

FIH[®] 富智康[™]
FIH Mobile Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038



2019

**Environmental, Social and
Governance Report**

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This ESG report is printed on environmentally friendly paper



Environmental, Social and Governance Report

ABOUT THE ESG REPORT — REPORTING STANDARD AND SCOPE

This Environmental, Social and Governance ("ESG") Report highlights the stance and various efforts of FIH Mobile Limited ("Company") and its subsidiaries (together with the Company, collectively, "Group") in ensuring the sustainability of the Group's overall business unit/group operations. It has been prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 ("ESG Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The scope of this ESG Report covers the Group for the period from 1 January 2019 to 31 December 2019 ("Reporting Period"). This ESG Report addresses the general disclosures and the related material key performance indicators ("KPIs") of two ESG subject areas — "Environmental" and "Social" — in the ESG Guide. The quantitative data provided for the environmental KPIs in this ESG Report are based on the Group's operations in Mainland China ("PRC"), India and Vietnam, which are considered (in terms of the scale of businesses and operations as well as the number of employees, factory units and office units) to reflect the comparatively significant ESG impacts of the Group's overall business unit/group operations.

SUSTAINABILITY GOVERNANCE

The Group's business strategy is firmly grounded on values of sustainable development as awareness of environmental and social issues arise on the global agenda. A sound governance system is essential to drive sustainable initiatives whilst taking into account the interests of all key stakeholders, internal and external, namely employees, customers, suppliers, the community, shareholders/investors and non-governmental organisations ("NGOs").

As an active member of the Responsible Business Alliance (formerly known as the Electronic Industry Citizenship Coalition) ("RBA"), 鴻海精密工業股份有限公司 Hon Hai Precision Industry Company Limited (English name is for identification purposes only) as the ultimate controlling shareholder of the Company together with its subsidiaries and associates (collectively, "Hon Hai Group") is dedicated to fulfilling its responsibilities as a good corporate citizen and a global industry leader, and to integrating good governance practices in all aspects of its operations. As a member of the Hon Hai Group, the Group's operations are guided by the Hon Hai Group's Social and Environmental Responsibility ("SER") Code of Conduct ("SER Code"), which sets out the Group's standards relating to ethics, labour rights, health and safety, environment, management system, restrictions on the use of conflict minerals, anti-corruption and anti-slavery.

Compliance with the SER Code is monitored by the Hon Hai Group's Global SER Committee and, in relation to the Group, the Company's Chief Executive Officer and his delegates (currently the Company's head of human resources and her designated SER team). Each year, they conduct evaluations and audits against the Group's operations. For the year ended 31 December 2019, the Group operated in compliance with the SER Code.



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The Company's Board of Directors ("Board") has overall responsibility for the Group's system of internal controls and enterprise risk management ("ERM") and ensuring its effectiveness, and in particular, evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's business and strategic objectives, ensuring that an adequate and effective system of internal controls and ERM is in place within the Group. In particular, the Board oversees the Group's management in the context of the Group's ERM and internal controlsⁱ ("Designated Management") in, among other things, the design, implementation and monitoring of the internal control and ERM system on an ongoing basis. In addition, the Group's ERM teamⁱⁱ ("ERM Team") will regularly review risk assessment reports to ensure the adequacy of action plans and appropriate business processes or control systems to manage the Group's risks, including ESG-related risks. All the risk assessment results will be consolidated in a Group-level risk assessment report to the Company's Chief Financial Officer. For more details about the Group's ESG-related risk management and internal control systems, please refer to "Accountability and Audit" set out in the Corporate Governance Report, which forms part of the Company's 2019 Annual Report.

STAKEHOLDER ENGAGEMENT

In preparation for this ESG Report, an independent consultant was commissioned to conduct a stakeholder engagement exercise with the aim of understanding stakeholders' views on the Group's initiatives, performance and future strategies in relation to ESG issues. In 2019, an online survey was distributed to a group of key external and internal stakeholders (including suppliers, NGOs and employees) of the Group to gather views and suggestions on various ESG issues. The stakeholders were also invited to rank the importance of ESG topics and express their views and expectations on the Group's ESG performance.

MATERIALITY ASSESSMENT

According to the ESG Guide, a listed issuer is encouraged to identify and disclose information on ESG issues that are "material" to its operations where materiality is defined as the threshold at which ESG issues determined by the Board are sufficiently important to stakeholders that they should be reported. To determine material ESG issues for disclosure in this ESG Report, a three-step materiality assessment was conducted by the independent consultant.

ⁱ The Designated Management comprises the Company's Chairman/Acting Chairman, Chief Executive Officer and Chief Financial Officer as well as the Group's business heads of the Group's major factories in the PRC, India, Vietnam and the United States of America, who collectively as a body are designated for the purpose of assisting the Board with the Group's overall policies on ERM and internal controls.

ⁱⁱ The ERM Team comprises the Company's heads/leaders of human resources, supply chain services, product safety, security and liability, quality and reliability, manufacturing and corporate engineering, finance, legal, information technology, strategic planning, investment management, sales and collection management, environment and health and safety departments/divisions, who collectively as a body represent key functions of the Group for monitoring and execution of the ERM processes in accordance with the enterprise risk assessment and management planning operation procedures, which set out (among other things) the enterprise risk assessment and management principles and procedures, the quantifiable assessment standards and evaluations, the respective roles and responsibilities of the ERM Team and the supporting divisions and handling officers at the headquarters and business unit levels as well as the ERM system operation details.



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- **Step 1: Identification**

The independent consultant reviewed the ESG disclosures of the Group's major local and international industry peer companies which gave an indication of the most relevant industry-related ESG issues and KPIs for the Group. A group of key external and internal stakeholders of the Group were also invited to complete an online survey to rank the importance of ESG issues and KPIs in respect of the Group's businesses and operations.

- **Step 2: Prioritisation**

Results from step 1 were consolidated, analysed and assessed by the independent consultant to identify a prioritised list of potentially material ESG issues and KPIs for the Group.

- **Step 3: Validation**

Validation of the potentially material ESG issues and KPIs as per the prioritised list was conducted by the Group's Chief Internal Auditor with the Designated Management and the ERM Team respectively to come up with a final list of material ESG issues and KPIs after having taken into account their relative relevance in relation to the Group's operations. The validation results as represented in the final list of material ESG issues and KPIs were communicated to, and then considered and approved by, the Board.

A consolidated list of material disclosures and KPIs are included in the Environmental, Social and Governance Reporting Guide Content Index which can be found at the end of this ESG Report.

