

**FIH**<sup>®</sup> 富智康<sup>™</sup>

**FIH Mobile Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038



**2020**

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**



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# 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”)<sup>i</sup> to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). The scope of this ESG Report covers the Group for the period from 1 January 2020 to 31 December 2020 (“Reporting Period”). This ESG Report aims to provide a balanced presentation of the Group’s ESG policies and performance during the Reporting Period. In particular, the selected contents aim to reflect the impacts of the identified and validated material ESG factors and aspects as well as the Group’s initiatives and efforts in addressing and tackling these impacts. Aligned with the ESG Guide, the Group’s ESG management approach and strategy are described in the “Sustainability Governance” section below. In this ESG Report, the quantitative data provided for the environmental key performance indicators (“KPIs”) as well as relevant laws and regulations that have a significant impact on the Group 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 Technology 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 Technology Group, the Group’s operations are guided by the Hon Hai Technology Group’s Social and Environmental Responsibility (“SER”) Code of Conduct Policy (“SER Code”)<sup>ii</sup>, which sets out the Group’s standards relating to ethics, labour and human rights, health and safety, environment, management systems, responsible sourcing of minerals, anti-corruption and anti-trafficked and forced labour.

<sup>i</sup> Please refer to the version effective from 31 December 2015 to 30 June 2020 which shall remain applicable to the Company in respect of the period from 1 January 2020 to 31 December 2020.

<sup>ii</sup> The SER Code is presented in the Hon Hai Technology Group’s website. Please click this weblink (<https://www.foxconn.com/s3/reports/CSR%E5%A0%B1%E5%91%8A%E6%9B%B8/%E6%96%B9%E9%87%9D%E6%BA%96%E5%89%87/Foxconn%20CoC%202018%20English%20Version.pdf>) for more information.

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Compliance with the SER Code is monitored by the Hon Hai Technology 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 2020, the Group operated in compliance with the SER Code.

The Company's Board of Directors ("Board") has overall responsibility for the Group's system of internal controls and enterprise risk management ("ERM") and reviewing 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 controls<sup>iii</sup> ("Designated Management") in (among other things) the design, implementation and monitoring of the internal control and ERM system on an on-going basis, so that (among other things) the Group's business and strategic objectives can be achieved and risks associated can be identified, evaluated, managed and mitigated at an acceptable level. In addition, the Group's ERM team<sup>iv</sup> ("ERM Team", together with the Designated Management, collectively constituting the Company's ESG working group) 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 2020 Annual Report.

## STAKEHOLDER ENGAGEMENT AND PEER BENCHMARKING

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 2020, an online survey was distributed to a group of key external and internal stakeholders (including customers, 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. In addition, 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.

iii The Designated Management comprises the Company's Chairman/Acting Chairman, Chief Executive Officer, Chief Financial Officer and Chief Operating 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.

iv 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.

# Environmental, Social and Governance Report

## 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.

- **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 HKEX 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.

# Environmental, Social and Governance Report

## Energy Management and Greenhouse Gas Emission Reduction

The Group works to achieve the Hon Hai Technology 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 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 equipment 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-saving and emission reduction equipment such as light steam engines and energy-efficient air guns. The Group’s continual efforts resulted in reduction of energy consumption and emissions during the Reporting Period as more particularly described as follows:

Energy-saving and Emission Reduction Initiatives	Results Achieved
Adopted light steam engines in place of conventional steam pipelines to produce steam	Reduced 588,000 tonnes of steam
Replaced obsolete lights with LED (light-emitting diode) light fixtures (in pursuit of greater energy efficiency)	Saved 1,020,000 kWh <sup>v</sup>
Procured energy-efficient air guns in place of conventional air guns	Reduced 3,970,000 m <sup>3vi</sup> of compressed air usage

Apart from consciously enhancing energy efficiency management and GHG emission reduction within the Group, the Group also contributes to the Hon Hai Technology 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.

## 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 air emissions.

v kWh: Kilowatt hour.  
vi m<sup>3</sup>: Cubic metre.

# Environmental, Social and Governance Report

## 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 laws and 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 m<sup>3</sup> of wastewater discharge per month during the Reporting Period.

