

FIH[®] 富智康[™]

FIH Mobile Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

Environmental, Social and
Governance Report

2018



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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 (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 2018 to 31 December 2018 (“Reporting Period”). This ESG Report addresses the general disclosures of two ESG subject areas — “Environmental” and “Social” — in the ESG Guide as well as the material key performance indicators (“KPIs”) of the “Environmental” subject area 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 number of employees, factory units and office units) to reflect the comparatively significant ESG impacts of the Group’s overall business unit/group operations.

SUSTAINABLE 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.

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 2018, the Group operated in compliance with the SER Code.

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The Company's Board of Directors (the "Board") has overall responsibility for the Group's system of internal controls and enterprise risk management ("ERM"). In particular, the Board oversees the Group's management in the context of the Group's ERM and internal controls (comprising, among others, the Company's Chairman/Acting Chairman, Chief Executive Officer and Chief Financial Officer, who collectively as a body is designated for the purpose of assisting the Board with the Group's overall policies on ERM and internal controls) 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 team (comprising, among others, the Company's head of human resources, and other heads/leaders of supply chain services, product liability, quality and reliability, finance, legal, information technology, environment and health and safety departments, who collectively as a body represents key functions of the Group for monitoring and execution of the ERM processes) 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 2018 Annual Report.

To identify ESG issues considered material for disclosure, the Group references the Hon Hai Group's most recent Social and Environmental Responsibility Report and undertakes a periodic benchmarking exercise against industry peers to understand industry reporting trends that may be of significance. The Group assesses the findings of this process and confirms a final list of disclosures and KPIs considered to be material. A consolidated list of these disclosures and KPIs are included in the Environmental, Social and Governance Reporting Guide Content Index which can be found at the end of this 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 distributed photovoltaic power generation with the capacity of 5.7 MWpⁱ. The Group's continual efforts resulted in a year-on-year reduction of energy consumption of 12.61 TJⁱⁱ. 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
7 Chillers with Condenser Tube Automatic Rubber Ball Cleaning Equipment	4.61 TJ	1,122 tonnes of CO ₂ e ⁱⁱⁱ
10 Chillers with Polarised Refrigerant Oil Additive Technology	7.67 TJ	1,866 tonnes of CO ₂ e
712 LED (light-emitting diode) light fixtures to replace obsolete lights	0.33 TJ	80 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.

i MWp: Mega Watt peak, a solar power measurement unit.

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

iii 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 Environmental 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 and sludge disposal. 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 utilises sludge drying to reduce outsourced sludge collection costs, and only engages collectors licensed by the local authorities for the collection of sludge.

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 has a systematic approach 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. 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, 1,157,055 kilograms of wooden pallets and 3,094,504 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^{iv} 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.

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.

^{iv} The laws and regulations 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 "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" and other applicable laws and regulations in the PRC, India and Vietnam.

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As at 31 December 2018, the Group had a total of 97,484 (2017: 92,779) employees as set out below. Total staff costs incurred during the Reporting Period amounted to US\$540,787,000 (2017: US\$570,406,000).

Table 2. Total workforce by gender, employment type, age group and geographical region

Workforce Breakdown of the Group as at 31 December 2018

Total workforce by gender	
Male	47,789
Female	49,695
Total workforce by employment type	
Full-time	72,235
Part-time/temporary	25,249
Total workforce by age group	
Under 30	66,865
30–50	30,285
Above 50	334
Total workforce by geographical region	
Brazil	11
Finland	21
Hong Kong Special Administrative Region of the PRC	10
India	29,267
Mexico	1,489
PRC	61,451
South Korea	10
Taiwan	1,375
The United States of America	270
Vietnam	3,580

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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^v, 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. 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^{vi} 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 2018 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.

v The laws and regulations 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 "Labour Law of the People's Republic of China", the "Provisions on Prohibition of Child Labour of the People's Republic of China" and other applicable laws and regulations in the PRC, India and Vietnam.

vi The laws and regulations 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 "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 other applicable laws and regulations in the PRC, India and Vietnam.

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Emoluments to Directors

The emoluments payable to the directors of the Company are determined by the Company's board of directors 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.

Anti-discrimination

The Group is an equal opportunity employer and its employment policies require that recruitment, promotion, wages, training, opportunities and retirement must be people-oriented, lawful, fair and without discrimination based on (among other things) gender, age, nationality, religion, political affiliation, disability, gender identity 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.

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.

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The Group's employee health and safety policies and standards comply with relevant international and local laws and regulations^{vii}, including the requirements under the OHSAS 18001 (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.

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.

^{vii} The laws and regulations 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 "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", the "Fire Protection Law of the People's Republic of China", and other applicable laws and regulations in the PRC, India and Vietnam.

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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.

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.

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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.

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.

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.

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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.

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 set up a whistle-blowing team under the supervision and management of the Group's Chief Internal Auditor to handle investigation in relation to any allegations of improper business conduct. 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.

The Group has also established its whistle-blowing policy and the related procedures which apply to all members of staff and suppliers. Complaints can be raised in relation to fraudulent acts, unethical acts or improper business conduct 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.

