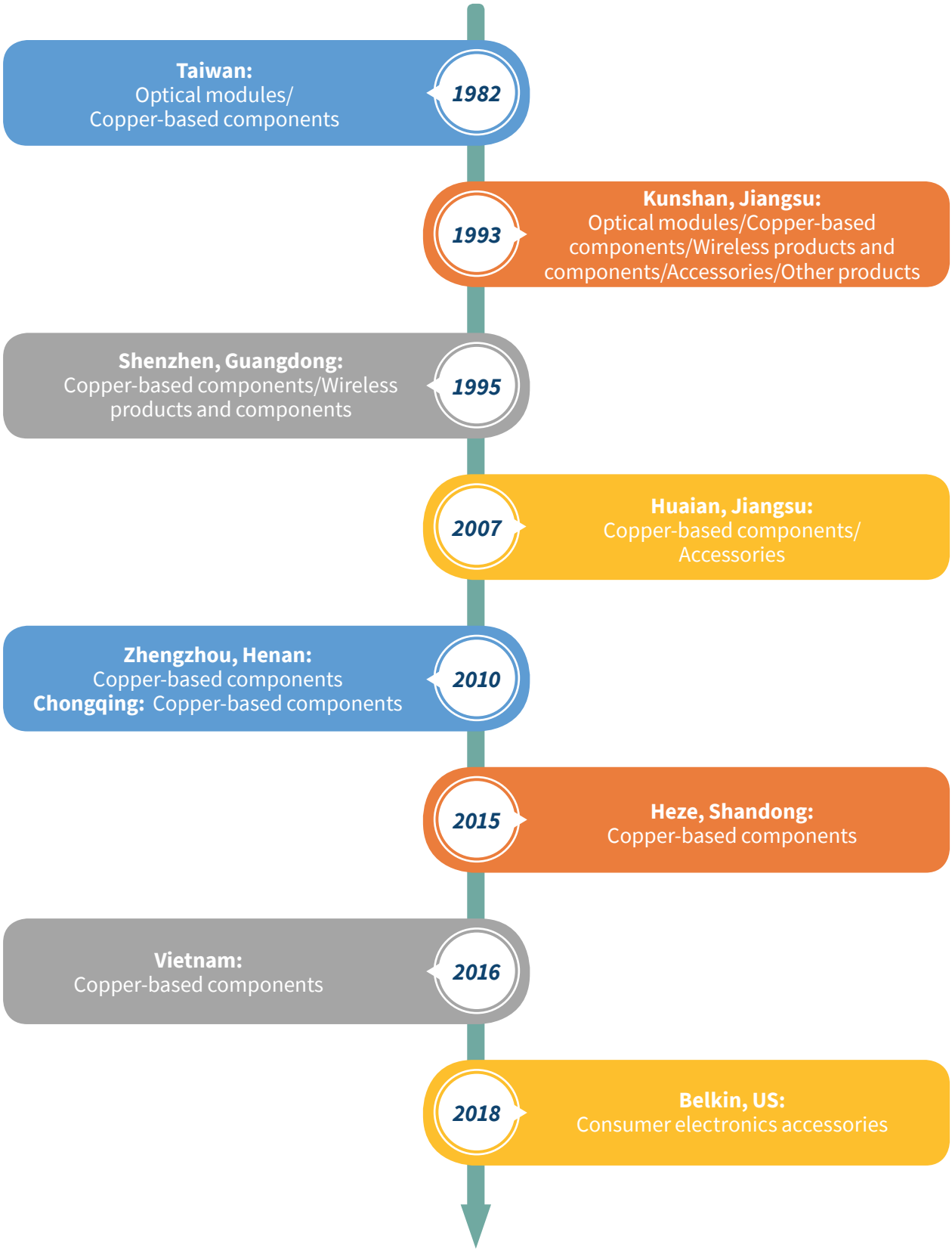
Formerly known as the Network Interconnection Business Group (NWInG), a business unit of Hon Hai Precision Industry Co. Ltd., FIT was founded in 2013. FIT has over 30 years of experience in the connector and cable assembly industry. Over the years, FIT has established an exclusive position as the owner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

While continuing to develop itself, FIT also focuses on the expansion of its business segments and the coverage over diversified markets, such as the acquisition of Belkin to strengthen its smart accessories and connected homes businesses, continuous strengthening technologies and services such as car cameras and electronic rear-view mirrors; and the expansion of its presence in Vietnam to reduce cost and increase competitiveness. As of today, FIT's main business segments are mobile devices, communication infrastructure, computers and consumer electronics, automotive, industrial and medical, connected home and smart accessories.



In 2020, FIT continued to implement its business strategy to consolidate its leadership in the development and production of interconnect solutions and related products, while continuously improving its strength in other business areas. The company and its management review and pay attention to the trends of different end markets, insist on changes, continue to innovate and promote the diversification of business development. While pursuing product quality excellence, FIT also actively fulfills its corporate social and environmental responsibilities, pays attention to employees' health and safety, and implements the environmental protection policies of energy saving, emission reduction, and going green to continuously promote the Company's sustainable development.

The Company's main components and the respective year of commencement of business are listed below:



CHAPTER 4

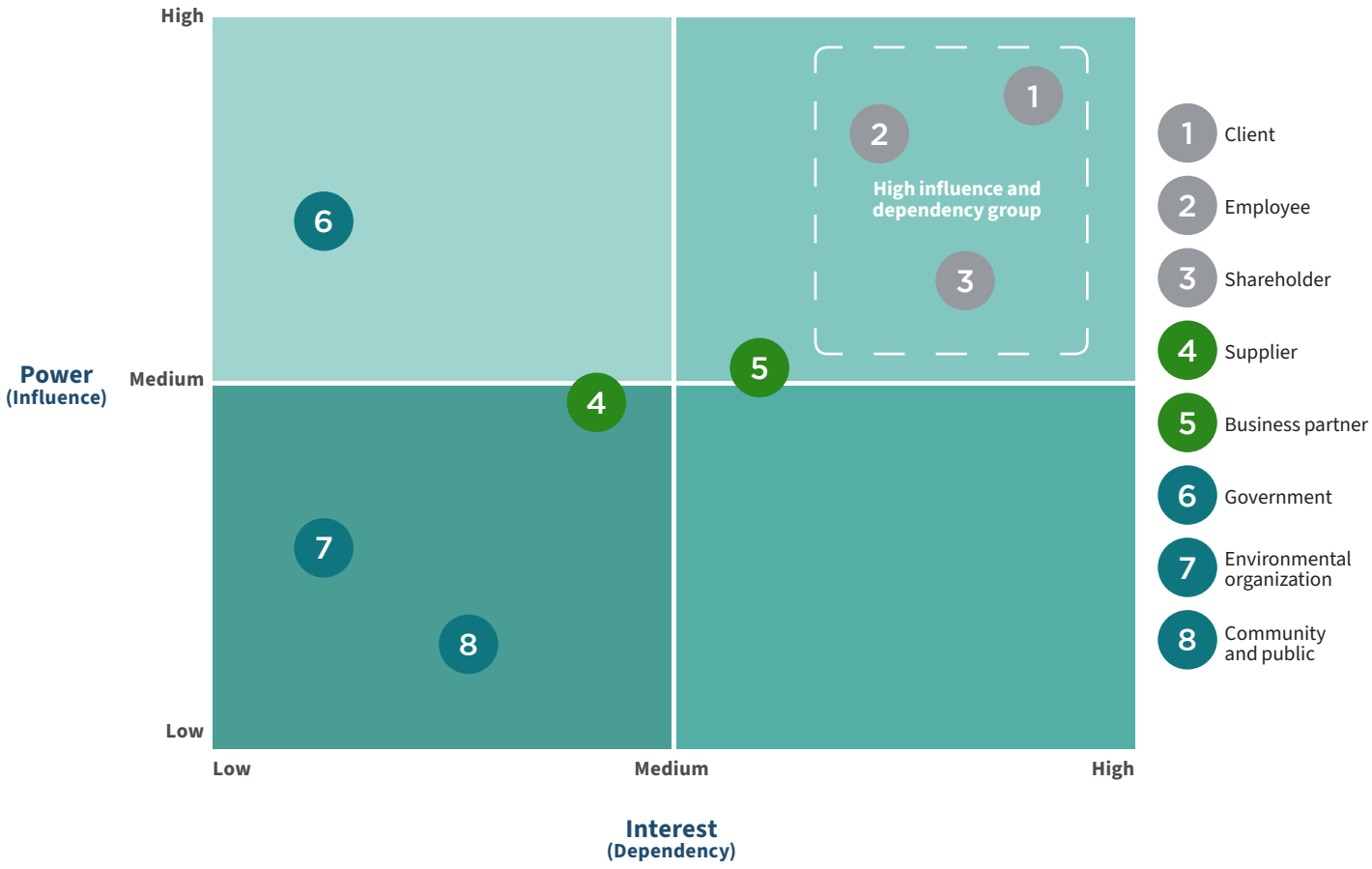
Analysis of Substantial Issues

4.1 COMMUNICATIONS WITH STAKEHOLDERS

Maintaining close communication with stakeholders is an important way for FIT to achieve sustainable development. FIT's main stakeholders include clients, employees, shareholders, suppliers, business partners, governments, environmental organizations, communities and publics. FIT maintains a multi-frequency and multi-channel communication mechanism with various stakeholder groups, actively listens to their opinions and suggestions, understands their concerns and demands, and timely adjusts the Company's sustainable development-related measures.

The focus of this report is on the substantial issues the stakeholders are concerned with. 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 SEHK's ESG Reporting Guide, and identified the groups that have the highest influence on and connection with FIT: Clients, Employees, and Shareholders.

POWER-INTEREST MODEL



In our daily operation, we communicate with different stakeholders in various forms such as on-site discussion, telephone interview, daily email exchange, etc. to understand their demands and the substantial issues they care about.

On the basis of comprehensive communication, we have identified 20 issues of interest to stakeholders, and gave feedback to them. We list them as follows:

Issues of Concern	Response from FIT	Stakeholders
Quality control	• Continuous improvement of quality inspection • Build a comprehensive quality management system	Clients
Compliance operations and anti-corruption	• Continuously improve quality inspection • Build a comprehensive quality management system • Establish internal compliance and anti-corruption policies • Carry out regular audits • Improve anti-corruption reporting channels • Provide anti-corruption training • Cultivate a corporate culture with business ethics and compliance management	Shareholders/ Governments
Environmental, social and governance	• Establish a governance mechanism that the board of directors is ultimately responsible for • Establish a working group and promote ESG practice • Formulate reasonable work plans and goals • Improve internal communication channels and conduct regular follow-up • Develop an effective crisis reporting and handling mechanism	Shareholders
Customer service	• Establishment of customer complaint response mechanism • Formulation of comprehensive after-sales management • Effectively handle customer feedback and opinions	Clients/ Business partners

Issues of Concern	Response from FIT	Stakeholders
Supply chain management	• Strict supplier registration and qualification mechanism • Continuous supplier evaluation and audit • Promote a greener and environmentally friendly supply concept • Assist suppliers to make progress together	Suppliers
Emissions management	• Set emission reduction targets for waste gas, wastewater, and greenhouse gases, etc.; track and analyze the implementation of the targets • Carry out emission reduction management projects • Carry out relevant training and publicity activities, enhance professional knowledge and skills, and enhance employees' awareness of environmental protection and emission reduction	Governments/ Environmental organizations
Energy management	• Establish a task force team responsible for energy management and establish an energy management system • Set energy-saving goals and carry out energy-saving projects • Carry out energy-saving training and publicity activities to enhance employees' awareness of energy-saving • Carry out energy-saving audits and reviews to promote the effective implementation of energy-saving work	Governments/ Environmental organizations
Safe production	• Establish a safety management organization to promote the implementation of work safety • Set up a complete safety incident handling mechanism • Maintain safety facilities • Carry out drills, audits and training • Improve the management mechanism of hazardous goods	Shareholders

Issues of Concern	Response from FIT	Stakeholders
Occupational health and safety	• Carry out occupational hazard testing and identify occupational hazards • Care for employees' health, protect employees who are in special professional roles, and arrange regular physical examinations for employees • Provide sufficient labor protection supplies	Employees
Intellectual property protection	• Carry out market research, conduct risk assessment, control • Understand technology trends and strengthen patent strategy • Apply for patents in time and conduct regular tracking to protect corresponding rights • Participate in communication with associations and organizations to advocate industry advancement	Shareholders/ Business partners
Protection of customer privacy	• Attach great importance to the protection of customer privacy • Sign confidentiality agreements • Strengthen information security awareness and control	Clients/ Business partners
Water resources management	• Set goals to save water and conduct water-saving projects • Conduct water-saving related training • Conduct publicity activities, improve water-saving awareness, etc.	Environmental organizations
Use and management of packaging	• Endeavour to choose environmentally friendly packaging materials for products • Improve the recycling rate of products' packaging materials, etc. • Actively respond to calls from the public and optimize packaging material management	Business partners

Issues of Concern	Response from FIT	Stakeholders
Climate response and management	• Pay attention to climate changes and identify major climate events • Improve the emergency response mechanism for climate events • Regularly check whether the equipment is operating properly • Prepare emergency supplies related to climate events • Regularly carry out special activities such as emergency drills and training to improve actual response capabilities	Shareholders/ Suppliers
Employee training and development	• Establish a talent training mechanism and carry out diversified employee training • Provide fair promotion channels	Employees
Employee care and welfare	• Employee care going deep into their families • Fully establish an internal environment of humanistic care • Balance employees' work and life	Employees
Pandemic control	• Develop a plan for resuming work and production in time • Provide anti-pandemic materials and logistics support • Improve the disinfection and cleaning of the workplace • Carry out anti-pandemic knowledge publicity to enhance employees' awareness of pandemic prevention	Employees / Shareholders/ Governments/ Communities and public
Employment and labor standards	• Comply with laws and regulations • Adhere to a fair and diversified talent recruitment and selection mechanism • Resolutely refuse child labour and forced labour • Set reasonable working hours	Employees

Issues of Concern	Response from FIT	Stakeholders
Giving back to society	• Contribute to community development • Organize and participate in public welfare activities • Encourage employees to contribute to community development	Communities and public
Compensation and incentive system	• Provide guarantee for reasonable salary • Provide various employee benefits • Provide reasonable incentives	Employees

4.2 ASSESSMENT OF SUBSTANTIAL ISSUES

As mentioned above, FIT identified 20 substantial issues for 2020, covering the three areas of "economics", "environment" and "society", by considering its own sustainable development strategy, the disclosure requirements of the SEHK's ESG Reporting Guide and communication with stakeholders.

Analyzing and ranking the substantial issues will help us identify the areas where the Company needs to improve and make a reasonable allocation of resources. To this end, the Company conducted a survey, combined with daily communication with stakeholders, and analyzed and evaluated the identified substantial issues.

The Company invited stakeholders such as the Social Environmental and Responsibility Committee (hereinafter referred to the "SER Committee"), employees, customers, suppliers, investors, governments, and the public to evaluate ESG-related substantial issues through electronic surveys. The questionnaire contained a total of 30 questions, covering the environment, employees, communities, value chain and etc. Each stakeholder scored the substantial issues from two dimensions: "Internal Evaluation: Importance to FIT" and "External Evaluation: Importance to Stakeholders". The scoring standard ranges from 1 (least important) to 5 (the most important), and the results showed the degree of attention to substantial issues in the form of scores. As of the end of December 2020, a total of 317 responses had been received from stakeholders in Mainland China, Hong Kong, Taiwan, the United States, Vietnam, Japan, and Switzerland, etc.

Based on the above communication, investigation, analysis and evaluation, the Company finally evaluated that production safety, compliance operation and anti-corruption, customer service, quality control, supply chain management, occupational health and safety, environment, society and governance, energy management and emissions management are the 9 highly important substantive topics of FIT in 2020.

The communication process with stakeholders and the evaluation process of substantial issues, as well as the final evaluation results, were reported and confirmed at the FIT ESG Committee meeting in November 2020, and finally reported to the Board of Directors. Based on the "materiality principle", we will focus on the above issues and formulate corresponding measures and guidelines to ensure that we deal with the major concerns of stakeholders more efficiently.

The list of the Company's substantial issues in 2020 and the assessment of them are shown in the following figure/table.

ECONOMICS

- **Quality control**
- **Compliance operations and anti-corruption**
- **Environmental, social and governance**
- **Customer service**
- **Supply chain management**
- Intellectual property protection
- Protection of customer privacy

ENVIRONMENT

- **Emissions management**
- **Energy management**
- Water resources management
- Use and management of packaging
- Climate response and management

SOCIETY

- **Production safety**
- **Occupational health and safety**
- Employee training and development
- Employee care and welfare
- Epidemic control
- Employment and labor standards
- Giving back to society
- Compensation and incentive system

CHAPTER 5

Operation of Sustainable Development

5.1 ESG GOVERNANCE

In 2020, the Company improved its internal ESG mechanism, and further strengthened the ESG governance capabilities in terms of optimizing the governance structure and promoting related work.

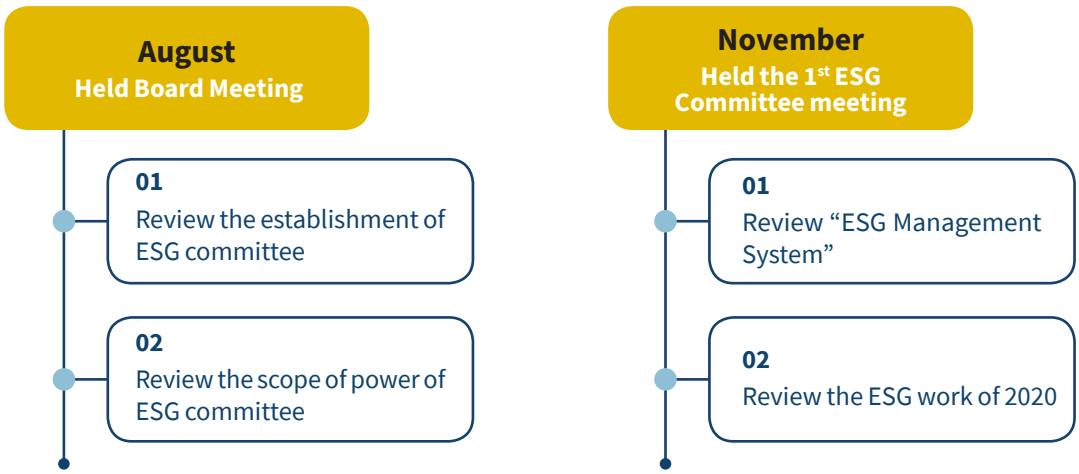
• OPTIMIZE GOVERNANCE STRUCTURE

In 2020, FIT established an ESG Committee under the Company's Board of Directors to be responsible for the oversight of the environmental, social and governance work. At present, the ESG committee is composed of three directors who are Mr. PIPKIN Chester John, an executive director, and Mr. CURWEN Peter D and Mr. CHAN Wing Yuen Hubert, who are independent non-executive directors. Currently, Mr. CURWEN Peter D is the chairman of the ESG Committee. According to the Company's Article of Association, the ESG committee should have at least three members. When the number of ESG committee members is less than three for some reasons, the Board of Directors shall appoint the required new members within three months after the incident is identified to fulfill the minimum requirement.

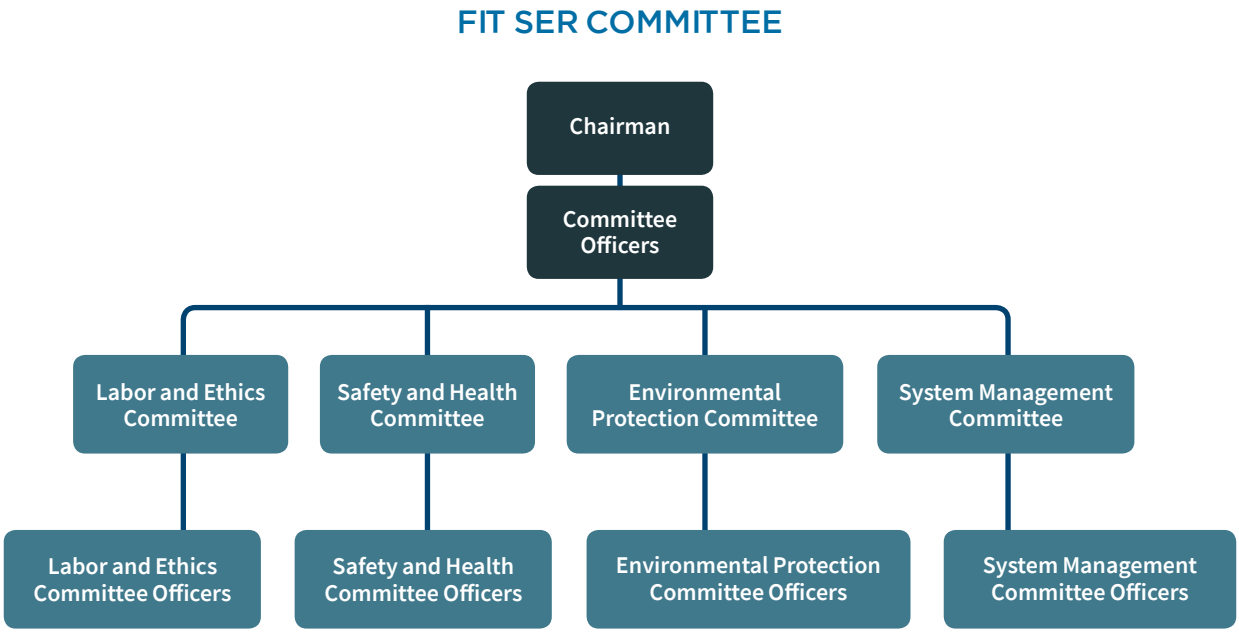
The Company's Board of Directors authorizes the ESG Committee members to manage the Company's ESG-related matters, and their responsibilities include:

1. Accept regular reports from the Company's SER Committee;
2. Monitor how the Company communicates with its stakeholders, and ensure that there are appropriate communication policies to promote the relationship between the Company and its stakeholders;
3. Review the work of the SER Committee; and
4. Review important ESG plans and make recommendations to the Board for approval, including but not limited to: ESG-related risk assessment, goals, annual ESG reports, ESG emergency response, etc.

The ESG Committee meets at least once a year to review the implementation of the Company's ESG work. When there are additional needs, the ESG committee will also hold incidental meetings to ensure that relevant work can be carried out in a timely and effective manner. The Company established the "ESG Committee Terms of Reference", which regulates the ESG Committee's composition, authority, meeting frequency and procedures. In August 2020, the ESG Committee structure, scope of authority, and related documents have been reviewed and approved by the Company's Board of Directors. In November 2020, the ESG Committee held its first meeting to review the Company's ESG work in the current year. At present, the Company's ESG governance structure has been implemented smoothly.



The Company also established a SER (Social and Environmental Responsibility) Committee to be responsible for the implementation of the Company's environmental, social and governance work. The SER Committee consists of 4 sub-committees: Labor and Ethics Committee, Safety and Health Committee, Environmental Protection Committee, and System Management Committee. Its organizational structure is shown in the diagram below. The SER committee is responsible for formulating ESG-related policies and goals, conducting ESG risk assessment to identify potential risks, promoting the implementation of ESG-related work, and regularly reporting to the ESG Committee, etc.



The Company updated the Environmental, Social and Governance System in 2020, which refined and clarified the ESG management structure, and the specific responsibilities of the ESG Committee and the SER Committee. The Handbook of Environmental, Social and Governance System has been reviewed and approved by the first ESG Committee meeting in November 2020.

• ADVANCING ESG GOVERNANCE

In 2020, under the leadership of the SER Committee, the Company carried out ESG risk assessment work. FIT China, Taiwan, Vietnam factories and its subsidiary Belkin all participated in it. The ESG risk assessment firstly identified risk events that might have an impact on the Company's production and operations, and conducted assessments based on the two dimensions of "risk occurrence probability" and "risk impact degree" to confirm that risk events are classified as "high risk", "medium risk" or "low risk". In 2020, the Company identified 35 ESG risk events, including 10 "medium risk" events and 25 "low risk" events. During the assessment process, the Company also identified the responsible department for each risk event to ensure that risk management can be carried out effectively.

While carrying out ESG risk identification and assessment, the Company also carried out identification and response to specific climate events. For details, please refer to Chapter 7 "Climate Response and Management" in this report.

With reference to the new version of the "Environmental, Social and Governance Reporting Guidelines" issued by the Hong Kong Stock Exchange in December 2019, the Company has improved its ESG target setting and corresponding work in 2020. Under the leadership of the SER Committee, the Company studied and analyzed the current resource use and emissions during the reporting period. Based on this, the Company has formulated challenging but achievable environmental protection targets for 2021, covering energy use, emissions, water resources and greenhouse gases. In this regard, the 2021 ESG work plan was launched to supervise the actual realization of ESG goals. For 2021 ESG related targets, please refer to "Table 6 FIT 2021 ESG Targets" in Chapter 11.

In 2020, FIT has also formulated relevant power and water saving goals, and has carried out a series of related work. For details, please refer to Chapter 6 "Resource Use" and "Water Resource Management".

In addition, to enhance the Company's ESG governance capabilities, the Company also formulated the "ESG Emergency Reporting Mechanism". This mechanism clarifies the definition and level of ESG crisis events, emergency response and reporting procedures, and the reporting levels of different events. The Company also publicized the responsible persons and their contact information of various crisis incidents to provide guidance to employees.

