

FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

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

Stock Code : 6088

2023

Environmental, Social and Governance Report



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■ Chapter 1: About This Report

Overview

This 2023 Environmental, Social and Governance Report (the "ESG Report" or the "Report") of FIT Hon Teng Limited ("FIT", the "Company" or "we") summarizes ESG-related qualitative achievements and quantitative performance for 2023 regarding the promotion of sustainable development and corporate social responsibility within FIT.

This Report has been prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the "ESG Guide") of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "HKEX").

Application of Reporting Principles

The following reporting principles have been applied in preparing this Report:

- 1. Materiality:** This Report covers all material ESG issues that have significant impact on investors and stakeholders.

Response from FIT: FIT maintains engagement with stakeholders to understand their concerns about ESG issues. We also conduct materiality assessment to identify and evaluate material ESG issues. The policies, initiatives and performance that address the material ESG issues have been discussed in this Report. For details, please refer to Chapter 5.

2. Quantitative: The quantitative key performance indicators (the "KPIs") can assess and validate the effectiveness of Company's ESG performance. Comparative data is given and accompanied by narrative to explain the purpose and impact.

Response from FIT: We disclose standards, methodologies, assumptions and conversion factors used for reporting the environmental and social KPIs.

3. Balance : This Report objectively discloses and discusses the Company's ESG performance without bias.

Response from FIT: The content reflected in this Report is true, objective and without exaggeration or fiction, which can help investors and stakeholders make fair and effective decisions.

4. Consistency: FIT uses consistent methodologies that allow for meaningful comparisons of ESG data over time.

Response from FIT: We use consistent methods to calculate, disclose and compare data. If the calculation method and parameters used have any update, we will add footnotes to the relevant information for explanation and clarification. For details, please refer to Chapter 13.

Reporting Period and Reporting Boundary

This ESG Report covers the period from 1 January 2023 to 31 December 31, 2023 (the "Reporting Period", the "Year", or "2023").

FIT has acquired the FIT Voltaira Group since 3 July 2023, and its material subsidiaries have been examined and included in this Report. We also conducted a screening exercise to assess the confirmed reporting boundaries for 2023. All final in-scope entities were selected based on the materiality and relevance to ESG and the degree of impact on FIT's business and operations. The reporting boundaries covered in this ESG Report include FIT's operating entities in Mainland China, Taiwan, Vietnam, USA, Sound Solutions International (the "SSI") and its subsidiaries, Belkin International, Inc. (the "Belkin") and its subsidiaries, as well as the newly acquired FIT Voltaira Group ("FIT Voltaira", "Voltaira"). For detailed information and notes on the changes of reporting scope, please refer to Chapter 13.

■ Chapter 2: Chairman's Message

Dear Stakeholders,

I am delighted to present FIT Hon Teng Limited's 2023 Environmental, Social, and Governance Report, reflecting our continued commitment to sustainability, innovation, and responsible corporate practices. In 2023, we achieved significant milestones across various areas, demonstrating our dedication to creating value for our stakeholders and driving positive impact in the communities where we operate.

Employee Engagement and Well-being: Our employees are at the heart of our success, and in 2023, we prioritized their well-being and engagement. We implemented comprehensive employee wellness programs and conducted regular health and safety training sessions to ensure a safe and supportive working environment. Regarding employee engagement, our several business units (the "BUs") conducted employee satisfaction survey and organized town hall meetings to collect and address employees' concerns. I am proud of our team's dedication and resilience, which have been instrumental in our achievements this year.

Diversity and Inclusion: We are committed to fostering a diverse and inclusive workplace, and I am pleased to announce the appointment of a female Non-executive Director to our Board of Directors, achieving a 12.5% gender diversity representation. Our diversity and inclusion initiatives have created a culture of equality and respect, driving innovation and collaboration across the organization. Our business units strive to promote diversity and inclusion at employee level, including to recruit disabled employees and raise the promotion rate of female employees.

Community Engagement: At FIT, we acknowledge the needs in giving back to the communities we serve. Through our corporate social responsibility initiatives, we have engaged with local communities through volunteering programs and supported community development projects focused on education, healthcare, and environmental sustainability. Our commitment to social responsibility remains unwavering.

Innovation and Technology: Innovation is key to our sustainability journey, and in 2023, we invested in sustainable technology solutions to enhance operational efficiency and reduce our environmental footprint. By implementing innovative practices in product design and manufacturing processes, we are advancing sustainability and embracing circular economy principles to drive long-term value creation.

Address ESG Aspects in Supply Chain: Collaborating with our suppliers, we have promoted sustainable sourcing practices and ethical supply chain management. Conducting supplier assessments to ensure compliance with environmental and social responsibility standards, we are committed to building a responsible and resilient supply chain that upholds the highest standards of sustainability.

Transparency and Reporting: Enhancing transparency in our ESG reporting, we have pursued to align with global reporting frameworks and standards to provide stakeholders and investors with comprehensive insights into our ESG performance. Our commitment to regular communication and disclosure of ESG metrics underscores our dedication to accountability and transparency.

As we look ahead, we remain steadfast in our commitment to sustainability, innovation, and responsible business practices. I extend my sincere gratitude to our employees, partners, and stakeholders for their unwavering support and dedication to our shared sustainability goals.

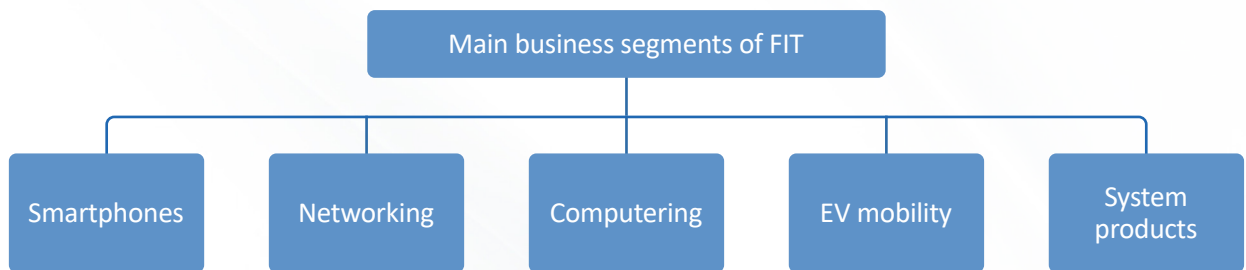
Chairman: LU Sung-Ching (盧松青)



■ Chapter 3: About FIT

FIT is a global leader in the supply of precision components with offices and manufacturing sites located in Asia, Americas, Europe and North Africa, providing wired-based, fiber-based and wireless interconnect solutions.

FIT was founded on October 1, 2013 as a subsidiary of Hon Hai Precision Industry Co. Ltd. ("Hon Hai", and the "Group"), formerly known as the network connectivity product group. Since the early 1980s, Hon Hai has entered the connector and cable assembly industry. With more than 30 years of hard work and extensive experience, the Group has developed numerous precision manufacturing systems that involve stamping, moulding, cable extrusion and assembly process. Currently FIT's main business focus is upon the market of smartphone component products, networking end market, computing end market, EV mobility end market, and system products end market.



Visions

Connectivity for a better world.

Long Term Strategies

We set out to capitalize on the technological trends arising from next-generation interconnect solutions and technology. Building on our existing expertise and aligning with our 3+3 strategy, we will push forward our transition to provide connectivity solutions for EV mobility, 5G AIoT and audio applications. We will explore opportunities to form alliances with different strategic partners to roll out our innovative product portfolios.

"3+3 Strategy" remains the strategic focus of FIT, and also positions FIT as the world's leading technology provider and pioneer of technology trends. FIT deploys in three key industries (EV Mobility, 5G AIoT, and Audio) and three core technologies (Copper to Optics, Wire to Wireless, and Component to Module). FIT launches innovative technologies, products and services, and strives to bring a remarkable and satisfying experience to customers. The key technology areas can provide services for various world-class brands and private label products across B2C and B2B. We also recognize the importance of promoting sustainable development and will continue to explore new business opportunities in this direction. The new acquisition of the FIT Voltaira during 2023 enables FIT to horizontally expand core capabilities in EV components and extend mobility solutions of FIT with a global network of manufacturing, sales and research and development (the "R&D"), demonstrating an example of business expansion that considers environmental and social factors.

Introducing Voltaira, the mobility division of FIT Group

Positioned as a strategic partner to Tier 1 automotive suppliers and mobility OEMs, our core mission is to design, develop and manufacture cutting-edge sensor, connectivity and electrification solutions that define the forefront of mobility innovation.

With an unwavering commitment to staying ahead of industry trends, we closely monitor megatrends and market dynamics to ensure we're always delivering the latest in mobility technology. Our extensive experience and long-standing relationships with a wide range of customers speak volumes about the quality and reliability of our solutions.

Recognized worldwide for our superior quality and German precision, the Voltaira brand embodies excellence in every aspect. Trusted by partners around the world, our presence spans 14 countries in Europe, the Americas, Asia and North Africa, supported by over 8,000 skilled professionals.

FIT Achievements in ESG Aspects

Hang Seng Corporate Sustainability Index Series

FIT continues to be accredited with an A rating in 2023, positioning it at top 20% among all companies and top 30% among industry peers. Based on the rating result, we identified 3 core subjects as areas for improvement, namely labour practices, environment, as well as community involvement and development.

Sustainalytics

FIT was rated as low risk by Sustainalytics during 2023. We strive to improve this rating performance by enhancing the management of ESG risks and content disclosure.



S&P Global

FIT shows improvements in S&P Global rating in 2023 as compared with 2022. All the environmental, social, as well as governance & economic scores are above the industry mean.

This ESG rating evaluates the selected and most relevant criteria with respect to performance on and management of ESG risks and opportunities in each sustainability dimension based on the significance for the industry.

Carbon Disclosure Project ("CDP")

Climate Change: C
Water security: C



Green Trustworthy Enterprise

Following last year, our Chongqing site continues to win the title of the "Environmental Integrity Enterprise".





■ Chapter 4: Sustainability Governance

Stewardship in a robust governance structure is crucial for creating long-term value for stakeholders.