ENVIRONMENTAL STEWARDSHIP

Environmental sustainability is a top priority for the Group. The Group has put in place a systematic approach towards integrating green and sustainable practices in its operations, implementing measures in the areas of environmentally-friendly product design, greenhouse gas ("GHG") emission reduction, process management, energy and resource management and supply chain management to minimise the negative impact of the Group's operations on the environment and natural resources, with the aim of attaining the international standards laid down by the ISO14001 environmental management system and the European Eco-Management and Audit Scheme. All of the Group's manufacturing plants in the PRC, India and Vietnam have attained the ISO14001 environmental management system. In particular, environmental protection facilities in the Group's manufacturing plants have been periodically upgraded, enhancing the processing and management capacity of wastewater, air emissions, general waste and recycled materials.



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Energy Management and Greenhouse Gas Emission Reduction

The Group works to achieve the Hon Hai Group's global energy-efficiency goals, which are set annually and communicated to its business units/groups. The attainment of these goals is facilitated by the implementation of the ISO50001 energy management system which drives progress using the model of continual improvement. The Group monitors, reviews and evaluates the energy use of each business unit/group and rewards top performers. By leveraging a range of energy-saving and GHG emission reduction technologies, the Group actively promotes energy efficiency management and renewable energy utilisation and hence corresponding GHG emission reduction.

While all newly-procured lighting and air conditioning systems adhere to high energy efficiency and GHG emission reduction standards, the Group is also adopting a phased approach to replace existing machinery with energy-saving and GHG emission reduction models. During the Reporting Period, major technology upgrades have been made in certain production facilities at Langfang, the PRC (which obtained the ISO50001 energy management system certification), including the introduction of a variety of energy-efficient equipment, including vacuum generators with electropermanent magnets, an inverter air conditioner, low-GWPⁱⁱⁱ refrigerants and a new water pump model. The Group's continual efforts resulted in a year-on-year reduction of energy consumption of 8.09 TJ^{iv}. The corresponding GHG emission reduction by energy-saving initiatives is as follows:

Table 1. Energy-saving initiatives and results achieved

Energy-saving Initiatives	Energy Saved	GHG Emissions Mitigated
Replaced vacuum generators with electropermanent magnets	5.53 TJ	1,346 tonnes of CO ₂ e ^v
Replaced obsolete lights with LED (light-emitting diode) light fixtures	2.56 TJ	622 tonnes of CO ₂ e

Apart from consciously enhancing energy efficiency management and GHG emission reduction within the Group, the Group also contributes to the Hon Hai Group's GHG emission reduction efforts by working continuously with suppliers on GHG emission reduction measures. In particular, suppliers are required to adhere to the Group's GHG emission reduction policies and establish systems, at the organisational and product levels, to monitor GHG emissions. Please see the "The Group's Value Chain — Supply Chain Management" and "The Group's Value Chain — Sustainable Product Management" sections below for more details on the Group's supplier green product management.

iii GWP: Global warming potential.

iv TJ: Terajoule, an energy measurement unit equivalent to 10¹² joules.

v CO₂e: Carbon dioxide equivalent.



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Air Pollution Control

The Group's operations do not have any significant impact on the environment from air emissions. Nevertheless, the Group closely controls and monitors any air pollutants which may be generated during the manufacturing and transportation processes. The functioning of air pollutant emission systems is also under routine examination. Please refer to the Performance Data Table for the data on the Group's vehicular air emissions.

Water Treatment and Utilisation

The Group actively promotes the reduction and reuse of wastewater and adopts the use of reclaimed water throughout its production lines in order to reduce the impact of manufacturing on the environment. The Group strictly complies with local regulations regarding wastewater discharge. Wastewater is closely monitored and controlled before discharge, and the functioning of wastewater handling systems is also under routine examination. Industrial wastewater is treated with a vacuum distillation system, reducing up to an average of 550 tonnes of wastewater discharge per month.

The Group is also committed to conserving water resources through the ongoing optimisation of production processes. At certain facilities in Langfang, the PRC, discharge from cooling towers is treated by reverse osmosis and reused for flushing purposes. Greywater is also collected, treated and reused for flushing at dormitories. The Group's systems have the capacity to produce an average of 550 to 700 tonnes of reusable water per day.

Waste Management

The Group's solid waste management guidelines provide directions on how to differentiate, control, reduce, dispose of, transport, store and recycle solid waste as well as chemicals and hazardous materials. All relevant waste is treated and disposed of in compliance with relevant environmental laws and regulations. In particular, the Group strictly complies with local regulations regarding sludge disposal, and only engages collectors licensed by the local authorities for the collection of sludge, and also utilises sludge drying to reduce outsourced sludge collection costs. In addition, the Group works to maximise waste recycling, and leverages design and technology to transform waste into usable resource inputs. At the Group's production facilities in Vietnam and Langfang, the PRC, old wooden and plastic pallets are collected, cleaned and reused to avoid the unnecessary generation of waste. During the Reporting Period, instead of disposal, 769,895 kilograms of wooden pallets and 1,830,159 kilograms of plastic pallets were reused.

Environmental Permits and Reporting

The Group complies with relevant laws and regulations in obtaining, maintaining and renewing the requisite environmental permits and with the requirements on the use and reporting relating to relevant permits.



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Recycled Materials

The Group actively promotes the use of environmentally-friendly materials and has conducted research to develop and design environmentally-friendly products that are sustainable. The Group's efforts in the recycling of waste and the use of renewable materials not only create economic benefits, but also effectively utilise resources and hence reduce the environmental impact. The Group generally prepares the packaging materials (using materials such as paper and plastic) for finished products in accordance with its customers' respective requirements and specifications. Accordingly, specific information on types and volume of materials used represents commercially sensitive information of customers. Notwithstanding this, the Group strives to reduce the environmental impacts of packaging materials by actively engaging and collaborating with its suppliers and customers.

Product Content Restrictions

The Group complies with relevant laws and regulations as well as the instructions of its customers regarding the non-use of restricted or hazardous substances as well as the recycling and processing of relevant wastes.

Employee Awareness

The Group actively pursues a variety of environmental activities to raise employee awareness of environmental conservation, and to educate and increase the engagement of employees in doing their part to protect the environment.