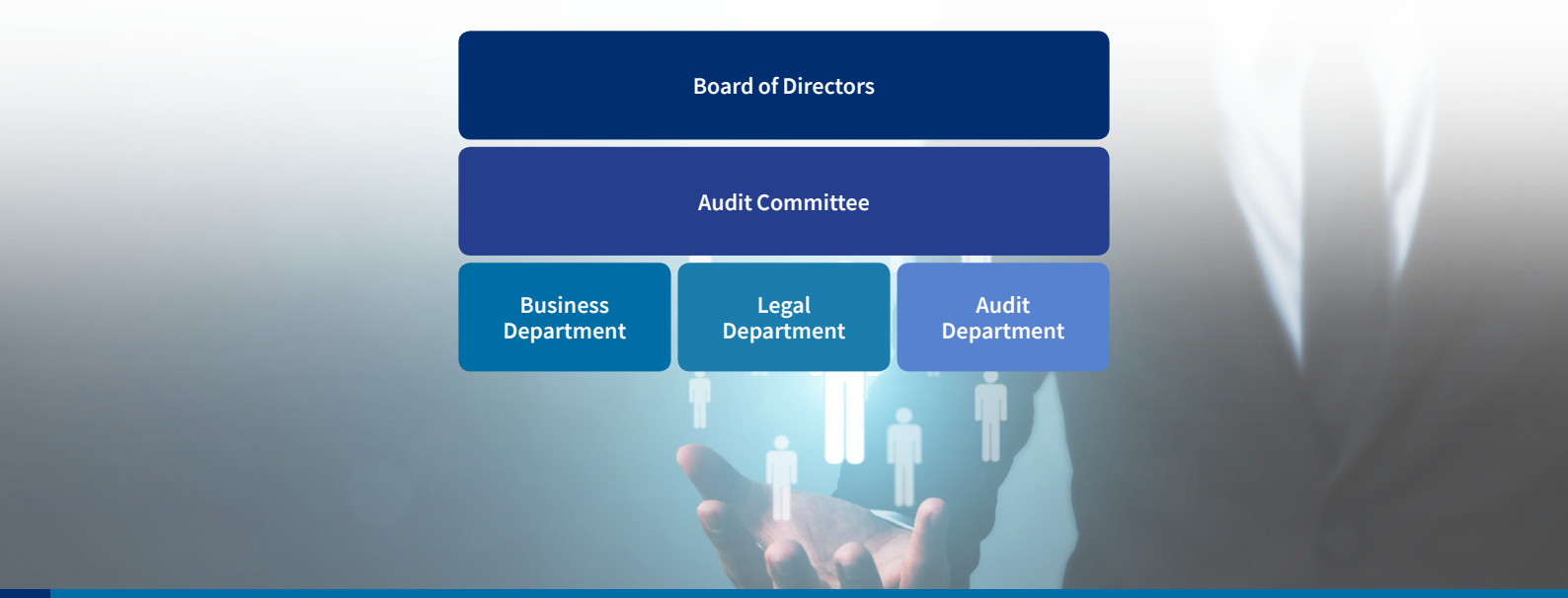
At present, the above content has been reported in the first ESG Committee meeting in 2020. In subsequent years, FIT will continue promoting ESG-related work and regularly monitoring and reviewing them in order to improve the Company's ESG governance capabilities.

5.2 COMPLIANCE AND ANTI-CORRUPTION MANAGEMENT

Adherence to business ethics and compliance with the laws and regulations of different countries and regions are the prerequisites for FIT's compliance operation. The Company continues to develop acompliance culture and strengthen all employees' awareness of compliance management and integrity by enhancing management and supervision.

• COMPLIANCE AND ANTI-CORRUPTION POLICIES

FIT insists on advancing the construction of the compliance system in various factories and operating sites around the world. The FIT Board of Directors is ultimately responsible for the Company's compliance development, while the management is in charge of the design and implementation of compliance management. The Board of Directors has established an Audit Committee led by Independent Non Executive Directors and the Company has established the Internal Audit Department, Legal Department, etc., with clear responsibilities to ensure the development of the Company's compliance and anti-corruption work.



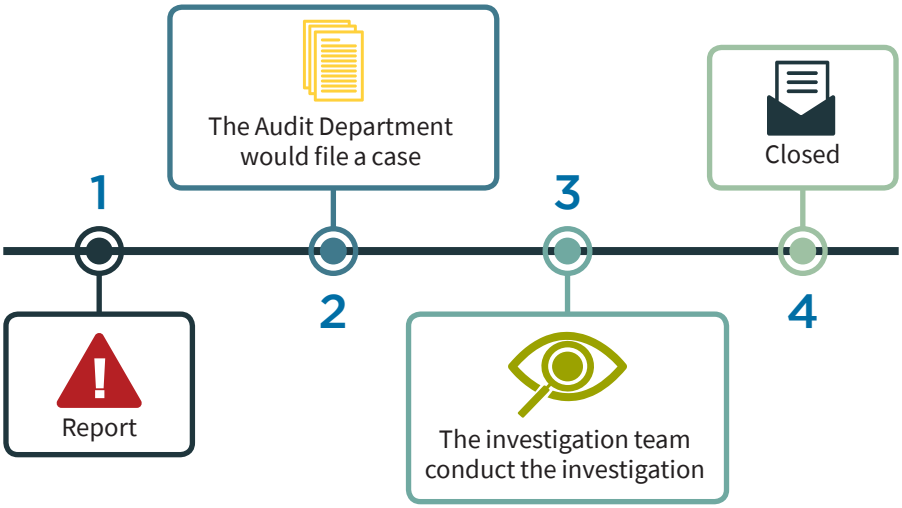
In terms of business operations, FIT adheres to the principles of compliance, honesty and integrity, and has formulated the "Code of Conduct for Combating Corruption, Promoting Integrity, Prosperity, and Eliminating Maladies" within the Company as a guideline for the Company's directors and employees. At the same time, the Company also regulated the behavior of employees through the "Employee Handbook" covering topics such as compliance operations, anti-corruption behavior, and corresponding disciplinary actions. In addition, the Company also has strict requirements for business partners (such as suppliers, etc.), including but not limited to: requiring suppliers to sign a Letter of Commitment (which include anti-corruption related clauses); establishing clear guidelines related to suppliers and instruct employees on how to deal with the interests and hospitality related to suppliers, declare interests when taking on external work; conduct periodic social responsibility assessments for suppliers, etc.

At the same time, to avoid compliance and anti-corruption risks to the greatest extent, the Company conducts regular internal monitoring and risk assessments to identify and review risks including compliance operations and anti-corruption and actively respond to them. FIT also carries out internal audit work which is led by the Company's Internal Audit Department. In 2020, The Company carried out recurring audits on accounts payable, production, human resources, fixed assets, R&D, financing, investment, electronic data processing and other management control processes, with over 150 audit projects, covering more than 20 legal entities. For the problems found during the audit, the Company would take the corresponding measures, rectify and follow-up on time.

• COMPLAINT AND REPORT MANAGEMENT

FIT strictly abides by the relevant laws and regulations of each operation site regarding bribery, fraud, extortion, and money laundering that could have a significant impact on the Company. The Company also strives to uphold high standards of business ethics, build up a culture of integrity and prohibit any form of bribery, corruption and other violations.

FIT encourages employees to report any suspected misconduct to the Company in real names, and offers internal whistleblowing channels. FIT employees can report any violation committed by organizations or individuals in the business through various channels such as written mails, telephone hotline, e-mail, QQ, WeChat, etc. The Internal Audit Department and the Legal Department are responsible for investigating the reported cases, and will set up an investigation team after receiving the reported information. The investigation team would collect actual relevant data and information through investigations, and may assist in handling the transfer of evidence to legal bodies for litigation. The Company takes every reported incident seriously and ensures that each case is well handled.



In addition, in considering the safety of whistleblowers, the Company has promised to keep all reported information confidential, and not to discriminate or treat whistleblowers differently due to the reporting.

• PUBLICITY AND TRAINING

In 2020, the Company will continue strengthening the publicity and training of employees in anti-corruption and integrity. For example, various corruption behaviors and related handling methods are clearly specified in the Employee Handbook, employee instructions and other documents, and the "Xiangxin" app is established to facilitate the publicity work. Every employee can obtain anti-corruption related information and learn about the latest cases through the "Xiangxin" app, be aware of the relevant anti-corruption regulations, handling of anti-corruption cases, reporting mechanisms and handling principles, etc., so as to continuously improve their anti-corruption awareness.

The Company also carried out online anti-corruption training for employees, and popularized anti-corruption related knowledge through various forms such as briefings and recordings. At the same time, FIT also offers compulsory courses for employees at specific levels and above, and promotes the concept of anti-corruption among relevant personnel by combining questions with videos. During the reporting period, the Company has provided employees with relevant anti-corruption training in production sites in Mainland China, Taiwan, and Vietnam. The total number of trainees who attended the online training is 14,387, with a total training time of 14,387 hours. In addition, the Company also formulated an anti-corruption plan for the Board of Directors in August 2020, and implemented the Board training in February 2021. The training content has included introduction to laws and regulations, fraud theory and knowledge, responsibilities of the Board, etc. The training was carried out smoothly and assisted the Board of Directors in further improving their capabilities of anti-corruption governance.

In 2020, FIT has 0 anti-corruption related case. In the coming years, FIT will continue to comply with all applicable laws and regulations and relevant international standards. It will also fully implement the anti-corruption, anti-commercial bribery and compliance practices at the company level, and strengthen the construction of an anti-corruption management system, in order to enhance the anti-corruption and compliance awareness of all staff, and reduce any form of violations.

Anti-pandemic Topics: Carry Out COVID-19 Prevention Work

The outbreak of COVID-19 in 2020 had an impact on FIT's production and operation worldwide. After the outbreak, FIT followed the local pandemic prevention policies and related requirements and actively carried out pandemic prevention to minimize the harm of COVID-19 to production and employees' health.

Taking FIT's factories in Mainland China as an example, the Company adopted a series of strong prevention and control measures after the outbreak, such as providing pandemic prevention materials and logistical support, conducting internal disinfection, strengthening personnel control, promoting pandemic prevention knowledge and developing the plan to resume work and production so as to effectively protect the life and health of employees.

FORMULATION OF THE WORK RESUMPTION PLANS

Due to production needs, FIT's factories in Mainland China resumed work and production in early 2020 after establishing a comprehensive pandemic prevention mechanism, and being equipped with sufficient prevention materials. The Company conducted a full staff survey by telephone, questionnaire, software application, etc., to learn about the health information of employees, and then conducted nucleic acid testing in batches. The Company arranged the personnel from non-infected areas with normal body temperature to live in the buffer quarantine zone, and the front-line staff in the zone delivered meals to the door of their dormitories every day, assisted doctors to monitor their body temperature, and evaluated their physical health conditions after 14 days. The employees were only required to resume work on the premise that they are healthy and safe.

At the same time, in order to improve production efficiency while ensuring employees' safety, the Company set up a second production area for those who had been quarantined for 7 days but had not undergone nucleic acid testing to make up for the shortage in manpower and capacity. The commuting routes of the employees in the second production area were staggered with others to maximize employee safety and minimize cross infected risks.

During the pandemic, in order to boost morale, the Company also gave administrative rewards to employees who made contributions in pandemic prevention and resumption of work and production, so as to motivate and inspire others, improve their enthusiasm and initiative, and smoothly promote the resumption of work and production. The resumption rate of Shenzhen factory, for example, reached 96.20% as of March 30, 2020.

Case: Shenzhen factory implemented grid management

FIT's Shenzhen factory cooperated with the Fucheng residential district in the local area to implement grid management in the community where employees lived. This could effectively reduce the risk of pandemic due to gathering. Considering the convenience of employees' daily life, the Shenzhen factory established a temporary food shopping service station at the entrance of the factory after communicating with relevant government departments, so that employees could buy food without going to crowded shopping malls, thereby reducing the risk of infection.

Temporary Food Shopping Service Station

Meeting on Grid Management of Pandemic Prevention

Case: the Community Healthcare Centre of FIT's Shenzhen factory implemented the trinity of pandemic prevention

During the pandemic prevention period, the Community Healthcare Centre of FIT's Shenzhen factory undertook a series of work, such as medical treatment for employees and health monitoring and referral for patients with fever. The Center carried out health tracking on employees in quarantine through home visit, WeChat, phone call, software application and other means, and actively acquired the health status of their co-residents to ensure the health and safety of employees.

PANDEMIC PREVENTION MATERIALS AND LOGISTIC SUPPORT

Pandemic prevention materials are one of the important factors in the prevention and control of pandemic. FIT was equipped with a reasonable amount of pandemic prevention supplies, such as masks, thermometers, goggles, disinfectant, protective clothing and hand sanitizers. Each factory regularly checked all kinds of pandemic prevention materials to ensure that they could meet the normal needs of employees and production, and distributed the materials in an orderly manner according to the instructions of the Company's pandemic prevention meeting.

FIT also worked actively on various logistical defenses, which were divided into three main areas of management: catering, dormitory and transportation within the factories.

As far as employees' dining was concerned, the Company implemented a time-sharing catering system and disinfected all areas of the restaurant at regular intervals for each meal every day. FIT also started the emergency defense mechanism, set up "loving buffer zone" dormitories in each factory, and coordinated with suppliers to provide bedding in time to ensure effective logistic support for employees.

STRENGTHENING INTERNAL DISINFECTION

In order to improve the hygiene of public places, FIT regularly cleaned and disinfected public facilities such as elevators and public restrooms within each factory, and intensified cleaning for key areas like green conservation zones, septic tanks and air conditioner vents.

As some spaces in the factory adopted central air conditioning system, in order to prevent cross-infection brought by return air, the Company closed the internal circulation vent and the return air valve, and regularly checked the fresh air intake area to ensure no contaminants around the fresh air intake vent. In addition, the Company also assigned relevant personnel to clean and disinfect the air conditioning system every week, including all filters, surface coolers, heaters, humidifiers, condensation trays, air outlets and air return vents, and other components that tend to collect dust and breed bacteria. For confined places where windows could not be opened, the persons in charge would use circulating air disinfection devices to disinfect the air according to the actual situation.

STRENGTHENING EMPLOYEE MANAGEMENT AND TRAFFIC CONTROL

During the pandemic, the Company carried out classified management of employees' entry and exit, and allowed them to enter the factory only after ensuring their health. For those who had left their job but had not checked out of the office, the Company had specially-assigned personnel to help complete the handover smoothly. In addition, infrared temperature detection equipment was set up at the gate of the factory, and thermometers, disinfectant, hand sanitizers, disposable gloves, etc., were also equipped to help employees keep healthy. For employees with abnormal body temperature, the Company would receive input from doctors to determine their health status.

In addition, based on the needs of pandemic prevention and control, the Company added a separate smoking area to the original smoking area along the streets. In addition to the original ashtrays, isolation belts, and signs for smoking area, the Company also painted yellow grid lines for each person to smoke with in one grid, in order to reduce the possible occurrence of infection.

PUBLICITY OF PANDEMIC PREVENTION

In order to further prevent and control COVID-19, FIT uses a variety of online and offline publicity means to expand the coverage of pandemic prevention publicity and to improve employees' awareness of protecting their own safety. In terms of offline publicity, posters are put up on the bulletin boards at the exit of restaurants, entrances and exits of living areas, washrooms, workshops on each floor to advocate the correct methods of hand washing and mask wearing, and banners are hung at the pedestrian passageways of commercial districts and basketball courts to remind employees of taking precautions against the pandemic. For online publicity, FIT makes use of recess time, such as during employees' meals and breaks, to play the relevant promotional and educational videos on large screens in restaurants. The Company also encourages employees to learn about pandemic prevention and resumption of work and production on its internal education and training platform "FOXCONNEDU", an online software APP, so that all employees can know and follow the pandemic prevention requirements.

In addition, FIT's US office also actively participated in pandemic prevention. For example, in accordance with the local policies, they made arrangements for employees to work at home in order to reduce the risk of infection, and conducted training to increase their knowledge of pandemic prevention. During the entire pandemic season in 2020, the office always kept employees posted on the latest pandemic news. To ensure that employees have a better understanding of pandemic prevention, the office conducted training regularly. The training covered important topics such as the overview of COVID-19, company guidelines, regulations and personal safety guidelines.

Case: FIT US office conducted training on COVID-19 prevention

In order to protect FIT employees and their families, the FIT US office conducted training on COVID-19 prevention in March 2020, aiming to raise the awareness of new virus prevention. All employees in the U.S. attended the training which covered topics such as necessary preventive measures, mental health management, virus precautions, the correct hand washing procedures as well as social distancing, which helped ensure the health and safety of employees and their families.

Although the task of pandemic prevention was arduous in 2020, FIT has achieved satisfactory results thanks to the joint efforts of the Company's management and all employees. In the future, FIT will continue to adhere to the principle of "taking safety and health as top priority" and work together with its employees, partners, government agencies, shareholders and other stakeholders to actively overcome any difficulties that may arise.

CHAPTER 6

Taking Pride in Green

Environmental protection and sustainable development have always been a key concern for FIT and its stakeholders. FIT complies with the environmental laws and regulations of each country/region in which it operates, such as the Environmental Protection Law of the People's Republic of China in Mainland China, the Basic Law on the Environment in Taiwan, the Law on Energy Conservation and Efficient Use and the Water Resources Law in Vietnam, as well as the National Environmental Policy Act (NEPA) in the United States. Meanwhile, FIT has established internal departments and formulated policies to regulate the use of resources, the management of waste emissions and carbon emissions. The Company's Board of Directors is responsible for risk identification and assessment (such as environmental management), and the Company's management and business units are responsible for the promotion and implementation of environmental management. In 2020, the Company adhered to the policy of green development during production and operation.

In this year, under the leadership of FIT's SER Committee, the Company formulated environmental goals for energy use, waste, water resources and greenhouse gases in 2021. For details, please refer to the Chapter 11: Appendixes.

6.1 RESOURCE USAGE

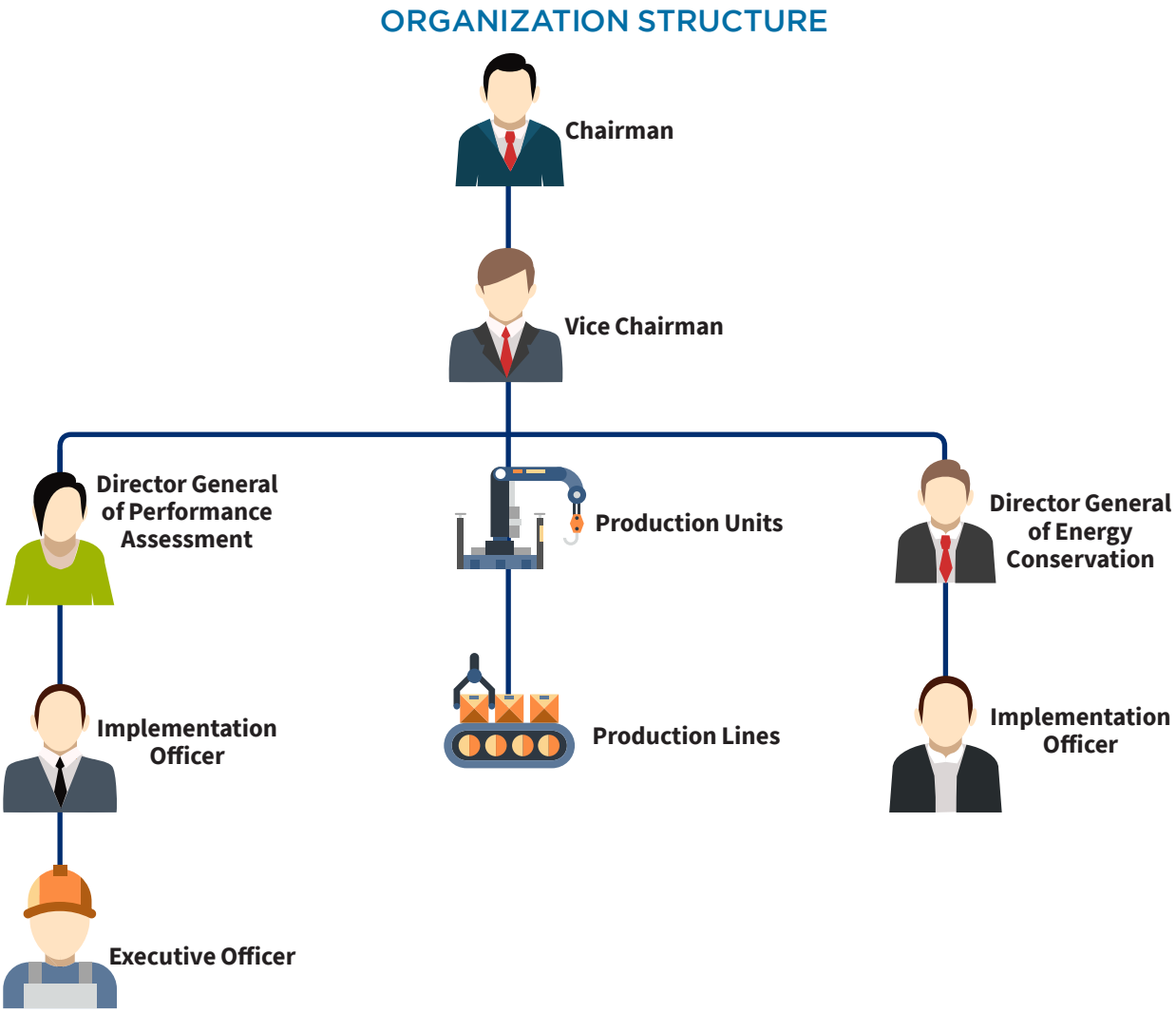
FIT has always been committed to the concept of sustainable use of resources. In 2020, the major energy consumption of the Company included electricity, steam, natural gas, as well as diesel and gasoline; besides, the Company also consumed paper, wood, plastic packaging materials, etc. FIT actively promotes environmental protection measures, and follows the Energy and Resource Control Operating System, the Energy Conservation Management Assessment and Scoring Rules and other relevant rules to ensure efficient use of energy and realize efficiency maximization and waste minimization.

• ORGANIZATIONAL STRUCTURE FOR ENERGY CONSERVATION

For better energy management, the Company has developed a practical management system and has adopted a vertical organizational structure to lead and promote the implementation of energy conservation and emission reduction, such as the Energy Conservation Technology Development Committee in Mainland China and Vietnam factories, and the Sustainability Department of Belkin.

Take the Energy Conservation Technology Development Committee as an example, it is composed of a chairman, vice chairman and directors from different factories or fields. Its main responsibilities include setting up relevant energy saving targets and tracking them regularly, promoting energy saving projects, conducting energy audits and management, reviews and improvements on a regular basis, actively publicizing energy conservation, and establishing an energy saving concept for all employees.

In the Energy Conservation Technology Development Committee, a two-way communication channel is implemented from the management to the production units and from the production units to the management. The Company's policies are conveyed from the Chairman to the production units, and the problems in the work are reported from the front line to the Chairman. Two-way communication ensures the timely transmission of information and the smooth implementation of work. Take the Energy Conservation Technology Development Committee in Vietnam as an example, its organizational structure and communication channels are shown in the following diagram.



• IMPLEMENTATION OF ENERGY CONSERVATION EFFORTS

In order to ensure the smooth promotion of energy conservation, the Company carries out energy management from various aspects as follows:

Targets and progress

FIT sets energy saving plans and targets every year, and regularly reviews the targets based on actual production and operation status to ensure the orderly promotion of the energy saving plans. In 2020, the factories in Mainland China (including 10 factories in Kunshan, Shenzhen, Huai'an, etc.) set the energy conservation target as reducing electricity consumption by 4.23% compared with last year, and decreasing carbon emissions per unit of output by 6.25% compared with last year. FIT Vietnam's target was to reduce electricity consumption by 3.00% compared to 2019. In order to achieve the energy conservation targets, the Company set a series of key projects and formulated specific schedules to ensure the successful implementation of the energy conservation plans. As of the end of the reporting period, the Chinese Mainland factories have achieved electricity savings of 24,746.35 thousand KWH, and the Vietnam factory has achieved electricity savings of 539.69 thousand KWH.

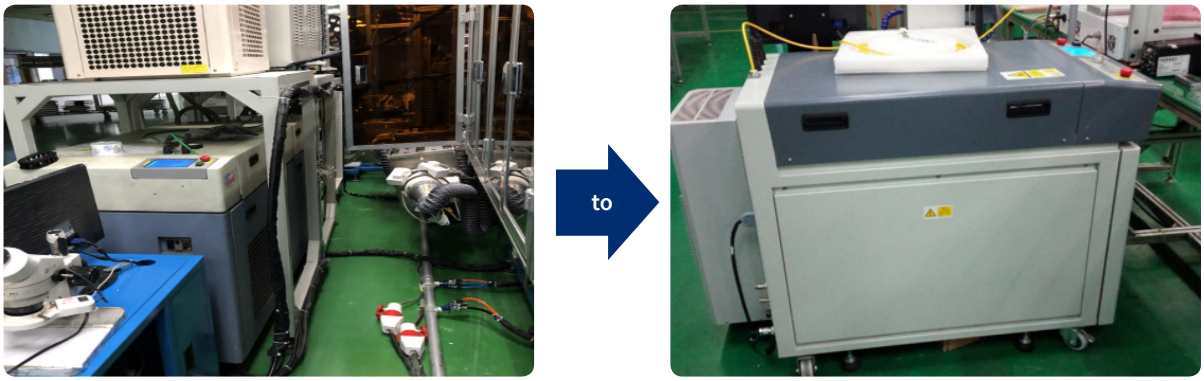
In addition, Belkin, a subsidiary of FIT, also set a five-year strategic plan for sustainable development, such as using at least 25% renewable energy in operations by 2020 and achieving 100% renewable energy usage by 2025. These goals will help Belkin to further reduce energy consumption, control costs, and reduce the environmental impact during production and operation.

Special projects for energy conservation

In order to ensure the achievement of energy saving targets, each factory of the Company actively carried out different types of special projects and encourages all production units and employees to participate. At the same time, each factory also held regular energy-saving project improvement meetings to promote energy conservation.