The Group is also committed to conserving water resources through the on-going 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. As a result, during the Reporting Period, a total of 106,400 m<sup>3</sup> of greywater were reused, and the Group's systems had the capacity to produce an average of 550 to 700 m<sup>3</sup> 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 laws and 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. As a result of the sludge treatment, the weight of the sludge disposed of in the landfill during the Reporting Period was reduced by 2,540 tonnes. 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, 451,620 kg<sup>vii</sup> of wooden pallets and 139,000 kg 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.

vii kg: Kilogram.

# Environmental, Social and Governance Report

## 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 utilises packaging materials (using materials such as paper and plastic) for finished products in accordance with its customers' specific instructions and requirements, where the volume of packaging materials corresponds with the volume of finished products of its customers (particularly major customers) and hence revealed (indirectly one way or the other) commercially sensitive information of the Group and its customers. Accordingly, specific information on types and volume of materials used represents commercially sensitive information of the Group and its 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 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. Please refer to the "Relevant Laws and Regulations" section below for more details.

## 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 2020, the Group had a total of 70,381 (31 December 2019: 85,729) employees. Please refer to the Performance Data Table for more details. Total staff costs incurred during the Reporting Period amounted to US\$476 million (full-year 2019: US\$531 million).



# Environmental, Social and Governance Report

## 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, 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 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. Furthermore, training is provided regularly to the Group's staff who are responsible for recruitment to ensure compliance with relevant laws and regulations. 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 giving rise to criminal convictions.

## Employee Wages and Benefits

The Group offers a comprehensive and competitive 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, contributions and productivity. The Group treats all employees equally and fairly, and evaluates employee performance (including determining promotions and wage increments) objectively based on merit, ability and competence. To encourage employee retention, the Group has implemented annual bonuses, time-based/performance-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 2020 Annual Report, pursuant to which (among other things) the Board (or its duly authorised officer(s) or delegate(s)) may, at its/their absolute discretion, offer share awards or share options (as the case may be) to the eligible employees of the Group and other eligible persons upon and subject to the respective terms and conditions set out therein. 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 and contributions. Employees also enjoy insurance coverage provided by the Group. For more details, please refer to the aforesaid Report of the Directors.

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## 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.

## 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 regulatory and related compliance 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, 4 CCTs training sessions were organised for a total of more than 95 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.

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## 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.

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, 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.

## 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.

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## 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. Please refer to the “Relevant Laws and Regulations” section below for more details.

## 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.

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.

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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. Suppliers are also required to sign a declaration form committing themselves to adherence to the social, environmental and ethical standards set out in the RBA Code of Conduct, the Hon Hai Technology Group's Standards of Environmental Protection Technology and the Garmin Conflict Minerals Statement.

## **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 "Product Quality Law of the People's Republic of China", 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 Technology 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.

# Environmental, Social and Governance Report

## 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 its directors, officers and employees by way of policies, rules and principles. In relation to anti-corruption, the Group's "Anti-Corruption Code of Conduct" describes the types of conduct which are strictly prohibited and clearly informs all its directors, officers and employees that they are required to abide by this Code. To keep its directors, officers and employees abreast of the Group's latest anti-corruption measures, the Group distributes relevant refreshers and updates as well as the related information and materials to all its directors, officers and employees on a regular basis. In addition, the Group requires (as a prerequisite to the establishment of business relationship) its suppliers and customers to strictly enforce high standards of anti-corruption.

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.

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.

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## 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 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. Please refer to the “Relevant Laws and Regulations” section below for more details.

## 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 families and children and promoting care and respect for people with disabilities.

The Group has, in the financial year ended 31 December 2020, made donations for charitable or other purposes to a total amount of approximately US\$19,000.

## Caring for Underprivileged Families and 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 families and children. In March 2020, the Group’s staff volunteers from the facilities in Langfang, the PRC visited around 50 underprivileged families in Anci District, Langfang, the PRC. Through the engagements, the Group continued to show care to underprivileged families, particularly during the challenging times of the coronavirus (COVID-19) pandemic. In September and December 2020, the Group also organised two community events relating to 2020 Children’s Day and Mid-Autumn Festival through visits and also donation of food and supplies to schools in Que Vo District and Hanoi, Vietnam.