Governance Structure

FIT established 2 dedicated ESG-related Committees to demonstrate our oversight of ESG matters through a top-down approach. Promotion of Board diversity helps empower corporate culture. During the Year, a female Board member has been appointed as Non-executive Director, achieving 12.5% gender diversity in the Board of Directors (the "Board") level.

ESG Board Committee

The Board has overall responsibility for our ESG strategy and reporting. The ESG Board Committee ("the Committee") was established in accordance with its own terms of reference. The members in the Committee include Mr. PIPKIN Chester John (Executive Director), Mr. CURWEN Peter D (Chairman of the Committee and Independent Non-Executive Director), and Mr. TRAINOR-DEGIROLAMO Sheldon (Non-Executive Director). The Committee is responsible for:

- Reviewing and proposing material ESG-related planning (i.e., ESG-related risk assessment, ESG-related targets, annual ESG Report, and ESG emergency responses etc.) for the Board to approve and endorse
- Reviewing and approving ESG-related matters (i.e., policies, work plans, work targets, annual budgets and annual reports)
- Confirming the identified ESG-related risks and ensuring with appropriate and effective ESG management and internal control systems
- Accepting regular reports and evaluating the work of the Social and Environmental Responsibility Committee ("the SER Committee")

FIT recognizes the Board has a significant role in managing ESG matter. In view of that, the Company has initiated preliminary practice to link remuneration with ESG performance during the Reporting Period. The amount of cash bonus paid to certain Executive Directors in 2023 was determined partly based on performance against ESG KPIs. Our parent company, Hon Hai is also undergoing the process of approving the remuneration of C-suite executives with reference to FY2023 ESG KPIs.

FIT has applied for 5-year sustainability-linked loan (the "SLL") starting from this Year, and FIT needs to show continuous improvement in the selected ESG metrics over 5 years. To ensure data quality and accuracy, FIT is also preparing for ESG data assurance.

Case Study: Regular ESG-related meetings with Hon Hai

FIT, as a member of the Hon Hai Group, is responsible for following most of the practices of its majority shareholder. Hon Hai requires FIT to attend its regular ESG meetings to discuss and update ESG-related work and progress. We cherish this as valuable learning opportunities and explore how FIT can apply the lessons learned to its operation. The topics cover:

- | | |
|----------------------------|---|
| Environmental | <ul style="list-style-type: none"> • Management of water resource • Promotion of responsible consumption and production through waste management |
| Social | <ul style="list-style-type: none"> • Safety in production |
| Reporting standards | <ul style="list-style-type: none"> • Explore the application of digital tools to enhance the quality of ESG data • Explore the standards of GHG accounting and IFRS S1 & S2 • Integration of financial data in ESG reporting |

Case Study: ESG strategy of FIT Voltaira

"Growing Our Business in a Sustainable Way with a Value Creation Logic"

FIT Voltaira maintains balanced development of business, economy and sustainability, with ESG strategy focused on the following aspects:

- | | |
|------------------------------|---|
| Compliance | Focus on global and international legislative requirements, sustainability standards and global trends |
| Stakeholders-oriented | Meet expectations, demands and preferences of our shareholders and business partners on sustainable production and products |
| Investment | Seek opportunities to invest in sustainability and concentrate on integrating sustainability into our business |

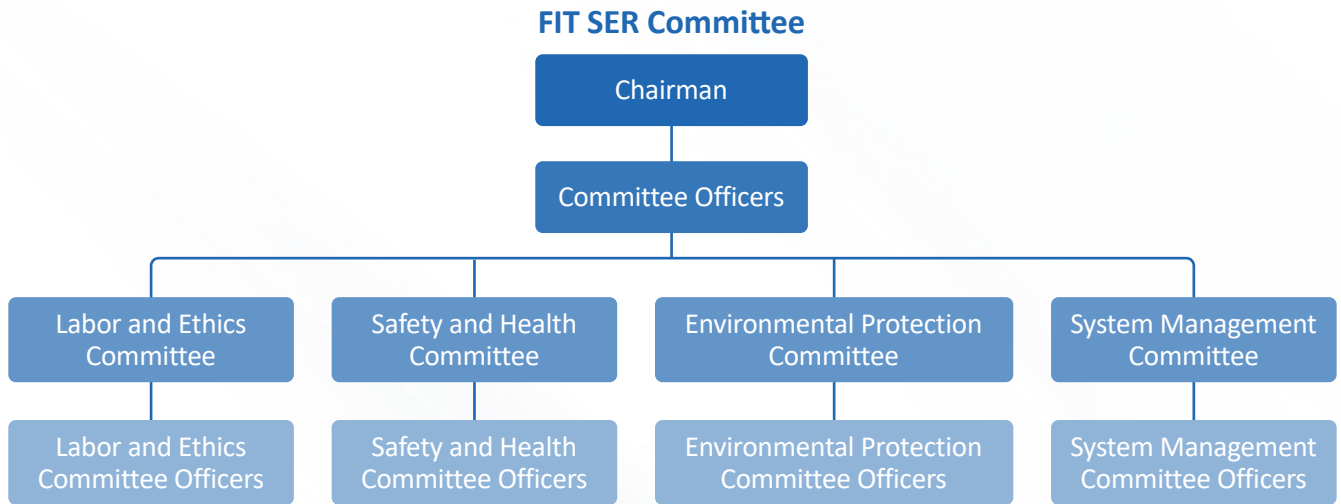
The focus of FIT Voltaira:



FIT Voltaira will continue to improve sustainability performance by tracking performance of material ESG topics through structured systems. FIT Voltaira also takes into account its materiality assessment result to set strategy, policies, guidelines, KPIs and programs in the focus areas.

Social and Environmental Responsibility Committee ("the SER Committee")

In addition to the Committee at the board-level, the SER Committee, as an operational level committee, has been set up since 2013. The SER Committee consists of 4 subcommittees: Energy Protection Committee, Safety and Health Committee, System Management Committee, as well as Labour and Ethics Committee with the organizational structure as below:














FIT assigns designated staff to represent the subcommittees. The subcommittee representatives are responsible for attending and reporting at the monthly SER meetings regarding the work of relevant departments across BUs. The purpose of the SER Committee is to allow our Chairman to monitor and review the progress of ESG work at the operational level and provide support where necessary.

Risk Identification

The Internal Audit Department performed independent and objective evaluation and audit about the internal controls on an annual basis. In 2023, the Internal Audit Department has completed the internal audits to over 180 FIT's operations. The audit results have been incorporated in the annual Internal Audit Report.

In addition to assessing financial and operational risks, we recognize the importance of addressing ESG and climate-related risks. With the progress of identifying climate-related risks and opportunities in the last financial year, we focused on identifying ESG-related risks this Year. The following ESG-related risks were identified along two measurements: "risk occurrence probability" and "degree of risk impact" based on FIT's material business and operations, previous assessment results, and peer benchmarking. We also map relevant and material Sustainable Development Goals (the "SDGs") to FIT, whose achievements and efforts in its operations can be categorized under these goals:

Risk	Mitigation and Management Measures	SDGs
Environment		
Environmental Management	<ul style="list-style-type: none"> Establish and implement environmental policies pursuant to requirements of the ISO 14001 and the ISO 50001 with regular audits to ensure compliance. Strictly commit to the science based target of absolute emissions as endorsed by Hon Hai. Promote the use of renewable energy. Identify climate-related risks and opportunities. Expand the business segment of EV mobility as opportunity and strategy to realize the Company's vision. 	 
Product Sustainability	<ul style="list-style-type: none"> Establish robust quality control system pursuant to national laws and regulations as well as the ISO 9001. Conduct ongoing research and development to develop new and existing products and services that incorporate sustainability. Analyse product performance from raw material extraction to end-of-life through life cycle assessments. Closely communicate with clients to understand their needs, for example to improve products' efficiency and quality. 	
Society		
Talent Management	<ul style="list-style-type: none"> Design effective talent attraction and retention strategies. Set retention target for key talents. Set up labor unions to safeguard rights and interests of employees and plan caring activities for them. 	  
Health and Safety	<ul style="list-style-type: none"> Ensure the compliance and maintenance of international standard ISO 45001. Identify risks of workplace hazards, and implement rectification. Conduct regular drills and safety inspections to minimize incidents. Organize safety training. Provide necessary support to staff who suffer from work-related injury. 	
Supply Chain Management	<ul style="list-style-type: none"> Conduct strict selection and audits of suppliers. Identify and manage environmental and social risks of the supply chain. Promote green and responsible procurement. Learn from Hon Hai and continuously improve the practices of supply chain management. 	
Intellectual Property Rights	<ul style="list-style-type: none"> Reduce litigation risks by respecting intellectual property rights. The designated department focuses on protecting the IP rights of FIT and combatting infringement. 	

Risk	Mitigation and Management Measures	SDGs
Data Protection and Cybersecurity	<ul style="list-style-type: none"> Apply for ISO 27001 certification to accredit the efforts made in protecting data privacy and promoting cybersecurity. Establish information security system, with regular inspections and drills. 	
Governance		
Compliance	<ul style="list-style-type: none"> BUs are responsible for understanding and complying with local laws and regulations. 	

Compliance

The Company operates with a global footprint across Asia, the Americas and Europe. FIT is committed to ensuring that all its operations are in compliance with all laws and regulations where it operates. Each BU of FIT is responsible for undergoing internal control process to review the updated laws and regulations. BUs also flexibly formulate their internal policies to ensure compliance.

The ESG Guide and the Global Reporting Initiative (the "GRI") Standards specify the compliance metrics in areas of environment, employment, health and safety, labour standards, product responsibilities and anti-corruption, over which the Company also conducts strict monitoring. FIT has also established formal and clear mechanisms to investigate and take appropriate corrective measures to deal with non-compliance cases.

During the Year, FIT has not been aware of material non-compliance cases against environmental and social related laws and regulations during operation.