Case: Kunshan factory upgraded the traditional welding machine to the energy-conservation welding machine

The original laser welding machine used in FIT's Kunshan factory had a voltage of 380V and a combined power of 14.80 KW, including a 2.80 KW water chiller. The heat dissipation when the machine is in operation increased the ambient temperature by 40-50 centigrade, and the machine covered an area of 4.70 square meters, which has the problems of large space coverage and high energy consumption. After the improvement, the voltage of the existing laser welding machine was reduced to 220V, with the equipment power of 1.76 KW. The heat dissipation of the improved machine can increase the ambient temperature by as low as 25-30 centigrade, and the covering area has been reduced to 1.60 square meters due to the structural integration, to meet the needs of production and use, as well as reduce energy consumption



Case: : Kunshan factory launched the project of Energy Conservation Improvement for LED lights in Assembly Workshop

During the reporting period, the Kunshan factory launched the project of Energy Conservation Improvement for LED lights in the Assembly Workshop. Since some of the traditional low-pressure mercury lamps in the original assembly workshop had reached the end of the lifespan and could not continue to meet the lighting needs of the workshop, the factory decided to replace the mercury lamps that had been damaged over the years with LED lights. According to statistics, a total of 1,500 lights needed to be adjusted, and 1,130 lights had actually been replaced. The traditional low-pressure mercury lamp lasts about 12 months, while the LED light has the advantages of lower power consumption, automatic control to turn off the lighting when the equipment is not in use, and saving standby time. This improvement not only met the lighting needs, but also achieved the purpose of environmental protection and energy saving.

Case: FIT Vietnam launched the project of Air Pressure Energy Conservation Improvement

Before: both machines used the Chelic EV-20S vacuum generator. Since the vacuum generator was still running normally during the break time, there was a problem of wasted air volume.

After: when the sensor can sense the incoming load, the PLC starts the A process to control the machine and the vacuum generator runs normally. If the sensor does not sense the incoming load for more than two minutes, the PLC starts the B process to control the machine and the machine stops sucking after the remaining load has been processed, i.e. the vacuum generator stops running to save air volume.

Because of this improvement, the factory increased operational efficiency and saved resources.

Case: Belkin deployed electric vehicle chargers

Belkin added 518 solar panels to its Playa Office, and 14 electric vehicle chargers to its Playa and UK Offices, which greatly encourage the use of electric vehicles and make full use of solar energy to charge electric vehicles, in order to achieve the purpose of energy conservation.

Case: Belkin upgraded lighting in Indiana factory to LEDs

Belkin upgraded the lighting of its factory in Indiana to LEDs. The new system will save approximately $75,034 per year in lighting, $12,624 in HVAC, and $9,764 in maintenance. It is estimated that a total of 876,580 KWH of electricity can be saved, significantly reducing energy consumption.

Audit and management

To ensure the smooth implementation of energy conservation, FIT factories have conducted regular energy conservation audits. The audits are carried out monthly and the results are summarized by the factory's energy saving and emission reduction team and submitted to the FIT Energy Conservation Technology Development Committee for filing and evaluation. In addition to the routine audits, each factory also carries out special audits according to the actual production demands. During the audit process, relevant departments further confirm and analyse the causes in response to irregularities, develop feasible corrective measures, and make timely corrections. The audits cover the following dimensions.

Economic operation management of the lighting facilities	Energy-saving management of office equipment	Energy-saving management of water dispensers
Economic operation management of air conditioning	Economic operation management of air compressor	Energy-saving management of natural gas equipment and pipelines
Energy saving management in workshops	Energy-saving management of elevators and overhead cranes	Economic operation management of transformer, etc

Case: FIT Vietnam launched the November Routine Audit

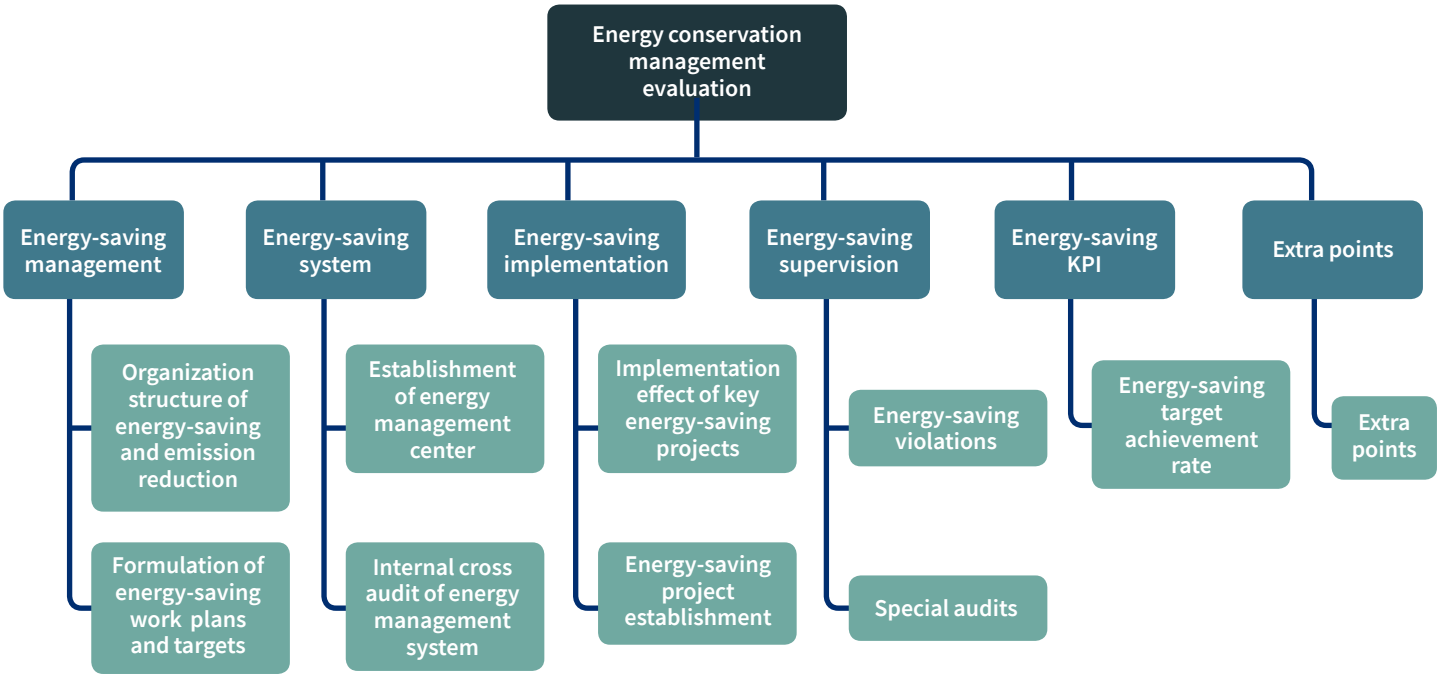
In November, FIT Vietnam conducted the routine monthly audit. Based on the results, the audit team members recorded the problems found, the responsible department and the details of violation, and followed up on the remedy. In this audit, problems such as forgetting to turn off the air conditioner, and air leakage from the compressed air pipe were solved.

Case: Shenzhen factory launched the Special Air Leakage Audit

The Shenzhen factory implemented a special energy conservation audit program for air leakage in September 2020, mainly focusing on the problems of not repairing or replacing the compressed air pipe joints in time, so as to eliminate air leakage and save energy. Because of this audit, the factory's problem of air leakage had been solved to some extent.

Review and improvement

To comprehensively assess the implementation of energy-saving management and the achievement of energy-saving targets, FIT has carried out regular energy management evaluation. The contents cover six dimensions, including energy-saving management, energy-saving system, energy-saving implementation, energy-saving supervision, energy-saving KPI and extra points items. The indicators include the organizational structure of energy-saving and emission reduction, the formulation of energy-saving work plans and targets, the implementation effect of key energy-saving projects, energy-saving project establishment, energy-saving violations, special audits, energy-saving target achievement rate, etc. Based on the results, FIT will reward factories as appropriate. The review promotes the motivation of each factory to carry out energy saving work and provides a positive impact on the achievement of energy saving targets.

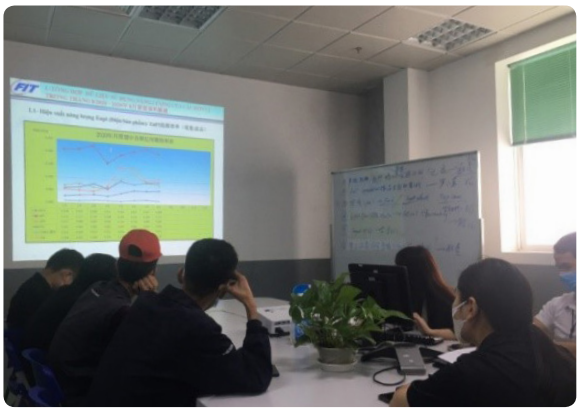


Case: FIT factories in Mainland China implemented the energy conservation management evaluation in the first and second quarters of 2020

In the first and second quarters of 2020, all FIT factories in Mainland China actively participated in the internal energy conservation management evaluation. The Shenzhen and Zhengzhou factories won the first place with their excellent performance respectively, and obtained financial rewards from the Company

Case: FIT Vietnam held the Energy Conservation Conference

FIT Vietnam organized energy conservation meeting every month. At the energy conservation conference, the factory reviewed the energy consumption of each production unit, the implementation of energy conservation, the achievement of energy conservation goals, or the missing points of energy conservation audits that need to be improved to promote the smooth implementation of energy conservation.



Publicity and training

FIT has always attached great importance to energy conservation and environmental protection, and has been publicizing green production and green life by organizing lectures, knowledge quiz, etc. At the same time, FIT also put up posters in the factories to raise employees' awareness of energy saving and environmental protection. In addition, FIT has conducted employee knowledge training. For example, the Energy Conservation Technology Development Committee in Mainland China offered courses on low-carbon emission reduction, totalling 30 hours, which mainly cover basic knowledge, energy conservation technology, energy management, green building, etc. Meanwhile, each factory can additionally offer courses related to energy conservation and emission reduction to further strengthen employees' awareness of environmental protection.

Energy conservation poster in FIT Vietnam

Case: FIT Vietnam held the Energy Conservation Training for New Executives

In 2020, FIT Vietnam conducted the energy conservation training for new executives and new employees from all units. The training lasted for 1.5 hours and covered topics such as the concept of energy, energy conservation methods, energy conservation regulations of the Company, and energy conservation programs. The training enabled employees to deeply understood the importance of energy conservation and emission reduction, and successfully achieved the purpose of cultivating employees' environmental awareness.

Case: FIT Chongqing launched the Energy Conservation and Emission Reduction Knowledge Contest

In July 2020, in order to establish and popularize the energy policy of Energy Conservation, Emission Reduction, Greening and Recycling in the factory, FIT Chongqing organized the energy conservation and emission reduction knowledge contest. The factory published the question bank and its QR code via email and WeChat public account one week before the event so that the employees could scan for learning in advance. On the day of the event, employees competed online, and the top 354 employees received certain rewards in kind.

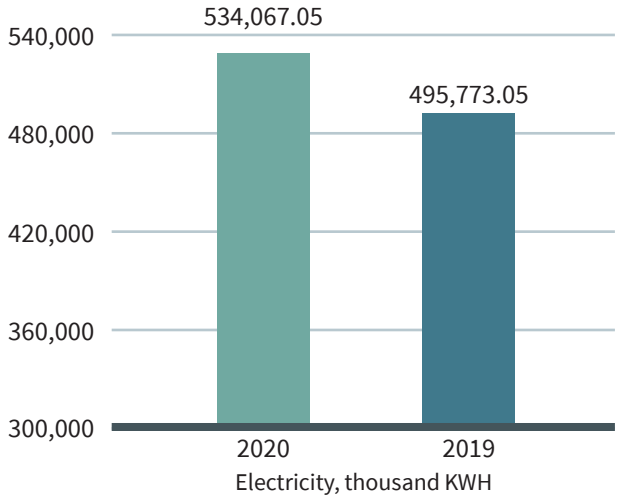
FIT incorporates resource conservation into employees' daily behaviours, and requires them to recycle resources and continuously improve energy conservation awareness. In this regard, FIT has adopted a series of measures, such as requiring all production units to post energy conservation signs on all energy-consuming equipment and relevant office facilities, to assign responsibility to the personnel. In addition, the Company requires employees to turn off the lights and power when leaving the area where they work. At the same time, FIT will also strengthen internal operation and management, such as gradually replacing general lights in the factory with LED energy conservation lights, and organizing employees to carry out green public welfare activities such as tree planting to improve employees' environmental protection and energy conservation awareness.

• MAJOR ENERGY USAGE

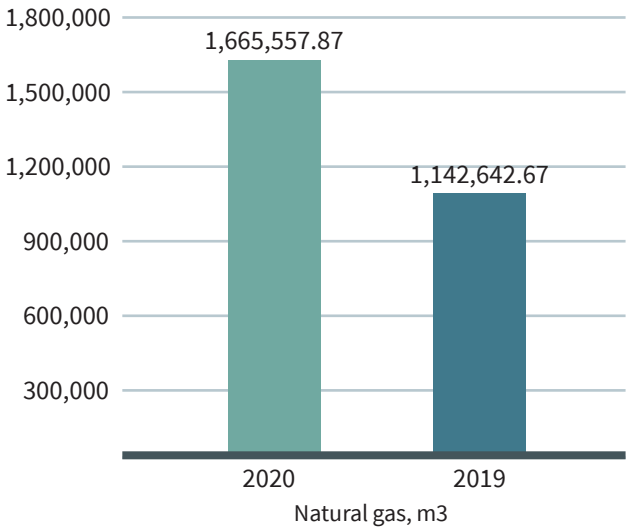
The main energy source used directly and indirectly in FIT's production and operation activities is electricity, as well as other energy such as natural gas, steam, gasoline and diesel. In 2020, we continued to monitor and summarize our energy conservation and emission reduction efforts to ensure that the annual targets could be realized. During the reporting period, the consumption of electricity and natural gas had increased from 2019 by 7.72% and 45.76% respectively. Among them, natural gas has a relatively large increase, which is mainly due to the expansion of the Vietnam factory, and production and operation in the Zhengzhou factory in Mainland China. The consumption of gasoline and steam has decreased in 2020 by 72.41% and 3.33% respectively, which is mainly due to our successful publicity and practices of energy conservation in the factories.

In addition, nitrogen was used for production at the FIT Vietnam factory in 2020. From August to December, 537,200 tons of nitrogen were consumed. In 2020, we achieved initial results in energy conservation, and specific energy consumption information and comparisons are shown in the following charts. For other energy consumption information, please refer to the performance and data tables in Chapter 11: Appendixes.

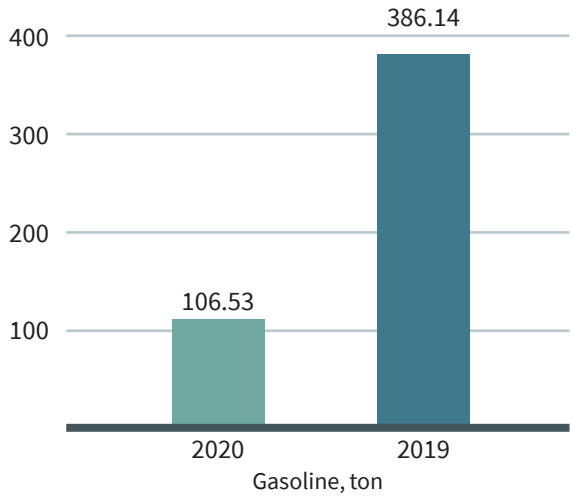
Electricity consumption comparison of FIT between 2020 and 2019



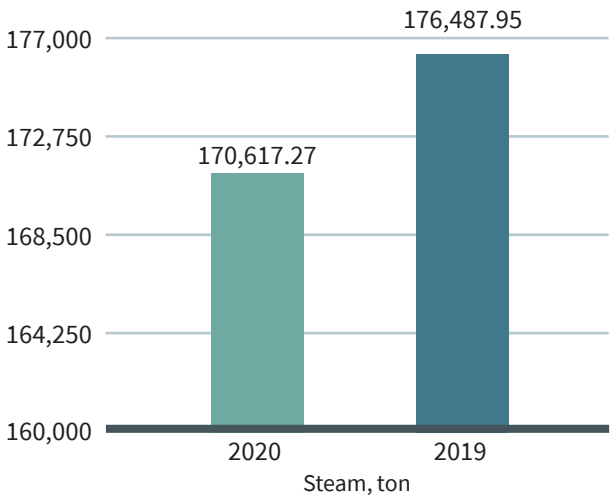
Natural gas consumption comparison of FIT between 2020 and 2019



Gasoline consumption comparison of FIT between 2020 and 2019



Steam consumption comparison of FIT between 2020 and 2019



• OTHER RESOURCE USAGE

FIT mainly uses paper and plastic materials in packaging, such as carton, cardboard, label, foam and tape, and other packaging includes wooden and metal packaging materials. In 2020, FIT consumed a total of 38,163.62 tons of paper packaging materials, 10,086.37 tons of plastic packaging materials, 2,465.14 tons of wooden packaging materials, and 179.66 tons of metal packaging materials.

In order to maintain product quality, it is inevitable to use packaging materials. However, FIT is still committed to reducing the use of disposable plastic packaging and advocating green procurement and responsible packaging material management. For this reason, we have considered and improved many measures in packaging materials to support environmental protection. For example, Belkin mentions in its 5-year sustainability strategy goals to reduce disposable plastics by 25% before 2025 (based on 2019), and to use at least 30% of RPET (Recycled PET plastic、Recycled Polyethylene Terephthalate) eco-friendly materials in the absence of better alternatives. Currently, Belkin is working on replacing plastic envelopes with 100% biodegradable envelopes by researching and developing plant-based plastic and kraft paper packaging to respond to customer demands and to reduce plastic waste. In addition, Belkin participates in a number of environmental programs, such as signing the Australian Packaging Covenant, participating in paper sourcing custody chain certification, and registering as a producer with the relevant environmental agencies in many European countries, to which it reports the amount of paper and plastic packaging it imports and the appropriate recycling programs it pays for to offset Belkin's use of these materials.

Case: Belkin joined the Australian Packaging Covenant Organisation

The Australian Packaging Covenant (the Covenant) is a document that defines how governments and businesses share the responsibility for managing the environmental impacts of packaging in Australia. The Australian Packaging Covenant Organisation (APCO) is the entity in charge of managing and administering the Covenant. By becoming a Member of APCO and therefore a Signatory to the Covenant, organisations agree to shared commitments and joint responsibilities to work collaboratively to achieve sustainable packaging outcomes. APCO allowed Belkin to evaluate its total packaging footprint in Australia and New Zealand and investigate, along with Belkin's partners, how the packaging is managed after it is purchased by the consumer. With APCO's direction, Belkin was able to develop packaging that is aligned with APCO's needs, continued to utilize and recycle biodegradable materials that can be used as packaging materials, and strived to use environmentally friendly materials in all products

Case: Belkin reduced use of plastic packaging

Belkin has been optimizing its product packaging, such as reducing plastic use in the cable range of the charging cables, the wireless charging pad and the wireless charging stands by 90%, 48% and 81%, respectively, to achieve the goal of reducing single-use plastic hazards.

Before After

Compared to last year, our paper and plastic packaging materials increased by 20.66% and 16.78%, respectively, due to Belkin's upgrading of some plastic pallets to paper pallets, product packaging requirements of some clients in Zhengzhou factory and expansion of production capacity in Vietnam factories. For details of the packaging materials consumption please refer to the performance and data tables in Chapter 11: Appendixes.

Energy conservation and environmental protection will always be our focus. FIT will continue to enhance energy use efficiency, improve energy management system, raise employees' awareness of energy conservation, and use environmentally friendly materials in production and operation, so as to actively contribute to environmental protection.

6.2 WATER RESOURCE MANAGEMENT

FIT has always advocated to protect water resources and implemented strict water resources management. The Company improves water resource utilization by goal setting, water saving training, and special projects for water conservation, and further strengthens employees' awareness to better realize water conservation.

• GOALS

The Company adheres to the concept of water conservation and sets water usage targets to ensure effective promotion of water management. For example, the water saving target for the Vietnam factory in 2020 was to achieve a 3% reduction in per capita water consumption based on the per capita water consumption of 0.74 cubic meters in 2019, which meant reaching a per capita water consumption of 0.72 cubic meters. Considering the production demand of the factory and the external environment impacts during the reporting period, the Vietnam factory achieved 85% of the water-saving targets as of the end of the reporting period.

• WATER-SAVING PUBLICITY

In addition to strengthening water resource management, the Company focuses on cultivating employees' awareness and habits of water conservation, and reminds all employees, suppliers, customers and other business partners of the importance of water conservation through publicity, to encourage them to develop good habits of water conservation, saving and protection.

Case: FIT factories in Mainland China posted water conservation signs and posters

Factories in Mainland China have adopted a series of publicity activities related to water-saving, such as posting water conservation reminder signs by the sinks, hanging banners with environmental protection slogans in the factories, putting posters on bulletin boards, setting up water conservation knowledge column, etc., to significantly raises employees' awareness by popularizing water conservation knowledge and measures.

• WATER-SAVING PROJECTS

In response to the company's water-saving policies and goals, FIT factories actively carry out water-saving technology improvement projects and improve the technological process to raise the utilization rate of water resources and promote the effective development of the water-saving efforts.

Case: Kunshan factory launched the Emission Reduction and Water Conservation Process Improvement project

In 2020, the Kunshan factory implemented the emission reduction and water-saving process improvement project to solve the problem of excessive COD (chemical oxygen demand) in wastewater discharge. By improving the rinsing process, the waste of water resources and pollution to the environment have been successfully reduced. Before the improvement of the rinsing process, the rinsed water was directly discharged into the wastewater pool. After the improvement, the rinsed water will be collected, then pumped back and finally drained to the tank for recycling. When the liquid level of the tank is low, the rinsed water can be added to the tank through the control of solenoid valves and pumps to save 77% of pure water.

Case: FIT Vietnam launched the Wastewater Disposal Plant Project

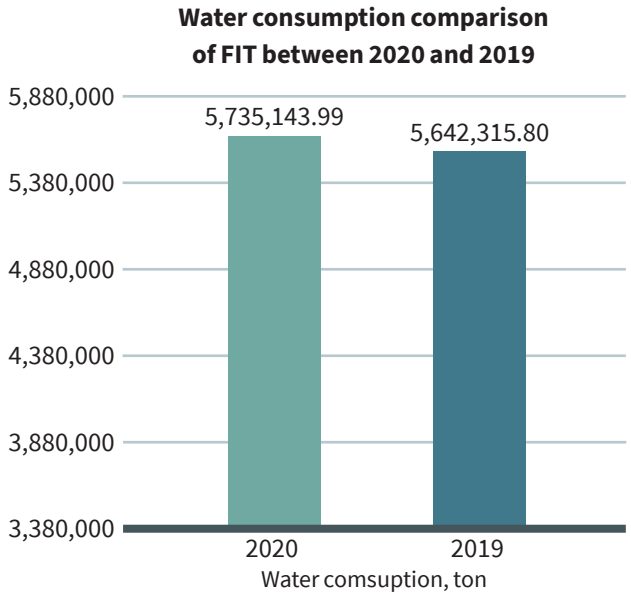
FIT Vietnam discharges the wastewater from each plant to the wastewater disposal plant for preliminary treatment, then pumps the reclaimed water back to each building for recycling, such as flushing toilets and watering flowers. This not only reduces the cost of water, but also reduces water consumption.

Case: Belkin received LEED certification

LEED (Leadership in Energy and Environmental Design) certification provides independent verification of a building or neighbourhood's green features, allowing for the design, construction, operations, and maintenance of resource-efficient, high-performing, and cost-effective buildings. Currently, Belkin's headquarters has already received this certification. Within the headquarters, Belkin has adopted a number of water-saving measures, such as installing low flow toilets and faucet sensors, planting drought tolerant native landscaping and building a separate gray water system for landscaping, to save water resources.

• WATER RESOURCES USE

In 2020, FIT's total annual water consumption was 5,735,143.99 tons, with an increaseof 1.65%. Specific water consumption information and comparisons are shown in the following chart, and for additional data, please refer to the performance and data tables in Chapter 11: Appendixes.



6.3 EMISSIONS MANAGEMENT

FIT's emissions include wastewater, exhaust and waste. FIT focuses on the balance of the ecological environment and the efficient use of resources, and is committed to clean production in order to minimize pollution to the environment caused during the operation.

The Company has been strictly abiding by the laws and regulations of the countries and regions where the factories are located, such as the 2006 IPCC Guidelines for National Greenhouse Gas Inventory and Emission Standard of Pollutants for Electroplating of China, regulations on exhaust gas, wastewater and waste in Vietnam, such as QCVN 40:2011/BTNMT, QCVN 19:2009/BTNMT, Decree No. 38/2015/ND-CP on Management of Waste and Discarded Materials and other relevant regulations. In addition, FIT has also formulated and followed the Wastewater Management and Control Operating System, Exhaust Management and Control Operating System, Waste Management and Control Operating System, and other internal regulations, continuously improving the emission management system, and obtained ISO14001 and ISO14064 certification.

• WASTEWATER MANAGEMENT

FIT's wastewater mainly includes industrial wastewater and household wastewater. Industrial wastewater is mostly generated from production and support processes such as manufacturing processes, surface treatment and water purification, while household wastewater is mostly generated from living facilities such as dormitories, commercial areas, restaurants, and toilets. FIT has formulated and followed the internal Waste Water Management and Control Operating System, and made stricter specifications on wastewater disposal, measurement, supervision, and abnormality and emergency treatment. The Company will impose penalties on personnel or units that do not operate in accordance with the Waste Water Management and Control Operating System.

FIT's wastewater generating units or related management units give priority to recycling, wastewater monitoring, process improvement, water conservation publicity and other measures to reduce wastewater and continuously improve the wastewater management plans. The collected wastewater is treated uniformly by the relevant units, where the industrial wastewater is treated by the sewage disposal station corresponding to the factory, while household wastewater is treated by the municipal sewage disposal station.

Wastewater monitoring

To effectively monitor the effect of wastewater disposal, FIT factories have established relevant measurement functions in accordance with the environmental regulations of their locations. For example, factories in Mainland China set up wastewater disposal and discharge intelligent monitoring system to monitor parameters in the disposal process, including the quantity of wastewater effluent, the quality of wastewater, etc. Besides, the system also allows online monitoring and early warning of changes in water quality during the discharge of wastewater and sends abnormal classified alerts. At present, this wastewater collection and disposal process control system architecture has been tested and adjusted, and is expected to be officially put into use in 2021.