Visit to an underprivileged family in Anci District, Langfang, the PRC



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Visit and donation to a school in Que Vo District, Bac Ninh Province, Vietnam



## Caring for People with Disabilities

The Group is dedicated to contributing to the communities that it serves. In May 2020, the Group organised a visit to its employees with disabilities in Beijing, the PRC. During the visit, the Group's volunteers provided daily necessities to such employees. Through this caring programme, the Group continued to show appreciation and respects to people with disabilities who have formed an integral part of the Group's workforce, contributing to the operations of the Group and the development of the community.



Volunteer team visited the Group's employees with disabilities in Beijing, the PRC

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## PERFORMANCE DATA TABLE<sup>viii ix</sup>

HKEX Key Performance Indicators "KPIs"		Unit	Year 2020	Year 2019
<b>A. Environmental</b>				
<b>A1.1</b>	<b>The types of emissions and respective emissions data</b>			
	Nitrogen oxides (NOx) emissions	kg	65.59	118.39
	Sulphur oxides (SOx) emissions	kg	2.28	3.70
	Particulate matter (PM) emissions	kg	4.83	8.72
<b>A1.2</b>	<b>Greenhouse gas emissions in total and intensity</b>			
	Scope 1 emissions	tonnes of CO <sub>2</sub> e <sup>x</sup>	25,570.39	13,843.07
	Scope 2 emissions	tonnes of CO <sub>2</sub> e	286,649.53	306,518.09
	— in total (Scope 1 and 2 emissions)	tonnes of CO <sub>2</sub> e	312,219.92	320,361.16
	— in intensity (Scope 1 and 2 emissions)	tonnes of CO <sub>2</sub> e/FTE <sup>xi</sup>	6.61	4.45
<b>A1.3</b>	<b>Hazardous waste produced in total and intensity</b>			
	Chemical waste — Sludge			
	— in total	tonnes	87,679.08	27,451.07
	— in intensity	tonnes/FTE	1.86	0.38
	Chemical waste — Waste oil			
	— in total	tonnes	4,985.58	1,069.74
	— in intensity	tonnes/FTE	0.11	0.01
	Fluorescent tubes			
	— in total	kg	220.00	530.00
	— in intensity	kg/FTE	0.005	0.01
	Medical waste			
	— in total	kg	70.50	54.00
	— in intensity	kg/FTE	0.001	0.001
	Other waste <sup>xii</sup>			
	— in total	tonnes	152,835.18	175,831.85
	— in intensity	tonnes/FTE	3.24	2.44
	Packaging			
	— in total	tonnes	23,587.02	16,960.74
	— in intensity	tonnes/FTE	0.50	0.24
<b>A1.4</b>	<b>Non-hazardous waste produced in total and intensity</b>			
	General waste			
	— in total	tonnes	580,625.13	17,386.85
	— in intensity	tonnes/FTE	12.30	0.24
	Food waste			
	— in total	tonnes	27,648.25	460,777.00
	— in intensity	tonnes/FTE	0.59	6.40
	Wastewater			
	— in total	tonnes	1,253,690.09	1,967,621.55
	— in intensity	tonnes/FTE	26.55	27.31

viii 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.

ix The quantitative data were prepared on the basis of HKEX's "How to Prepare an ESG Report": Appendix 2: Reporting Guidance on Environmental KPIs ([https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/environmental-social-and-governance/exchanges-guidance-materials-on-esg/app2\\_envirokpis](https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/environmental-social-and-governance/exchanges-guidance-materials-on-esg/app2_envirokpis)) and Appendix 3: Reporting Guidance on Social KPIs ([https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/environmental-social-and-governance/exchanges-guidance-materials-on-esg/app3\\_socialkpis](https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/environmental-social-and-governance/exchanges-guidance-materials-on-esg/app3_socialkpis)) as issued and published in March 2020. Consistent methodologies have been adopted for the performance data calculations since the Company's issue and publication on 12 April 2017 of its first ESG Report 2016 (forming part of the Company's Annual Report 2016).

x CO<sub>2</sub>e: Carbon dioxide equivalent, a metric measure used to compare emissions from various greenhouse gases.

xi 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 2020 is 47,222.