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.

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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 2018, made donations for charitable or other purposes to a total amount of approximately US\$58,000.

Caring for Underprivileged Children

Recognising children as future leaders, the Group organised and participated in activities which provided support to underprivileged youth and their families. In the summer, staff volunteers from the facilities in Langfang, the PRC supported 10 underprivileged families in Huijiabao in Langfang, the PRC. The Group launched the “Colourful Childhood With Dreams — Family Kite Festival”, which promoted cultural values and traditional craftsmanship to local families in Langfang, the PRC. In India, the Group alleviated the burden on underprivileged families by distributing notebooks to high school students. On Mid-Autumn Festival, staff volunteers in Que Vo District, Vietnam brought joy to disabled children through games and activities.



Donation to underprivileged families in Huijiabao in Langfang, the PRC



“Colourful Childhood With Dreams — Family Kite Festival” in Langfang, the PRC

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Volunteering event on Mid-Autumn Festival in Que Vo District, Vietnam



Volunteer team's blood donation activity in Que Vo District, Vietnam



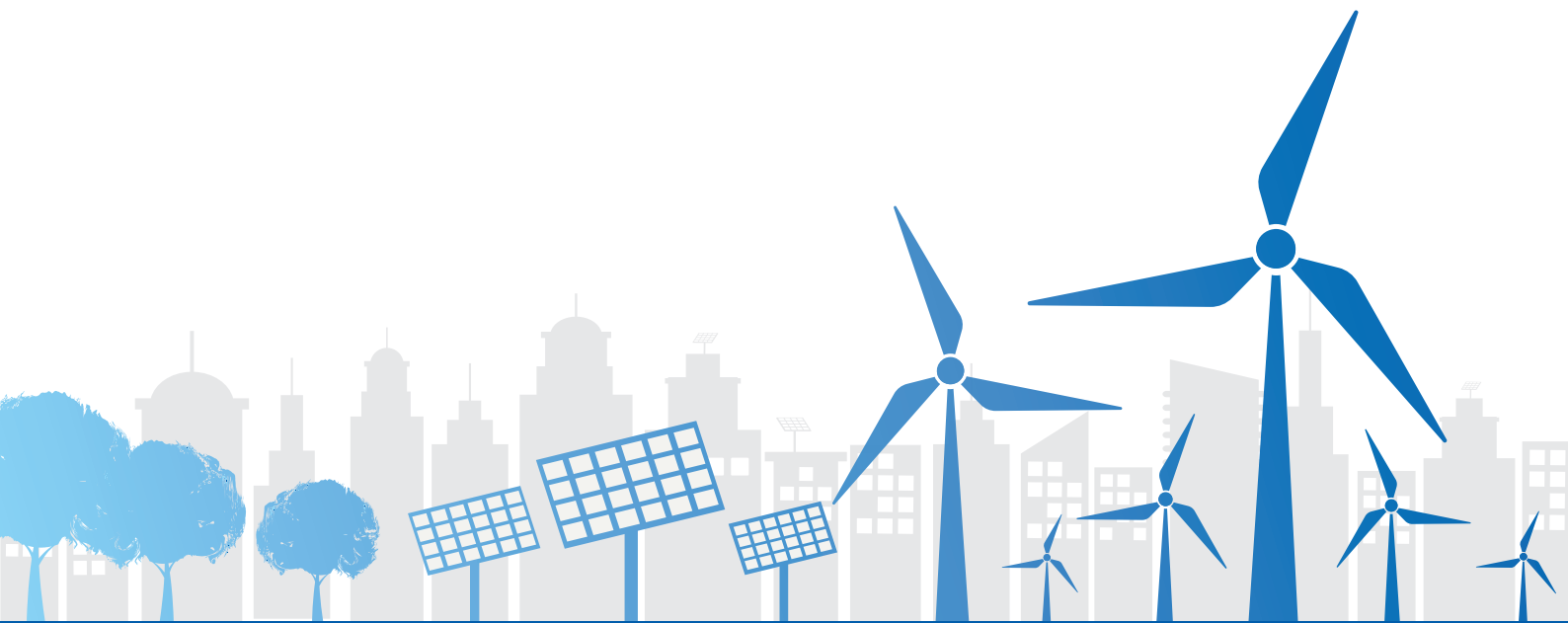
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Caring for the Elderly

The Group organised elderly visit programmes to show gratitude and care towards senior citizens. The Group's volunteer team visited the Longhe Elderly Home in the PRC and was enthusiastic to join the favourite leisure activities of the elderly. The volunteer team also shared gift packs and spread warmth to the elderly during the Dragon Boat Festival. Through this engaging experience, intergenerational understanding and connections have been strengthened.