Project improvement

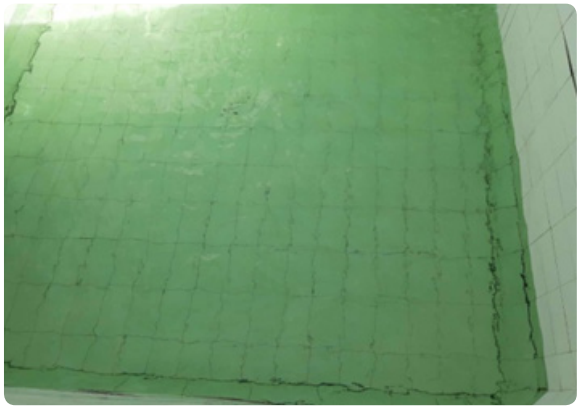
At the same time, the relevant departments of each factory also actively carry out process improvement, continuously improve wastewater disposal specifications, conduct regular maintenance of wastewater disposal equipment to ensure that all industrial and domestic wastewater meets environmental protection standards, reduce the pollution of wastewater to the environment, and realize green production.

Case: Kunshan factory in Mainland China implemented Zero Discharge Project

In 2020, FIT's Kunshan factory invested RMB50 million to implement the Zero Discharge Project for advanced treatment of nickel-containing wastewater. So far, the main project has been completed, and each independent unit has been tested and revised, which project is expected to be officially put into operation in 2021. According to calculations, this project can achieve a wastewater recovery rate of about 80%, greatly reducing wastewater discharge.

Case: FIT Vietnam developed a household sewage disposal project

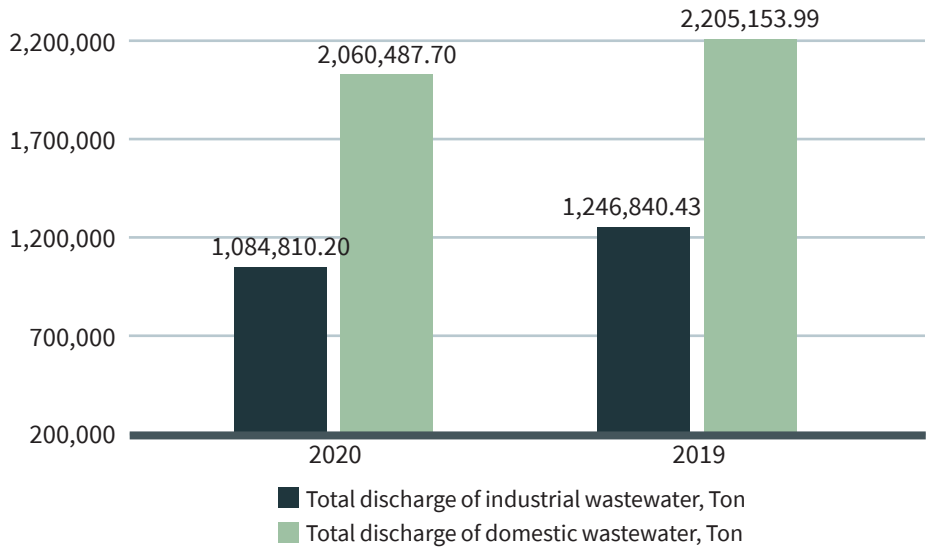
FIT Vietnam invested approximately USD 1.95 million to develop the domestic sewage station project. At present, this sewage station has been put into operation, and can dispose of about 900 cubic meters of household sewage per day. Wastewater after treatment meets the discharge standard of relevant laws and regulations, so as to achieve the goal of reducing environmental pollution. In addition, the domestic sewage treatment facilities in FIT Vietnam are also under active construction, and it is estimated that the resource input will be completed in 2021. After the construction, the station is expected to treat approximately 300 cubic meters of household sewage every day, which further reduce the harm to the environment.



In addition, FIT continues to enhance the recycling of wastewater to conserve water and protect the environment. For example, in order to reduce wastewater discharge, FIT Vietnam uses MBR, AAO and other skills to dispose of wastewater, and the wastewater is reused for flushing toilets in the factory after disposal, achieving a wastewater reduction efficiency of about 80%.

In 2020, FIT's total industrial wastewater discharges decreased compared to last year, with discharges reaching 1,084,810.20 tons; its total domestic wastewater discharges also dropped compared to 2019, with a decrease of 6.56%. Specific discharge data and comparisons are shown in the following chart, and for additional discharge data please refer to the performance and data tables in Chapter 11: Appendixes.

Comparison of FIT wastewater emission between 2020 and 2019



• EXHAUST MANAGEMENT

The exhaust produced by FIT includes process exhaust and general exhaust, mainly including nitrogen oxides, cyanide, sulphuric acid mist, etc. Process exhaust refers to the harmful gas produced by the factories during the production process, while general exhaust is generated by the operation of production supporting service equipment and living activities, such as the operations of generator sets and restaurants.

Policy and responsibility

The Company has formulated the Exhaust Management and Control Operating System, which provides clear specifications for the disposal of different exhaust emissions. According to the system policy, different departments have different responsibilities for exhaust disposal. For example, the environmental engineering units are responsible for exhaust disposal and daily management of its facilities, measurement of exhaust quality and periodic reporting, etc. The exhaust generating units are responsible for identifying the sources of exhaust emissions, conducting source management, etc. Factories and product business units are responsible for regularly updating the sources of their exhaust emissions.

At the same time, the Company also promptly adjusts its policies in accordance with the changes in external policies, production and operation. For example, factories in Mainland China are currently revising their documents to comply with external regulatory requirements in response to the changes of volatile organic compound (VOC) policies and regulations.

Exhaust treatment

FIT emphasizes source control, and applies airtight design in the production processes and equipment, avoids open operations as much as possible to reduce unorganized emissions. The environmental engineering units treated organized exhaust emissions in accordance with relevant regulations such as the operating instructions of the exhaust treatment equipment in each factory. For the unorganized emissions that are not covered in the environmental permit or the management by the governmental department, the exhaust generating units will take corresponding measures to avoid pollution or health hazard to the operators.

Meanwhile, FIT establishes and maintains exhaust collection and transmission pipelines in accordance with relevant environmental protection requirements, including timely inspection, unblocking and repairing of pipelines, and continuously improves and updates existing production and service equipment to avoid environmental pollution accidents caused by exhaust leakage to the maximum extent possible.

Case: VOCs emission reduction project

During the reporting period, in order to meet the government's requirement of a 10% reduction in volatile organic compounds (VOCs) emissions, the factories in Mainland China reviewed all production processes and conducted organized collection and disposal for the VOCs-generating processes, such as dispensing, injection molding, and reflow soldering, to reduce the amount of VOCs emitted directly into the atmosphere. VOCs collection and disposal in Kunshan and Huai'an factories have been checked by the industry management authorities and experts and confirmed that they have met the government's requirement. The diagram shows the VOCs treatment device installed in Kunshan factory.

Exhaust measurement

After the exhaust emission, the Company will take corresponding supervision and control measures, including active/passive measurement of exhaust. Active measurements include internal measurement and outsourcing measurement. The former mainly refers to the regular self-monitoring of exhaust treatment status in accordance with local regulations, and the latter refers to measurement and analysis by external units. Passive measurement means that the Company accepts measurement taken by external parties.

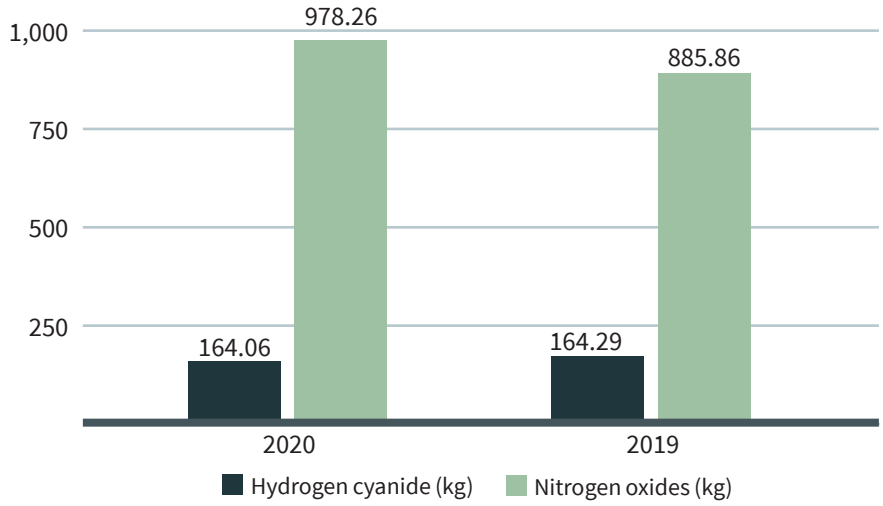
Currently, the Company conducts regular annual outsourcing measurement, and improves discharge equipment and exhaust management process with reference to effective measurement results, so as to ensure that the emission of exhaust can continue to meet the requirements of environmental protection regulations.

During the reporting period, there was a slight change in the FIT's exhaust emissions compared to 2019.

For example, the emissions of hydrogen cyanide and nitrogen oxides decreased by 0.14% and increased by 10.43% respectively in 2020 compared to 2019.

Specific emissions data and comparisons are shown in the following chart, and for additional emissions data please refer to the performance and data tables in Chapter 11: Appendixes.

Comparison of FIT hydrogen cyanide and nitrogen oxides emissions between 2020 and 2019



• WASTE MANAGEMENT

Waste management is an important part of FIT's environmental pollution prevention and control. The Company has formulated and followed the Waste Management and Control Operating System, and Hazardous Waste Management and Control Practice for identification, collection and storage, treatment and other procedures. The Company manages waste in accordance with the relevant regulations to avoid environmental pollution caused by waste discharge. As for the hazardous waste generated in the production process, the Company implements the principle of classification management and treatment, and used non-hazardous or low-toxic, low-harm, and easily degradable and recyclable materials to reduce the generation of hazardous waste.

Waste treatment

FIT's waste can be divided into general waste, household waste and hazardous waste. Each unit of the Company regularly updates the waste lists, and collects, classifies, labels and manages the different types of waste in a uniform manner, and then arranges the relevant personnel to collect and deliver the waste to the designated storage places. In addition, for hazardous wastes that are not easy to be collected uniformly, such as waste batteries generated in the living activities and office, each factory will also set up collection stations at fixed places in production sites and advocate all employees to minimize the adverse impact of hazardous wastes on the environment caused by random disposal.

The waste collected and classified shall be handled by qualified suppliers for recycling, taking to landfill and incineration, so as to prevent secondary pollution to the environment, or safety hazards and health accidents.

Treatment optimization

Based on the existing waste treatment methods, FIT is currently optimizing the ways in which it handles waste, including reducing incineration and using more recycling methods, as well as avoiding the use of environmental damaging materials or processes in the production process. For example, to continuously improve environmental performance, FIT in Mainland China has collaborated with Apple on a Zero Emissions project. Zero Emissions refers to the systematic reduction of the volume and toxicity of waste and scrap by designing and managing products and processes rather than simply burning or sending to landfills to conserve and restore resources for use. Currently, this project is progressing in an orderly manner, and the relevant project leaders of FIT are actively involved in training and learning.

In addition, FIT also reduces waste discharge by enhancing recycling, such as the sludge treatment project at FIT Vietnam.

Case: FIT Vietnam used sewage sludge to build green belts

In order to reduce sludge emission of waste water plants and greenhouse gas emissions, the Yunzhong factory in Vietnam organizes employees to carry out green public welfare activities of planting trees every year to recycle and reuse the sewage sludge.

In 2020, the factory used the sewage sludge to plant a total of 5,000 trees in the factory to recycle the waste, successfully achieving 10% sludge emission reduction.

Hazardous waste warehouse management

In order to reduce the environmental risks of collecting and storing hazardous waste during production, activities or services, and ensure to meet laws, regulations and customer requirements, the Company has established a hazardous waste warehouse. The warehouse is constructed in strict accordance with sun-proof, rain-proof, and seepage-proof requirements, and is equipped with epoxy seepage-proof ground, anti-leakage cofferdam, collection ditch, collection pool, etc., which are connected to the waste water treatment system. The warehouse is also equipped with eye washers, protective equipment, and first aid kit to deal with emergencies.

In addition to standardizing the management of waste warehouses, the Company has also strengthened training for employees to enhance their awareness of safety and environmental protection, as well as to ensure their operational compliance, such as the following training on Hazardous Waste Standardization Management at the factories in Mainland China.

Case: Huai'an factory participated in the local Hazardous Waste Standardization Management Training Course

On July 30, 2020, the Huai'an factory participated in the city's first hazardous waste safety production seminar and hazardous waste standardization management training course. Leaders in charge of waste production units and operation units participated in this external training to learn the newly released regulations on the prevention and control of solid waste pollution and to further improve and standardize the management of hazardous waste in the factory after this training.

E-waste management

Belkin has been committed to the development of the circular economy, achieving sustainable development goals by a series of energy saving and environmental protection measures, including the effective management of e-waste. Belkin seeks ways to reduce, recycle and reuse e-waste through continuous exploration, and sets goals to give priority to the use of validated recycled content, such as copper and tin, in its products to achieve a circular economy.

Since 2009, Belkin has successfully funded the recycle of 22,667 tons of electronic waste and 231 tons of batteries. Its recyclers are 100% landfill free and meet R2, RIOS and other certifications and standards.

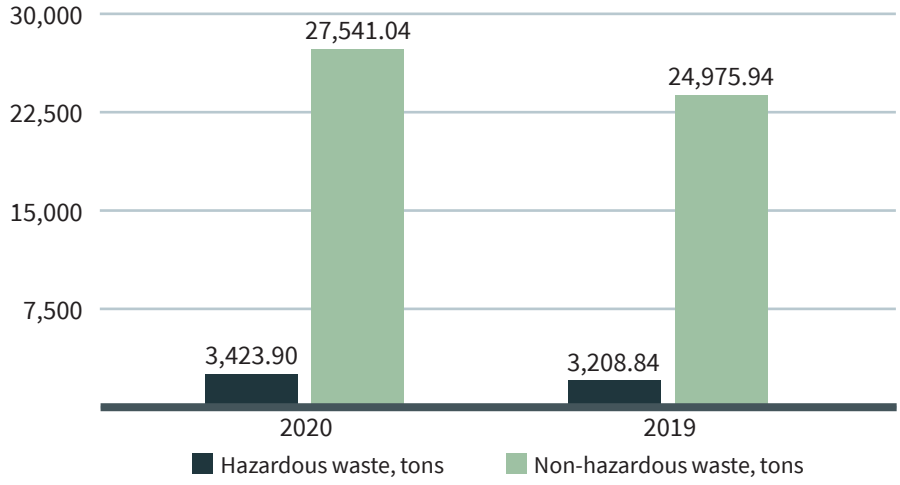
Here's what Belkin is currently doing to manage e-waste:

Environmental Policies	Belkin is pursuing the removal of hazardous substances in product development to align with the goals of EU, RoHS (Restriction of Hazardous Substances), REACh (Registration, Evaluation & Authorization of Chemicals), SCIP (Substance of Concern in Products), WEEE (Waste Electrical & Electronic Equipment), etc.
Product Design	Belkin is not only focused on the end of life for its products but also on the design of its products. Through its global RoHS compliance program, Belkin designs products in ways that minimize the amount of harmful materials such as PVC, heavy metals (Pb, Hg, Cr, Cd), and brominated flame retardants. Belkin has a restricted substance list which is updated annually at a minimum and provided to suppliers.
Tracking System	Belkin is developing a system to track key materials that are common in products. Copper, for instance, is a critical material used in consumer electronics because it works well as a conductor. Belkin is working hard to improve our sourcing and usage to ensure it's done in an ethical and efficient way. The same can be applied to materials like tin, polycarbonate, and steel.
Evaluation System	Belkin visited its recycler in Indiana and is in discussion with smelters to determine how to validate recycled content.

In 2020, FIT's hazardous waste emissions and non-hazardous waste emissions both show a small increase of 6.70% and 10.27% from 2019 respectively, primarily due to FIT's expanded production in 2020.

Specific emissions information and comparisons are shown in the following chart, and for additional emissions information please refer to the performance and data tables in Chapter XI: Appendixes.

Comparison of FIT hazardous and non-hazardous waste emission between 2020 and 2019



• ENVIRONMENTAL PROTECTION AWARENESS

In addition to standardized exhaust, waste water and waste management, FIT also conducts various types of environmental protection lectures to further raise employees' environmental awareness, covering laws and regulations related to waste water, exhaust and waste management, and operation and safety in production, so that employees can fully gain knowledge related to environmental protection. In addition, FIT also develops internal and external training such as Pollution Prevention Law Training, Zero-Waste City Training and World Environment Day Activities in 2020 (see the photos on the right), to help employees fully understand the importance of environmental protection, so that they can consciously comply with laws and continuously improve environmental protection work.

Zero Waste City Training

Pollution Prevention Law Training

World Environment Day Activities

• AWARDS AND HONORS

With continuous efforts in emission management, FIT has been awarded the following honours related to ecological and environmental protection.

Honest Enterprise

In 2020, FIT Chongqing and Zhengzhou factories were awarded the title of Honest Enterprise in the enterprise credit rating.

Green Factory

In 2020, FIT Shenzhen factory was awarded the title of Green Factory by the local government.

In the coming years, FIT will continue to exert efforts to reduce the emission of waste water, exhaust and waste in production and daily life, reduce the impact on the environment and the surrounding people, and comprehensively raise the environmental awareness of employees, to realize the balance between production and operation and environmental protection.

6.4 GREENHOUSE GAS MANAGEMENT

FIT is continuously concerned with major global environmental crises such as global warming, and is actively taking countermeasures. The Company strives to minimize carbon emissions from its operations, starting with greenhouse gas emissions and energy use, to contribute to a more sustainable industry.

FIT formulates and implements the Greenhouse Gas Inventory and Emission Reduction Management and Control Operating System, conducts greenhouse gas inventory and reports on this basis. At present, the Company's greenhouse gas emissions mainly include direct emission (scope 1) and indirect emission (scope 2). Direct greenhouse gas emission refers to emissions from the fuel combustion of stationary equipment, and the physical or chemical processes, and indirect greenhouse gases mainly come from purchased electricity, steam, etc.

The Company formulates and strictly implements the emission reduction plan every year according to the actual situation, and the executive officers of the emission reduction organizations in each factory are responsible for promoting the implementation of the plan and monitoring the effect of emission reduction. At the same time, the Company regularly quantifies the greenhouse gas emissions of each factory, takes into account the characteristics and costs of the actual sources of greenhouse gas emissions, and produces records and reports. Currently, the Company's greenhouse gas management has obtained the ISO 14064 certification.

• GOALS

To effectively promote greenhouse gas emission reduction, FIT has established carbon reduction targets. For example, in 2020, FIT factories in Mainland China achieved the goal of a 6.25% reduction in carbon emissions per unit of output compared to 2019. As of the end of the reporting period, FIT factories in Mainland China have successfully achieved and even exceeded the emission reduction target. In addition, Belkin has also set strategic targets for sustainable development, including achieving 25% carbon neutral in gas emissions by 2020, i.e. net zero CO2 emissions by balancing carbon emissions with carbon removals (usually through carbon offsets) or eliminating carbon emissions altogether, and planning to achieve a 100% carbon neutral in Scope 2 emissions by 2025.

• PROJECT IMPROVEMENT

To ensure the smooth implementation of FIT's energy saving and emission reduction targets, the Company has planned a series of projects and actively carried out related activities.

Case: Shenzhen factory replaced the old chilled water mainframe for air conditioning system

In order to better meet the needs of production and operations and to reduce carbon emissions, FIT Shenzhen factory has launched the related replacment project.

Before improvement - The water chilling unit for central air conditioning system had been in use for nearly 15 years, and its main components were wearing out, resulting in a decline in performance and a high failure rate. With high maintenance costs and low efficiency, it was concluded that it had no maintenance value after evaluation.

After improvement - To meet the demand for cooling, the Shenzhen factory added magnetic levitation centrifugal refrigerating units, square cross-flow cooling water towers, chilled water pumps and other equipment, as well as corresponding pipes, valves and other accessories. After the replacement, the new water chilling unit saved more than 30% electricity compared to other units, and thus achieved the effect of carbon reduction.

Case: FIT Vietnam promotes clean energy use

FIT Vietnam is currently promoting a solar photovoltaic power generation project, installing solar power generators on the roofs of the factories to increase the use of clean energy. FIT Vietnam is expected to have an installed capacity of 6 million KWH in 2021, which not only saves energy, but also further reduces greenhouse gas emissions and contributes to the achievement of the Company's carbon reduction target.

Case: Belkin participated in Walmart's Project Gigaton

Project Gigaton is a Walmart initiative to eliminate one billion metric tons (a gigaton) of greenhouse gases from the global value chain by 2030. In Project Gigaton, Walmart provides incentives to suppliers through goal-setting and providing credits for achieving progress. By leveraging the Walmart platform, Belkin is committed to taking sustainability work to a new level through scientifically effective ways to achieve the goal of carbon emission reduction.

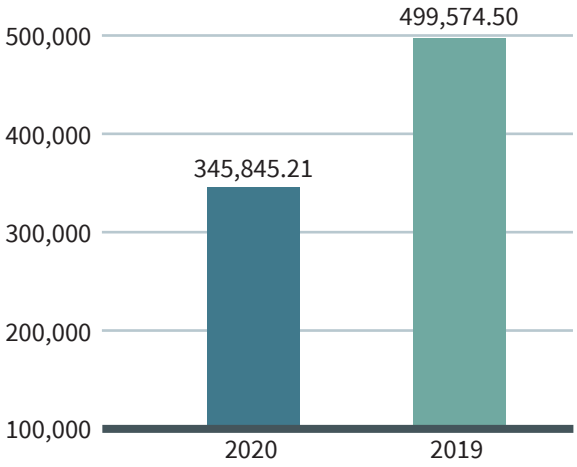
Case: Belkin purchased renewable energy from suppliers

In April 2020, Belkin partnered with its utility suppliers in Indiana, purchasing renewable energy from wind farms to offset all power consumption in factory. The energy used at the factory in Indiana is currently obtained from two wind farms in Illinois, which are Pioneer Trail and Agriwind, aiming to reduce greenhouse gas emissions and environmental pollution by using natural energy sources.

During the reporting period, FIT achieved total GHG emissions of 345,845.21 tons, with Scope 1 (direct emissions) reaching 7,512.86 tons and Scope 2 (indirect emissions) reaching 338,332.34 tons. The total greenhouse gas emissions decreased by 30.77% compared to 2019.

For detailed reasons for the decrease, emission data and the classification methods, calculation methods, conversion factors, etc. used in the data statistics, please refer to Chapter 11: Appendixes.

Comparison of FIT greenhouse gas emission between 2020 and 2019



Greenhouse gases: Ton, carbon dioxide equivalents

CHAPTER 7

Safety First

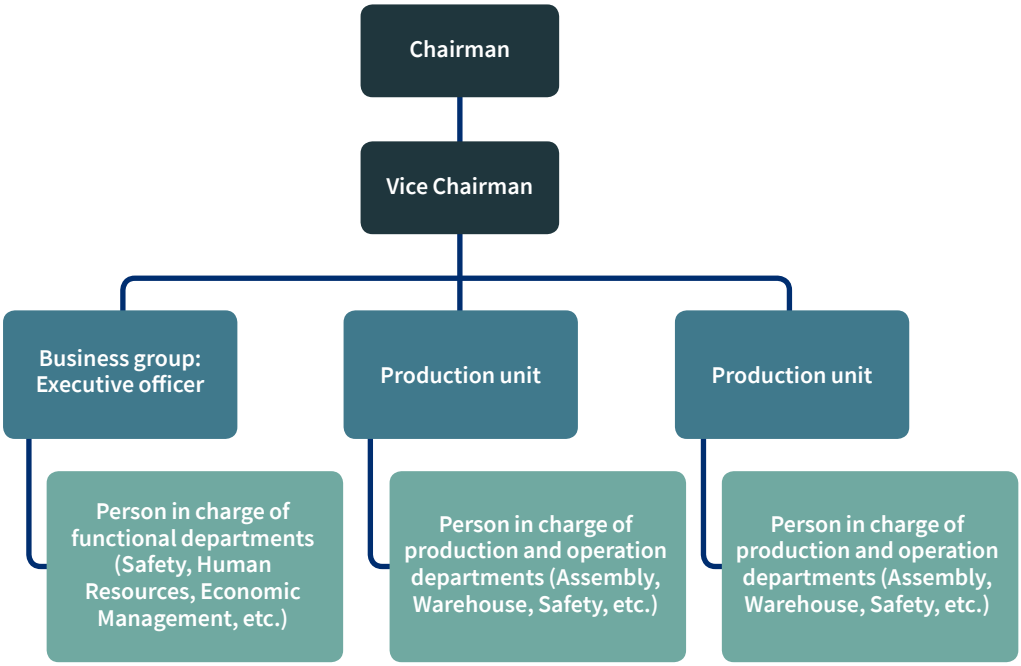
7.1 PRODUCTION SAFETY

Production safety is crucial to FIT's operations. Therefore, the Company has established and strictly implemented a safety production management system based on risk management and compliance, and actively takes preventive measures to avoid any safety accidents. FIT complies with the safety-related laws and local policies of operating sites in Mainland China, Taiwan, Vietnam, the United States, etc., such as the Work Safety Law of the People's Republic of China, Fire Prevention Law of the People's Republic of China, Regulations on Safety Supervision of Special Equipment, and Vietnam's Law on the Prevention and Control of Labour Safety in Production and Occupational Health and Fire Prevention Law. The Company has also developed a series of internal policies, such as the Group Safety Accident Management System, Safety Production Management and Control Operating System, Equipment Safety Management System, Environmental Safety and Health Management Manual for all factories, and Belkin's Occupational Health & Safety Policy to regulate and guide the Company's daily operation.