Business Continuity Plan

FIT regards business continuity in times of large-scale incidents as a crucial management priority. To provide customers with stable and trustworthy operation, FIT has established the business continuity plan that covers all primary production sites to respond to various incidents, including pandemic, natural disasters, economic crisis and political instability. The business continuity plans thereby help FIT mitigate the impact of the incidents and ensure quick recovery of operation to protect customers' interests.

The business continuity plan includes policies, program, procedures and training to safeguard business continuity and early resumption of operation in the event of a large-scale incident or disaster.

1 External Business Continuity Program

FIT has established an external business continuity program to identify and assess suppliers/ subcontractors' recovery capability in the event of a disruption.

FIT has communicated with all suppliers, subcontractors and partners about their expectations and importance of setting up a robust, tested business continuity program.

FIT also conducted supplier site risk assessments and reviews for critical partners and suppliers.

2

External Supply Chain Visibility Program

FIT has established an external supply chain visibility program to identify and maintain a list of critical suppliers' locations and emergency contact information.

3

Business Continuity Management ("BCM") Awareness and Training Program

For the purpose of promoting the integration of robust BCM programs with business priorities, FIT has carried out and maintained a BCM Awareness and Training Program for all levels of employees including BCM team members, key stakeholders, newly hired employees based on their responsibilities for BCM.

Case study: Response to business continuity in the Covid-19 Emergency

In response to the global spread of Covid-19, FIT promptly developed and enforced a Pandemic Plan for all of FIT's offices and sites. The Pandemic plan includes the following strategies and various measures for mitigating the impact of Covid-19 to business operations and employees:

- Formulated flexible work from home arrangement and provided employees with necessary tools for access to work remotely.
- As FIT observed an increase in staff absenteeism due to the Pandemic, FIT developed prioritization and staff allocation strategies in order to continue to provide services and products to customers.
- Implemented health and safety measures – strict hygiene protocols, provision of personal protective equipment, as well as physical distancing within the workplace.
- Provided financial assistance to employees in need.

Though the pandemic has now been contained around the world, in light of the lessons learnt from the pandemic, FIT recognises the significance of business continuity plans and regards the plans as a precautionary measure in times of sudden event. We will continuously review and improve the business continuity plans for a range of possible scenarios.

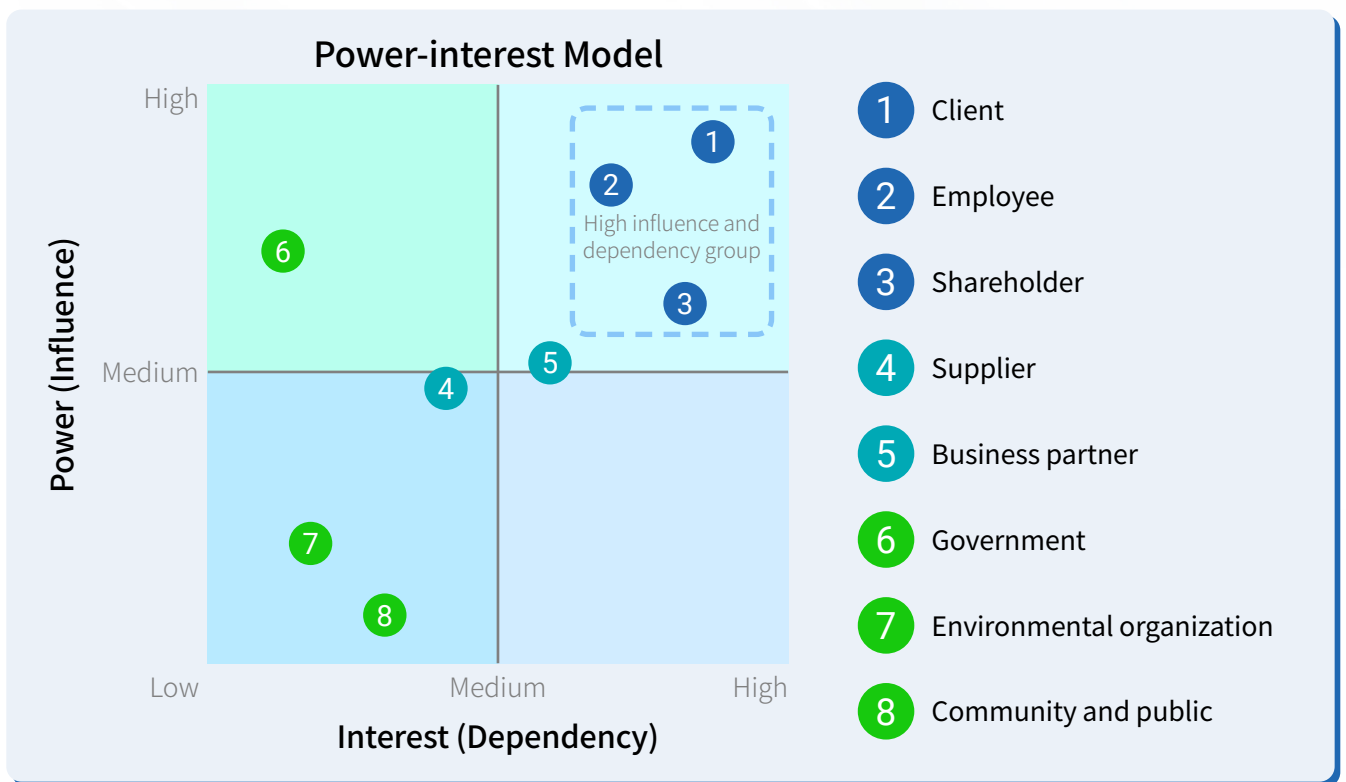
To better demonstrate our efforts and aspiration in upholding business continuity practices, FIT has planned to apply for ISO 22301 certification in the near future. FIT started to consolidate business continuity related practices across BUs and compile a questionnaire. BUs of FIT can learn from each other and incorporate feasible practices in its operations. We aim to provide assurance and confidence to our customers that our practices align with industry standards, and are designed to ensure continuity of operations in the event of any business disruption.

Chapter 5: Stakeholder Engagement and Materiality Assessment

The stakeholder engagement and materiality assessment form the basis of setting FIT’s sustainability strategy.

Stakeholder Engagement Approach

FIT believes that stakeholder engagement is an important process to understand and address stakeholders’ views and expectations towards FIT. We maintained open, ongoing and transparent communication with our key stakeholders. 8 internal and external stakeholder groups (clients, employees (management and general staff), shareholders, suppliers, business partners, governments, environmental organizations, communities and public) are identified through adopting the Power-interest Model:



The following communication channels are commonly used by FIT:



Materiality Assessment

FIT appoints an Independent Third-party Consultant ("Consultant") to initiate the assessment through identification, assessment, prioritization, and approval processes. This is the first year that we have applied the concept of double materiality for our materiality assessment. The approach to the double materiality assessment is set forth below:

Impact on enterprise value

Inward impact - The identified ESG topics impacting financial performance (cash flows, revenue, taxes and/ or fines) and/ or enterprise value.

Impact on business/ operations or broader society

Outward impact- The identified ESG topics impacting economic and sustainability (environmental, social and governance) aspects.

Identification of Relevant ESG Topics

The Consultant assisted in conducting research and review on material and relevant ESG topics for FIT based on 4 perspectives:

FIT	Industry	Regulatory and Reporting Framework		Megatrends
<ul style="list-style-type: none"> the strategic priorities and future planning in sustainability aspects 	<ul style="list-style-type: none"> industry landscape peer benchmarking 	<ul style="list-style-type: none"> ESG Guide GRI standards SASB 	<ul style="list-style-type: none"> rating requirements regulatory developments 	<ul style="list-style-type: none"> the latest and future local and global sustainability megatrends

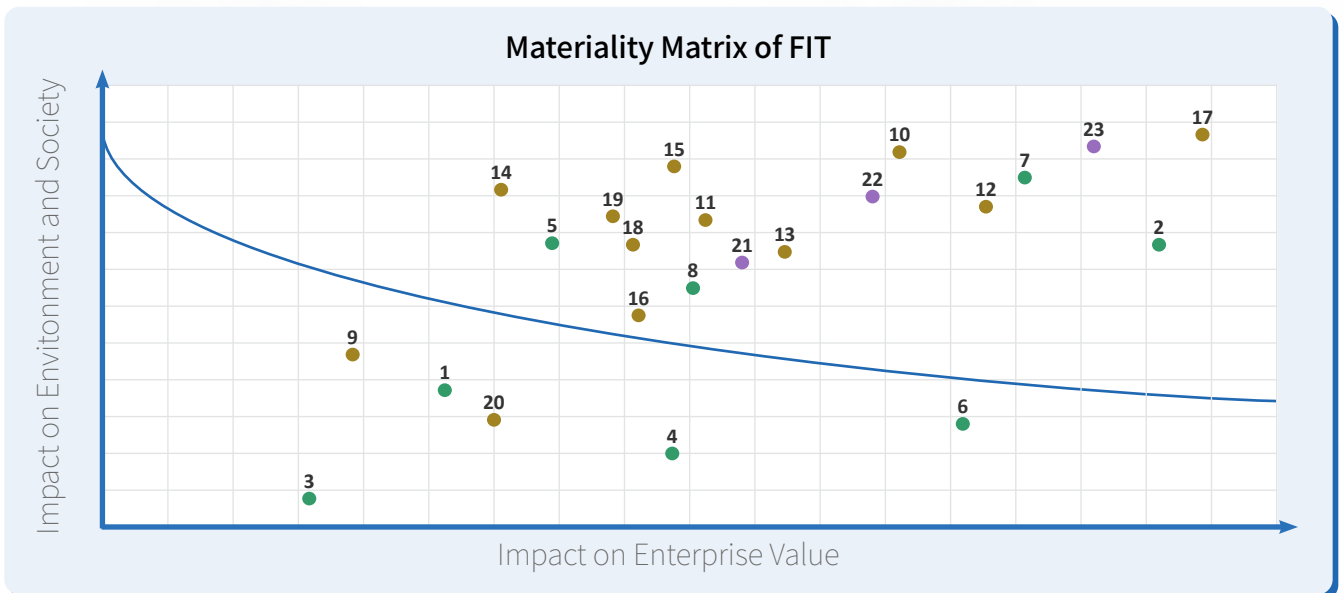
The table below summarizes the changes of ESG topics compared with last year:

Topic	Reasons
Application of clean technology and renewable energy	The topic of opportunities in clean technology and renewable energy is assessed by MSCI for rating purpose. FIT also actively applies renewable energy in its business operations.
Diversity, equity and inclusion Human rights in supply chain and workforce	These topics are regarded as the latest and future sustainability megatrends. FIT is committed to exploring the feasibilities of incorporating the practices of these topics into its operations.
R&D innovation	The topic is vital to FIT's competitive advantage within the industry, which may heavily impact enterprise value.
Talent attraction and retention	The topics of (1) employment and labor standards, (2) compensation and incentive system and (3) employee care and welfare had been separately identified last year, and the 3 topics are grouped as talent attraction and retention this Year.