Compliance with Relevant Laws and Regulations

The Group operates in compliance with relevant laws and regulations^{vi} that have a significant impact on the Group relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. To ensure continued compliance, the Group has adopted a "Law Identification Procedure", an internal evaluation and audit of compliance with relevant environmental laws and regulations.

vi The laws and regulations (as amended from time to time) that the Group considers to be the most relevant to the Group in terms of impact on the environment and natural resources include, but are not limited to, the following as well as other applicable laws and regulations in the PRC, India and Vietnam:

- PRC: the "Environmental Protection Law of the People's Republic of China", the "Energy Conservation Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste" and the "Law of the People's Republic of China on the Prevention and Control of Soil Pollution".
- India: the "Factories Act", the "E-Waste (Management and Handling) Rules", the "Hazardous Waste (Management and Handling) Rules", the "Environment Protection Act", the "Environment Protection Rules", the "Environment Impact Assessment Notification", the "Bio-Medical Waste (Management and Handling) Rules", the "Batteries (Management and Handling) Rules", the "Factories Rules", the "Water (Prevention and Control of Pollution) Act", the "Plastic Waste (Management) Rules", the "Manufacture, Storage, and Import of Hazardous Chemical Rules" and the "Air (Prevention and Control of Pollution) Act".
- Vietnam: the "Law On Environmental Protection No. 55/2014/QH13", the "Decree No. 19/2015/ND-CP Guiding The Law On Environmental Protection", the "Decree No. 40/2019/ND-CP On Amendments To Decrees On Guidelines For The Law On Environmental Protection", the "Decree No. 154/2016/ND-CP On Environmental Protection Fee On Wastewater", the "Decree No. 38/2015/ND-CP On Management Of Waste And Discarded Materials", the "Decree No. 80/2014/ND-CP On The Drainage And Treatment Of Wastewater", the "Circular No. 35/2015/TT-BTNMT Providing For The Environmental Protection Of Economic Zones, Industrial Parks, Export Processing Zones And Hi-Tech Parks", the "Decision No. 16/2015/QD-TTg On Withdrawal And Treatment Of Discarded Products", the "Circular No. 34/2017/TT-BTNMT On Withdrawal And Treatment Of Discarded Products" and the "Decree No. 155/2016/ND-CP On Penalties For Administrative Violations Against Regulations On Environmental Protection".



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HUMAN CAPITAL — THE GROUP'S GREATEST ASSET

Employees are the Group's most important assets, and the Group is fully committed to continuing to provide employees with an industry-leading working environment, and protecting the rights and interests of its employees, with the aim of attaining the standards prescribed by the United Nations' Declaration of Human Rights, the RBA, the International Labour Organisation, and the Ethical Trading Initiative as well as the requirements laid down by relevant local laws and regulations.

As at 31 December 2019, the Group had a total of 85,729 (2018: 97,484) employees. Please refer to the Performance Data Table for more details. Total staff costs incurred during the Reporting Period amounted to US\$531 million (2018: US\$523 million).

Recruitment and Dismissal

The Group appreciates the need for diversity in the workforce, and recruits employees using an unbiased screening process while maintaining respect for the rights and confidentiality of applicants. In accordance with relevant laws and regulations^{vii}, the employment of child workers is strictly prohibited, and that of underage workers is highly restricted by the Group. In relation to the Group's operations in the PRC, the Group has adopted the identity authentication system of the PRC Public Security Bureau as part of the

vii The laws and regulations (as amended from time to time) that the Group considers to be the most relevant to the Group in terms of human capital generally include, but are not limited to, the following as well as other applicable laws and regulations in the PRC, India and Vietnam:

- PRC: the "Labour Law of the People's Republic of China", the "Provisions on Prohibition of Child Labour of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Regulation on the Administration of Housing Accumulation Funds", the "Interim Regulation on the Collection and Payment of Social Insurance Premiums" and the "Interim Provisions on Labour Dispatch".
- India: the "Factories Act", the "National and Festival Holiday Act", the "Contract Labour (Regulation and Abolition) Act", the "Minimum Wages Act", the "Payment of Wages Act", the "Payment of Bonus Act", the "Equal Remuneration Act", the "Trade Unions Act", the "Industrial Employment (Standing Orders) Act", the "Industrial Disputes Act", the "Bonded Labour System (Abolition) Act", the "Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act", the "Employees' Compensation Act", the "Employees' Provident Funds and Miscellaneous Provisions Act", the "Employees' State Insurance Act", the "Maternity Benefit Act", the "Payment of Gratuity Act", the "Building and Other Construction Workers Welfare Cess Act", the "Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act", the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act", the "Passport (Entry into India) Act", the "Foreigners Act", the "Registration of Foreigners Act", the "Registration of Foreigners Rules", the "Apprentices Act", the "Rights of Persons with Disabilities Act", the "Child and Adolescent Labour (Prohibition and Regulation) Act" and the state-specific labour welfare fund acts.
- Vietnam: the "Labour Code No. 10/2012/QH13", the "Decree No. 05/2015/ND-CP Guiding The Labour Code as amended by Decree No. 148/2018/ND-CP", the "Decree No. 149/2018/ND-CP Guiding Article 63.3 Of The Labour Code Regarding Application Of Workplace Democracy", the "Decree No. 03/2014/ND-CP Detailing A Number Of Articles Of The Labour Code Regarding Employment", the "Decree No. 44/2013/ND-CP Detailing The Implementation Of A Number Of Articles Of The Labour Code Regarding Labour Contracts", the "Decree No. 121/2018/ND-CP On Amendments To The Government's Decree No. 49/2013/ND-CP On Guidelines For The Labour Code In Terms Of Wages", the "Decree No. 11/2016/ND-CP For Detailed Regulations On Implementing The Labour Code Regarding Foreign Workers In Vietnam", the "Decree No. 85/2015/ND-CP Detailing The Labour Code In Terms Of Policies For Female Employees", the "Law On Social Insurance No. 58/2014/QH13", the "Decree No. 44/2017/ND-CP On The Rate Of Contribution To The Occupational Accident And Disease Insurance Fund", the "Law On Employment No. 38/2013/QH13", the "Decree No. 28/2015/ND-CP Detailing The Implementation Of A Number Of Articles On Unemployment Insurance Of The Law On Employment", the "Circular No. 28/2015/TT-BLDTBXH Guiding Article 52 Of The Law On Employment And The Decree No. 28/2015/ND-CP", the "Law On Health Insurance No. 25/2008/QH12", the "Law Amendments To The Law On Health Insurance No. 46/2014/QH13", the "Decree No. 115/2015/ND-CP Guiding The Law On Social Insurance Regarding Compulsory Social Insurance", the "Circular No. 59/2015/TT-BLDTBXH Guiding The Law On Social Insurance On Compulsory Social Insurance", and the "Decree No. 95/2013/ND-CP On Penalties For Administrative Violations Against Regulations On Labour, Social Insurance, And Overseas Manpower Supply As Amended By Decree No. 88/2015/ND-CP".



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Group's procedures to identify and restrict child workers. Additionally, the Group requires all job applicants to provide proof of age to ensure compliance with relevant laws and regulations. Forced labour (including, but not limited to, prison, indentured, and bonded labour) is strictly prohibited by the Group. In this respect, a whistle-blowing system is in place for employees to report on any suspected child and forced labour cases. If such cases are discovered and confirmed after investigation, the Group will pursue appropriate actions, including but not limited to initiating disciplinary actions, commencing legal proceedings and/or reporting to appropriate governmental/regulatory authorities. The Group respects employees' human rights and prevents any actions that inhibit freedom such as the retention of employees' identity cards and passports, impounding wages, restriction on the time in and out of factories, and forced overtime. Self-evaluations are conducted regularly to ensure compliance with relevant laws and regulations and customers' contractual requirements related to the Group's operations.