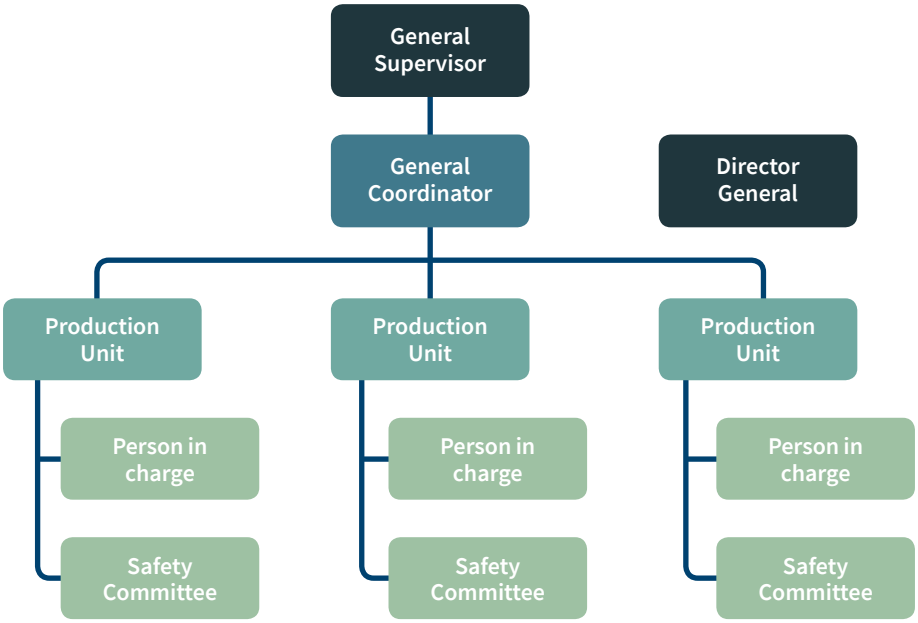
• ESTABLISHMENT OF SAFETY COMMITTEE

FIT adheres to the policy of "safety-oriented, prevention first and comprehensive management", and has set up committees related to safety and health in its factories, which are responsible for coordinating safety management and actively implementing various laws, regulations and systems related to production safety. Safety-related committees of FIT's factories in Mainland China、Vietnam and Belkin are shown below.

FIT Vietnam has set up a Safety Committee, whose main responsibilities are comprehensive management of the factory's safety-related work, examination and approval of the standards for safety policies and safety management programs, supervision of the implementation of production safety responsibility system, promotion of production technology achievements, carrying out safety publicity, education and inspection, handling of all kinds of production safety accidents, research and analysis, etc. The organizational structure of the Safety Committee is shown in the following diagram:



FIT's factories in Mainland China have set up an organizational structure for promoting industrial safety, whose main responsibilities are the comprehensive management of the Company's safe production and operations, including the formulation and implementation of safe production related policies, the formulation of emergency response plans and the guidance to relevant departments for implementation, the planning and supervision of safety and health facilities, the planning and implementation of labour safety and health education and training, etc. It can be summarized as the diagram below.

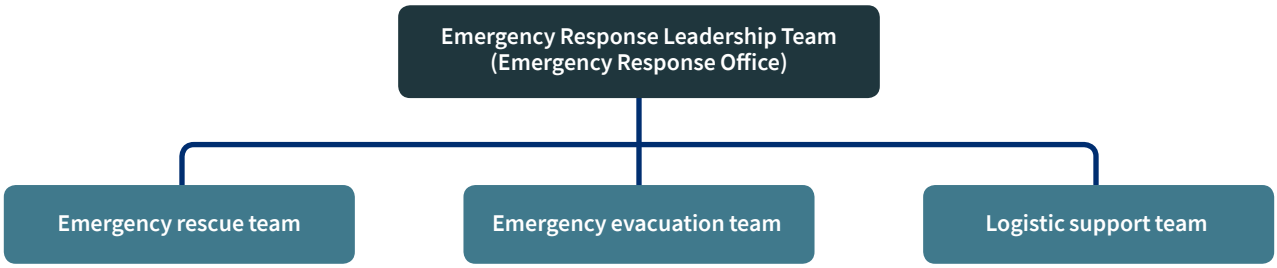


Belkin has also set up the Safety Committee, which is mainly composed of warehouse, manufacturing and office employees, and meets once per month. The Safety Committee is responsible for monitoring the Occupational Health & Safety (OH&S) condition within the building, which includes identifying potential hazards, finding controls to mitigate or eliminate these hazards, reviewing accident history, recommending and implementing changes to the OH&S policy.

• HANDLING OF PRODUCTION SAFETY ACCIDENTS

For emergencies that may occur during production and operations, such as fires, hazardous gas leakage, and medical emergencies, FIT has established and enforced strict procedures for accident notification and handling, such as the Emergency Response Management Specifications of FIT Vietnam and the Comprehensive Emergency Plan for Production Safety Accidents for FIT's factories in Mainland China.

Taking the Comprehensive Emergency Plan for Production Safety Accidents of FIT China as an example, the factories set up an emergency rescue organization, consisting of an emergency response leadership team, emergency rescue team, alert and evacuation team, logistics support team, etc., and standardized their responsibilities. At the same time, in order to deal with the emergency accidents, the factories also formulated the response classification system and corresponding response and disposal procedures. Once an accident occurred, the on-site personnel usually report to the management personnel on duty to evaluate the danger and to perform appropriate emergency treatment. If the danger is eliminated successfully, it will be reported to the emergency command for emergency recovery; if the department itself cannot control the dangerous situation, a higher level emergency response procedure will be activated.



In addition, Belkin has set up a chapter of Emergency Action Plan in its OH&S Policy, listing a series of measures to handle production accidents, including formulating emergency radio codes, accident response mechanism, and detailed response measures for different accidents, such as gas leakage and electric shock, to guide its employees in effectively addressing all types of emergencies. Typically in the event of an emergency, Belkin will announce codes over the radios. For example, red code is for evacuation, blue for medical emergencies, and grey for tornado. At the same time, all chatter is to be silenced and associates are to wait for further instructions. In case of casualties, the persons in charge on site must also call 911 and notify the Security Desk. After taking the injured to the ambulance, the persons in charge should contact HR which will notify emergency contacts if need be.

The Company always adheres to the concept of combining emergency response and prevention, combines daily management with emergency rescue, and trains emergency rescue teams to enable them play an effective role.

• FIRE SAFETY

FIT continuously promoted fire safety management throughout the year, preventing fires and explosions through regular inspections of firefighting facilities and safety drills to ensure that the Company's businesses are conducted safely.

Inspection of firefighting and emergency facilities

Each FIT factory carries out regular inspections of fire and emergency facilities to detect and eliminate malfunctions in a timely manner, so as to minimize the loss of Company's properties and personnel caused by fires. For example, FIT Vietnam has formulated the Fire and Emergency Facilities Inspection Specification to guide the firefighting-related work. The firefighting and emergency facilities are defined in the document and divided into two categories: firefighting facilities and emergency equipment. Firefighting facilities include automatic fire warning systems, indoor and outdoor fire hydrant systems, automatic gas fire-extinguishing systems and other equipment directly used for fire prevention and fighting; while emergency equipment includes eye washers, first aid kits and other equipment used for auxiliary assistance.

For the above two types of facilities, firefighting and emergency ones, the relevant personnel of the Company's firefighting teams are responsible for the daily management, maintenance, safety testing and emergency treatment of the facilities. The person in charge of the firefighting team carries out daily, weekly, monthly, quarterly and half-yearly fire patrol and fire equipment inspection and testing, which covers early warning system, water supply system, alarm system, fire pump system, pressuring system, etc. The firefighting equipment is numbered. If there is a need for repair or replacement, the relevant personnel in the fire-fighting team will submit the purchase application and confirm the scrapping and cost settlement of fire-fighting equipment, so as to ensure that the on-site equipment is in standby status at any time.

Daily	Conduct visual inspection on early warning system, fire water supply system, automatic sprinkler system, automatic gas fire-extinguishing system and broadcasting system.
Weekly	Check the hydrant system, pressure replenishment system, and sprinkler system pumps and valves, including automatic/ manual pumps starting, valves of pipe network, and pressure gauges, to ensure the normal operation of pressure stabilizing pump system and alarm signal feedback.
Monthly	Conduct a comprehensive inspection of the quantity and performance of all fire fighting facilities and equipment, such as fire hydrants, manual alarm buttons, detectors, fire extinguishers, fire doors, and first aid kits, etc. Check and record relevant data on the operation and signal feed-back of sprinkler system at the end of the pipe.
Quarterly	Check the external pipe network system of fire water supply, including the water flow pressure of fire hydrant water supply system, the water flow pressure of wet alarm valve set of automatic sprinkler system, and the exterior paint of all pipe networks.
Half-yearly	Test the fire pump system, including fire hydrant pump, spray pump and diesel pump, and draw the pump performance curve to compare with the original performance design.

Fire drill

In order to enhance the self-rescue ability and emergency handling ability of all employees when emergency occurs, each FIT factory carries out regular fire drills to help employees get familiar with the fastest escape routes, so as to minimize loss in a fire accident. In addition, fire emergency response teams are set up in each factory to guide employees to escape from the designated positions during fire drills. Before each drill, the Company will update the fire emergency response team based on the actual situation, and then carry out the evacuation drill accordingly. During the reporting period, all fire drills were changed to small-scale due to the impact of the pandemic in order to ensure the safety and health of employees.

Case: FIT's Huai'an factory conducted a joint fire drill

In the afternoon of December 4, 2020, FIT's Huai'an factory conducted a joint fire drill. After the alarm bell rang, the associates in all areas quickly suspend their work, left the dangerous areas and reached the designated place. At the same time, the rescue team carried out emergency rescue and transportation for important materials and valuable items of the factory, and simulated the situation that some people were injured and needed first aid. After the assembly, the on-site commander reported to the commander-in-chief the number of people who participated in the drill and the time spent to escape. Then the leader of the work safety team, the head of the health department, the head of the health department of labour union, and other responsible personnel introduced the use of different fire-fighting facilities, escape techniques, first-aid knowledge, precautions against the pandemic, and basic rescue knowledge for injuries. On the whole, the joint fire drill was a success, as it not only enabled the employees to master the correct methods and skills of escaping from fires, but made effective improvement suggestions based on the drill results.

Special projects

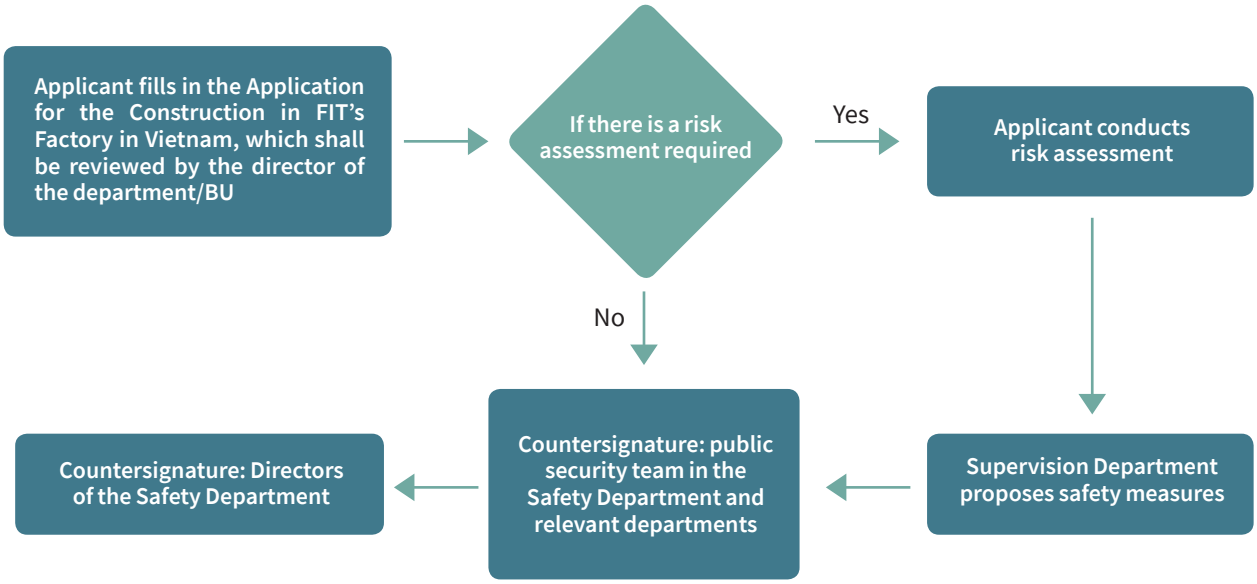
FIT encourages all factories and employees to actively put forward rectification suggestions for firefighting, and carries out various firefighting special projects to make timely improvements in response to identified safety hazards.

Case: FIT's Kunshan factory installed sprinklers and fire dampers for electroplating exhaust ducts

As a fire broke out on the roof of a plant in Kunshan factory, the factory issued an announcement in November 2020 according to FIT's industrial safety requirements to install spray systems and fire dampers on its electroplating and plastic exhaust ducts and the ducts crossing fire protection zones, with the aim of further strengthening the risk control of similar processes. The project is currently being planned and will be implemented in 2021.

• CONSTRUCTION SAFETY

In order to strengthen the management of construction safety and environmental protection, as well as reducing casualties and property losses during construction, FIT Vietnam formulated the Code of Practice for Construction Safety Management to clarify the responsibilities of construction-related business units and personnel, and to comprehensively improve the supervision of construction safety. Before starting a new construction project, FIT must conduct the corresponding risk assessment and have it examined and approved by the heads of safety-related departments to ensure the construction compliance. The following is FIT's construction application process:



Before construction

The Company implements a set of strict management procedures for construction, and any contractors must abide by the internal management regulations of the factory. For example, contractors must wear valid identifications, uniforms and other personal protective equipment that comply with the Company's regulations before entering the construction site to prevent injuries. In addition, relevant persons in charge should carry out construction safety advocacy, clarify construction safety measures, and conduct safety education and training to the constructors. Contractors need to sign the Engineering Safety and Environmental Protection Agreement once a year, and will also sign the Construction Commitment and the Record of Construction Safety Education and Training before each project is carried out, to ensure that they fully understand the risks and safeguard measures before construction.

Under construction

Safety billboards will be prominently placed at the construction site to illustrate the content, duration and other information related to the construction. The construction equipment and materials on site must be stacked neatly and firmly, leaving evacuation and emergency access. For special works like fire work, aerial work, hoisting work, and work in confined space, the Company requires the construction party to obtain special work permits first and sets detailed construction standards to avoid injuries. At the same time, there will be supervisors on site to ensure timely correction of any incorrect behaviors during construction.

Supervision and monitoring

Any construction project of FIT will have a supervisor designated by the construction department to be responsible for the safety of the project. For special operations, the supervisors will supervise throughout the whole process. They must participate in the Company's safety training, and only after they are qualified can they acquire the certificate of construction safety training and start to work. The personnel in the Safety Department of FIT Vietnam conduct random safety audits on construction projects. If any irregularities or safety hazards are found on site, they will be dealt with according to the Penalty Standards for Violations by Construction Personnel, and the construction will be improved or suspended in accordance with the Company regulations.

• SAFETY OF HAZARDOUS CHEMICALS

FIT insists on safe production and implements strict control over various hazardous chemicals involved in the production process. In order to prevent accidents and protect lives and property of employees, the Company has developed and follows a series of management systems for hazardous chemicals, such as the Hazardous Chemicals Safety Management System and the Emergency Plan for Hazardous Chemicals for the factories in Mainland China, Taiwan, and Vietnam, as well as Belkin's Hazard Communication Program. The internal management systems regulate the transportation, loading and unloading, use and storage of hazardous chemicals, which fully guarantee the compliance and safety of hazardous chemicals operations.

Transportation of hazardous chemicals

FIT's factories require that vehicles carrying hazardous chemicals must hold relevant licenses issued by local transportation authorities. Under normal circumstances, high-risk chemicals and general materials are transported separately, and the same vehicle does not transport hazardous chemicals with conflicting properties or different firefighting methods, so as not to affect emergency handling.

Use of hazardous chemicals

Managers and operators of hazardous chemicals in FIT's factories must undergo pre-job training. Only after learning relevant safety knowledge and having the ability to deal with emergencies, can they obtain a certificate for hazardous chemicals operation and start to work. Belkin also conducts safety related training for its employees, informing them of the operation rules for the hazardous substances in the work area, the proper usage of the Hazard Communication Program, the way to release hazardous chemicals in the work area, etc.

In addition, the Company will also equip employees with certain protective equipment, such as gloves, masks and protective clothing, in the process of using hazardous chemicals to protect their safety and health.

Various banners, posters, and promotional films in the factory

Storage of hazardous chemicals

The Company attaches importance to the classification and management of hazardous chemicals, and has established independent warehouses outside the production line. The design and planning of the warehouses are in line with local safety standards, containing pressure relief, anti-static, temperature and humidity measurement, firefighting facilities, etc., so as to prevent different safety accidents. The Company also stores the hazardous chemicals in separate warehouses by categories and divisions according to their properties, and strict standards are set for the distance of stacks, walls and columns between hazardous chemicals.

At the same time, there are full-time management personnel in the warehouses for the daily safety management whose responsibilities include familiarity with the business knowledge of the classification, nature, and management of high-risk chemicals, as well as their daily maintenance, etc. Once an abnormality is found in high-risk chemical warehouses, the management personnel will promptly inform the relevant persons in charge and organize on-site personnel to deal with it in time.

Belkin has also taken strict storage measures for hazardous chemicals to protect the health of employees, such as putting labels with contents, name of chemicals and warnings on the containers where hazardous chemicals are stored, and establishing safety data sheets for hazardous chemicals, which are maintained and updated by the safety director or other designated personnel.

• SAFETY TRAINING

FIT attaches great importance to safety culture and regularly organizes various safety training to enhance employees' awareness of safe production and improve their capability in safety emergency response.

In order to continuously improve the emergency handling capability of employees, FIT's factories conduct safety education and training to ensure that employees have the necessary knowledge and skills in safe production. The safety education and training include special training for new employees, personnel changing job types, personnel doing special work, personnel doing dangerous work, and key personnel in charge, and regular safety education programs. In addition, the Company organizes annual training for all employees, which takes various forms such as lecture, table-top exercise, and drill to enable employees to understand the hazards existing in the Company, responsibilities of relevant departments, on-site disposal schemes, self-rescue and mutual rescue methods of various accidents, and the way to use various equipment and tools, so as to improve the employees' handling ability through effective training.

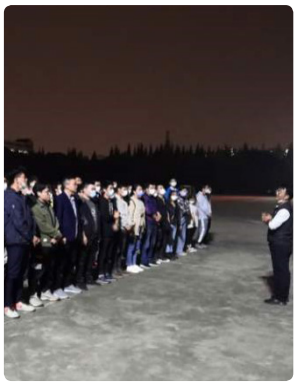
FIT also organizes regular emergency drills every year. The participants cover all members of the emergency rescue organization, and the contents are mainly emergency warning, information reporting, emergency command, rescue, injury rescue, management after emergency, etc. The persons in charge will make evaluation and summary after each drill and identify problems according to the effect of the drill to continuously improve the safety training process for employees and the Company's safety management system.

Case: Kunshan factory conducted safety training in cadre training class

On October 28, 2020, FIT's Kunshan factory held safety training and practices for the cadre training class, in which a total of 100 people participated. The supervisor of the Industrial Safety Department conducted theoretical teaching from two aspects: industrial safety and fire safety. After the theoretical teaching, the trainees went to the playground in the factory for practice. The instructor explained on site the way and skills of using firefighting equipment to put out initial fire, so as to help employees better master the firefighting methods.

Case: Huai'an factory carried out an emergency training and drill for electroplating hazardous chemicals

In order to enhance the understanding of personnel engaging in electroplating of hazardous chemicals, and improve their self-rescue awareness and comprehensive ability of emergency handling, the Huai'an factory carried out emergency training and drill of electroplating hazardous chemicals on April 24, 2020. There was a total of 43 participants from the hazardous chemicals operation station, addition processing station and laboratory. During the training, professionals explained the use of common protective equipment for electroplating, such as activated carbon masks, rubber gloves, and gas masks, as well as the related knowledge of first-aid treatment and poisoning protection against electroplating hazardous chemical substance. Then an emergency drill for electroplating hazardous chemicals and cyanide leakage was carried out, which gave the employees a better understanding of the methods in handling accidents of electroplating hazardous chemicals to ensure the safety from electroplating.



FIT always puts production safety as a top priority and constantly monitors the effective implementation of safety management. During the reporting period, the cumulative number of work-related injuries in our factories was 85, including a total of 75 at FIT's factories in Mainland China, Taiwan and Vietnam, and a total of 10 in Belkin. There were 2 work-related fatalities in 2020. The cumulative number of workdays lost due to work-related injuries was 3,244.50, including a total of 3,050.50 days in Mainland China, Taiwan and Vietnam, and a total of 194.00 days in Belkin. Among them, the two work-related fatalities in Vietnam were mainly caused by traffic accidents in which employees violated traffic rules on their way to work. The company has then undertaken certain medical subsidies for employees and strengthened safety awareness education within the factory.

The numbers of work-related fatalities, injuries, and workdays lost due to work-related injuries each year from 2018 to 2020 is shown below.

	2020	2019	2018
Work-related injuries	85	122	101①
Work-related fatalities	2	0	3
Workdays lost due to work-related injuries	3,244.50	3,659.25	3,848.80②

7.2 OCCUPATIONAL HEALTH AND SAFETY

FIT always puts the occupational health and safety of employees in the first place, constantly improves its management system, and strives to do the best in the prevention and control of occupational illness. The Company has taken a series of measures to maintain the health and safety of employees, which mainly include the testing of occupational hazards, regular occupational health check-ups, issuance and inspection of labour protection supplies, and provision of occupational hazards warnings, comprehensively and effectively ensuring employees' health and improving their safety awareness. The Company's occupational health and safety management system has met the requirements of ISO45001.

• TESTING OF OCCUPATIONAL HAZARDS

FIT pays attention to the impact of occupational hazards on employees, and takes measures to prevent and deal with them. Taking FIT's factories in Mainland China as an example, FIT regularly carries out on-site investigation on occupational hazards in high risk positions including molding, stamping, electroplating, assembly, production of molds and cables, and others. At the same time, the Company tests occupational hazards (mainly industrial dust, chemical toxicants and physical hazards) once a year for specific positions and new projects. Every three years, FIT conducts an assessment on occupational hazards status, then posts the result on the bulletin boards and makes rectification requirements for the unqualified items.

In 2020, FIT newly required a monthly test for work positions in the highly toxic workplaces and a semi-annual control evaluation to further strengthen the intensity of occupational safety control.

① FIT acquired Belkin in Q4 of 2018. Therefore, the data of work-related injuries in 2018 did not include those of Belkin. Here, the restatement of the information of work-related injuries from "100" as disclosed by factories in the Chinese Mainland, Taiwan, and Vietnam in 2018 is mainly due to the fact that one case was still in the process of data collection in 2018 and therefore was not included in the 2018 total.

② FIT acquired Belkin in Q4 of 2018, so the data of work-related injuries in 2018 did not include those of Belkin. The 2,847.50 days disclosed in the production parks in China, Taiwan, and Vietnam in 2018 were restated here, mainly due to the omission of statistics in 2018.

• OCCUPATIONAL HEALTH CHECK-UPS

Occupational health check-up is an effective measure to ensure the health of employees. FIT's factory in Vietnam provides health and safety check-ups once a year for ordinary workers, and at least once every six months for workers engaged in heavy, hazardous and dangerous work. In order to standardize the physical examination and prevention of occupational illness and to control occupational illness crises, FIT Vietnam has established a system of Occupational Illness Physical Examination Standards to safeguard the health and related rights of employees. It is clearly stipulated in the document that the workers who are engaged in heavy and dangerous work, who have recovered from work injuries or occupational illness and continue to do heavy and dangerous work, and who have been diagnosed with occupational illness shall be subject to regular occupational health check-ups according to the Company's policies. Meanwhile, for employees who have been diagnosed with occupational illness, the Company will file reports on their physical examination results and cases, and the Human Resources Department will pay social insurance, handle subsidies and annual leave procedures according to law, and arrange for such employees to have occupational health check-ups on a regular basis to continuously monitor their health status.

FIT's factories in Mainland China organize pre-job, on-the-job, and off-the-job physical examinations for employees each year. Employees with abnormal results in pre-job medical check-ups will be reassigned to more suitable positions directly; those with abnormal results in on-the-job health check-ups will be arranged for re-examination; and those with occupational contraindications will be issued post transfer orders and supervised.

Belkin also conducts annual physical examinations for its employees to help them understand their physical conditions and to provide support to them for pursuing good health.

• ISSUANCE AND INSPECTION OF LABOUR PROTECTION SUPPLIES

In order to provide a healthy and safe working environment for employees and to prevent accidents from happening, the Company provides applicable labour protection supplies for employees according to the work category. Taking factories in Mainland China and Vietnam as an example, the factories provide protective equipment such as goggles, protective clothing, apron, safety shoes, earplugs, safety helmets, gloves, and respirators for employees, and conduct basic operation training on the use of these items in order to help employees improve the ability to protect themselves, protect others and deal with emergencies, as well as learn more about how to choose protective equipment that can meet the needs of self-protection.

In addition, FIT also carries out relevant maintenance of occupational health protection facilities and conducts regular occupational health inspection according to different job requirements, so as to ensure the health and safety of employees.

Case: FIT's factories in the Chinese Mainland carried out occupational health inspection

In 2020, FIT's Huai'an factory continued to inspect the on-the-job staff, and found non-compliance in their operations. For example, employees working in noisy environment did not wear ear plugs or their way of wearing was not proper, and employees in noxious gas positions did not wear masks or the way they wore them was not proper.