xii 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 2020	Year 2019
<b>Materials recycled in total and intensity</b>				
Biodegradable waste				
— in total	kg	368,490.00	572,080.99	
— in intensity	kg/FTE	7.80	7.94	
Metal				
— in total	kg	1,964,829.00	5,299,945.00	
— in intensity	kg/FTE	41.61	73.56	
Mixed recycle				
— in total	kg	4,475,200.00	4,559,550.00	
— in intensity	kg/FTE	94.77	63.28	
Nylon				
— in total	kg	5,024.00	6,886.00	
— in intensity	kg/FTE	0.11	0.11	
Paper				
— in total	kg	2,862,286.00	3,547,755.00	
— in intensity	kg/FTE	60.61	49.24	
Plastic				
— in total	kg	2,350,800.05	4,168,484.00	
— in intensity	kg/FTE	49.78	57.86	
Wood				
— in total	kg	1,202,020.00	1,916,005.00	
— in intensity	kg/FTE	25.45	26.59	
<b>Materials reused in total and intensity</b>				
Plastic pallet				
— in total	kg	139,000.00	1,830,159.00	
— in intensity	kg/FTE	2.94	25.40	
Wooden pallet				
— in total	kg	451,620.00	769,895.00	
— in intensity	kg/FTE	9.56	10.69	
<b>A2.1</b>	<b>Energy consumption by type in total and intensity</b>			
Purchased electricity				
— in total	'000 kWh	338,989.08	359,509.91	
— in intensity	'000 kWh/FTE	7.18	4.99	
Fuel (Diesel, Petrol, LPG <sup>xiii</sup> , PNG <sup>xiv</sup> and CNG <sup>xv</sup> )				
— in total	'000 kWh	18,073,971.90	6,817,106.06	
— in intensity	'000 kWh/FTE	382.74	94.62	
<b>A2.2</b>	<b>Water consumption in total and intensity</b>			
— in total	m <sup>3</sup>	3,116,261.00	3,864,724.00	
— in intensity	m <sup>3</sup> /FTE	65.99	53.64	

xiii LPG: Liquefied petroleum gas.

xiv PNG: Piped natural gas.

xv CNG: Compressed natural gas.

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HKEX Key Performance Indicators "KPIs"		Unit	Year 2020	Year 2019	
<b>B. Social</b>					
<b>Employment and Labour Practices<sup>xvi</sup></b>					
<b>B1.1<sup>xvii</sup></b>	<b>Total workforce by gender</b>				
	Male	No. of people	34,214	48,250	
	Female	No. of people	36,167	37,479	
	<b>Total workforce by employment type</b>				
	Full-time	No. of people	50,394	72,050	
	Part-time/temporary	No. of people	19,987	13,679	
	<b>Total workforce by age group</b>				
	Under 30	No. of people	44,915	54,774	
	30-50	No. of people	24,829	30,269	
	Above 50	No. of people	637	686	
	<b>Total workforce by geographical region</b>				
	<i>In alphabetical order</i>				
	Brazil	No. of people	5	5	
	Hong Kong Special Administrative Region of the PRC	No. of people	9	9	
	India	No. of people	18,578	18,930	
	Mexico	No. of people	1,788	1,566	
	PRC	No. of people	42,998	57,560	
	Taiwan	No. of people	1,191	1,179	
	The United States of America	No. of people	179	199	
Vietnam	No. of people	5,633	6,281		
<b>B1.2<sup>xviii</sup></b>	<b>Employee turnover rate by gender</b>				
	Male	%	54.48	28.54	
	Female	%	24.45	49.20	
	<b>Employee turnover rate by age group</b>				
	Under 30	%	57.10	54.54	
	30-50	%	21.63	23.05	
	Above 50	%	0.19	0.15	
	<b>Employee turnover rate by geographical region</b>				
	<i>In alphabetical order</i>				
	Brazil	%	0	0	
	Hong Kong Special Administrative Region of the PRC	%	22.22	11.11	
	India	%	2.58	2.98	
	Mexico	%	96.87	103.38	
	PRC	%	120.63	109.90	
Taiwan	%	8.82	18.24		
The United States of America	%	11.17	15.08		
Vietnam	%	23.84	18.44		
<b>HKEX Key Performance Indicators "KPIs"</b>		<b>Unit</b>	<b>Year 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>
<b>B2.1<sup>xix</sup></b>	<b>Number and rate of work-related fatalities occurred in each of the past three years</b>				
	— By number	No. of people	4	3	1
	— By rate	%	0.006	0.004	0.001

xvi Employees (who are/were in a direct employment relationship with the Group) only, exclusive of other categories of workers such as "contractors", "interns", "volunteers", etc. No significant portion of the Group's activities and operations was performed by workers who were not employees of the Group.

xvii The total workforce is presented as of 31 December 2020.