Pursuant to the Group's employment contracts and policies applicable to its employees generally, the Group reserves the right to terminate such employment contracts in compliance with the corresponding governing laws if (among other things) such employees breach the material employment terms and conditions (such as their breach of anti-corruption, fraud, extortion or money-laundering obligations) or violate applicable local laws and regulations^{viii} giving rise to criminal convictions.

Employee Wages and Benefits

The Group offers a comprehensive remuneration policy, which is reviewed by the management on a regular basis. In general, the Group's merit-based remuneration policy rewards its employees for good performance and productivity. The Group treats all employees equally and fairly, and evaluates employee performance (including determining promotions and wage increments) based on merit and ability. To encourage employee retention, the Group has implemented annual bonuses, time-based incentives and other incentive programs. In particular, the Company has adopted a share scheme and a share option scheme, respectively, as described in the Report of the Directors, which forms part of the Company's 2019 Annual Report. The share option scheme complies with the requirements of Chapter 17 of the Listing Rules. The Group has also introduced non-monetary rewards (including housing incentives) for employees with exceptional performance. Employees also enjoy insurance coverage provided by the Group. Please refer to the Performance Data Table for more details.

Emoluments to Directors

The emoluments payable to the directors of the Company are determined by the Board from time to time with reference to the Company's performance, their duties and responsibilities with the Company, their contributions to the Company and the prevailing market practice as well as the recommendations from the Company's remuneration committee.

^{viii} The laws and regulations (as amended from time to time) that the Group considers to be the most relevant to the Group in terms of bribery, extortion, fraud and money laundering include, but are not limited to, the following as well as other applicable laws and regulations in the PRC, India and Vietnam:

- PRC: the "Interim Provisions of the State Administration for Industry and Commerce on the Prohibition of Commercial Bribery", the "Supplementary Provisions of the People's Republic of China Standing Committee of the National People's Congress Concerning the Punishment of the Crimes of Corruption and Bribery" and the "Anti-Unfair Competition Law of the People's Republic of China".
- India: the "Prevention of Corruption Act", the "Benami Transactions (Prohibition) Act", the "Prevention of Money Laundering Act" and the "Indian Penal Code".
- Vietnam: the "Law On Anti-Corruption No. 36/2018/QH14", the "Decree No. 59/2019/ND-CP Elaborating On A Number Of Articles And Measures For Implementation Of The Law On Anti-Corruption", the "Law On Anti-Money Laundering No. 07/2012/QH13", the "Decree No. 116/2013/ND-CP Detailing Implementation Of A Number Of Articles Of The Law On Anti-Money Laundering As Amended By Decree No. 87/2019/ND-CP", the "Criminal Code No. 100/2015/QH13" and the "Law On Amendments To The Criminal Code No. 12/2017/QH14".



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Training and Development

Employees are appraised on an annual basis in order to assess performance and arrange specific on-the-job training to further their growth and development. Based on the Group's operational needs and business goals, the Group evaluates and explores the needs of its employees through systematic and professional means so as to formulate suitable talent development plans and educational courses for employees. The Group provides on-going training on various areas such as occupational safety, regulations, technical skills, management skills and social and environmental responsibility in order to enhance employees' knowledge and performance. In addition, a number of employees participate in relevant continuous development activities through different means as appropriate, including but not limited to attending briefings and/or training sessions and/or reading materials relating to a variety of subject matters such as the Group's business operations, general economy and business, manufacturing or technology industry, and applicable legal and regulatory requirements. Please refer to the Performance Data Table for more details. In particular, as the recent regulatory trend has been focusing on the Company's continuing connected transactions ("CCTs"), the Company's Chief Financial Officer and the Group's accounting departments under his supervision have implemented the Group's CCTs policy. In addition, the Group's accounting departments have been organising training sessions for the Group's relevant employees who are and will be involved in CCTs-related work (including the accounting departments of the Company's subsidiaries in different jurisdictions) to provide information on the background of the CCTs, the CCTs categorisation, the applicable requirements laid down by the Listing Rules, such employees' respective CCTs-related roles and responsibilities and updates on the CCTs policy (if any). During the Reporting Period, 2 CCTs training sessions were organised for a total of more than 142 participating employees.

Anti-discrimination

The Group is an equal opportunity employer and its employment policies require that recruitment, promotion, performance evaluation, wages assessment, training opportunities and retirement must be people-oriented, lawful, fair and without discrimination based on (among other things) gender, age, nationality, race, religion, family status, political affiliation, disability, sexual orientation and union membership. The Group also promotes diversity in the workplace. In particular, the Group is committed to protecting female employees' rights and health, especially in terms of maternity and pregnancy.

Occupational Safety and Health

The Group abides by the "safety first" policy. Its focus is to deploy proactive and preventive measures in order to eliminate and reduce occupational risks and to provide a healthy and safe working environment for its employees. Safe and sustainable operations are the cornerstone of corporate growth and a fundamental principle in its approach towards the well-being of its employees. The Group has established an advanced detection and monitoring system, implemented control and prevention mechanisms, and conducted regular safety inspections to continuously eliminate and prevent any workplace hazards. Seminars on health and safety are organised to reinforce employee awareness of safety policies and capabilities in handling machinery and hazardous materials. For the protection of front-line employees, the Group proactively introduces safety equipment such as on-site industrial ventilation systems and "Emergency Eyewash". The Group also regularly identifies potential occupational health and safety risks through third-party audits. In addition, the Group provides facilities for complimentary health checks for its employees.



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The Group has been investing in the automation of various manufacturing tasks associated with its operations to improve industrial safety and occupational hygiene. Across all of its facilities, the Group has continued to leverage automation and other innovative manufacturing technologies to replace high-risk or repetitive tasks and enable its employees to focus on high value-added elements in the manufacturing process. The Group continuously assesses potential occupational health and safety risks associated with the manufacturing process of new products to identify relevant preventive measures and procedures to safeguard employees' health and safety.

The Group's employee health and safety policies and standards comply with relevant international and local laws and regulations^{ix}, including the requirements under the ISO45001 (an international occupational health and safety management system), and the SA8000 (an auditable social certification standard for workplaces across all industrial sectors), which also includes guidelines on working hours and rest periods. In particular, the working hours and rest periods (or overtime pay and/or paid holidays in lieu) of the Group's employees follow the labour standards suggested in the RBA Code of Conduct and comply with applicable local laws and regulations. Working time arrangements are effectively managed to promote work-life balance among the Group's employees. Please refer to the Performance Data Table for more details.