Relevant people in charge of the factory carried out an investigation and learned that the problems were mainly due to the poor protection awareness of employees and the failure of some business units to provide labour protection items in time. To solve the problems, the Huai'an factory strengthened the supply of protective equipment, and conducted on-site publicity to the on-the-job staff and management personnel to make them understand the significance of wearing labour protection equipment.

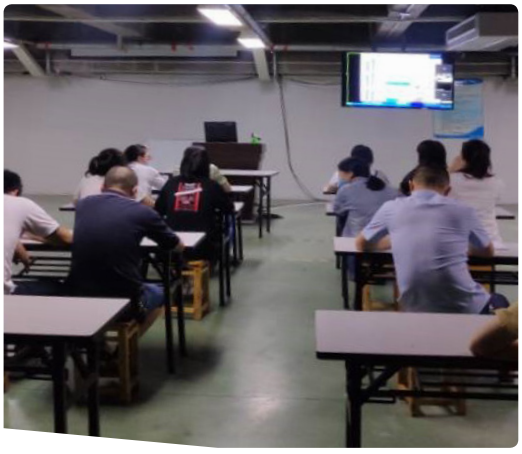
• PROVISION OF OCCUPATIONAL HAZARDS WARNINGS

In order to improve employees' alertness to the dangerous factors at work, the Company has taken many measures to prevent and respond to occupational hazards. For example, FIT factories require employees to sign a notification of occupational hazards when entering the factory, set up warning signs and notification cards of occupational hazards on site, make annual declarations of occupational health factors, offer occupational health training courses, etc., so as to ensure that employees have a full understanding of the relevant occupational hazards before work, and to strengthen their occupational hazard prevention awareness.

At the same time, Belkin has employees sign the Injury and Illness Prevention Program to ensure that they understand the standard operation process and comply with relevant rules and regulations. Additional training will be given when employees receive new job assignments, when new procedures or equipment are implemented, and when major changes to the Injury and Illness Prevention Program are made. Leads, supervisors, and other members of management or the Safety Committee conducting training or observing work practices will ensure that each employee does his or her job in the safest possible manner. Meanwhile, training will also be given to supervisors to familiarize them with the safety and health hazards to which employees under their immediate direction and control may be exposed.

Case: Chongqing factory held occupational health training

On September 24, 2020, the Chongqing factory carried out occupational health training mainly for personnel in production class who are exposed to occupational hazards. The training covered brief introduction to occupational illness, methods to prevent and control occupational illness, and treatment for exposure to noise, dust, and productive toxicants, aiming to inform employees of the existing occupational hazards, possible harms and preventive measures. Employees had a deeper understanding of occupational health after this training, which helps them respond correctly when encountering relevant problems in the follow-up work, and understand how to prevent, control and eliminate the hazards of occupational illness.



FIT will continue to improve its occupational health and safety system, comply with applicable laws, regulations and relevant commitments made by the Company, and set and improve safety goals through self-reviews and input from relevant professionals to create a healthy and safe working environment for employees.

7.3 CLIMATE CHANGE RESPONSE AND MANAGEMENT

Climate change has gradually become a global issue in recent years. FIT continuously focuses on the risks and opportunities posed by major climate events, and to implement various management measures to respond. In order to cope with the potential or existing impacts of extreme weather on the Company, FIT has formulated the Major Climate Management System, which provides guidance for the Company to prevent and control impacts from extreme weather, and is applicable to the factories in the Chinese Mainland, Taiwan and Vietnam, and Belkin.

IDENTIFICATION OF MAJOR CLIMATE EVENTS

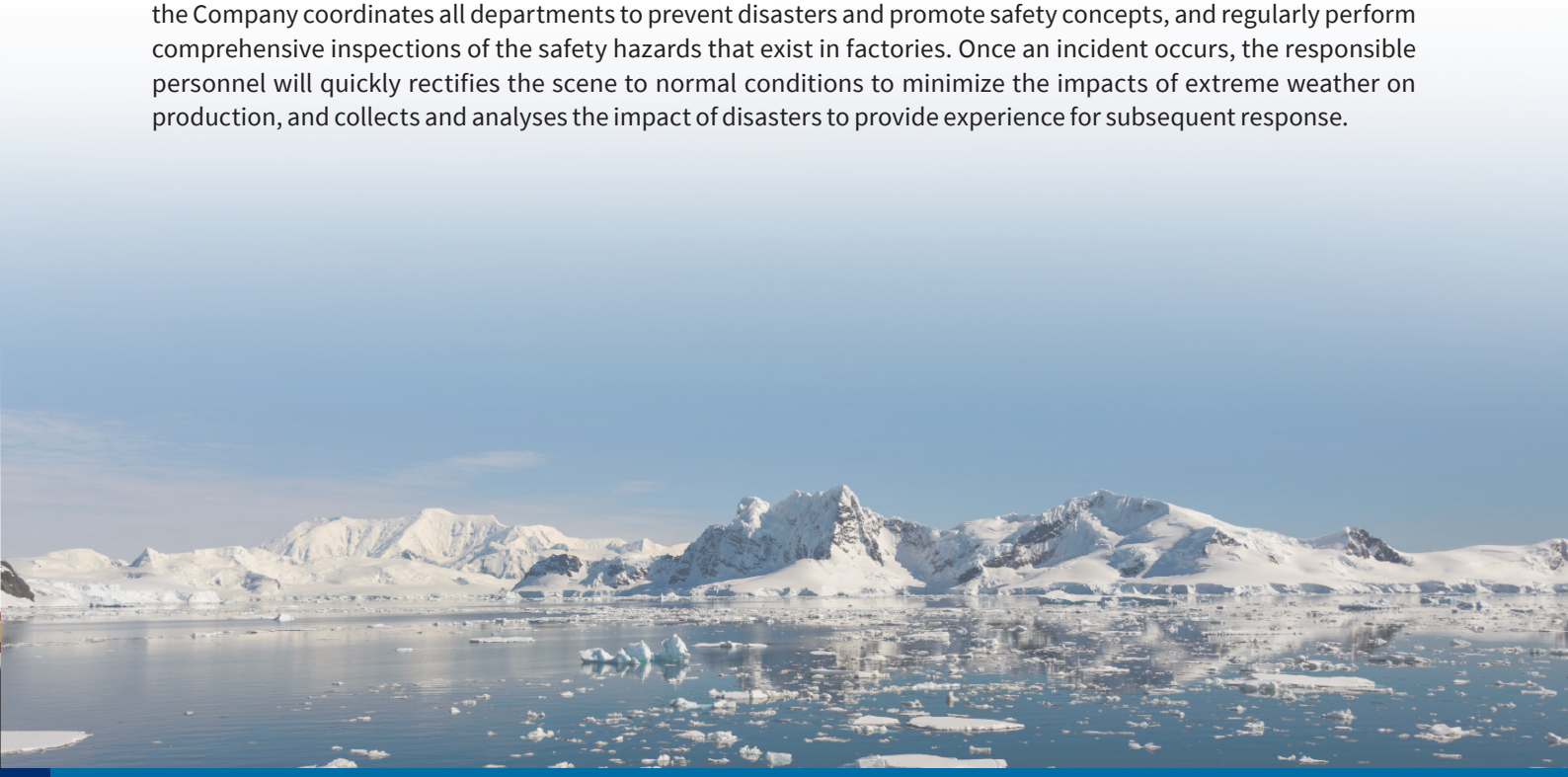
In 2020, the Company identified and assessed major climate events which may have significant impacts, such as typhoons, rainstorms, snowstorms, floods, high temperatures, and acid rain, evaluated their potential impacts, such as production shutdown, disruption of operational systems, and asset and life loss. According to the results of assessment, the Company developed response plans for different climate events to reduce the potential impacts on the company.

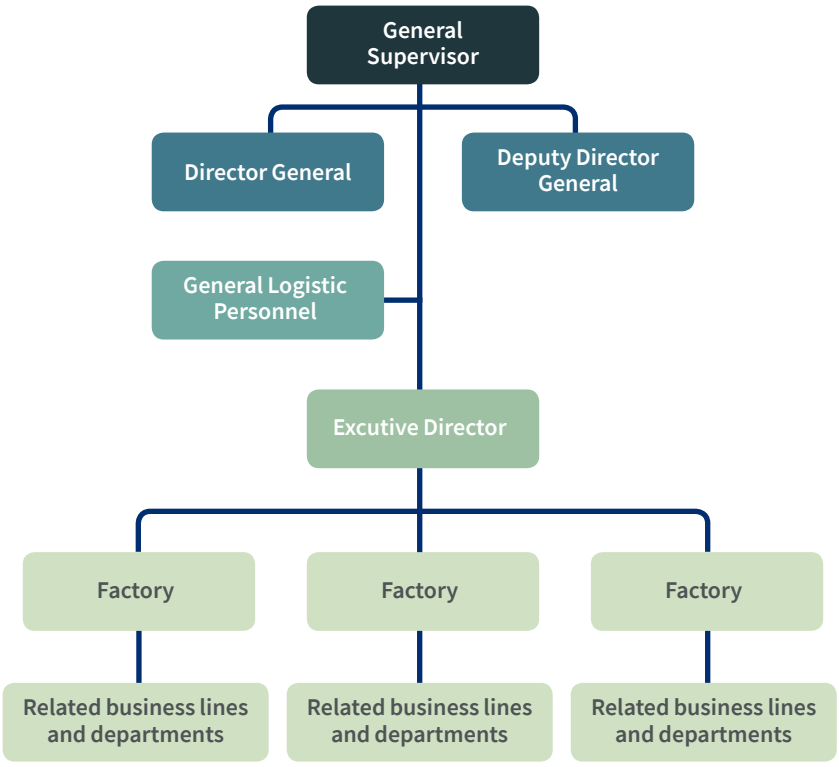
RESPONSE TO CLIMATE EVENTS

On the basis of the Major Climate Management System, each factory carried out climate event response and formulated more detailed guidance documents. Taking the factories in Mainland China as an example, the factories set up a "major climate management response leadership team", and the organizational structure of the team is shown in the diagram. The team is responsible for collecting and analysing the climate change situations, holding emergency response meetings according to the situations to arrange the dispatch of resources and allocation of manpower, initiating emergency response measures when disasters occur, arranging the resumption of work and production after disasters, and reviewing the implementation of response measures, and conducting statistical analysis of the disasters.

In addition, the factories in Mainland China have also formulated corresponding methods for different climatic events, such as Typhoon Emergency Management Measures, Pre-Flood Equipment Inspection Guideline, and Anti-Frost Inspection Guideline, to clarify the division of management and prevention measures for various major climates. At the same time, Belkin has developed the Emergency Action Plan for major climate event such as tornado, which details the conditions that may be encountered in extreme weather and the necessary actions to be taken.

The Company pays attention to the climate events that may affect the Company in various ways, including learning from experience, studying external reports, and following up on notifications issued by local governments. On this basis, the Company coordinates all departments to prevent disasters and promote safety concepts, and regularly perform comprehensive inspections of the safety hazards that exist in factories. Once an incident occurs, the responsible personnel will quickly rectifies the scene to normal conditions to minimize the impacts of extreme weather on production, and collects and analyses the impact of disasters to provide experience for subsequent response.





Case: FIT Vietnam factory carried out after-rainstorm response

In order to reduce the negative impact of rainstorm on the company's production and operation as well as to protect employees, FIT Vietnam factory carried out monthly checks of pipeline blockage, the location of drainage sites, pipeline cleaning, and ditch cover damage. In addition, the company purchased sandbags and made drainage filters on demand to ensure that the impact of rainstorm was reduced to the minimum.

Case: Kunshan factory carried out pre-flood sandbag inspection

The Company carries out regular safety checks to avoid unnecessary losses in case of emergency disasters. During the reporting period, the Kunshan factory carried out the pre-flood sandbag inspection, and found that some sandbags were damaged or missing. In order to ensure the normal work of flood prevention, the emergency team timely replenished sandbags and ensured that all sandbags were intact.

Before

After

In the subsequent climate response and management, the Company will continue to pay attention to climate change, conduct regular risk assessment, actively identify the impact of climate change on the Company and employees, and constantly improve the corresponding control measures to promote the sustainable development of the Company.

CHAPTER 8

Quality Oriented

8.1 INSISTENCE ON THE IMPROVEMENT OF PRODUCT QUALITY

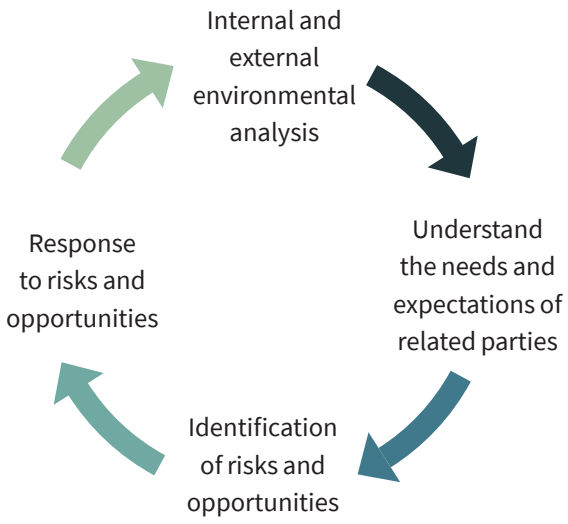
FIT is committed to providing products and services in line with industry standards and maintaining communication with customers while improving the quality of products and services, so as to ensure that the Company can understand and meet customers' product needs. In order to keep up with the industry trend and continuously optimize services, FIT has implemented corresponding measures, such as continuous improvement of the quality management system, regular quality certification, etc., striving to achieve the whole-process control and continuous improvement of our products.

• RISK ASSESSMENT AND QUALITY INSPECTION

The Company has formulated the Quality Assurance Manual, which clearly regulates a series of complete product quality management system covering R&D, production, in-storage, and delivery, etc. In addition, the Company has also established a quality technical committee and quality assurance supervisors in the subordinate production units to promote the establishment and continuous improvement of the Company's quality management system. To enhance product quality, FIT regularly conducts internal and external environmental analysis, risk assessment, quality testing, etc., and ensures that the Company complies with the requirements of international and industry standard systems such as ISO9001, IATF16949, and ISO13485, etc.

Risk Assessment

In order to identify the internal and external factors that are related to the operational goals and strategic directions, and may affect the expected results of the quality management system, the Company requires all production units to carry out internal and external situational analyses, covering various laws and regulations, technologies, markets where the production units are located, resources and other external factors that would affect FIT products and services, as well as internal factors related to product design and manufacturing capabilities such as corporate culture, operational performance, and organizational knowledge. Based on the changes in these factors, FIT will understand the needs and expectations of related parties, and carry out the identification and management of risks and opportunities. FIT also identifies risks in terms of product safety, effectiveness, compliance, customer requirements, etc., and promptly reviews and proposes necessary measures to deal with the risks and opportunities so as to avoid or reduce some adverse effects, while continuously improving the quality of products and services, and ensuring the effective operation of the quality management system.



Quality Inspection

In addition, FIT also implements quality inspections for manufacturing sites of various production units, and on products they supply at the system, component, and material levels. Each production unit will inspect the conformity of products and services with the requirements formulated in the product quality plan and product inspection specifications at an appropriate stage, in order to ensure that they can continue to meet customer requirements. At the same time, the Company also conducts strict inspection during stages of development, sample delivery, mass production, manufacturing, in-storage and delivery.

For products that are sold, FIT has also established the corresponding processes for after-sales and recall. FIT has taken every return and exchange request seriously. In response to product quality problems that occurred, FIT promptly returns and exchanges products for customers, or conducts product recalls when necessary, so as to minimize the loss to customers. Based on this, FIT would also analyze the reasons and continue to conduct self-review, in order to make improvements in the subsequent production management process and reduce the recurrence of similar problems.

In addition, the Company strictly controls product quality with the help of diversified systems and plans, which include aspects related to internal management such as quality management system, statistical process control system, response flow checklist, vendor defect correction sheet, shop flow control, total production management system, etc.; and aspects related to customer management such as operating system for timely handling of customer complaints, customer visiting management system, customer complaint management system, etc.

The relevant internal quality management systems (aspects) are listed below:

QMS Quality Management System

This system integrates all quality data through an electronic system, implements paperless operation, and check businesses based on previous warning and automatic data analysis.

SPC Statistical Process Control

This system performs preventive quality management of differnet influencing factors within the product quality control to production process, such as developing trend management.

RFC Response Flow Checklist

This plan is a set of specific and sequential workflows used to define and correct problems of the manufacturing process or equipment.

VDCS Vender Defect Correction Sheet

When a defec occurs in a material, this system can conduct the cause analysis and propose improvement measures to management suppliers, and carry out return and compensation.

SFC Shop Flow Correction

This system can perform full management, query and traceability of product production.

TPM Total Production Management

This system is used for the maintainence of mould and spare parts.

The external quality management systems include “Operating System for Timely Handling of Customer Complaints”, “Customer Visiting Management System”, and “Customer Complaint Management System”. For details, please refer to section 8.2 of this report.

According to the Company’s work in quality management during the reporting period, FIT has received the following honors and established the following standards (examples) in product quality management in 2020:

Customer Recognition of FIT in 2020:

1. **Ranked first among annual suppliers of IBM**

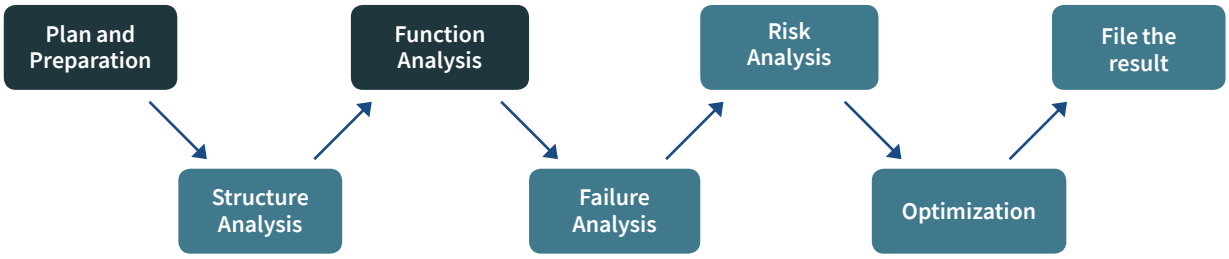
   Since FIT's overall performance has been aligned with IBM's service requirements, and actively provides customers with excellent technical solutions to meet their needs, the overall score of FIT has ranked first among IBM suppliers in 2020.

2. **Pegatron Quality and Service Excellence Award**

   In 2020, the number of problems caused by product quality of FIT is zero, so it has won the Quality and Service Excellence Award from Pegatron United Technology (Chongqing) Co., Ltd.

• PRODUCT DEVELOPMENT CONTROL

In order to strengthen the R&D of new products, FIT introduced a new version of the FMEA (Failure Mode and Effects Analysis) standard from VDA (Verband der Automobilindustrie from Germany) & AIAG (Automotive Industry Action Group) in 2020. On the basis of the old version of AIAG, the new version of FMEA standard adopts a hierarchical structure analysis of data, and also adopts a seven-step analysis method. Relying on this new method, the Company can develop and promote online software, establish a technical database, and reduce the cost of design failure.



At present, the standard version of the online software has been launched, and the education and training for relevant personnel on operation methods have been completed. The customization project will continue to be reviewed in the future, and it is expected to be completed in 2021.

• QUALITY MANAGEMENT SYSTEM CERTIFICATION

FIT follows the established quality assurance agreements and applicable laws and regulations to ensure that products always meet customer requirements, safety standards and regulatory requirements in Mainland China, Taiwan, Vietnam, the United States and other countries or regions.

The quality control certification status of FIT in each region is listed below (For more information about FIT's system certification, please refer to Chapter 11: Appendixes):

Relevant Certification	Main Content
Mainland China	
ISO9001	Quality Assurance System
ISO13485	Medical devices——quality management systems of medical devices
IATF16949	Quality management system – organization and implementation for automotive production and relevant service parts

Relevant Certification	Main Content
Taiwan	
ISO9001	Quality Assurance System
ISO13485	Medical devices——quality management systems of medical devices
IATF16949	Quality management system – organization and implementation for automotive production and relevant service parts
Vietnam	
ISO9001	Quality Assurance System
ISO14001	Environmental Management System

These high-standard quality management systems urge us to strictly regulate raw materials, personnel, facilities, production processes, packaging, and transportation, and quality control, etc., to ensure that FIT can meet the relevant quality requirements of various countries and regions. At the same time, we truthfully mark the quality standards that the products meets on the packaging or product labels, and promise not to falsify or forge them, so as to provide customers with real and clear information related to product quality.

During the reporting period, FIT did not have a large number of product recalls due to the product quality, safety, or health issues, and there was no incident that violated relevant laws and regulations. Belkin had one recall incident, where they actively recalled the portable wireless chargers and vertical wireless charging pads sold, and declared a full refund to all buyers. The recall was mainly due to manufacturing defects in the power supply equipment that might cause the charger to malfunction and overheat. At present, no personal injury or property damage has been reported. In this incident, 10,147 products were recalled, with a recall ratio of approximately 0.0254%③. For more detailed information about the recall, follow-up disposal and refund, please refer to: **https://www.belkin.com/us/support-article?articleNum=317696.**

In future production and operation, FIT will continue to demand itself with high standards, strictly control product quality, avoid any violation of the above management standards, and provide customers with the high-quality products and services to the greatest extent.

8.2 CUSTOMER CENTRIC

“Provide customers with high-quality services” is the foundation of FIT’s long-term development. FIT always adheres to the customer-centric service concept, attaches importance to customer consultation, feedback, complaints, needs and expectations, etc., and timely establishes a communication channel between customers and the Company to address product defects, and then further improve product quality and service standards.

③ The recall ratio is calculated as “number of products recalled/number of products sold”.

• HANDLING CUSTOMERS' COMPLAINTS

FIT has been committed to continuously improving customer satisfaction and the service feedback process. The Company has formulated the "Operating System for Timely Handling of Customer Complaints" to clearly regulate the standard handling process of customer complaints, and require relevant personnel to strictly implement it. According to FIT's policy, during the entire product lifecycle, if customers complain about product quality, product-related environmental management substances, delivery, product usage, etc., they must be processed within the specified time. The purpose is to discover true causes of problems and further implement the targeted correction and prevention, so that customer complaints can be addressed promptly and effectively and similar problems can be prevented from recurring.

In order to implement effective customer complaint management, the Company has set up a Customer Complaint Management System to record customer complaints and feedbacks, and properly handled them through specialized staff. For complaints that have been handled, the Company also set up an improvement team to do preliminary cause analysis and risk assessments to ensure that the deficiencies at the production and management levels can be improved.

In order to reduce repeated customer complaints, the Company has also formulated the "Failure Mode and Effects Analysis" (FMEA) to analyze customer complaints and collect information. After receiving a customer complaint, it is necessary to analyse it at the first time to confirm whether there are repeated cases or control failure, helping the Company to identify weakness of production and management. FMEA can also provide R&D, automation and other units with customer complaint data, so that relevant units can understand the impact of customer complaints on the same series of products, and then improve in time to prevent the recurrence.

In addition, the Company has established the "Customer Visiting Management System". When FIT invites customers for onsite visit or customers come for communication and visit, the database will automatically update the customer visit information, such as customer satisfaction with the Company's products and management system, and any suggestions for improvement, etc. Relevant staff will patiently listen to customers' opinions, set up a project to follow-up and propose improvement plans, promptly deal with customers' needs or suggestions, and communicate with customers again after closing the case so as to achieve the effectiveness of continuous service improvement.

In 2020, FIT has received a total of 115 complaints from customers; Belkin has received a total of 1,160,934 complaints④ from customers. The number of complaints decreased by 14.57% compared to 2019, which is due to our efforts to continuously enhance product quality and services, focusing on customer needs, opinions and complaints, as well as active response and improvement.

• PROTECT CUSTOMER PRIVACY

FIT has been strictly complying with the relevant policies, laws and regulations of the countries and regions where its operating sites are located and has continuously improved customer privacy protection. In addition, the Company has also formulated and complied with the "Security Control Operating System for Confidential Projects", clearly stipulating that the information of customers and suppliers shall be only used for matters related to FIT operations, and strictly prevent the loss or illegal use of customer information. The main countermeasures include signing confidentiality agreements with customers, conducting training and education courses on customer privacy protection to strengthen employees' awareness of information security prevention, formulating information leakage remediation plans, and establishing incident-handling teams. Unless authorized by customers, the Company will not share customer information with others, and will not disclose or sell any data of existing and potential customers.

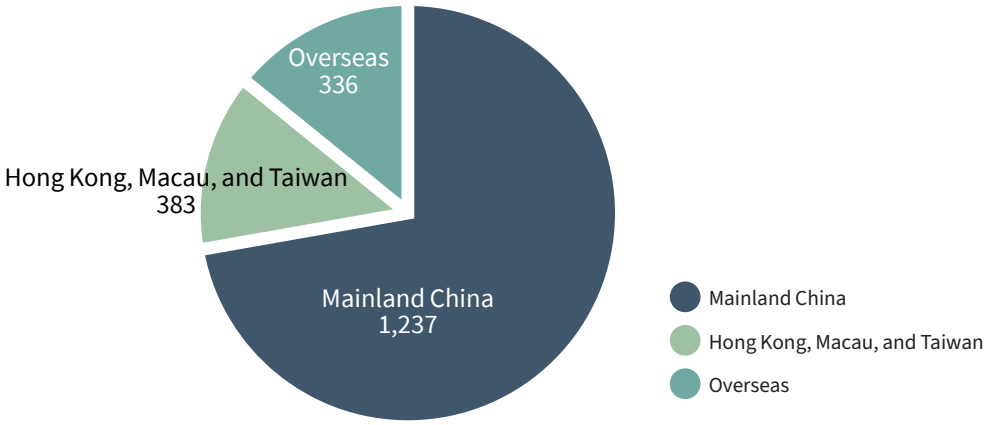
In 2020, the Company was not involved in any case of violation of laws or regulations due to the infringement of customers' privacy rights. In the coming years, FIT will continue to protect customer information security, respect customer privacy, meet customer needs, improve customer satisfaction, and provide customers with a compliant, secure, and high-quality production and consumption environment.