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

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

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HKEX Key Performance Indicators "KPIs"		Unit	Year 2020	Year 2019
<b>B2.2<sup>xx</sup></b>	<b>Lost days due to work injury</b>			
		Days	1,711.00	2,013.50
<b>B3.1<sup>xxi</sup></b>	<b>The percentage of employees trained by gender</b>			
	Male	%	100	99.26
	Female	%	100	99.49
	<b>The percentage of employees trained by employee category</b>			
	Senior Management	%	100	99.55
	Middle Management	%	100	99.90
	General Staff	%	100	99.24
<b>B3.2<sup>xxii</sup></b>	<b>Average training hours completed per employee by gender and employee category</b>			
	Male	Hours	39.73	51.23
	Female	Hours	31.88	33.76
	Senior Management	Hours	71.26	57.59
	Middle Management	Hours	64.24	51.77
	General Staff	Hours	29.40	41.82
<b>Operating Practices</b>				
<b>B5.1</b>	<b>Number of top 100 suppliers by geographical region<sup>xxiii</sup> (in terms of the locations of the suppliers' respective headquarters)</b>			
	<i>In alphabetical order</i>			
	British Virgin Islands	No. of suppliers	1	/
	Cyprus	No. of suppliers	1	/
	Finland	No. of suppliers	1	2
	Hong Kong Special Administrative Region of the PRC	No. of suppliers	15	14
	India	No. of suppliers	6	7
	Japan	No. of suppliers	1	/
	Malaysia	No. of suppliers	1	/
	Netherlands	No. of suppliers	1	1
	Nigeria	No. of suppliers	/	1
	PRC	No. of suppliers	43	37
	Singapore	No. of suppliers	2	4
	South Korea	No. of suppliers	2	2
	Taiwan	No. of suppliers	20	24
The United States of America	No. of suppliers	6	8	
<b>B6.2</b>	<b>Number of product- and service-related complaints received</b>			
		No. of cases	10	9
<b>B7.1</b>	<b>Number of concluded legal cases regarding corrupt practices brought against the Group or its employees and outcomes of the cases</b>			
		No. of cases	0	0

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

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

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

xxiii 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.

# Environmental, Social and Governance Report

## RELEVANT LAWS AND REGULATIONS

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 a significant impact on the Group relating to the following aspects include, but are not limited to, the corresponding relevant laws and regulations below as well as other applicable laws and regulations in the PRC, India and Vietnam:

Aspect	Relevant Laws and Regulations
<p><b>Aspect A1: Emissions</b></p> <p>Air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste</p>	<p>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”<sup>xxiv</sup> and the “Law of the People’s Republic of China on the Prevention and Control of Soil Pollution”.</p> <p>India: the “Factories Act”, the “E-Waste (Management) Rules”, the “Hazardous and Other Wastes (Management and Transboundary Movement) Rules”, the “Environment Protection Act”, the “Environment Protection Rules”, the “Environment Impact Assessment Notification”, the “Bio-Medical Waste (Management) 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”, the “Air (Prevention and Control of Pollution) Act”, the “Petroleum Act”, the “Petroleum Rules”, the “Atomic Energy Act” and the “Atomic Energy (Radiation Protection) Rules”.</p> <p>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. 53/2020/ND-CP On Environmental Protection Charge For 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”.</p>
<p><b>Aspect B1: Employment</b></p> <p>Compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</p> <p><b>Aspect B4: Labour Standards</b></p> <p>Preventing child and forced labour</p>	<p>PRC: the “Labour Law of the People’s Republic of China”, the “Provisions on Prohibition of Child Labour”, 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”.</p> <p>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</p>

xxiv The “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste” was amended on 29 April 2020 and such amendments became effective on 1 September 2020, beefing up certain requirements on prevention of pollution caused by solid wastes.