^{ix} The laws and regulations (as amended from time to time) that the Group considers to be the most relevant to the Group in terms of occupational safety and health include, but are not limited to, the following as well as other applicable laws and regulations in the PRC, India and Vietnam:

- PRC: the "Work Safety Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and the "Fire Protection Law of the People's Republic of China".
- India: the "Factories Act", the "Fire Service Rules", the "Air (Prevention and Control of Pollution) Act", the "Water (Prevention and Control of Pollution) Act", the "Tamil Nadu Factories Rules", the "Tamilnadu Lift Rules", the "Employees' Compensation Act", the "Explosives Rules", the "Tamilnadu Manual Workers (Regulation of Employment and Conditions of Work) Act", the "Explosives Act" and the "Boilers Act".
- Vietnam: the "Law On Occupational Safety And Hygiene No. 84/2015/QH13", the "Decree No. 143/2018/ND-CP Elaborating On Law On Social Insurance And Law On Occupational Safety And Hygiene Regarding Compulsory Social Insurance For Employees Who Are Foreign Nationals Working In Vietnam", the "Decree No. 37/2016/ND-CP Detailing And Guiding The Implementation Of Certain Articles Of The Law On Occupational Safety And Hygiene With Regard To Compulsory Insurance For Occupational Accidents And Occupational Diseases", the "Circular No. 13/2016/TT-BLDTBXH Issued By The Ministry Of Labour On Invalid And Social Affairs On Promulgation Of The List Of Occupations Bound By Strict Requirements For Occupational Safety And Hygiene", the "Law On Fire Prevention And Fighting No. 27/2001/QH10", the "Law Amending And Adding A Number Of Articles Of The Law On Fire Prevention And Fighting No. 40/2013/QH13", the "Labour Code No. 10/2012/QH13", the "Decree No. 05/2015/ND-CP Guiding The Labour Code As Amended By Decree No. 148/2018/ND-CP", the "Decree No. 45/2013/ND-CP Elaborating On A Number Of Articles Of The Labour Code On Hours Of Work, Hours Of Rest, Occupational Safety And Occupational Hygiene", the "Circular No. 54/2015/TT-BLDTBXH On Guidelines For Hours Of Work, Hours Of Rest Applicable To Employees Doing Seasonal Production Work And Processing Of Goods Under Orders", the "Circular No. 04/2014/TT-BLDTBXH Guiding Implementation Of Regulations On Personal Protective Equipment", the "Circular No. 14/2013/TT-BYT Guiding Medical Examination", the "Circular No. 25/2013/TT-BLDTBXH On Provision Of Perquisites For Workers In Harmful Or Dangerous Environments" and the "Decree No. 167/2013/ND-CP For Regulations On Sanction Of Administrative Violation In Social Security, Order And Safety, Prevention And Fighting Of Social Evils, Fire And Domestic Violence".



Environmental, Social and Governance Report

Care for Employees

The Group considers a steady and harmonious labour relationship to be the foundation for a sustainable development of an enterprise. In order to achieve and enhance such a relationship, the Group has continuously invested in improving the infrastructure of manufacturing plants and the dormitory environment for employees. Recreational facilities provided to the employees include integrated sports stadiums, basketball courts, swimming pools, libraries, parks, gymnasiums, banking, and retail facilities to support a healthy lifestyle and promote work-life balance among employees.

Employees are encouraged to participate in various cultural, entertainment and sport activities organised by the Group according to their individual interests. There are also regular volunteer activities such as blood donation, tree planting and visits to the underprivileged for employees to contribute to their local communities.

Compliance with Relevant Laws and Regulations

The Group operates in compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare including maternity and paternity leave, safe working environment, protecting employees from occupational hazards, and preventing child and forced labour. To ensure continued compliance, the Group has implemented a "Law Identification Procedure", an internal evaluation and audit of compliance with relevant laws and regulations including those related to occupational health and safety and labour.

THE GROUP'S VALUE CHAIN

Supply Chain Management

The Group requires its Procurement Division and all of its over 3,000 suppliers to comply with the Group's social and environmental responsibility guidelines and to adhere to and implement the following policies:

- Prohibit corruption, fraud, extortion, money-laundering, discrimination, unfair or non-competitive practices throughout the procurement process by signing a letter of undertaking that they will adhere to the principles of fair competition and transparency; and
- Prohibit discrimination based on country of origin, race, culture or politics, among other things, in the supplier verification, evaluation and optimisation process.

As part of its supplier verification process, the Group conducts SER risk assessments of new suppliers on five key areas (including product quality, green products, social and environmental responsibility, commodity and financial health) on an annual basis along with continuous on-site supplier audits. For the Group's existing suppliers, they are required to have a sustainable and hazardous materials and product management system in place, with third-party certification, so that they can observe sustainable supply chain practices and implement such practices throughout the value chain from product sourcing to risk management and auditing.



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A progressive grading approach is adopted via a Scorecard Platform, in which points are awarded or deducted based on performance in order to motivate suppliers to take actions to improve their standards to fulfill the Group's requirements. Based on their performance, suppliers are included in the Group's "Approved Supplier List", "Preferred Supplier List" and "Rejected Supplier List", which are updated periodically.

All suppliers are required to live up to the SER Code, and the SER performance of suppliers is a fundamental criterion in the Group's selection process. The Group maintains a supplier SER management system platform that follows the RBA management model which encompasses four phases in the management of suppliers, namely introduction, assessment, verification and continuous improvement.

To ensure that the Group's suppliers observe sustainable supply chain practices and to support them in the implementation of such practices throughout the value chain, the Group incorporates a list of environmental criteria into its procurement standards, including low GHG and energy consumption, a high level of recyclability, and green logistics.

Sustainable Product Management

The Group's commitment to sustainability can be seen across its entire supply chain, from product design to material sourcing and procurement measures. The Group has set up specialised divisions to study the environmental requirements of regulators, customers, industry and other key stakeholders, including compliance with the "Law of the People's Republic of China on Product Quality", the European Union's "Restriction on Hazardous Substances Directive" (RoHS) and the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, restrictions on the use of conflict minerals as well as HF (Halogen-Free) certifications and GHG emission reduction expectations. The results of these efforts are translated into actionable internal measures that can be integrated and applied within the Group's operations.

Under the Design for Environment program set up by the Hon Hai Group, the Group integrates the five key principles — environmentally friendly, energy and resource efficiency and reduction, recyclability, and ergonomics — into its product design process. The Group requires suppliers to ensure that downstream suppliers fulfill obligatory requirements in order to restrict the use of toxic and hazardous substances, encourage the deployment of GHG emission reduction solutions and other environmentally-friendly practices, and bolster capabilities in making eco-friendly products. It also monitors all aspects of the operations process via systematic platforms to ensure alignment with sustainability such as using recyclable materials wherever possible. If the Group's customers suspect any environmentally-abnormal substances/materials in the products, the Group will immediately upon notification initiate its recall procedures which provide for (among other things) the segregation of the suspected products, inventory and substances/materials for further investigations.