④ 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, so there are relatively few complaints

8.3 CONTINUOUS IMPROVEMENT OF SUPPLY CHAIN MANAGEMENT

FIT believes that effective management of suppliers can help FIT reduce cooperation risks, improve product quality, service efficiency, and build up a good brand reputation. Therefore, while improving its social and environmental governance, the Company deepens cooperation with suppliers and industry organizations, and promotes suppliers' sustainable development ability by improving supply chain management, so as to achieve a win-win situation. During the reporting period, FIT has purchased materials required for production from 1,956 suppliers located in Asia, the Americas, and Europe, of which 1,237 suppliers are located in Mainland China, 383 suppliers are located in Hong Kong SAR, Macau SAR and Taiwan, and 336 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 2020: number



FIT has established a standardized management system for suppliers, including conducting environmental audits and risk assessment at different phases of procurement such as planning and implementation, admission, daily management, evaluation, and elimination, in order to identify possible problems and take targeted improvement measures based on the audit and assessment results.

• COMPREHENSIVE SUPPLIER MANAGEMENT SYSTEM

To ensure that the procurement activities and supplier management comply with the applicable rules, the factories and operation sites of FIT have established a relatively comprehensive supply chain management system. For example, FIT in Mainland China, Taiwan and Vietnam has formulated several documents such as " Operating System for Procurement Quality Control", " Operating System for Vendor Quality Control", and " Measures for Control of Green Supplier Selection and Assessment", etc. Especially, FIT stipulates the work guidelines for supplier selection, daily management, evaluation, elimination and withdrawal, and strictly requires each procurement staff to implement the supplier management system in accordance with relevant regulations. Belkin, has also carried out an internal social responsibility audit to measure the supplier's work on human rights, labor laws, and employee health and safety.

The following is an introduction of the supplier management system of factories in Mainland China, Taiwan and Vietnam, and the supplier management work carried out by Belkin.

Supplier Admission:

In addition to business needs and actual economic benefits, FIT also selects suitable suppliers based on their audit results, compliance of corresponding systems, effectiveness of risk management and other aspects. At the same time, each procurement unit also considers whether the suppliers meet the standards of environmental management and substance management. Suppliers who do not meet the management and other relevant system certifications would not be included in the qualified supplier list.

Supplier Evaluation and Daily Management:

FIT has established a detailed supplier evaluation system, including supplier's monthly performance audit, annual audit, environmental risk evaluation, environmental substance investigation, supplier social environmental responsibility (SER) risk assessment, supplier conflict mineral investigation, etc.

Monthly Performance Audit

1. Evaluating through scorecard
2. Cover quality, supply chain support, technical support, etc.
3. If suppliers score below 60 points or less for three consecutive months, they will be included in the supplier review

Annual Audit

1. Combine supplier transaction status, abnormal quality and environmental protection, customer complaint status, and risk level, etc.
2. The audit cycle of the same supplier does not exceed 12 months.

Environmental Risk Evaluation

1. Include the supplier's manufacturing origin, management system, industry status, environmental compliance, supplier's goodwill, etc.;
2. Evaluate risk level based on thee results: high, medium, and low.

Environmental Substance Investigation

1. Namely SVHCs substance investigation;
2. The company conducts investigations on suppliers to find out whether their products contain corresponding environmental management substances

Supplier Social Environmental Responsibility Risk Assessment

1. Include the basic attributes of the supplier, the supplier management system, such as ISO14001, ISO45001, the supplier's labor ethics, health and safety, and environmental performance

Supplier Conflict Mineral Investigation

1. Investigate whether relevant metals are involved in supplier's products
2. The results are divided into non-conformity, conditional conformity and full conformity
2. Take corresponding control measures for supplier companies with different results

Supplier Termination Management:

In order to continuously improve competitiveness of the supply chain, while avoiding potential quality, environmental management, and SER risks, FIT will regularly identify poorly performing and high-risk suppliers with reasons, such as using excessive environmental management substances, on-site audits rated as unqualified and reconfirmed as unqualified, violations of quality and procurement contract terms, etc. Based on the assessment results, the Company will initiate a freeze process for these suppliers and set a deadline for improvement and implementation of elimination control.

Besides, the subsidiary Belkin also insists on establishing and improving supply chain management, requiring 100% of suppliers to comply with its "Supplier Code of Conduct" and conducts regular reviews. When a new supplier needs to be added, Belkin would carry out a series of social, environmental and quality assessments (also applicable to existing suppliers), covering supplier standards, labour practices, health and safety, and environmental protection. Also, Belkin sets up detailed indicators under each dimension, and scores the suppliers based on their performance. At the same time, the supplier quality assurance team (SQA team) conducts regular site visits with each supplier to review for abnormal situations and find out areas for improvement. Once a supplier fails to perform its duties or performs poorly, the supplier's quality assurance team would have the final veto power to stop production or doing business with this supplier when a critical issue is discovered.

Supplier Guidelines	Labor Practices	Health and Safety	Environment Protection
• Supplier commitment • Management accountability • Risk assessment an management • Goals and plans • Training • Audit and evaluation • File and record • ……	• Child labor • Youth employment • Forced labor • Discrimination • Operating hours • Salary and benefits • ……	• Fire safety • Equipment safety • First aid and medical services • Chemical safety • Working conditions • Personal protective equipment • Food preparation and services • ……	• Environmental laws and regulations • Environmental impact assessment • Whether the waste discharge meets the standards • Storage of hazardous waste • ……

FIT adheres to the green supply concept, not only attaches importance to the environmental impact of suppliers during the management process, but also promotes the selection of environmentally friendly, green products and services in the daily procurement process. In addition to complying with the "Operating System for Procurement Quality Control" and other systems, the relevant procurement personnel also implement the "Measures for Control of Green Supplier Selection and Assessment". FIT insists on improving product quality while taking into account green, safety and social security to achieve sustainable supply and development.

• PROMOTE SUPPLIER GROWTH

In order to improve the quality and skills of suppliers, the company also carries out training and counseling for suppliers from time to time to achieve certain objectives. Taking the factories in Mainland China as an example, the Company holds an annual supplier exchange meeting and invites outstanding suppliers to attend. The conference includes promotion of the Company's important agenda, supplier quality improvement reports, experience sharing, etc., and awards to outstanding suppliers for encouragement.

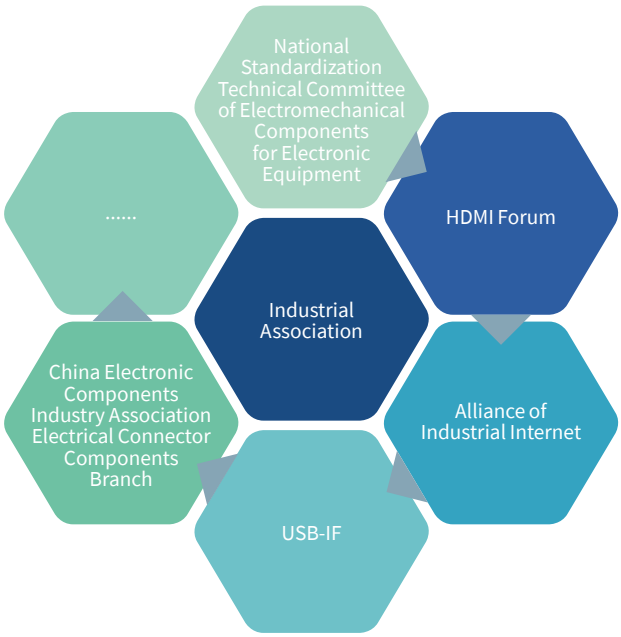
In addition, the Company also conducts regular audits of suppliers, covering supply chain management, quality management, process audits, etc., and provides opinions to suppliers to continuously supervise them to improve and assist them in getting better results on environmental, social and governance aspects.

During the reporting period, the FIT Shenzhen factory "Fuding Precision Component (Shenzhen) Co., Ltd." was awarded the title of national "Green Supply Chain" for actively responding to the concept of "Industrial Green Development". In the coming years, FIT will continue to practice social responsibility and sustainable development, and promote common development of both suppliers and the Company.

8.4 INTELLECTUAL PROPERTY PROTECTION

FIT has always valued innovation and intellectual property development, and considered the protection of its own and business partners' intellectual properties as an important aspect of social responsibility. The Company always complies with international guidelines which are related to intellectual property management, and have formulated the "Intellectual Property Application Procedures" to regulate IP management related work.

In order to reduce the risk of infringing on others' intellectual property rights and increasing Research & Develop (R&D) costs, the Company organizes professionals to conduct market research during the R&D process, and conducts related risk assessment, control and avoidance design. For new R&D results, the Company will also actively apply for patents to obtain legal protection. Moreover, the Company uses the technical asset management system, which has greatly improved the efficiency and ability of internal application and management of intellectual property rights. For the IP that has already been legally protected, the Company will maintain great attention and conduct regular information security risk assessments. Once there is any sign of infringement, we will promptly take countermeasures, such as warnings and lawsuits, to actively protect the Company's legitimate rights and interests.



Meanwhile, FIT focuses on communication and cooperation with technical standardization associations or organizations in China, the United States and other major countries, such as the National Standardization Technical Committee of Electromechanical Components for Electronic Equipment, Alliance of Industrial Internet, China Electronic Components Industry Association Electrical Connector Components Branch, USB-IF , JEDEC, HDMI Forum, Gen-Z Consortium, PCI-SIG, etc. While developing new technologies, the Company also proactively assists the technical groups of various associations in the formulation of product specifications and parameters, and reviews specifications and provides feedback as a member of the association, so as to create a favorable environment for IP management and maintenance. For example, FIT participates in the design of USB Type-C and the development of JEDEC's Power Connector, and provides electrical performance test data to assist the association working group in formulating specifications.

In recent years, the Company has been actively engaged in patent operation, from the previous USB 3.0 connector to the current USB Type-C connector, etc. For the future development trend, FIT has targeted at patents of 5G connectors, high-speed I/O connectors, backplane connectors, etc., some of which have been authorized under license agreements.

In addition, during the reporting period, benefiting from the Company's performance in intellectual property rights, the Kunshan factory was awarded a bronze medal by the China National Intellectual Property Administration as the "National IP Preponderant Enterprise".

As of December 31, 2020, FIT (excluding Belkin) has accumulated more than 2,500 patents worldwide and has another 940 patents under review; Belkin has accumulated 381 patents worldwide and has another 42 patents under review. During the reporting period, the number of granted intellectual property of FIT (excluding Belkin) was about 400. In the coming years, FIT will continue to strengthen the development, coverage and protection of intellectual property rights, and promote technological innovation and development in the industry.

CHAPTER 9

People Oriented

A diversified talent team is the cornerstone of FIT's long-term development. In order to protect the rights and interests of employees, and enable them to engage in work with a healthy body and mind, FIT adheres to an equal and compliant employment policy, provides employees with reasonable compensation and benefits, helps them develop, and creates a harmonious and caring work environment.

In 2020, the Company insists on complying with labor laws and regulations all over the world, such as the "Labor Law" and "Labor Contract Law" in Mainland China; the "Basic Labor Law", "Gender Work Equality Law" and "Employment Service Law" in Taiwan; the "Labor Law" in Vietnam; and the labor and employment laws and policies in the United States, etc. FIT has also established clear rules and regulations within the Company, including the "Employee Handbook", "Anti-discrimination Regulatory Practices," "Salary and Benefit Management Regulations", "Prohibition of Child Labor Management Regulations", etc., to standardize employment management and safeguard employees' rights and interests.

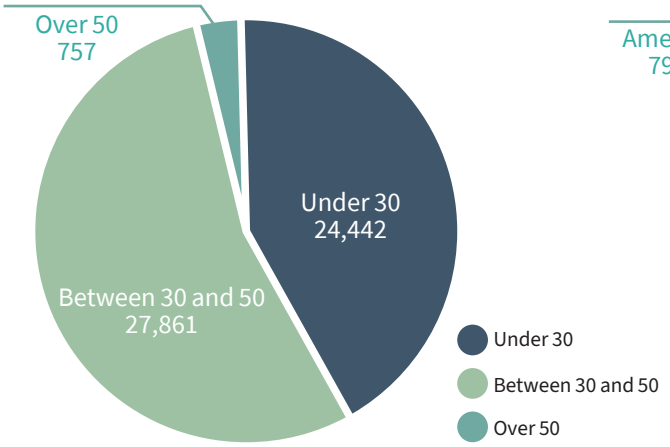
9.1 LABOR POLICIES AND COMPLIANCE

FIT has always adopted a people-oriented management model and continues to improve its employment policies to build up a diverse and professional workforce. FIT has also formulated the "Regulations for the Management of Employee Recruitment", the "Provisions on Management of Basic Manpower Recruitment Operations" and the "Provisions on Administration of Labor Protection of Female Employees" for factories in Mainland China, Taiwan and Vietnam. Belkin and FIT's production sites in the U.S. also insist on complying with local laws and regulations to ensure the standardization of the recruitment process, and select and replenish outstanding talent for the Company through diverse forums, such as the campus recruitment, social recruitment and internal recommendation, etc. FIT always adheres to the principles of fairness, equality and non-discrimination in the recruitment process. In addition to local employees, FIT also recruits people from different regions who meet the company's standards and protects employees from the discrimination of gender, age, nationality, religion and other factors to ensure that employees with different backgrounds, experiences, and skills are equally respected.

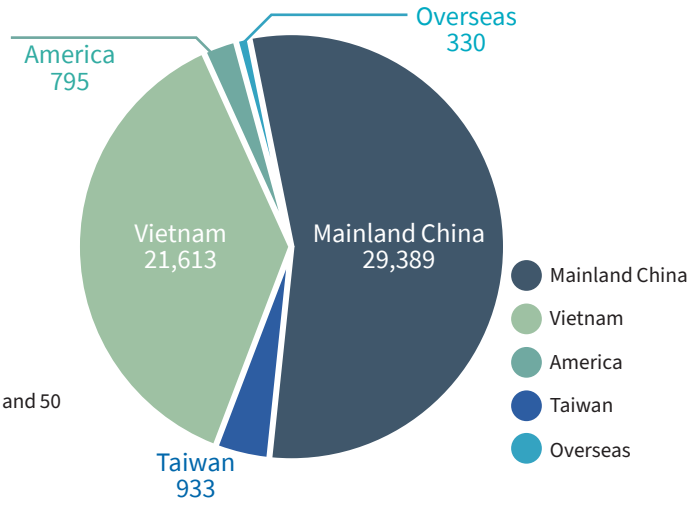
Moreover, FIT also provides certain employment opportunities for the disabled on the basis of meeting job requirements. For example, FIT has recruited a certain number of disabled employees in some factories in Mainland China, and has provided some care and assistance in their daily lives, including providing them livelihood grants and arranging convenient staff dormitories.

The Company has always responded proactively to labor laws and regulations of the countries and regions where it operates, creating a healthy and regulated employment environment, attracting talent of different backgrounds from all over the world. As of the end of the reporting period, the total incumbent staff of FIT was 53,060. According to regions, there are 29,389 employees in Mainland China, 933 employees in Taiwan, and 22,738 employees overseas (including 21,613 employees in Vietnam, 795 employees in the United States, and 330 employees in other regions). In terms of gender, there are 25,087 male employees and 27,973 female employees. With regard to the age group, there are 24,442 employees under 30 years old, 27,861 employees between 30 and 50 years old, and 757 employees over 50 years old. For specific data, please refer to the performance and data tables in Chapter 11: Appendixes.

Distribution of FIT employees in 2020 : by age (person)



Distribution of FIT employees in 2020: by region (person)



At the same time, the Company prohibits the employment of child labor and forced labor to ensure that all labor activities comply with the relevant laws and regulations. The Company also follows internal regulations related to the prohibition of child labor and forced labor, such as the "Regulations on Special Protection for Juvenile Workers", "Regulations on Prohibition of the Employment of Child Labor", "Special Measures for Protection of Young Workers", and "Measures for the Management of Child Labor Prevention and Correction", etc.

FIT insists on setting reasonable working hours, for example, the factory in Vietnam has set up the "Regulations on Working Hour Management " and " Regulations on Overtime Time Management " to regulate reasonable working hours and rest. All operation sites of FIT implement the 8-hour work schedule with appropriate shift systems, to ensure that working hours comply with the requirements of local laws and regulations. Besides, employees who need to work overtime are entitled to additional pay or days-off. The Company provides employees with statutory holidays, such as paid annual leave, wedding leave, maternity leave, sick leave, bereavement leave, etc., based on local policies, and advocate the balance between work and life, and guarantee employees' willingness and rights to take leave freely.

In the past and future, FIT will continue to follow local laws and regulations at its operation sites around the world, and actively protect the rights and interests of employees, prohibit any form of discrimination, and promote a fair and equal working environment and corporate culture.

Case: the U.S. office of FIT has Conducted Diversity Training

In August 2020, FIT's US office provided diversity training for all US employees, aiming to help employees understand how to achieve diversity in the organization to enhance the Company's overall development. Diversity training can further prevent civil rights violations, increase the inclusion of different identity groups, and promote better teamwork, so that organizations can benefit from it. The training covered different topics, including: equality and diversity, such as racial and employment exploitation education for employees, to promote better business development; micro-aggression in the workplace, such as a 15-minute training designed for all employees, and explain micro-aggression and their impacts on others, pointing out why certain remarks are considered micro-aggression, and guide employees to actively and effectively respond to micro-attacks. At the same time, it was mentioned in the training that employees should also clearly recognize their own bias, and share stories on how to break these biases.

9.2 EMPLOYEE COMPENSATION AND BENEFIT

FIT has established a reasonable salary and benefits system, such as the compensation and benefit management related regulations in Mainland China, Taiwan and Vietnam, and clear salary and benefits policies in the US office and Belkin, to ensure that employees receive reasonable compensation. The Company strictly follows the compensation management policies at each operation site, meets the local minimum salary requirements, conforms to the local salary-related regulations, and provides employees with competitive compensation and benefits that are in line with their job levels and personal contributions by referring to the market level of the same industry and the Company's operation status.

In order to attract and retain talent, FIT has also introduced allowances and incentives. For example, FIT implements an equity incentive plan in 2020 in which 93 people are granted equity to retain and reward employees for their contributions to the Company. The factory in Vietnam has introduced the "Talent Retention Award", which rewards employees who have reached a certain level by increasing their monthly allowance if they meet the criteria. The factories in Mainland China has set up a "Retention Bonus" for employees who have been employed for 3 months, 6 months and one year respectively, to encourage the continuous growth of employees at FIT.

In addition to providing employees with reasonable salary according to local policies, FIT also offers employees other protection, for example, in Mainland China, Taiwan, Vietnam, etc., the Company provides employees with salaries, allowances, bonuses, statutory and other insurance, such as employer's liability insurance and group medical subsidies, to ease their medical burden. Besides, the Company also provides a variety of benefits for employees to promote harmonious labor relations. For example, FIT's operation sites around the world would arrange annual health check-ups for employees based on local conditions; factories in Mainland China, Taiwan, and Vietnam provide employees with dormitories, meal subsidies, holiday gifts or allowances, birthday gifts or allowances, wedding and funeral allowances, maternity benefits, and livelihood grants on an as-needed basis. Belkin and the office in the United States also offer gifts and livelihood grants for employees on an as-needed basis in accordance with local policies.

Case: Taking Care of the Mothers

FIT's operation sites in Taiwan always adhere to the people-oriented concept, take care of each employee, and give special care to female employees in pregnancy and after giving birth. The Company provides a certain amount of taxi subsidies, "mothers' fortune bags" for female employees in pregnancy, maternity allowances for them after giving birth, and annual birthday allowance for female employees whose child is under the age of three. FIT insists on the employee-oriented concept and provides care and benefits for employees while protecting their legal rights and interests.

Case: The Shenzhen Factory has Set Up a Community Health Centre

FIT has set up the Baoyuan Community Health Centre under the jurisdiction of Longhua District Central Hospital in its Shenzhen factory, with three professional medical staff to provide health consultation and guidance to employees. Employees can go to the community health centre to receive basic check-ups if they are not feeling well at work or during off hours. This centre not only provides convenient medical services for employees, but also offers greatest security for their physical and mental health.

In addition, the Company also actively provides employees with a comfortable and healthy office environment, which includes providing the juice bar and coffee bar inside the Company for employees to replenish their energy; and equipping fitness equipment to facilitate employees' exercising after work.

9.3 EMPLOYEE DEVELOPMENT AND TRAINING

For a long time, FIT has believed that employee training and career development are indispensable in talent management, helping employees acquire or improve job-related knowledge, skills, behaviors and attitudes, etc. The Company also provides employees with a clear career path, and a good platform for promotion and individual development. FIT has formulated specific policies such as: “Employee Handbook”, “ Employee Performance Appraisal Notice “, “Standards for Promotion of Employees’ Annual Positions” and other system documents to standardize and guide the development and promotion of employees, as well as prevent employees from suffering unfairness.

FIT conducts reasonable assessment of employees and provides clear promotion channels based on actual conditions of its operating sites around the world. In the assessment, FIT comprehensively considers the employees’ work ability, learning ability, annual rewards and punishments, communication skills, technology and innovation, leadership ability, problem solving ability, etc., and adheres to the principle of fair work to provide equal promotion opportunities for each employee. FIT has implemented dual-track promotion in factories, which includes management and professional technical positions. Employees can choose their own career development path based on the actual conditions in the workplace. In addition, FIT also provides employees with additional promotion opportunities with regard to the conditions of each factory. For example, in FIT’s China and Vietnam factories, the Company has also set up a “line team leader promotion” every three months. Besides, for personnel of key job types and in essential positions, after working for a certain number of years and passing the assessment standards, the Company would also implement corresponding salary adjustments to give more promotion and development opportunities for entry-level employees and personnel in key positions.

At the same time, FIT attaches great importance to the cultivation and accumulation of high-quality talent, and has established a corresponding training system to adjust training plans and programs annually according to different business needs. For instance, training in factories in Mainland China, Taiwan and Vietnam includes new employee training, new cadres and “capable class” training, incumbent employee training, special job training, lecturer series, and language training for Vietnamese employees. Training at the Company’s US offices includes those to improve employees’ work ability, management ability and career development, etc. The Company’s training system and related projects are shown below.

New Employee Training

Cover company introduction, corporate culture, safety management, quality management, etc., to help employees quickly integrrate into their work and life

Cadre Training

Cover corporate culture, administrative regulations, code of conduct, professional technology, system knowledge, team development, etc.

Incumbent Employee

Cover professional skills, rules and regulations, quality management, first aid knowledge, safety education, mental health, anti-corruption, etc.

Special Job Traning

Improve employees’ professional skills through traning and self-learning, and assist employees in special positions to obtain professional qualification certification

Lecturer Series

The corporate lecturer series consists of lectures given by external and internal lecturers. The application procedures for internal lecturers are: application for internal lecturer certification, internal training, internal trial lecture, and awarding the internal lecturer certificate. The Company’s lecturer series not only enrich the form of training, but also stimulate the enthusiasm of employees.

Language Traning

The company also provides language traning, including Chinese traning and Vietnamese training, to help employees learn basic language knowledge, improve work efficiency, and solve the needs of common words in production and daily life.

Case: Shenzhen factory conducted training for community college graduates and high potential personnel

In order to promote new employees' in-depth understanding of the Company's culture and daily operation, the Shenzhen factory held the EAP courses in July 2020, which included general knowledge about FIT, work time and emotion management, activities to improve team cohesion, etc. The main purpose is to enhance new employees' understanding of the Company's rules and regulations, working environment and culture so that they can quickly integrate into their roles. Meanwhile, new employees can also foster their sense of identity and belonging to the Company, and acquire appropriate guidance on the transformation from students to employees through the training, in order to deepen their conviction of being rooted in FIT

Case: FIT established a "Lecturer Series"

FIT's factories in mainland China, Taiwan and Vietnam have set up a lecturer system. Lecturers are divided into externally and internally trained lecturers. External lecturers refer to the government's, transportation bureau's, health bureau's and other relevant personnel. The Company will regularly invite external lecturers to hold courses related to the profession, general education, technology, management, etc. Internal lecturer positions need to be applied for employees and trained by the Company on topics, including guided teaching and skills, course case design, presentation skills, interactive teaching, concept and role recognition, etc. After the employees complete the internal training and pass the trial lecture, they would get the internal lecturer certificate issued by the Company, and earn the appropriate lecturer fee through presenting lectures.

Case: FIT Vietnam conducted the Line Leader Training

In order to cooperate with the Company's talent localization policy, cultivate excellent leaders for line staff and comprehensively improve the quality of line managers, a 16-day training course for leaders was held in FT Vietnam factory in 2020, covering labour laws and regulations, job instruction, interpersonal communication, environmental protection publicity, field management practices, employee motivation, etc., with a total number of 766 people qualified. The training was effective, which not only enhanced the management skill of the line managers, but also strengthened the scientific management thinking and skill of employees.

Case: FIT's US Office conducted training for the sales team

From July to October 2020, FIT's US office provided training on different topics for sales teams in the United States. About 66 sales staff participated in the training, covering topics such as sales and customer relations-how to deal with dissatisfied customers, customer service success, etc. Time management training includes: business email etiquette and time management, emotion management, team building, etc. In addition, the Company also provides employees with remote work and management, and communication and presentation skills training, including online meeting etiquette, remote work tips, slides and presentation design, etc., which is to continuously improve the work ability of sales staff.

Case: FIT's US office provided training for the human resource team

In order to provide continuous professional development training to the Human Resources team, the FIT US office carried out work training in April and July 2020, which covered the topics: change management, project management, applicable laws, culture and diversity, client support teams and managers, communication skill, conflict management, etc. It has provided a platform for employees in human resources positions to continuously improve themselves.

The Company also carries out the online E-learning platform training to facilitate employees to select courses, participate in training and receive assessments through the online platform. In 2020, the total training time of FIT employees is 1,378,590.00 hours, the total number of employees trained is 47,233, and the average training hour per person is 29.19 hour per person. For detailed classification and information, please refer to the performance and data table in Chapter 11: Appendix.