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Aspect	Relevant Laws and Regulations
	<p>“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”, the “Transgender Persons (Protection of Rights) Act” and the state-specific labour welfare fund acts.</p> <p>Vietnam: the “Labour Code No. 45/2019/QH14” (superseding the “Labour Code No. 10/2012/QH13” with effect from 1 January 2021), the “Decree No. 135/2020/ND-CP On Retirement Age” (taking effect from 1 January 2021), 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. 145/2020/ND-CP Detailing And Guiding The Implementation of The Labour Code on Working Conditions And Labour Relations” (taking effect from 1 February 2021 and superseding the following Decrees: 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. 85/2015/ND-CP Detailing The Labour Code In Terms Of Policies For Female Employees” and 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 “Decree No. 152/2020/ND-CP On Foreign Workers Working In Vietnam And Recruitment And Management Of Vietnamese Workers Working For Foreign Employers In Vietnam” (taking effect from 15 February 2021 and superseding 2 Decrees as follows: the “Decree No. 11/2016/ND-CP For Detailed Regulations On Implementing The Labour Code Regarding Foreign Workers in Vietnam” and the “Decree No. 75/2014/ND-CP Detailing The Implementation Of A Number Of Articles Of The Labour Code On Recruiting And Managing Vietnamese Employees Working For Foreign Organisations and Individuals In Vietnam”), the “Law On Social Insurance No. 58/2014/QH13”, the “Decree No. 58/2020/ND-CP On Rates Of Compulsory Insurance Contributions To The Occupational Accident And Disease Benefit Fund” (superseding the “Decree No. 44/2017/ND-CP On The Rate Of Contribution To The Occupational Accident And Disease Insurance Fund” with effect from 15 July 2020), 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. 28/2020/ND-CP on Administrative Penalties for Violations Arising From Labour, Social Insurance And Sending Vietnamese Workers Abroad Under Contracts”.</p>

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Aspect	Relevant Laws and Regulations
<p><b>Aspect B2: Health and Safety</b></p> <p>Providing a safe working environment and protecting employees from occupational hazards</p>	<p>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".</p> <p>India: the "Factories Act", the "Tamil Nadu 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 "Tamil Nadu Lift and Escalators Rules", the "Employees' Compensation Act", the "Explosive Rules", the "Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act", the "Explosives Act", the "Boilers Act", the "Epidemic Diseases Act", the "Disaster Management Act" and the "Disaster Management (National Institute of Disaster Management) Rules".</p> <p>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 "Circular No. 36/2019/TT-BLDTBXH Promulgating The List Of Machinery, Equipment, Materials And Substances Subject To Strict Occupational Safety and Health Requirements", the "Decree No. 23/2018/ND-CP On Compulsory Fire and Explosion Insurance", the "Circular No. 06/2020/TT-BLDTBXH On Promulgation Of List Of Occupations Bound By Strict Requirements For Occupational Safety And Health", the "Decree No. 58/2020/ND-CP Regulating Rates Of Compulsory Insurance Contributions To The Occupational Accident And Disease Benefit Fund", the "Decree No. 88/2020/ND-CP Elaborating On Some Articles Of The Law On Occupational Safety And Health On Compulsory Insurance For Occupational Accidents And Occupational Diseases", 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. 45/2019/QH14" (superseding the "Labour Code No. 10/2012/QH13" with effect from 1 January 2021), the "Decree No. 145/2020/ND-CP" as more particularly described above, 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".</p>



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Aspect	Relevant Laws and Regulations
<p><b>Aspect B6: Product Responsibility</b></p> <p>Health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress</p>	<p>PRC: the "Product Quality Law of the People's Republic of China" and the "Advertising Law of the People's Republic of China".</p> <p>India: the "Bureau Indian Standards Act", the "Legal Metrology (Packaged Commodities) 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 of Duty) Rules", 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", the "Bureau of Indian Standards Rules" and the "Indian Contract Act".</p> <p>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" and the "Law on Cyber Information Security No. 86/2015/QH13".</p>
<p><b>Aspect B7: Anti-corruption</b></p> <p>Bribery, extortion, fraud and money laundering</p>	<p>PRC: the "Interim Provisions of the State Administration for Industry and Commerce on the Prohibition of Commercial Bribery", the "Anti-Unfair Competition Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China" and the "Criminal Law of the People's Republic of China".</p> <p>India: the "Prevention of Corruption Act", the "Benami Transactions (Prohibition) Act", the "Prevention of Money Laundering Act" and the "Indian Penal Code".</p> <p>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".</p>

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## HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX<sup>xxv</sup>