The Group adheres to international standards and governmental and non-governmental regulations on conflict minerals. The Group does not accept, and does not use, conflict minerals in its operations. The Group requires suppliers to trace the origin of products potentially containing conflict minerals, including gold (Au), tantalum (Ta), tin (Sn) and tungsten (W), and to provide all relevant information regarding the sources of those minerals to the Group. In addition, the Group's downstream suppliers are required to fulfill their due diligence on conflict-free minerals pursuant to relevant international standards and regulations.



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Labelling and Advertising

The Group provides packaging and product information labelling services in compliance with its customers' respective instructions and applicable laws and regulations of the relevant exporting and importing jurisdictions, particularly enabling its customers to trace relevant manufacturing plants for product-return or other product-related enquiries.

Since the Group does not sell its products to end consumers directly, the Group needs not promote its products and services by advertising, whereas product advertising activities are conducted by the Group's customers.

Data Privacy

During its operations, personal data from the Group's key stakeholders such as suppliers, customers and employees are collected from time to time for different purposes. The Group recognises its responsibilities and strictly complies with relevant laws and regulations in relation to the collection, holding, processing, use, transfer and disposal of such data. Personal data are collected only for lawful and relevant purposes, and appropriate steps are taken to ensure that personal data held by the Group are accurate.

The Group strives to protect personal data from unauthorised access and abuse. Its employees are contractually responsible for safeguarding any confidential or sensitive information to which they have had access during their employment.

Intellectual Property Rights

The Group has depended in part on its ability to provide its customers with technologically sophisticated manufacturing and production processes and innovative mechanical product designs and developments, and accordingly, has been protecting its and its customers' respective intellectual property rights ("IPR").

The Group respects IPR and strives to ensure that the products and services it provides do not involve any act of IPR infringement. The Group's policy on IPR protection stipulates that employees are prohibited from revealing any protected information, known or managed, to competitors or any third parties without the direct authorisation by the disclosing party. The policy also clearly prohibits infringement through copying or cribbing, whether directly or indirectly, of the intellectual property and trade secrets of the Group, stakeholders or third parties. Incorporated within the policy are procedures for the investigation of possible violations, and review by the Group's legal department to decide on the appropriate legal actions.

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Customer Complaint Handling Procedures

The Group highly values feedback received from customers regarding its product and service qualities. The Group has established customer complaint handling procedures to respond to product-related and service-related complaints in a systematic manner. Once the factory/business units receive complaints from customers, they will verify the complaint information followed by a check on the production process to investigate into the circumstances underlying and leading to the complaint. If the complaint is evidenced to be valid, the factory/business units will propose remedial measures to customers and conduct performance tracking. After customer complaint cases are closed, the cases are filed for record tracking and continuous enhancement purposes. During the Reporting Period, the Group received a comparatively low rate of product-related and/or service-related complaints. Please refer to the Performance Data Table for more details.

Anti-corruption and Whistle-blowing Policies

The Group upholds a corporate culture of integrity and management with dignity and expects all of its directors, officers and employees to observe high standards of ethical behaviour. It is committed to full compliance with applicable national and international anti-corruption, anti-bribery, anti-extortion and anti-money-laundering laws and regulations. The code of conduct and the code of ethics administering appropriate and prohibited individual behaviour within the Group are implemented and apply to employees by way of policies, rules and principles. In particular, the Group's "Anti-Corruption Code of Conduct" describes the types of conduct which are strictly prohibited and clearly informs all employees that they are required to abide by this Code. In addition, the Group has an internal audit function that is under the supervision and management of the Group's Chief Internal Auditor to handle investigation in relation to any allegations of improper business conduct and bribery according to the Group's whistle-blowing policies and the related procedures as described below. The Group's internal audit function independently reviews the risks associated with and internal controls of the Group over various operations and activities and evaluates their overall adequacy, effectiveness and compliance with the Group's policies, plans and procedures. Furthermore, the Group requires (as a prerequisite to the establishment of business relationship) its suppliers and customers to strictly enforce high standards of anti-corruption.



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The Group has also established its whistle-blowing policies and the related procedures which apply to all members of staff and suppliers. Complaints concerning fraudulent acts, unethical acts or improper business conduct can be raised through established hotlines and other channels. Whistle-blower identities are protected without fear of reprisal, victimisation, subsequent discrimination or any other unfavourable prejudice. All complaints will be handled confidentially, fairly and professionally by the Group's Chief Internal Auditor for further investigation and appropriate follow-up actions.

As a result, during the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Compliance with Relevant Laws and Regulations

The Group operates in compliance with relevant laws and regulations^x that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided, methods of redress, bribery, extortion, fraud and money laundering. To ensure continued compliance, the Group has implemented a "Law Identification Procedure", an internal evaluation and audit of compliance with relevant laws and regulations including those related to anti-corruption, customer data protection and intellectual property rights.

x In addition to footnotes viii and ix, the laws and regulations (as amended from time to time) that the Group considers to be the most relevant to the Group in terms of health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress include, but are not limited to, the following as well as other applicable laws and regulations in the PRC, India and Vietnam:

- PRC: the "Product Quality Law of the People's Republic of China", the "Advertising Law of the People's Republic of China" and the European Union's "Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation" and "Restriction of Hazardous Substances Directive (RoHS)".
- India: the "Bureau Indian Standards Act", the "Legal Metrology (Package of Goods and Commodity) Rules", the "Legal Metrology Act", the "Intellectual Property Rights (Imported Goods) Enforcement Rules", the "Customs Act", the "Consumer Protection Act", the "Customs (Import of Goods at Concessional Rates", the "Information Technology Act", the "Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules", the "Copyright Act", the "Trademarks Act", the "Designs Act", the "Patents Act", the "Customs Tariff Act", the "Indian Telegraph Act", the "Indian Telegraph Rules", the "Department of Telecommunications Notification", the "Procedure for Mandatory Testing and Certification of Telecommunication Equipment" and the "Bureau of Indian Standards Rules".
- Vietnam: the "Law On Product And Goods Quality No. 05/2007/QH12", the "Decree No. 119/2017/ND-CP On Penalties for Administrative Violations Against Regulations On Standards, Measurement And Quality Of Goods", the "Decree No. 43/2017/ND-CP On Good Labels", the "Law On Advertising No. 16/2012/QH13", the "Decree No. 158/2013/ND-CP On Penalties For Administrative Violations Pertaining To Culture, Sports, Tourism And Advertising", the "Law On Intellectual Property No. 50/2005/QH11", the "Law Supplementing The Law On Intellectual Property No. 36/2009/QH12", the "Law Amendments To Some Articles Of Law On Intellectual Property No. 42/2019/QH14", the "Decree No.103/2006/ND-CP Detailing and Guiding A Number Of Articles Of The Law On Intellectual Property With Respect To Industrial Property", the "Civil Code No. 91/2015/QH13", the "Law on Cyber Information Security No. 86/2015/QH13", the "Law On Anti-Corruption No. 36/2018/QH14", the "Decree No. 59/2019/ND-CP Elaborating On A Number Of Articles And Measures For Implementation Of The Law On Anti-Corruption", the "Law on Anti-Money Laundering No. 07/2012/QH13", and the "Decree No.116/2013/ND-CP Detailing Implementation Of A Number Of Articles Of The Law On Anti-Money Laundering As Amended By Decree No. 87/2019/ND-CP".