Assessment and Prioritization

Following the identification process, the Consultant compiled the identified ESG topics into an online survey platform. FIT invited both internal stakeholders and collaborated external stakeholders to participate in the surveys by rating the identified ESG topics. The dimension of financial materiality was only assessed by the Board, senior management, and the Audit and Finance department, as these stakeholder groups have in-depth understanding of FIT’s business model and strategic plans, as well as high level of control and visibility over all aspects of the business. On the other hand, the dimension of impact materiality was assessed by all identified stakeholders. As this is the first time where double materiality assessment has been conducted, the Consultant organised a briefing session in the monthly SER meeting to provide instructions and guidance for appropriately rating the ESG topics in the online surveys.

An average score is calculated based on the survey responses from each stakeholder group, with the same weighting methodology as previous materiality assessment disclosed in the 2022 ESG report being applied (i.e., Survey responses from stakeholder groups such as the Board and senior management, who have a significant and influencing role in FIT, are applied with higher weighting in comparison to stakeholder group with lower influence to FIT). The outcome of the materiality assessment is reflected in the materiality matrix below:



Environmental

- 1 Emissions management
- 2 Energy management
- 3 Water management
- 4 Waste management
- 5 Climate change
- 6 Carbon management
- 7 Product sustainability
- 8 Application of clean technology and renewable energy

Social

- 9 Diversity, equity and inclusion
- 10 Talent attraction and retention
- 11 Employee training and development
- 12 Occupational health and safety
- 13 Human rights in supply chain and workforce
- 14 Supply chain management and responsible procurement
- 15 Quality control and product governance
- 16 Customer relationship management

- 17 R&D innovation
- 18 Intellectual property protection
- 19 Data privacy and security
- 20 Community engagement

Governance

- 21 ESG governance and risk management
- 22 Anti-corruption and business ethics
- 23 Compliance

Approval

The preliminary matrix result was presented to SER Committee members, and further adjustments to the results have been applied based on feedback provided by SER committee members. The finalised materiality matrix was then reported and approved at the Board meeting.

Case study: Stakeholder engagement conducted by FIT Voltaira

FIT Voltaira has conducted its initial materiality assessment via surveys with internal stakeholders: the Board, the management team, Global ESG Committee members, employees and key external stakeholders: business partners and suppliers. Same as FIT’s materiality assessment, the list of material ESG topics has been identified in line with the SDGs, global sustainability reporting standards and ESG rating & index in the automotive industry.

The prioritized ESG topics of FIT Voltaira are as below :

Environmental

- Carbon footprint and life cycle analysis
- Climate change and decarbonization
- Renewable energy
- Energy efficiency and management

Product responsibility

- Electrification and clean e-mobility

The sustainability topics drive:

Social responsibility

- Sustainable supply chain
- Operate in socially responsible
- Health and safety of employees
- Business ethics

Decarbonization development in operations and business activities

- Energy efficiency, renewable energy, waste management and circular economy

External stakeholders had raised the following additional topics:



Human Rights



Code of Ethics



Circular Economy & Recyclability



Employee Wellness

Understanding the expectations of stakeholders through materiality assessment, ambitious targets will be set to minimize our environmental impacts by introducing various quality management systems and programs in all of the operations across BUs.



■ Chapter 6: Product Development

FIT is fully aware of monitoring the whole life cycle of product development and exploring R&D. FIT's products also continue to gain market recognition.

Dedicate to Enhance Product Quality

Maintaining a competitive edge through rapid response to market change, the enhancement of our product quality has always been a significant focus for FIT. In pursuit of international certifications and compliance with industry benchmarks, FIT has built up dedicated teams to continually strengthen quality management system, from conducting product risk assessment, ensuring compliance, to enhancing and monitoring quality control throughout the product lifecycle. FIT also values feedback from customers and therefore dedicates to maintaining open communication with them, ensuring that our products and services align with their expectations.



Product Risk Assessment

In addition to conducting extensive market research and industry benchmarking before the launch of products and services, we also include the identification and assessment of environmental and social risks in the entire product lifecycle. Each site is required to conduct an impact analysis from both external and internal factors ranging from technologies, environmental regulations, customer preference, resources availability, to corporate culture and production capacity that may have potential impact on FIT's products. Test plans are created in order to confirm that test results achieve the appropriate requirements. FIT is able to understand the concerns and expectations from relevant stakeholders, identify and manage emerging risks and opportunities, and review and adjust the current objectives and measures promptly. FIT identifies risks from multiple perspectives, covering regulatory compliance, product sustainability and safety, as well as shifts in customer requirements. The entire product risk assessment allows FIT to continuously work towards more effective operation of quality management systems and ensure timely response to potential risks and opportunities in the market. For FIT Voltaira, product quality is defined as material KPIs, and product risks are monitored through the Advanced Product Quality Planning approach and International Material Data System. FIT Voltaira has adopted the non-conforming process to regulate product recalls. This approach can identify and correct technical and managerial root causes that have an impact on product quality. The cases are stored centrally to allow all sites FIT within Voltaira to conduct review and learn from each other. During the Year, FIT Voltaira Vietnam is accredited with the Excellent Award for Outstanding Cooperation from Kefico.



Product Quality Management

FIT's Framework for Product Quality Management

Quality assurance (Preventive measure)

- FIT has established a quality technical committee through assigning a quality assurance supervisor in each site for on-going monitoring.
- The quality technical committee has prepared the "Quality Assurance Manual" for all sites, which clearly specifies the robust and standardized processes of product checking and quality management from R&D, production, storage to delivery.
- Complete a standardized review and propose improvement measures to be incorporated into our internal standard operating procedures.
- Periodic review of the effectiveness of improvement measures and further adopt effective measures from other related production lines.

Quality inspection (Detective measure)

- FIT has implemented comprehensive quality inspections at each production line in sites across its geological footprint, covering raw materials, components and systems.
- FIT has implemented stringent processes for material selection to ensure that the delivered products fulfil our customers' expectations, as well as avoid the use of non-compliant chemical and hazardous materials.
- Attaining certifications through strict and regular audits can enhance confidence in product quality. FIT ensures the continued compliance with the international standards related to quality management system, including ISO 9001, IATF 16949, and ISO 26262.

Procedures for after-sales services and product recalls (Corrective measure)

- FIT has standardized the product recall process in the "Sales Return Processing Operation System", offering timely returns or exchanges of goods, as well as product recalls when necessary for customers:



- Processes are also in place to trace potential defective products (or doubtful products) and immediately notify the relevant overseas warehouses and corresponding sales personnel to carry out a quality inspection and provide confirmation of the potential defective products (or doubtful products) in a timely manner.
- When the site needs to trace and confirm the batch of potential defective products after receiving customer complaints, business units confirm the inventory quantity in the local and overseas warehouse, the quantity that has been shipped on the way to customers, together with the planning and responsibility unit.
- To avoid the recurrence of product recalls in the future, FIT reviews and makes improvement plans after the closure of each case.
 - Conduct failure analysis in respect of the product recall based on the Process Failure Mode and Effects Analysis ("PFMEA") and the Design Failure Mode and Effects Analysis ("DFMEA") models.
 - Use of the 6 Sigma methodology in analysing root-cause scenario and applying management measures for improvements.
 - Leverage the Failure Mode and Effect Analysis ("FMEA") software to explore new products and manufacturing process. The practices are aligned with the latest requirements of the IATF16949.

Accountability

- Quality assurance team: responsible for verifying and validating product design (including product hardware and software), product reliability, process verification, and requirements for production monitoring.
- Regulatory compliance team: identify new updates in product safety and regulatory requirements and ensure the designed products meet product safety requirements.
- Sales team: communicate with customers about the reasons for product recalls and reasonably meet customers' requests and requirements.

Case: FIT's IBM socket product line has been assessed and certified with ISO/ IEC 20243* (O-TTPS)

In February 2023, FIT's IBM socket product line has passed and been certified with the ISO/ IEC 20243 (i.e., O-TTPS v1.1.1: Open Trusted Technology Provider Standard), after undergoing safety assessments and evaluations.

The compliance assessment process covers a comprehensive review of 55 mandatory requirements in 2 categories and 3 methods based on the ISO/ IEC 20243 (O-TTPS) standard, which includes rigorous reviews of product development, security engineering, technical supply chain security processes, and process implementation.

Following the compliance assessment, FIT will continue to maintain compliance requirements and will be audited by third-party organizations every three years, ensuring that FIT's technological supply chain meets ongoing compliance requirements.

**ISO/ IEC 20243-1:2018 (O-TTPS) is a set of guidelines, requirements, and recommendations that address specific threats to the integrity of hardware and software COTS ICT products throughout the product life cycle. This standard addresses threats related to maliciously tainted and counterfeit products.*

FIT has adopted internal and external quality control system respectively on ensuring our products comply with product standards and meet customer expectation.