Aspect	HKEX KPI	Description	Page Number of this ESG Report/Remarks
<b>A. Environmental</b>			
<b>A1 Emissions</b>	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, 21
	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. 4-5
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P. 6-7
<b>A2 Use of Resources</b>	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. 4-5
	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	The Group generally utilises packaging materials for finished products in accordance with its customers' specific instructions and requirements, where the volume of packaging materials corresponds with the volume of finished products of its customers (particularly major customers) and hence revealed (indirectly one way or the other) commercially sensitive information of the Group and its customers. Accordingly, specific information on types and volume of materials used represents commercially sensitive information of the Group and its customers.

xxv This Content Index follows the version of the ESG Guide effective from 31 December 2015 to 30 June 2020 which shall remain applicable to the Company in respect of the Reporting Period.

# Environmental, Social and Governance Report

Aspect	HKEX KPI	Description	Page Number of this ESG Report/Remarks
<b>A3 The Environment and Natural Resources</b>	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
<p><b>With reference to the new Aspect A4:</b> Climate Change and the new KPI A4.1 under the latest version of the ESG Guide<sup>xxvi</sup>, as mentioned in the "Sustainability Governance" section above, the ERM Team (through the operation of the Group's system of internal controls and ERM) is basically responsible for (among other things) identifying, evaluating, managing and mitigating at an acceptable level the significant risks (including ESG-related risks) faced by the Group that threaten the achievement of its business and strategic objectives. During the Reporting Period, the ERM Team identified and evaluated a few climate-related issues which had impacted or might impact the Group (such as interruption of manufacturing operations, supply chain, energy resources and logistics due to increasing intensity and frequency of extreme weather events (e.g. typhoon, heavy rain, snowstorm, flood, etc.); substitution of existing products, services and/or technologies during transition; increase in capital expenditures due to damages to assets and facilities; threats to employee safety; increase in insurance premiums due to possible recurring extreme weather events; potential implementation of climate-related regulation and policy changes; global transition to a low-carbon economy with innovations in energy efficiency, etc.), and then concluded that such climate-related issues were not significant vis-à-vis the Group. Furthermore, as to the materiality assessment conducted by the independent consultant in respect of the Reporting Period as more particularly described in the "Stakeholder Engagement and Peer Benchmarking" and "Materiality Assessment" sections above, the materiality assessment results have showed that the new Aspect A4: Climate Change and the new KPI A4.1 have been ranked an overall "medium" level of materiality for the present purposes, which is in line with the ERM Team's aforesaid conclusion.</p>			
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>B1 Employment</b>	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. 7-9, 11, 21-22
	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
<b>B2 Health and Safety</b>	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, 23
	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

xxvi Aspect A4: Climate Change and KPI A4.1 are newly promulgated under the latest version of the ESG Guide effective from 1 July 2020 onwards which will be applicable to the Company in respect of the period from 1 January 2021 to 31 December 2021 onwards. Aspect A4: Climate Change refers to the general disclosure on "Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer", whereas KPI A4.1 refers to "Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them".

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Aspect	HKEX KPI	Description	Page Number of this ESG Report/Remarks
<b>B3 Development and Training</b>	B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P. 9
	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
<b>B4 Labour Standards</b>	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, 11, 21-22  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
	B4.2	Description of steps taken to eliminate such practices when discovered	P. 8
<b>Operating Practices</b>			
<b>B5 Supply Chain Management</b>	B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	P. 11-12
	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. 11-12  As to the number of suppliers where the practices are being implemented, refer to Performance Data Table (B5.1)

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Aspect	HKEX KPI	Description	Page Number of this ESG Report/Remarks
<b>B6 Product Responsibility</b>	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. 12-15, 24
	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 consumers directly.
	B6.2	Number of products and service related complaints received and how they are dealt with	P. 14 and refer to Performance Data Table
	B6.3	Description of practices relating to observing and protecting intellectual property rights	P. 13
	B6.4	Description of quality assurance process and recall procedures	P. 12
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	P. 13
<b>B7 Anti-corruption</b>	B7	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 bribery, extortion, fraud and money laundering.	P. 14-15, 24
	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. 14-15
<b>Community</b>			
<b>B8 Community Investment</b>	B8	General Disclosure  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. 15-16
	B8.1	Focus areas of contribution	P. 15-16
	B8.2	Resources contributed to the focus area	P. 15-16