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COMMUNITY CONTRIBUTION

The Group embraces a culture of sharing, contributing and giving back to the community. It actively participates in social and community-based programs, including sponsoring and hosting philanthropic activities and volunteer programs. As a responsible corporate citizen, the Group is committed to doing its part in creating an inclusive community, providing support to underprivileged children and promoting care and respect for the elderly.

The Group has, in the financial year ended 31 December 2019, made donations for charitable or other purposes to a total amount of approximately US\$7,000.

Caring for Underprivileged Children

The Group recognises that creating a caring environment is important for nurturing a supportive community. With this in mind, the Group organised and participated in activities which provided support to underprivileged youth and their families. The Group's staff volunteers from the facilities in Langfang, the PRC delivered over 1,000 donated/used bed linens to underprivileged families in Ainci District, Langfang, the PRC in July 2019. In June and September 2019, the Group assisted with poverty alleviation by distributing daily necessities to underprivileged children in Que Vo District, Vietnam during the "Happy Children's Day 2019" event.



Donation to underprivileged families in Ainci District, Langfang, the PRC



The "Happy Children's Day 2019" event in Que Vo District, Vietnam





Environmental, Social and Governance Report

Caring for the Elderly

The Group organised elderly visit programmes to show gratitude and care towards senior citizens. The Group's volunteer team visited an elderly home in Majuqiao, Beijing, the PRC. Through this engaging experience, the Group continues to show appreciation to the senior citizens who contributed to the development of the community.



Volunteer team visited an elderly home in Majuqiao, Beijing, the PRC





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PERFORMANCE DATA TABLE^{xi}

HKEx Key Performance Indicators "KPIs"		Unit	Year 2019
A. Environmental			
A1.1 The types of emissions and respective emissions data			
PM emissions (vehicular)	kg ^{xii}		118.39
NOx emissions (vehicular)	kg		3.70
SOx emissions (vehicular)	kg		8.72
A1.2 Greenhouse gas emissions in total and intensity			
Scope 1 emissions	tonnes of CO ₂ e		13,843.07
Scope 2 emissions	tonnes of CO ₂ e		306,518.09
— in total (Scope 1 and 2 emissions)	tonnes of CO ₂ e		320,361.16
— in intensity (Scope 1 and 2 emissions)	tonnes of CO ₂ e/FTE ^{xiii}		4.45
A1.3 Hazardous waste produced in total and intensity			
Chemical waste — Sludge	tonnes		27,451.07
— in total	tonnes		0.38
— in intensity	tonnes/FTE		
Chemical waste — Waste oil	tonnes		1,069.74
— in total	tonnes		0.01
— in intensity	tonnes/FTE		
Fluorescent tubes	kg		530.00
— in total	kg		0.01
— in intensity	kg/FTE		
Medical waste	kg		54.00
— in total	kg		0.001
— in intensity	kg/FTE		
Other waste ^{xiv}	tonnes		175,831.85
— in total	tonnes		2.44
— in intensity	tonnes/FTE		
Packaging	tonnes		16,960.74
— in total	tonnes		0.24
— in intensity	tonnes/FTE		
A1.4 Non-hazardous waste produced in total and intensity			
General waste	tonnes		17,386.85
— in total	tonnes		0.24
— in intensity	tonnes/FTE		
Food waste	tonnes		460,777.00
— in total	tonnes		6.40
— in intensity	tonnes/FTE		
Wastewater	tonnes		1,967,621.55
— in total	tonnes		27.31
— in intensity	tonnes/FTE		

^{xi} As to the environmental KPIs, performance data are collected from the Group's operations in the PRC, India and Vietnam, whereas as to the social KPIs, performance data are collected from the Group's global operations.

^{xii} kg: Kilogram.

^{xiii} FTE: Full-time equivalent employees. The total number of full-time equivalent employees involved in the Group's operations in the PRC, India and Vietnam as at 31 December 2019 is 72,050.

^{xiv} Includes waste cloths, electronic waste, solvent, waste ink, cutting fluid, paint process wastewater, resin, acidic compounds and alkaline compounds.



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HKEx Key Performance Indicators "KPIs"		Unit	Year 2019
Materials recycled in total and intensity			
Biodegradable waste		kg	572,080.99
— in total		kg	7.94
— in intensity		kg/FTE	
Metal		kg	5,299,945.00
— in total		kg	73.56
— in intensity		kg/FTE	
Mixed recycle		kg	4,559,550.00
— in total		kg	63.28
— in intensity		kg/FTE	
Nylon		kg	6,886.00
— in total		kg	0.11
— in intensity		kg/FTE	
Paper		kg	3,547,755.00
— in total		kg	49.24
— in intensity		kg/FTE	
Plastic		kg	4,168,484.00
— in total		kg	57.86
— in intensity		kg/FTE	
Wood		kg	1,916,005.00
— in total		kg	26.59
— in intensity		kg/FTE	
Materials reused in total and intensity			
Plastic pallet		kg	1,830,159.00
— in total		kg	25.40
— in intensity		kg/FTE	
Wooden pallet		kg	769,895.00
— in total		kg	10.69
— in intensity		kg/FTE	
A2.1 Energy consumption by type in total and intensity			
Purchased electricity		'000 kWh ^{xv}	6,817,106.06
— in total		'000 kWh	94.62
— in intensity		'000 kWh/FTE	
Fuel (Diesel, Petrol, LPG ^{xvi} , PNG ^{xvii} and CNG ^{xviii})		'000 kWh	359,509.91
— in total		'000 kWh	4.99
— in intensity		'000 kWh/FTE	
A2.2 Water consumption in total and intensity			
— in total	m ³ ^{xix}	3,864,724.00	
— in intensity	m ³ /FTE	53.64	

xv kWh: Kilowatt hour.

xvi LPG: Liquefied petroleum gas.

xvii PNG: Piped natural gas.

xviii CNG: Compressed natural gas.

xix m³: Cubic metre.