Our internal quality control system comprises the following controls:

- QMS**

Quality Management System

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

Statistical Process Control

This system performs preventive quality management of different influencing factors from product quality control to production processes, such as developing trend management.
- RFC**

Response Flow Checklist

This plan is a set of specific, sequential workflows that define and remediate process or equipment problems.
- VDCS**

Vendor Defect Correction Sheet

When a defect occurs in a material, this system can conduct the cause analysis and propose improvement measures to manage suppliers, and carry out return and seek compensation.
- SFC**

Shop Flow Control

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

Total Production Management System

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

The below external quality management systems record customer related information, such as customer details and feedback, and customer visits:

Operating System for Timely Handling of Customer Complaints

Customer Visiting Management System

Customer Complaint Management System

For details, please refer to Chapter 7 of this Report.

In 2023, the Company has received the following honors and awards in product quality management:

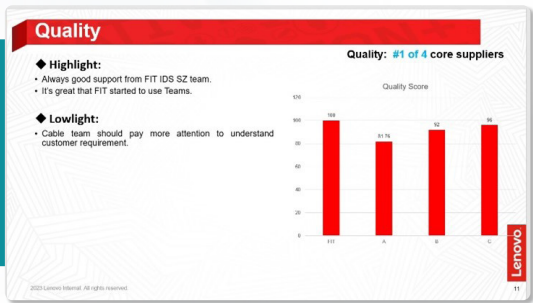
Dell recognizes our FIT employee as "Best Individual" for his outstanding performance in quality management.



FIT Fuding received "Cooperation Partner Award" from Huawei in 2023 to affirm our efforts in product quality management.

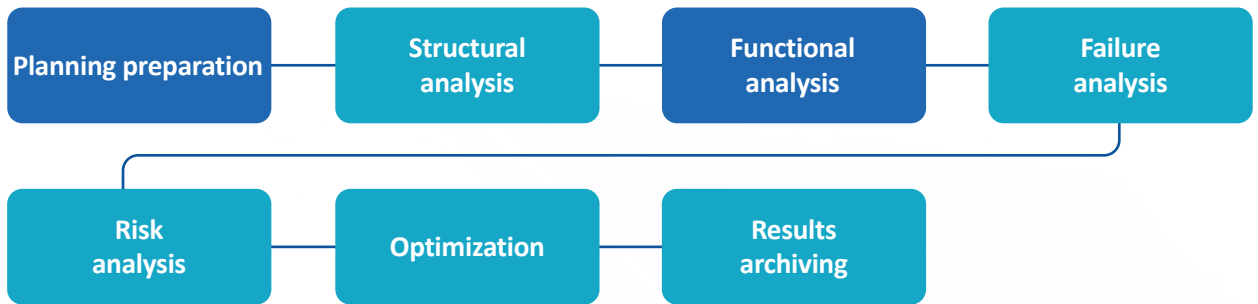


FIT Shenzhen ranked first among 4 core suppliers of Lenovo and was given the "Best Quality Control Award".



Product Development Control

The product R&D practices adopt the latest version of the Failure Mode and Effects Analysis ("FMEA") standard from Verband der Automobilindustrie ("VDA") from Germany and Automotive Industry Action Group ("AIAG"). This new version introduces a hierarchical structure for the analysis of data, and also adopts a seven-step analysis method. By leveraging this new process flow, the Company can develop and promote online software, establish a technical database, and reduce the cost of design failure.



Case: FIT wins the Red Dot Design Award for its Breakthrough 800G High-Speed Connector Design

FIT was once again given the renowned Red Dot Design Award. This time, FIT focused on the hottest topic of artificial intelligence and showcased its excellent design capabilities with its innovative 800G high-speed connector, winning the Design Concept Award.

This innovative solution not only adheres to the specifications and design rules of existing data centres but also greatly improves data transmission efficiency. Sustainability is also a priority for FIT, as reflected in the design of the cable protector using recycled materials, ensuring the corner of cables can be protected.

The Red Dot Design Award for 5G AIoT products has again demonstrated FIT’s commitment to develop innovative products and prompting sustainability. FIT will continually focus on the execution of the "3+3 Strategy", covering EV, Audio and 5G AIoT aspects.

Case: FIT further rolls out two new E-bike series, XION and ARCHITECT, to enhance the cyclist experiences with advanced digital upgrades

FIT has been recognized for its outstanding design capabilities, winning the Red Dot Design Award in Germany last year with its FIT E-bike. FIT has further demonstrated its strong R&D capabilities by quickly launching two product series, XION and ARCHITECT, which are designed to enhance the user experience for cyclists.

The new generation of FIT E-Bike digital dashboard is more stylish, lightweight and user-friendly than ever before. The main dashboard has been upgraded and allowed users to switch quickly between different features, such as riding modes and power assistance. The new features also help users clearly understand information about their ride, including data and route information, as well as adjusting the lighting system to ensure a safe ride at night.

Quality System Management Certification

FIT is committed to continuously enhancing existing practices throughout the manufacturing cycle, ranging from raw materials procurement, personnel, facilities and equipment to production processes through attaining international certifications. This not only enables us to comply with the quality standards worldwide, but also helps provide confidence to customers by delivering products with the highest quality.

ISO 9001		Quality Assurance System	
● FIT Mainland China	○ Huai'an	● FIT Voltaira	○ Hungary
○ Kunshan Diancha	○ Chongqing	○ USA	○ Ukraine
○ Kunshan Dianfa	○ SSI	○ Europe	○ Turkey
○ Shenzhen	● FIT Taiwan	○ Mexico	
○ Zhengzhou	● FIT Vietnam	○ Morocco	

IATF 16949		Quality Management System of Automobiles – Implemented for Organization of Production Parts and Related Service Conditions in the Automotive Industry	
● FIT Mainland China	● FIT Voltaira	○ Mexico	
○ Kunshan	○ USA	○ Morocco	
○ Shenzhen	○ China (Shanghai and Wuhu)	○ Hungary	
● FIT Taiwan	○ India	○ Ukraine	
● FIT Vietnam	○ Korea	○ Vietnam	

AS9100D		Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations	
● FIT Mainland China	○ Huai'an		

QC080000		Hazardous Substance Process Management System	
● FIT Mainland China	○ Shenzhen	○ Chongqing	
○ Kunshan Diancha	○ Zhengzhou	○ SSI	
○ Kunshan Dianfa	○ Huai'an	● FIT Vietnam	

ISO 26262		Road Vehicles – Functional Safety	
● FIT Taiwan			

Regarding advertising and labelling, we are committed to providing accurate and clear product information on the packaging without any falsification or forgery. During the Reporting Period, FIT did not conduct large-scale products recalls due to product quality, safety, or health issues. There were also no violations of laws and regulation discovered relating to health and safety, advertising, or labelling.

Looking forward, product control remains FIT's focus, ensuring that our product quality meets international standards and customer expectations.



■ Chapter 7: Business Ethics

Integrity is the foundation of FIT's business philosophy and contributor to FIT's sustainable development. FIT strictly prohibits any form of corruption, bribery, money laundering and fraud in all its business dealings.

Anti-corruption Management

To reinforce the culture of integrity and ensure strict compliance with relevant laws and regulations, FIT has established the "Code of Conduct for Anti-Corruption, Integrity, Prosperity and Elimination of Disadvantages". The punishments associated with violating corruption related laws and regulations are stipulated in the "Employee Handbook". The Board has the ultimate responsibility for the Company's ethics and regulatory compliance. Meanwhile the management is accountable for the design, planning and execution of ethics compliance activities. FIT is planning to translate the anti-corruption related policies and guidelines to local languages, such as Vietnamese, Indian, and German to accommodate the local employees so that they can better interpret the contents without causing any misunderstanding.

To uphold integrity and mitigate risks of corruption, FIT's Internal Audit and Legal Department are delegated the authority to tackle corruption throughout FIT's operations. Relevant information on any actual or suspected breach of the Code of Conduct will be documented for the review and follow-up by the Internal Audit Department. The Internal Audit Department has been continuously tracking the improvement in addressing control deficiencies identified.

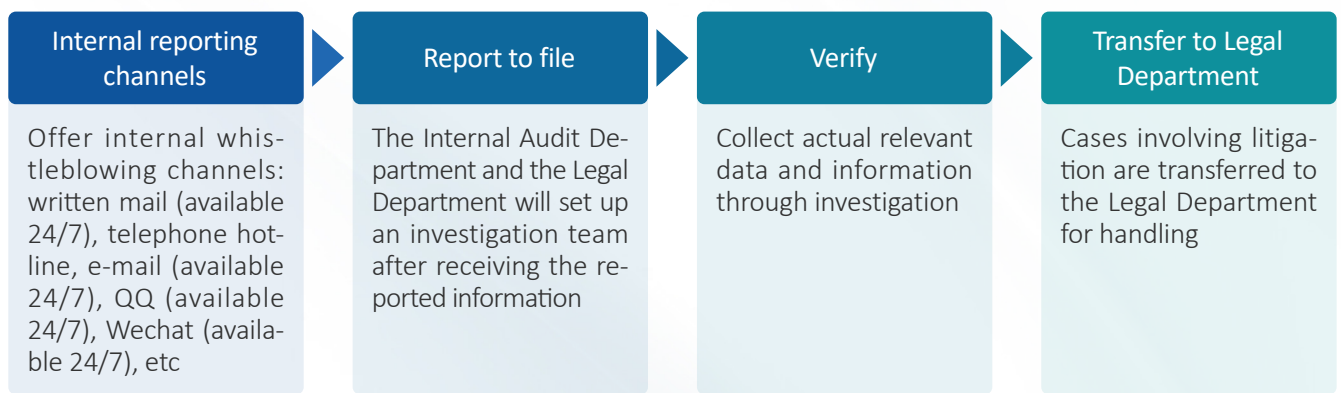
FIT also recognises the importance of external anti-corruption management with our business partners and suppliers by creating an honest and ethical business environment. The Company reiterates the commitment to anti-corruption and compliance through sending the "Statement on Building an Honest Business Environment for FIT" internally. Internal employees are encouraged to distribute the Statement to suppliers, clients, distributors and other relevant business partners. To establish a clear and formal agreement between FIT and suppliers regarding ethical business practice and prevention of bribery, extortion, fraud and money laundering, FIT's suppliers are required to sign the "Supplier Commitment" by affirming the commitment to conduct business with integrity and disclose any relationships in which a conflict of interest may arise.