In addition, the Company also assists employees to carry out incumbent academic upgrades. For example, the factories in Mainland China cooperate with Shandong University, Tianjin University, Wuhan University, etc., to provide employees with college, undergraduate and other further education. Adhering to the "people-oriented" philosophy, the Company not only creates an environment conducive to learning, growth and self-realization for employees, but also enables the Company to enhance its competitive advantage and achieve a win-win situation for both employees and the Company.

9.4 EMPLOYEE ACTIVITIES

Human resources are the foundation for the Company to achieve sustainable development. FIT cares for and supports every employee, and carries out employee care activities through multiple channels and levels, such as communicating with employees, holding collective birthday parties, helping employees in difficulty, conducting seminars and improvement meetings, unity conferences, and talent shows, etc. We hope to give employees a sense of belonging, while enriching their lives, and achieving the work-life balance of employees.

Case: FIT Vietnam factory organized "Employee Sports Events"

In order to raise the awareness of employees to exercise and improve their physical fitness, the Vietnam factory held employee sports events from July to September in 2020. All departments actively signed up to participate. The competition events include tug of war, hide-and-seek, soccer, clay pot breaking, etc., which aim to stimulate the enthusiasm of the staff and enrich their spare time life.

Case: FIT Chongqing factory held floriculture courses

FIT's Chongqing factory held floriculture courses in November 2020, where the union members could participate for free to learn flower arranging skills and experience the joy of life. This activity not only helped enhance the artistic sense of employees, but also cultivated their appreciation of floral artworks, improving their comprehensive abilities.

Case: FIT Taiwan factory held the Annual Love Carnival activities

The Taiwan factory holds the Love Carnival every year, including various activities such as food festival, Yongning farm, love fair, cultural performances, etc. Employees are invited to share in the annual event with their family members.

Case: FIT Taiwan factory offered social association subsidies

In order to train employees to achieve better work-life balance, the Taiwan factory provides financial subsidies to basketball, golf, long-distance running and other employee social associations, so that employees can develop good exercise habit after work.

FIT always believes that a united corporate culture and harmonious labor relations will naturally lead to synergy and cooperation, which is conducive to the mutual development of individuals and the Company. In the future, the Company will continue to care for its employees, create a people-oriented work environment, enrich the cultural life of employees, and effectively protect the rights and interests of employees.

CHAPTER 10

Walk With Love

FIT has always regarded the joint development with the community as an important aspect of corporate social responsibility, and is committed to creating a better society in each business location by actively participating in the community and public welfare activities. In 2020, FIT will continue to pay attention to corporate development and corporate social responsibility, and actively organize various volunteer services, donation projects, social enterprise support, etc., to help the local communities and relevant people in need.

During the reporting period, the community public welfare activities carried out by FIT in some countries or regions are as follows:

Case: Donation for Pandemic Prevention

As an international enterprise with a sense of social responsibility, FIT continuously pays attention to the development of the pandemic. In order to facilitate epidemic prevention and control work, many FIT factories in the mainland have contributed their efforts by calling for corporate money and material donations. For example, during the pandemic, FIT's Huaian factory mobilized employees to make donations to the Charity Federation of Huaian Economic and Technological Development Zone. The employees in the factory have all actively participated in the epidemic prevention and control war. In addition, employees of the Zhengzhou factory also visited the frontline anti-epidemic staff at the top of the mountain and the Ming Gang office in the southern airport area on February 19, 2020, and donated a batch of materials, including 600 books, 100 medical masks, disinfectant wipes, milk, ham sausage, mineral water, bread, instant noodles, etc., which have brought care and encouragement to the anti-epidemic personnel in the front line.

Case: "6+1" Charity Activities

FIT's factories in Mainland China have been committed to carrying out various volunteer services. Among them, the "6+1" charity activities include assistance to the disabled, the elderly and the weak, as well as assistance in walking, cleaning, and education, and blood donation activities. FIT conducts these "six assistance and one contribution" charity activities in several mainland factories, and actively organizes employees to join the volunteer service teams. In 2020, factories including Huaian, Kunshan, Zhengzhou, Chongqing, etc., held 5 cleaning activities, 2 assistance activities for the elderly, 2 assistance activities for the disabled, 2 assistance activities in walking, 1 education assistance activity and 1 blood donation, which not only provided help to the local disadvantaged and poverty-stricken groups, but also made a contribution to the environmental protection of the community and the creation of an enthusiastic public welfare atmosphere.

Kunshan plant carried out voluntary blood donations

Huaian factory launched park cleaning activities

Chongqing plant carried out activities such as assisting students and the elderly

In 2020, FIT's factories in Mainland China donated a total of 4,724,736.00 yuan, and Belkin donated a total of 173,400.00 USD (for specific donation data, please refer to Chapter 11: Performance and Data Table in the Appendix).

In future, FIT will continue to pay attention to social needs, and encourage its subsidiaries to continue to carry out public welfare activities, seek common development with the community, and work together with all walks of life to give back to society.

CHAPTER 11

Appendixes

TABLE 1: PERFORMANCE AND DATA

Environment - Resource Consumption[5]

Category			Unit	2020	2019
Energy Consumption	Type	Electricity	thousand KWH	534,067.05[6]	495,773.05
		Diesel (fixed combustion source)	Ton	23.03[8]	8.30
		Diesel (mobile combustion source)		33.10	27.32
		Gasoline (mobile combustion source)		106.53[10]	386.14
		Natural gas	Cubic meters	1,665,557.87[11]	1,142,642.67
		Steam	Ton	170,617.27	176,487.95
Energy Consumption (density)	Type	Electricity	thousand KWH/ Million USD	123.77	113.39
		Diesel (fixed combustion source)	Ton/ Million USD	0.0053	0.0020
		Diesel (mobile combustion source)		0.01	0.01
		Gasoline (mobile combustion source)		0.02	0.09
		Natural gas		385.99	261.33
		Steam		39.54	40.36
Water Consumption	Water consumption	total	Ton	5,735,143.99	5,642,315.80
	Water consumption density	Density	Ton/ Million USD	1,329.12	1,290.44
Packaging Materials	Type	Paper	Ton	38,163.62[10]	31,629.60[11]
		Plastic		10,086.37[12]	8,637.25
		Wood		2,465.14	2,398.86
		Metal		176.66	190.88
	Packaging materials consumption	Total	Ton	50,894.80	42,856.58
Packaging Materials (Density)	Type	Paper	Ton/ Million USD	8.84	7.23[13]
		Plastic		2.34	1.98
		Wood		0.57	0.55
		Metal		0.04	0.04
	Total	Total	Ton/ Million USD	11.79	9.80

[5] In the environment-resource consumption data, the density value is calculated based on the production value (operating income). After having comprehensively considered the impact and contribution of the entities covered by the report scope on and to FIT's operations, the operating income is calculated based on the data disclosed in FIT's 2020 annual report.

[6] Mainly due to the expansion of the Vietnam factory.

[7] Mainly due to the expansion of the Vietnam factory and the increase in independent power generation.

[8] The main reason is that after considering the epidemic and other comprehensive situations in the Kunshan factory in mainland China in 2020, a significant reduction in official vehicles has led to the reduction in gasoline consumption.

[9] Mainly due to the production and operation needs of the Zhengzhou factory in Mainland China: the new boiler equipment has been added in November 2020, which consumes natural gas; and the Vietnam factory has also been expanded.

[10] The increase in paper packaging materials is mainly due to the fact that Belkin included paper packaging worldwide in 2020. At the same time, Belkin has also placed more plastic pallets with paper pallets.

[11] In 2019, due to the statistical error of Vietnam factories, the data is restated

[12] The increase in plastic packaging materials is mainly due to the increase in industrial output value of the Zhengzhou factory in 2020 and the upgrading of customer packaging requirements for products.

[13] Recalculated based on the restated data.

Environment - Emissions[14]

Category		Emissions	Unit	2020	2019
Exhaust Gas Emissions	Production emission data[15]	Hydrogen cyanide	kg	164.06	164.29
		Ammonia		566.15	439.75
		Sulphuric acidmist		3,527.35[16]	813.16
		Hydrogen chloride		4,681.52	4,617.76
		Chromic acid mist		6.90	7.75
		Nitrogen oxide		978.26	885.86
Wastewater Pollutant Emissions	Average concentration of emissions of industrial wastewater[17]	Ammonia nitrogen	mg/L	2.24	1.99
		Chemical oxygen demand		45.57	45.57
		Total phoshorus		0.26[18]	0.17
		Total chromium		0.0098	0.0098
		Tin		0.08	0.06
		Suspended matter		18.29	18.29
		Nickel		0.13	0.11
		Cyanide		0.0014	0.0014
		Total nitrogen		15.47[19]	10.36
		Petroleum type		0.17	0.17
		Fluoride		0.02	0.01
	Total discharge of industrial wastewater		Ton	1,084,810.20	1,246,840.43
	Industrial wastewater discharge intensity		Ton/ Million USD	251.40	285.16
	Average concentration of emissions of domestic wastewater---Mainland China	Ammonia nitrogen	mg/L	4.63[20]	8.36
		Chemical oxygen demand		41.39	57.19
		Total phosphorus		0.49	0.86
		Suspended matter		18.48[21]	35.70
		Total nitrogen		5.62[22]	11.58
		Petroleum type		0.09[23]	1.91

[14] In the environment - emissions data, the density value is calculated based on the production value (operating income). After having comprehensively considered the impact and contribution of the entities covered by the report scope on and to FIT's operations, the operating income is calculated based on the data disclosed in FIT's 2020 annual report.

[15] The data of production exhaust emissions is mainly from the FIT's production factoriess in mainland China. The emissions data is based on the "instrument-detected concentration x air volume x production and operation time".

[16] Mainly due to the abnormal concentration in Huai'an and Kunshan factories in mainland China. The reason is that the concentration of sulphuric acid mist in the sampling and detection in 2020 is too high, so the volume of emission has become larger, but it was below the regulatory standards. Among them, according to the report of the Huai'an factory which was numbered HZHB20-00577 in November 2020 it shows that the sulphuric acid mist concentration of each exhaust cylinder fluctuates in the range of 0.063 to 4.180 mg/m3; Based on the report of the Kunshan factory which was numbered CTST/C2020061518G-01 and CTST/C2020122610G-01-A in June and December 2020, it indicated that the sulphuric acid mist concentration of each exhaust cylinder fluctuates in the range of 0.35-5.00 mg/m3. All are below the 30 mg/m3 control standard of the regulations (the emission standard of odor pollutants GB14554-93).

[17] Average concentration of emissions of industrial wastewater is the data of FIT's main production factories, i.e. those in mainland China.

[18] The standard limit of total phosphorus in industrial wastewater is 0.5-5.0 mg/L (GB 18918-2002), and the current gap is within the normal fluctuation range.

[19] The standard limit of total nitrogen in industrial wastewater is 20 mg/L (GB 18918-2002), and the current gap is within the normal fluctuation range.

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

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

[22] The standard limit of suspended matter in domestic wastewater is 70 mg/L (GB/T31962-2015 Table 1B), and the current gap is within the normal fluctuation range.

[23] The standard limit of petroleum type in domestic wastewater is 15 mg/L (GB/T31962-2015 Table 1B), and the current gap is within the normal fluctuation range.

Environment - Emissions[14]

Category		Emissions	Unit	2020	2019
Wastewater Pollutant Emissions	Average concentration of emissions of domestic wastewater---Taiwan	Ammonia nitrogen	mg/L	1.48	1.34
		Chemical oxygen demand		44.85	44.87
		Total phosphorus		NA	NA
		Suspended matter		1.41	1.28
		Total nitrogen		0.37	0.33
		Petroleum type		0.05	0.04
	Average concentration of emissions of domestic wastewater---Vietnam	Ammonia nitrogen	mg/L	0.09	0.31
		Chemical oxygen demand		22.00	28.45
		Total phosphorus		0.88	0.69
		Suspended matter		4.00[24]	12.75
		Total nitrogen		/[25]	44.54
		Petroleum type		0.30	0.26
	Total discharge of domestic wastewater		Ton	2,060,487.70	2,205,153.99
	Domestic wastewater discharge intensity		Ton/ Million USD	477.52	504.34
Solid Waste	Hazardous waste	Total	Ton	3,423.90	3,208.84
	Non-hazardous waste	Total		27,541.04	24,975.94
	Total waste	Total		30,964.94	28,184.79
	Discharge density of hazardous waste	Density	Ton/ Million USD	0.79	0.73
	Discharge density of non-hazardous waste	Density		6.38	5.71
Greenhouse Gases	Total GHG emissions		Ton of CO_2 equivalent	345,845.21	499,574.50
	Greenhouse gas emission 1			7,512.86[26]	1,644.60
	Greenhouse gas emission 2			338,332.34[27]	497,929.89
	Density of greenhouse gas emission 1		Ton of CO_2 equivalent/ Million USD	1.74	/
	Density of greenhouse gas emission 2			78.41	/

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

[25] The Vietnam factory did not test the total volume of nitrogen this year.

[26] Mainly because: 1) According to the "Environmental Index Parameter Calculation" of the Stock Exchange this year, the formula was updated and natural gas was included in Scope 1. If natural gas is not included in Scope 1, the data in Scope 1 would be 5034.96. 2) Mainland China reduced the use of refrigerants and Vietnam began to use refrigerants this year with about 4,000 tons of carbon dioxide equivalent, which led to this difference.

[27] Mainly because: 1) According to the "Environmental Index Parameter Calculation" of the Stock Exchange, the formula was updated this year, and natural gas was incorporated into Scope 1, resulting in a reduction in Scope 2 greenhouse gas emission data; 2) According to the "Environmental Index Parameter Calculation", the power coefficient has been adjusted, and the decrease of the coefficient resulted in the reduction of Scope 2 emission data. According to last year's coefficient statistics, the greenhouse gas emission data of Scope 2 was 501,723.78, which is not significantly different from 2019.

Social Responsibility

Category			Unit	2020	2019
Employee Structure	Number of employees	Total	person	53,060	45,920[28]
	Gender	Female	person	27,973	23,465
		Male		25,087	22,455
	Full-time/ part-time	Full-time	person	53,053	45,902
		Part-time		7	18
	Age	Below age 30	person	24,442	22,871
		Age 30 to 50		27,861	22,368
		Age above 50		757	681
	Regional distribution	Mainland China	person	29,389	24,761
		Taiwan		933	795
		Vietnam		21,613	19,143
		United States		795	789
		Others		330	432
Employee Turnover Rate[29]	Gender	Female	%	15.92%	17.41%
		Male		20.29%	18.61%
	Age	Below age 30	%	24.20%	23.56%
		Age 30 to 50		10.97%	11.41%
		Age above 50		0.13%	0.22%
	Regional distribution	Mainland China	%	27.38%	27.45%
		Taiwan		11.06%	11.17%
		Vietnam		36.08%	35.34%
		United States		8.83%	16.42%
		Others		19.12%	17.08%
Work-related Injuries	Number of work-related injuries		person	85	122
	Number of work-related death		person	2	0
	Proportion of deaths due to the Company		%	2.35%	0.00%
	Number of working days lost due to work-related injuries		Workday loss	3,244.50	3,659.25

[28] The increase in the number of employees was mainly due to FIT's production expansion in 2020, and employment of a large number of employees in the production park in Vietnam in order to satisfy production demand

[29] 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.

Social Responsibility

Category			Unit	2020	2019
Work-related Injuries (2018)	Number of work-related injuries		person		125[30]
	Number of work-related death		person		1
	Proportion of deaths due to the Company		%		0.80%
	Number of working days lost due to work-related injuries		Workday loss		5,994.30[31]
Staff Training	Total training hours		hour	1,378,590.00	1,605,351.00
	Rank	Senior management	hour	9,070.50	5,538.00
		Middle level management		25,512.50	24,627.00
		Grassroots staff		1,344,008.00	1,575,186.00
	Total number of trainees		person	47,233	44,560
	Total numbeer of trainees-by gender	Female	person	22,486	22,787
		Male		24,747	21,773
	Rank	Senior management	person	364	317
		Middle level management		1,423	1,072
		Grassroots staff		45,446	43,171
	per person		hour/person	29.19	36.03
	Gender[32]	Female	hour/person	27.97	/
		Male		30.29	/
	Rank	Senior management	hour/person	24.92	17.47
		Middle level management		17.93	22.97
		Grassroots staff		29.57	36.49
	Training ration-gender	Female	%	80.38%	97.11%
		Male		98.64%	96.96%
	Training ratio-rank[33]	Senior management	%	99.18%	/
		Middle level management		89.72%	/
		Grassroots staff		88.92%	/

[30] FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 of Belkin is not included here.
[31] FIT acquired Belkin in the fourth quarter of 2018, so the work-related injury data in 2018 of Belkin is not included here.
[32] This is a new indicator for 2020.
[33] This is a new indicator for 2020.

Social Responsibility

Category			Unit	2020	2019
Customer Complaints	Products and services complaints		piece	1,161,049	1,359,097
	Safety and health-led recalls		%	0.0254%	0.0000%
Intellectual Property	Matters relating to intellectual property disputes		piece	0	2
Number of Supplier	Total	Total	unit	1,956	1,725
	Region	Mainland China	unit	1,237	1,196
		Hong Kong, Macau and Taiwan		383	377
		Overseas		336	152
Anti-corruption	Number of closed anti-corruption cases		piece	0	2
	Number of anti-corruption trainees		person	14,387	6,301
	Anti-corruption traning duration		hour	14,387.00	9,912.50
Public welfare contribution	Amount of charitable donations- FIT	Total amount	RMB	4,724,736.00	1,338,932.00
	Amount of charitable donations- Belkin	Total amount	USD	173,400.00	11,000.00

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 "Environmental, Social and Governance Reporting Guide", and are also based on the statistical standard of external environment where each production park is operated.

Exhaust emission - gas combustion

	Nitogen Oxide		Sulfur Oxide	
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 combustion

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

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	1,430	Carbon dioxide equivalent
R407C	1,526	Carbon dioxide equivalent
R410A	1,725	Carbon dioxide equivalent

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

Energy Type	Greenhouse Gas Emission Factor			Note
	CO_2	CH_4	$N2_O$	
Generrator diesel	2.614	$2.39X10^{-5}$	$7.4X10^{-6}$	L/KG
Vehicle diesel	2.614	$7.2X10^{-5}$	$5.06X10^{-4}$	L/KG
Gasoline	2.36	$2.03X10^{-4}$	$1.105X10^{-3}$	L/KG

3. Indirect emission

Energy Type	Greenhouse Gas Emission Factor CO2	CH4	Note
Electricity	0.8843	/	North China
Electricity	0.7035	/	East China
Electricity	0.5271	/	South China
Electricity	0.5257	/	Central China
Electricity	0.638	/	Taiwan
Steam	0.3165	/	
Natural gas	2.1622	/	

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

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

TABLE 3: ESG GUIDE CONTENT INDEX

Environment, Society and Governcance Content Index

Aspect	Disclosures	Reporting Chapter
A1	**Emission**	Taking Pride in Green
A1.1	The types of emissions and respective emissions data	Taking Pride in Green
A1.2	Direct (Scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Taking Pride in Green Performance and Data
A1.3	Total hazardous waste produced (in tons and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Taking Pride in Green 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)	Taking Pride in Green Performance and Data
A1.5	Description of emission targets set and steps taken to achieve them	Taking Pride in Green
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them	Taking Pride in Green
A2	**Use of Resources**	Taking Pride in Green
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)	Taking Pride in Green Performance and Data
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Taking Pride in Green Performance and Data
A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	Taking Pride in Green
A2.4	Description of whether or not there is any issue in sourcing water that is fit for the purpose, water efficiency targets set and steps taken to achieve them	Taking Pride in Green
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**	Taking Pride in Green
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Taking Pride in Green
A4	**Climate change**	Safety First
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact , the issuer and the action taken to manage them.	Safety First
B1	**Employment**	People Oriented
B1.1	Total workforce by gender, employment type, age group and geographical region	People Oriented Performance and Data

Aspect	Disclosures	Reporting Chapter
B1.2	Employee turnover rate by gender, age group and geographical region	People Oriented Performance and Data
B2	**Health and safety**	Safety First
B2.1	Number and rate of work-related fatalities	Safety First Performance and Data
B2.2	Lost days due to work injury	Safety First Performance and Data
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Safety First
B3	**Development and training**	People Oriented
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	People Oriented Performance and Data
B3.2	The average training hours completed per employee by gender and employee category	People Oriented Performance and Data
B4	**Labor standards**	People Oriented
B4.1	Description of measures to review employment practices to avoid child and forced labor	People Oriented
B4.2	Description of steps taken to eliminate such practices when discovered	People Oriented
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
B5.3	Descriptions of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality Oriented
B5.4	Descriptions of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Quality Oriented
B6	**Product responsibility**	Quality Oriented
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality Oriented
B6.2	Number of products and service related complaints received and how they are dealt with	Quality Oriented
B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality Oriented Performance and Data
B6.4	Description of quality assurance process and recall procedures	Quality Oriented Performance and Data

Aspect	Disclosures	Reporting Chapter
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Oriented
B7	**Anti-corruption**	Quality Oriented
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	Quality Oriented
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Governance of Sustainable Development
B7.3	Description of anti-corruption training provided to directors and staff	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 Development Performance and Data

TABLE 4: REPORTING SCOPE

This report covers the following legal entities located in mainland China, Taiwan, Vietnam, the United States, etc.:
Foxconn Computer Connectors (Kunshan) Co. Ltd.
Foxconn Electronics Industry Development (Kunshan) Co., Ltd.
Fu Ding Precision Component (Shenzhen) Co. Ltd.
Fu Ding 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.
XingFox Energy (Cayman) Technology Co., Ltd.
FIT Electronic Inc.
New Wing Interconnect Technology (Bac Giang) Co., Ltd.
Belkin International, Inc. and its subsidiaries
Linksys Holdings, Inc. and its subsidiaries (formerly known as FIT CHB HoldCo, Inc.)

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

TABLE 5: FIT CERTIFICATION LIST

Relevant Certification	Main Content
Mainland China	
ISO9001	Quality assurance system
ISO13485	Quality management systems of medical devices
ISO14001	Environmental management system
ISO14064	Standards and guidelines for the quantification and reporting of greenhouse gas emissions and removals at the organizational level
ISO45001	Occupational safety and health management system
QC080000	Hazardous substance process management system
IATF16949	Quality management system—implemented for organization of production parts and related service conditions in the automotive industry
Taiwan	
ISO9001	Quality assurance system
ISO13485	Quality management systems of medical devices
IATF16949	Quality management system—implemented for organization of production parts and related service conditions in the automotive industry
OHSAS18001	Occupational health and safety Management Systems
Vietnam	
ISO9001	Quality assurance system
ISO14001	Environmental management system
ISO45001	Occupational safety and health management system
QC080000	Hazardous substance process management system

TABLE 6: FIT 2021 ENVIRONMENTAL GOALS

2021 FIT Energy Saving and Emission Reduction Goals

Type	Unit	2021 Goals
Energy Use		
Electricity	thousand KWH	Overall Objective: By the end of 2021, energy density (according to output value): energy consumption per unit of output value will be at least 1% lower than the previous year. Among them, The mainland China factory: The total energy consumption by the end of 2021 will be reduced by 5% compared to the previous year; Vietnam factory: The total energy consumption by the end of 2021 will be reduced by 1% compared to the previous year.
Diesel	Tons	
Gasoline	Tons	
Steam	Tons	

Type	Unit	2021 Goals
Water Resource		
Water Use	Tons	Overall Objective: By the end of 2021, there will be a decrease of 10% compared to the previous year.
Emission		
Waste Gas		
Hydrogen Cyanide	KG	Overall Objective: By the end of 2021, exhaust emissions will be reduced by 10% compared to the previous year.
Sulphuric Acid Mist	KG	
Nitrogen Oxides	KG	
Ammonia	KG	
VOCs	KG	
Wastewater		
Industrial Wastewater	Tons	Overall Objective: By the end of 2021, the wastewater discharge density (according to output value): that is, wastewater discharge per unit of output value will decreasebe decreased by 5% compared to the previous year.
Domestic Sewage	Tons	
Waste		
General Waste	Tons	Overall Objective: By the end of 2021, the general waste discharge density (according to output value): that is, general waste discharge per unit of output value will be decreased by 5% compared to the previous year.
Hazardous Waste	Tons	Overall Objective: By the end of 2021, the emission density of hazardous waste (according to output value): that is, the emission of hazardous waste per unit of output value will be decreased by 5% from the previous year.
Greenhouse Gas		
Greenhouse Gas (Carbon Emission)	Tons	Overall Objective: Compared with 2019, the carbon dioxide emission intensity by the end of 2021 (according to output value): that is, emissions per unit of carbon dioxide equivalent should be at least 1% lower than the previous year. Among them, Belkin will also achieve Scope 2 greenhouse gas neutrality in 2025.

The goals that Belkin has set are as follows (set for Belkin alone)

Belkin		
Energy Use		
Electricity	thousand KWH	/
Energy Use		
Water Use	Tons	/
Waste Gas		
No Waste Gas	NA	/
Wastewater		
No Wastewater	NA	/

Belkin		
Waste		
General Waste	Tons	Qualitative Goals: We acknowledge EU's objective to drive towards a more circular economy. We will explore ways to reduce our e-waste footprint by weight in terms of plastic reduction and recycled content. We will have a validated recycled content in our product to move towards a circular economy by prioritizing key materials such as copper and tin.
Greenhouse Gas		
Greenhouse Gas (Carbon Emission)	Tons	Quantitative Goals: 100% carbon neutral in scope 2 by 2025.
Packaging		
Packaging	Tons	Quantitative Goals: Reduce 25% single use plastic packaging by the end of 2025 based on our 2019 benchmark. Transition to FSC certified paper for all retail packaging by the end of 2025. Use 30% recycled content on all plastic packaging where removal of plastic packaging is not viable by the end of 2025.