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HKEX Key Performance Indicators "KPIs"		Unit	Year 2019
B. Social			
Employment and Labour Practices			
B1.1^{xx} Total workforce by gender			
Male	No. of people	48,250	
Female	No. of people	37,479	
Total workforce by employment type			
Full-time	No. of people	72,050	
Part-time/temporary	No. of people	13,679	
Total workforce by age group			
Under 30	No. of people	54,774	
30–50	No. of people	30,269	
Above 50	No. of people	686	
Total workforce by geographical region			
Brazil	No. of people	5	
Hong Kong Special Administrative Region of the PRC	No. of people	9	
India	No. of people	18,930	
Mexico	No. of people	1,566	
PRC	No. of people	57,560	
Taiwan	No. of people	1,179	
The United States of America	No. of people	199	
Vietnam	No. of people	6,281	
B1.2^{xxi} Employee turnover rate by gender			
Male	%	28.54	
Female	%	49.20	
Employee turnover rate by age group			
Under 30	%	54.54	
30–50	%	23.05	
Above 50	%	0.15	
Employee turnover rate by geographical region			
Brazil	%	0	
Hong Kong Special Administrative Region of the PRC	%	11.11	
India	%	2.98	
Mexico	%	103.38	
PRC	%	109.90	
Taiwan	%	18.24	
The United States of America	%	15.08	
Vietnam	%	18.44	

^{xx} The total workforce is presented as of 31 December 2019.

^{xxi} Full-time employees only, exclusive of part-time/temporary employees. Turnover includes voluntary resignation or retirement and termination due to dismissal or death.



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HKEx Key Performance Indicators "KPIs"		Unit	Year 2019
B2.1 ^{xxii}	Number and rate of work-related fatalities		
	By number	No. of people	3
	By rate	%	0.004
B2.2 ^{xxiii}	Lost days due to work injury		
		Days	2,013.50
B3.1 ^{xxiv}	Percentage of employees trained by gender		
	Male	%	99.26
	Female	%	99.49
	Percentage of employees trained by employee category		
	Senior management	%	99.55
	Middle management	%	99.90
	General staff	%	99.24
	Average training hours completed per employee by gender and employee category		
	Male	Hours	51.23
	Female	Hours	33.76
Operating Practices			
B5.1	Number of top 100 suppliers by geographical region ^{xxvi} (in terms of the locations of the suppliers' respective headquarters)		
	Finland	No. of suppliers	2
	Hong Kong Special Administrative Region of the PRC	No. of suppliers	14
	India	No. of suppliers	7
	Netherlands	No. of suppliers	1
	Nigeria	No. of suppliers	1
	PRC	No. of suppliers	37
	Singapore	No. of suppliers	4
	South Korea	No. of suppliers	2
	Taiwan	No. of suppliers	24
	The United States of America	No. of suppliers	8
B6.2	Number of product- and service-related complaints received		
		No. of cases	9
B7.1	Number of concluded legal cases regarding corrupt practices brought against the Group or its employees and outcomes of the cases		
		No. of cases	0

xxii Full-time employees only, exclusive of part-time/temporary employees.

xxiii Count of lost days begins with over 3 consecutive lost days.

xxiv Full-time employees only, exclusive of part-time/temporary employees.

xxv Full-time employees only, exclusive of part-time/temporary employees.

xxvi The above table relates to the top 100 suppliers (out of over 3,000 suppliers) of the Group during the Reporting Period. The Group's purchases from such top 100 suppliers in the aggregate accounted for more than the majority of the Group's total purchases during the Reporting Period. Also, to provide similar information relating to all the other suppliers of the Group and/or the number of suppliers where the Group's practices relating to engaging suppliers are being implemented would lead to particulars of excessive length. Accordingly, in the Company's opinion, the above disclosure is sufficient for the present purposes.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P.4–7
	A1.1	The types of emissions and respective emissions data	Refer to Performance Data Table
	A1.2	Greenhouse gas emissions in total and intensity	Refer to Performance Data Table
	A1.3	Total hazardous waste produced and intensity	Refer to Performance Data Table
	A1.4	Total non-hazardous waste produced and intensity	Refer to Performance Data Table
	A1.5	Description of measures to mitigate emissions and results achieved	P.5
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P.6



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Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
A2 Use of Resources	A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	P.4-7
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Refer to Performance Data Table
	A2.2	Water consumption in total and intensity	Refer to Performance Data Table
	A2.3	Description of energy use efficiency initiatives and results achieved	P.5
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	P.6
	A2.5	Total packaging material used for finished products	Packaging materials for finished products are prepared in accordance with customers' respective requirements and specifications. Accordingly, specific information on types and volume of materials used represents commercially sensitive information of customers.
A3 The Environment and Natural Resources	A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	P.4-7
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	P.4-7

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Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
B. Social			
Employment and Labour Practices			
B1 Employment	B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P.8-12
	B1.1	Total workforce by gender, employment type, age group and geographical region	Refer to Performance Data Table
	B1.2	Employee turnover rate by gender, age group and geographical region	Refer to Performance Data Table
B2 Health and Safety	B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P.10-11
	B2.1	Number and rate of work-related fatalities	Refer to Performance Data Table
	B2.2	Lost days due to work injury	Refer to Performance Data Table
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P.10-11
B3 Development and Training	B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.10
	B3.1	Percentage of employees trained by gender and employee category	Refer to Performance Data Table
	B3.2	Average training hours completed per employee by gender and employee category	Refer to Performance Data Table



Environmental, Social and Governance Report

Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
B4 Labour Standards	B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P.8-9 Also, the Group abides by relevant employment ordinances and statutory requirements of Hong Kong. No relevant cases of non-compliance were recorded.
	B4.1	Description of measures to review employment practices to avoid child and forced labour	P.8-9
	B4.2	Description of steps taken to eliminate such practices when discovered	P.8-9
Operating Practices			
B5 Supply Chain Management	B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	P.12-13
	B5.1	Number of suppliers by geographical region	Refer to Performance Data Table
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P.12-13 As to the number of suppliers where the practices are being implemented, refer to Performance Data Table (B5.1)

Environmental, Social and Governance Report

Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
B6 Product Responsibility	B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P.13–16
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the nature of the Group's business, this KPI is considered not material for the present purposes, particularly when the Group does not sell its products to end customers directly.
	B6.2	Number of products and service related complaints received and how they are dealt with	P.15 and refer to Performance Data Table
	B6.3	Description of practices relating to observing and protecting intellectual property rights	P.14
	B6.4	Description of quality assurance process and recall procedures	P.13
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	P.14



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Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
B7 Anti-corruption	B7	<p>General Disclosure</p> <p>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	P.9, P.15 and P.16
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Refer to Performance Data Table
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	P.15–16
Community			
B8 Community Investment	B8	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	P.17–18
	B8.1	Focus areas of contribution	P.17–18
	B8.2	Resources contributed to the focus area	P.17–18