In 2023, FIT is not aware of any material non-compliance cases against corruption related laws and regulations, and any concluded corruption-related legal cases. To ensure ongoing compliance with all applicable worldwide laws and regulations, FIT remains committed to strengthening the culture of integrity and professional ethics within all levels of employees by refining relevant policies and organizing training.

Whistleblowing System

To enable early detection and resolution of potential misconduct or wrongdoing, a whistleblowing system serves as a critical component of FIT’s governance and risk management. FIT has various whistleblowing channels in place for employees and suppliers to report any suspected misconduct. The reporting channels include e-mail (available 24/7), telephone hotline, QQ (available 24/7), WeChat (available 24/7), etc. for reporting suspicious activities in the course of operation to safeguard the rights and interests of the Company.

To protect whistleblowers, FIT accepts anonymous reports from employees, keeps the identities of whistleblowers confidential, and prohibits any retaliation in the form of harassment or discrimination on any individual who reports a suspected violation or participates in investigations. All cases have undergone comprehensive investigations, with strict adherence to the following process for handling internal reports:



Anti-corruption Training

FIT believes that professional and ethical employees can foster the culture of integrity. Therefore regular training courses have been provided to all levels of employees. In 2023, the Mainland China sites have set and achieved a 100% anti-corruption training target for key personnel (i.e., operation, procurement). 98.5% of employees in Mainland China sites have also received anti-corruption related training.

Anti-corruption training for key personnel (Applicable for Mainland China sites)



The Internal Audit Department is accountable for developing teaching materials on anti-corruption. The training covers topic from Code of Conduct and business ethics, FIT’s anti-corruption policies, definition of misconduct behaviours, laws and regulations against corruption, to FIT’s existing reporting channels, etc. The following table summarizes 3 major communication channels to employees for raising their awareness:

Anti-Corruption Related Training and Promotion

For new employees

- Offer introduction section to new employees
- Code of Conduct related to anti-corruption is included in the "Employee Handbook", which defines corruption behaviour, compliance practice and disciplinary actions for violation

iCivet channel

- An accessible platform for employee to access anti-corruption information
- Enhance employees' awareness of complying with relevant laws and regulations

Online courses

- Topics of courses cover: Anti-fraud, anti-corruption and Code of Conduct
- Training duration: not less than 1 hour per employee
- Completion rate as of 2023:
 - FIT Mainland China, Taiwan, and Vietnam: 88%
 - FIT US: 100%

Case study: Anti-fraud publicity event by FIT Kunshan

The volunteering team of FIT Kunshan cooperated with the Anti-Fraud Center to promote anti-fraud messages to the public through distributing more than 400 promotional materials. This activity can increase connections with external stakeholders and raise their awareness of preventing fraud activities.

FIT's newly acquired subsidiary, FIT Voltaira is also committed to fostering the culture of integrity. FIT Voltaira has formulated internal "Code of Conduct" to regulate management's decisions and employees' behaviour. To strengthen the culture of integrity, training courses based on the "Code of Conduct", covering avoidance of conflicts of interests, anti-corruption laws, types of money laundering activities, have been regularly provided to all levels of employees. Moving forward, FIT Voltaira is dedicated to the ongoing enhancement of internal guidelines to align with the best business practices and maintain the highest ethical standards.

During the Reporting Period, FIT has appointed external parties to provide the Board with updated training materials in relation to (a) disclosure of notifiable transactions and (b) latest requirement of anti-corruption and whistleblowing policy, to keep them abreast of the most up-to-date laws and regulations.

BU's	No. of employees who received anti-corruption training	No. of directors who received anti-corruption training	Total hours of anti-corruption training (hours)
Mainland China, Vietnam, Taiwan	47,485	7	94,970
SSI	1,073	7	1,080
FIT US	105	15	240
Belkin	348	13	126
FIT Voltaira	289	5	3,204.5
Total	49,300	47	99,621

Protection of Intellectual Property Rights

Major strategic direction of FIT during 2023:

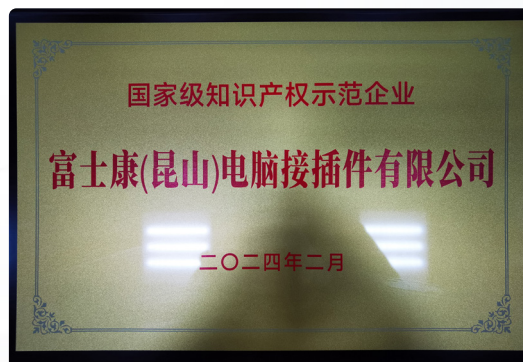
- Focus on FIT's "3+3" strategy, deploying 3 key industries and 3 core technologies to enhance the patent portfolio development for the new products.
- Grasp technological trends through obtaining patent information in order to optimize R&D and production plans for key FIT products such as high-speed connectors for communications and electrical connectors for vehicles.
- Actively engage in patent operations, including the ongoing external licensing of patents such as USB Type-C where FIT has developed advantages.

FIT recognizes the significant responsibilities in protecting intellectual property rights and preventing the infringement of others' intellectual property rights. The Company has developed the "Intellectual Property Application Procedures" and "Intellectual Property Rights Investigation Procedures". The procedures are set in accordance with the guidelines of international standards that are related to intellectual property rights, which can effectively regulate the Company's intellectual property-related work.

FIT recognises the protection of intellectual property as the secure of innovation. During the R&D phase, the Company proactively engages intellectual property rights personnel to undertake patent investigations to prevent any potential infringement. As part of our commitment to safeguarding intellectual property, the Company enters into agreements and contracts with customers during the R&D process if required. Furthermore, FIT recognizes the importance of fostering an environment that encourages innovation and intellectual property development and therefore to provide employees with intellectual property rights incentives for their contribution to the protection of technological innovation and intellectual property assets.

FIT has established a designated intellectual property rights team for execution, management, protection and operations of intellectual property rights. The Company raises the efficiency and standards for applying and managing intellectual property rights through adopting the intellectual property rights management system and patent search database. FIT Mainland China sites obtained the following intellectual property rights recognitions during 2023:

- FIT Kunshan Diancha was recognised as "Suzhou Strong Enterprise in Intellectual Property- Leading Enterprise" by the Suzhou Market Supervision Administration;
- Kinshan Diancha has been recognised by China National Intellectual Property Administration as the "National Intellectual Property Demonstration Enterprise".



To enhance employees' patent knowledge and awareness, FIT has provided intellectual property-related training for employees via online and offline platforms. The Company's online training system includes a series of intellectual property-related courses for employees to conduct autonomous learning anytime. We also offered the opportunities for employees to join the industry IP-related seminars and external training opportunities.

FIT realizes that intellectual property rights and standardization are core driver to innovation. While attaching great importance to the protection of intellectual property rights, FIT is keen to participate in technical standardization associations, to promote technological innovation and formulate standards.

As of 2023, FIT has joined more than 20 associators and alliances that are dedicated to technical standardization, including USB-IF, JEDEC, PCI-SIG, VESA etc. FIT's Mainland China sites has become a committee member in the National Committee under the Standardization Administration of China (SAC/ TC166) and a member of the China Electronic Components Association.

The followings were work accomplished and achievements made by FIT during 2023:

Major work/ projects that FIT has participated in 2023:

1. FIT has newly joined Car Connectivity Consortium, an association that promotes technological innovation of connectors for vehicles.
2. FIT has developed new generation specifications for JEDEC association, assisting in the design and testing of memory connector DDR5/ 6 Socket products to improve product performance; and participating in the specifications of the memory module "CMM".
3. FIT has assisted the Peripheral Component Interconnect Special Interest Group (PCI-SIG) Association in enhancing the performance of new generation slot connector products, developing and testing Gen 6.0 SFF-8639 connector specifications through participating in specification design and cooperating with product testing.
4. FIT Kunshan Diancha votes on a number of Chinese national and group standards that are related to electrical connectors during the setup of project standards and approval stages.

As of 2023, FIT (excluding Belkin, SSI and FIT Voltaira) has earned 3,116 patents worldwide, with 663 patents currently under review. Belkin has acquired 275 patents worldwide with 17 patents that are under review. SSI has acquired 80 patents with 3 patents that are currently under review. FIT Voltaira has acquired 68 patents and 2 patents are under review.

During 2023, FIT has not observed with material disputes related to intellectual property rights . FIT will remain committed to upholding our diligent practice to protect our own and respect our competitors' intellectual property rights. With our great importance to intellectual property protection, we believe in our ability to promote and show progress in industrial and intellectual property rights development through continuous development of technology and innovation.

Customer Privacy Protection

Complying with relevant laws and regulations relating to customer privacy protection is a high priority for FIT. Therefore, the Company has established an Information Security Governance Committee with clear accountability to information security management and formulated the "Security Control Operating system for Confidential Projects", "Handling of Information Security Incidents and Control Operating System", and the "Information Security Incident Emergency Response Operation Manual", which are regularly reviewed and revised in accordance with changes in the business environment. To ensure data confidentiality and security, the policies outline information security controls and specify that the use of information of customers and suppliers is limited only to the purpose of FIT's operations. Relevant major measures are as below:

- Sign confidentiality agreements with customers
- Organize training on customer privacy protection to strengthen employees' awareness on information security
- Formulate remediation plans for the incident of information leakage
- Establish clear procedures and teams dedicated to information security incident-handling
- Unless authorized by the customer, the Company will not disclose customer information to others, and will not disclose or sell any data of existing and potential customers

To fully protect customers' information and privacy, SSI has also established the "Regulations of Handling Company's Confidential Documents". All product designs are required to be completed only in the drawing office and stored on cloud disks with robust information security controls.