Volunteer team visited an elderly home in Longhe, the PRC



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ENVIRONMENTAL PERFORMANCE DATA TABLE^{viii}

HKEx Key Performance Indicators "KPIs"		Unit	Year 2018
A. Environmental			
A1.1	The types of emissions and respective emissions data		
	SOx emissions (vehicular) ^{ix}	kg ^x	2.00
A1.2	Greenhouse gas emissions in total and intensity		
	Scope 1 emissions	tonnes of CO ₂ e	12,011.60
	Scope 2 emissions	tonnes of CO ₂ e	394,842.69
	— in total (Scope 1 and 2 emissions)	tonnes of CO ₂ e	406,854.29
	— in intensity (Scope 1 and 2 emissions)	tonnes of CO ₂ e/FTE ^{xi}	6.00
A1.3	Hazardous waste produced in total and intensity		
	Chemical waste — Sludge		
	— in total	tonnes	44,834.83
	— in intensity	tonnes/FTE	0.66
	Chemical waste — Waste oil		
	— in total	tonnes	8,618.18
	— in intensity	tonnes/FTE	0.13
	Fluorescent tubes		
	— in total	kg	280.00
	— in intensity	kg/FTE	0.0041
	Medical waste		
	— in total	kg	79.10
	— in intensity	kg/FTE	0.0012
	Other waste ^{xii}		
	— in total	tonnes	745.17
	— in intensity	tonnes/FTE	0.011
	Packaging		
	— in total	tonnes	80.24
	— in intensity	tonnes/FTE	0.0012
A1.4	Non-hazardous waste produced in total and intensity		
	General waste		
	— in total	tonnes	11,592,779.64
	— in intensity	tonnes/FTE	171.10
	Food waste		
	— in total	tonnes	899.84
	— in intensity	tonnes/FTE	0.013
	Wastewater		
	— in total	tonnes	4,574,660.00
	— in intensity	tonnes/FTE	67.52

viii Environmental performance data are collected from the Group's operations in the PRC, India and Vietnam.

ix The Group's operations do not have any significant impact on the environment from air emissions. Therefore, only the data of vehicular SOx emissions is disclosed.

x kg: Kilogram.

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 in 2018 is 67,753.

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 2018
Materials recycled in total and intensity			
Biodegradable waste			
— in total	kg		253,560.00
— in intensity	kg/FTE		3.74
Metal			
— in total	kg		4,321,533.00
— in intensity	kg/FTE		63.78
Mixed recycle			
— in total	kg		2,673,361.00
— in intensity	kg/FTE		39.46
Nylon			
— in total	kg		6,112.00
— in intensity	kg/FTE		0.09
Paper			
— in total	kg		7,491,048.00
— in intensity	kg/FTE		110.56
Plastic			
— in total	kg		8,880,839.45
— in intensity	kg/FTE		131.08
Wood			
— in total	kg		3,633,003.00
— in intensity	kg/FTE		53.62
Materials reused in total and intensity			
Plastic pallet			
— in total	kg		3,094,504.45
— in intensity	kg/FTE		45.67
Wooden pallet			
— in total	kg		1,157,055.00
— in intensity	kg/FTE		17.08
A2.1	Energy consumption by type in total and intensity		
Purchased electricity			
— in total	'000 kWh ^{xiii}		460,476.99
— in intensity	'000 kWh/FTE		6.80
Fuel (Diesel, Petrol, LPG ^{xiv} , PNG ^{xv} and CNG ^{xvi})			
— in total	'000 kWh		6,044,893.69
— in intensity	'000 kWh/FTE		89.21
A2.2	Water consumption in total and intensity		
— in total	m ³ ^{xvii}		6,976,914.31
— in intensity	m ³ /FTE		102.98

xiii kWh: Kilowatt hour.

xiv LPG: Liquefied petroleum gas.

xv PNG: Piped natural gas.

xvi CNG: Compressed natural gas.

xvii m³: Cubic metre.

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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.3–6
	A1.1	The types of emissions and respective emissions data	The Group’s operations do not have any significant impact on the environment from air emissions. Please refer to P.5 for the Group’s approach on air pollution control.
	A1.2	Greenhouse gas emissions in total and intensity	Refer to Environmental Performance Data Table
	A1.3	Total hazardous waste produced and intensity	Refer to Environmental Performance Data Table
	A1.4	Total non-hazardous waste produced and intensity	Refer to Environmental Performance Data Table
	A1.5	Description of measures to mitigate emissions and results achieved	P.4
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P.5–6

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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.3–6
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Refer to Environmental Performance Data Table
	A2.2	Water consumption in total and intensity	Refer to Environmental Performance Data Table
	A2.3	Description of energy use efficiency initiatives and results achieved	P.4
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	P.5
	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.3–6
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	P.3–6

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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.6–10
	B1.1	Total workforce by gender, employment type, age group and geographical region	P.7
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.9–10
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P.9–10
B3 Development and Training	B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.9
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 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

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Aspect	HKEx KPI	Description	Page Number of this ESG Report/Remarks
Operating Practices			
B5 Supply Chain Management	B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	P.11–12
	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
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.12–13
	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.12–13
	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.13
B7 Anti-corruption	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	P.13
	Community		
B8 Community Investment	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.14
	B8.1	Focus areas of contribution	P.14–16
	B8.2	Resources contributed to the focus area	P.14–16