Case: Obtain the ISO 27001 certification on the information security management systems in FY2023 (FIT Kunshan Diancha, Huai'an, Chongqing and Taiwan sites)

In view of the emerging cybersecurity risk to our operation, FIT has been proactively strengthening information security system. During 2023, FIT sites – FIT Kunshan Diancha, Huai'an, Chongqing and Taiwan have taken a systematic approach and are certified with ISO 27001, with the following initiatives:

- Establishment of a strategic business units (SBUs) team that is dedicated to obtaining ISO certifications and promoting information security within FIT
- Formulation of an internal audit checklist on the operating effectiveness of information security control
- Conduct regular internal audit on the conformity with ISO requirements
- Provision of ISO training to employees
- Publicity on information security through emails and monthly departmental meetings
- Continuous monitoring the robustness, effectiveness and suitability of the information security management system

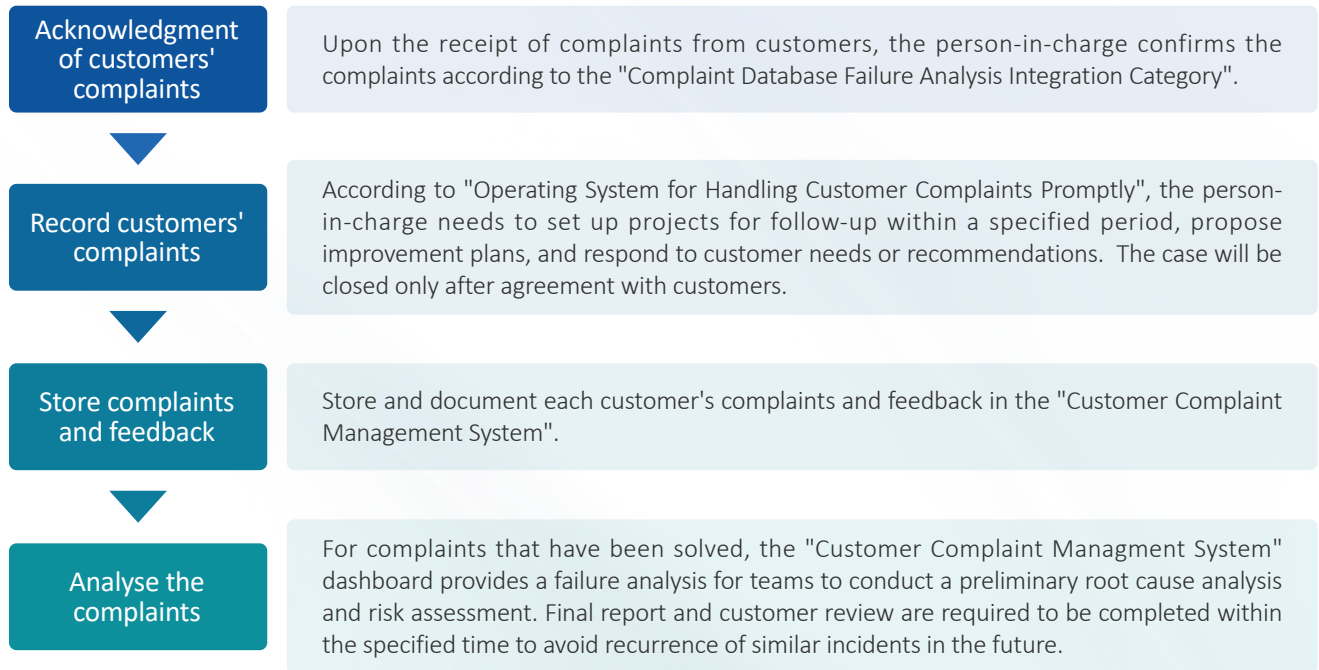
Being certified with ISO 27001 has demonstrated FIT's commitment to protecting customer privacy and data security. FIT will continually drive other sites to meet information security standards, ensure that employees understand cyber-related risks and embrace security throughout day-to-day working practice.

In 2023, the Company did not violate any laws and regulations concerning customer privacy. In the future, FIT will continue to prioritize customer privacy by ensuring that the protection of customer information security is in place.

Maintain Customer Relationship

The Company believes that gaining customers' trust and confidence is critical to our sustainable development and we are committed to providing products and services with the highest quality. Getting positive customer feedback and satisfaction ratings are defined as sustainability-related opportunities for FIT to improve through understanding better our customers' needs and expectations. Therefore, the Company is dedicated to maintaining open and transparent communications with customers so that we can respond to product issues and carry out corrective plans promptly.

FIT recognises the importance of customer feedback as a valuable resource for driving ongoing improvements in product quality, service delivery and process of handling feedback. Thus, FIT and SSI have formulated the "Operating System for Handling Customer Complaints Promptly" and "Customer Complaint Management System" to standardize the procedures of addressing customer complaints and the management of customer satisfaction and requiring all employees to follow. Upon receiving customer complaints, FIT leverages the "Customer Complaint Management System" to address the incident promptly. The following shows FIT's procedures on handling customer complaints:



To maintain customer satisfaction, FIT has implemented the "Customer Visiting Management System" by requiring employees to systemically record the information of every customer visit, including their feedback and satisfaction ratings on the products and/ or the Company's management system. FIT analyses customers' commercial and technological needs, sets up projects to follow-up and establishes plans to address customers' needs. Even after the closure of the projects, FIT maintains ongoing communication with customers.

In 2023, FIT received the following total number of product and service-related complaints :

BU's	No. of complaints
Mainland China, Vietnam, Taiwan	101
SSI	8
Belkin*	566,260
FIT Voltaira	77
Total	566,446

* The number of complaints submitted to Belkin is higher in comparison to other BUs because Belkin's customers are at consumer level which has a larger population, whereas the customers of FIT's other BUs are at corporate level and therefore has a smaller client population in comparison

The total number of resolved complaints is 554,225, reaching 97.8% complaint handling rate. We acknowledge the importance to learn from each customer's feedback. In the future, we will remain dedicated to improving our after-sales services quality and responding to customers' needs.



■ Chapter 8: Supply Chain Management

FIT views effective supply chain management as a crucial contributor to business success. Given this, the Company strives to ensure a diverse and dynamic supply chain which allows us to flexibly navigate unforeseen risks and challenges by maintaining operational resilience in times of business disruption.

Supplier Diversity within Supply Chain

FIT conducts and operates business around the world with heavy reliance of worldwide suppliers to provide quality products and services. During the Reporting Period, FIT has a total of 4,640 suppliers located in Asia, the Americas, and Europe, of which 3,299 suppliers are located in Mainland China, in Hong Kong SAR, Macau SAR and Taiwan, and 1,341 suppliers are located overseas.

Comprehensive Supplier Management System

Policies such as the "Operating System for Procurement Quality Control", "Operating System for Vendor Quality Control", and "Measures for Control of Green Supplier Selection and Assessment", etc. are formulated to regulate the selection and management of suppliers. These policies are implemented to BUs across Mainland China, Taiwan, and Vietnam.

Every BU is allowed to flexibly set out its own controls and systems to track the implementation of procurement practices to clearly stipulate specific criteria for supplier selection, daily management and evaluation, supplier elimination and withdrawal, etc. For example, Belkin regularly undertakes sustainability-related internal audits to monitor suppliers' progress on fulfilling social responsibility such as labour laws, human rights, and health and safety.

The supplier management system comprises the following procedures:

1 Supplier Admission

For major procurement activities, FIT initiates procurement requests and opens to all suppliers for fair competition. Subject to strict pre-qualification, suppliers are required to submit proof of eligibility with assessment criteria. The criteria include compliance and suitability of supplier management system, audit result and effectiveness of risk management. If suppliers can pass assessment and meet Company's requirements, they will be recorded in the qualified supplier list.

2 Daily Management of Suppliers

The Company prepares an agreement, setting out suppliers' obligations about details and requirements for the products and services provided by them. This agreement can safeguard interests of both suppliers and the Company. Furthermore, the Company conducts on-site inspections to ensure that suppliers comply with internal standard processes.

3 Supplier Evaluation

The Company establishes the following comprehensive supplier evaluation systems to strengthen the regulation of suppliers. The systems are revised when necessary:

Monthly Performance Audit

- Evaluate through scorecard covering quality, supply chain support and technical support, etc.
- If suppliers score below 70 points for three consecutive months, they will be involved in the supplier review.

Annual Audit

- The audit includes supplier transaction status, internal systems, quality, number of customer complaints received and risk level, etc.
- Audit cycle should not exceed 12 months for the same supplier.

Environmental Risk Evaluation

- The evaluation includes the supplier's manufacturing origin, management system, industry status, environmental compliance, supplier's goodwill, etc.
- Evaluate risk at high, medium, and low levels.

Environmental Substance Investigation

- Audit of the Substances of very high concern (the "SVHCs").
- Investigate whether the products from material suppliers contain any corresponding environmental management substances.

Supplier's Social and Environmental Risk ("SER") Assessment

- Include the environmental and social assessment of suppliers, such as ISO 14001, ISO 45001, the supplier's labor, ethics, health and safety, and environmental performance.

Supplier Conflict Mineral Investigation

- Investigate whether relevant metals are included in supplier's products.
- Complete the Conflict Minerals Reporting Template (the "CMRT"), and categorize the result into non-compliance, conditional compliance and full compliance.
- Take corresponding control measures for supplier with different results.

Investigation rate of the supplier evaluation system

CMRT	889 suppliers were audited, with response rate of 100%
SVHCs	1,094 suppliers were audited, with 100% completion rate

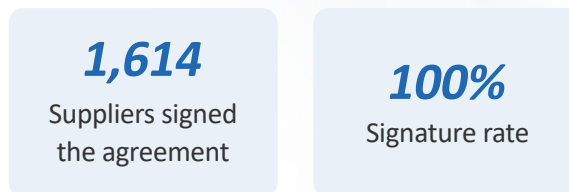
4 Supplier Termination Management

We strictly manage our suppliers to provide products and services that meet expectations of the Company, thereby enhancing our competitiveness.

FIT makes use of management systems with regular audits to monitor suppliers' performance. For underperforming suppliers that fail to comply with the Company's requirements, such as using excessive environmental management substances, being rated as unqualified in on-site audit with no improvement afterwards, and violating the quality agreement or procurement contract, etc., they are rated as high risk. The Company activates freezing process for the unqualified suppliers. We will first communicate with supplier to implement rectification within a timeframe. In case that supplier fails to make consistent improvements, termination of business relationship will be considered.

Identify and Manage Environmental and Social Risks along the Supply Chain

FIT also recognises the importance of identifying environmental and social risks with effective management in the supply chain. To promote responsible and sustainable sourcing, the Company conveys environmental and green requirements of products to suppliers and conducts green management of suppliers in accordance with the "Measures for Control of Green Supplier Selection and Assessment". The qualified suppliers are required to sign the Social Responsibility Commitment Letter and strictly follow FIT's "SER Policy".



Case study: Belkin's commitment to mitigate environmental and social risks along supply chain for fulfilling responsible sourcing

Perfluoroalkyl and Polyfluoroalkyl Substances ("PFAS") are man-made chemicals that are persistent in the environment and have been associated with potential health and environmental concerns. To address environmental and health risks, Belkin periodically sends out PFAS surveys to 58 suppliers to assess and monitor the presence and use of PFAS in products. If the use of PFAS chemicals and high-risk components is discovered, Belkin would require suppliers to develop plans to eliminate risks through testing and/ or replacing materials. It demonstrates Belkin's commitment to promoting responsible supply chain management and meeting stakeholders' expectations.

Belkin conducts regular social and environmental assessments, covering the following dimensions with detailed indicators. Belkin rates suppliers based on its performance against these indicators, with monitoring modern slavery within supply chain as one of the most important dimensions. The assessment is conducted and reported on an annual basis in accordance with Modern Slavery Act in Australia and the UK.



The Responsible Business Alliance (the "RBA") regulates standardized practices on responsible business conduct in supply chains. FIT is a member of RBA.

The drafting of Belkin's "Supplier Code of Conduct" has leveraged the RBA standards. The "Supplier Code of Conduct" includes health and safety policy, performing bi-annual audits to monitor suppliers' ESG performance.

FIT strives to incorporate green procurement into its operations and has thereby established and implemented the "Green Supplier Selection and Evaluation Control Operation Measures". The Company considers the environmental impact of supply chain and emphasizes the selection of environmentally friendly, green products and services in day-to-day procurement practice. During 2023, FIT audited a total of 195 suppliers covering quality safety audit (the "QSA"), green product (the "GP") and SER. All non-conformities identified during the audits were required to be remedied by improvement plans within a given time frame. Up to present time, 100% of all identified non-conformity were rectified. FIT will continuously monitor the progress of suppliers in implementing the corrective actions, including regular follow-ups, on-site inspections, and further audits.

1,189 suppliers
Conducted GP risk assessment

100%
Completion rate

Suppliers of FIT are all required to comply with international standards, namely those for the Restriction of Hazardous Substances ("RoHS") and Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"). In addition, SSI requires suppliers to provide test reports (valid for 1 year) in accordance with MSDS, MCF, and RoHS for each product in the customer system.

Case study: Belkin distributes supplier sustainability survey to benchmark suppliers towards decarbonisation

Belkin has dedicated to working towards carbon neutrality in Scope 3 emissions since 2021. To achieve the goal, Belkin has included suppliers' contribution towards sustainability in environmental assessment. Belkin can evaluate, track and compare suppliers' progress towards decarbonization with suppliers' Scope 3 GHG emissions. By benchmarking, Belkin is able to gain a comprehensive understanding of its carbon footprint throughout the supply chain. It also helps Belkin identify leaders in sustainability and drive continuous improvement to underperforming suppliers where emissions reduction efforts can be prioritized.

Belkin has been awarded by Walmart Project Gigaton, achieving with [Giga-Guru](#) status, as the highest achievement. The suppliers of Belkin demonstrate decarbonisation efforts in reducing GHG emissions along the value chain.

Supplier Recognition Project Gigaton Walmart SUSTAINABILITY

We are excited to feature suppliers that have joined, set goals, and demonstrated results through [Project Gigaton](#), Walmart's initiative to reduce emissions in the global value chain by 1 billion metric tons - a gigaton - and, together with the Walmart Foundation, to protect, restore or more sustainably manage 50 million acres of land and 1 million square miles of ocean by 2030.

If your company would like to be recognized by this page, [join Project Gigaton](#), set goals, report progress, and agree to share your goals and logo publicly!

Click on the Giga Guru and Sparking Change logos below for more detail on the requirements for achieving each recognition status. See our [FAQs](#) for more detail.

Recognition status resets each year after our Sustainability Survey and must be re-earned by meeting the reporting requirements before the close of the survey. Recognition status will be re-published in the first quarter of each calendar year based on the previous survey participation.

Well Done!!
GIGA GURU 2024
You're a Giga-Guru

RECOGNITION TRACKER

Share Logo ✓ | Share Goals ✓ | SMART Goals (3 pillars/SBT) ✓ | Report Progress (3 pillars) ✓ | Sparking Change | Report Carbon Footprint ✓ | Giga-Guru

Continuous Improvement

FIT learns from Hon Hai regarding its supply chain management practices through regular meetings. FIT is studying the feasibility of improving supply chain management and incorporating Hon Hai's practices into FIT's. We also maintain close relationship with suppliers and engage through open and transparent communication. In addition, FIT holds regular briefings to suppliers, covering FIT's requirements of products and services and supply chain management.

FIT attaches great importance to the development of sustainable supply chain. Within FIT, FIT Voltaira will continue to engage and collaborate with business partners and suppliers to create a responsible, ethical and sustainable value chain that is in line with the Codes, Guidelines and Policies. Belkin will ensure that its suppliers will comply with the RBA regulations, and they are required to complete a third-party social compliance audit every 2 years.



Chapter 9: Health and Safety

Oversight of Health and Safety Matters

FIT upholds the principle of "Safety First, Prevention is Key, Take Comprehensive Measures, and Promote Safety" across all levels of operations, guiding our efforts to ensure compliance with health and safety-related regulations in regions where we operate, such as Mainland China, Taiwan, Vietnam, and the United States, etc. We strictly comply with relevant laws and regulations, including the "Work Safety Law of the People's Republic of China", "Fire Prevention Law of the People's Republic of China", "Regulations on Safety Supervision of Special Equipment" in China in addition to the "Provision of Personal Protective Equipment at Work", "Law on the Prevention and Control of Labour Safety in Production and Occupational Health" and "Fire Prevention Law of Vietnam" in Vietnam.

During the Reporting Period, there was no material non-compliance with occupational health and safety regulations.

Establishment of the Safety Committee

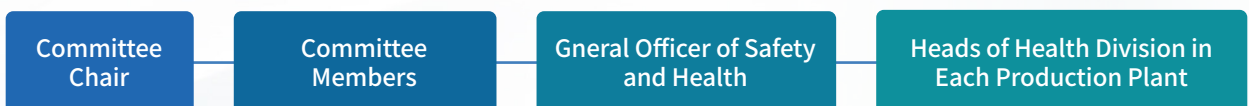
FIT Mainland China, Vietnam, and SSI have set up Safety Committee, which is dedicated to coordinating, guiding, managing, and monitoring safety management of sites. The Safety Committee of each site plays a leading role in formulating site-level safety management strategies and targets. The Safety Committee organizes quarterly meetings to review the daily implementation of safety management, study progress of safety performance and ensure that safety management controls are in place to promote workers' safety.

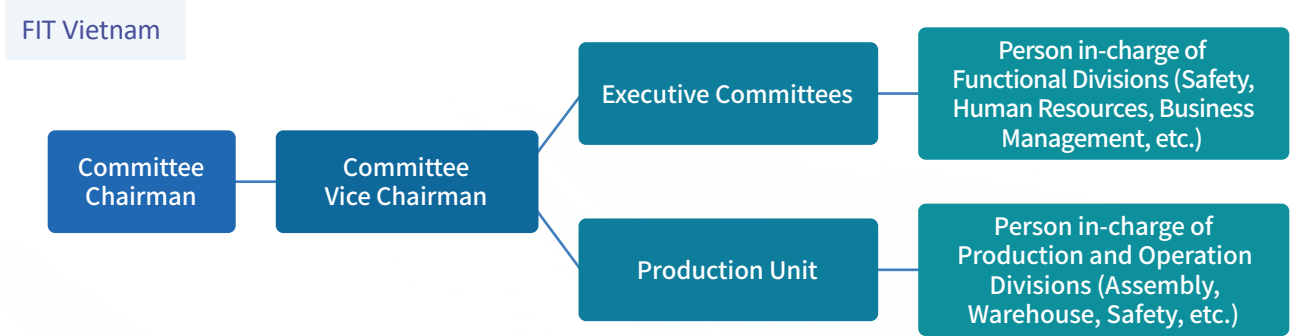
The major functions of the Safety Committee are as follows:

- Formulate, establish and implement systems, controls and policies regarding safety in production. (e.g. operational guidelines, safety management programs, accountability, disaster prevention and management, emergency response plans, etc.)
- Daily management and monitoring of safety work for ongoing compliance with the requirements of the international certifications acquired.
- Conduct safety risk assessment to identify potential safety deficiencies and establish precautionary plans.
- Conduct regular internal audits to monitor safety risks and develop corrective action plans based on inspection results.
- Formulate and organize safety training regularly.

The organizational structures of Safety Committee for FIT Mainland China and FIT Vietnam are as follows:

FIT Mainland China





To foster work safety culture, SSI has also established a "Safety Standardization Working Group", comprising top level of management and representatives from different functional divisions .

Case study: FIT Mainland China sites have been successfully certified with safety management practices, meeting requirements of provincial governments

In 2023, FIT Mainland China’s efforts in facilitating standardization of safety production have been acknowledged and recognised with the corresponding level of certification by the provincial governments where it operates. This not only enables FIT to meet safety-related requirement of the provincial governments, but also demonstrates our commitment to foster a healthy and safe workplace.

Baoke Level 3	Kunshan Diancha and Kunshan Dianfa Level 2	Huai'an Level 3	Chongqing Level 3	Fengcheng Level 3	Zhengzhou Level 3
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With guidance from the Industrial Safety Division and cooperation with SBUs, FIT Kunshan has successfully passed level 2 assessment of work safety standardization, with the highest score among all Kunshan enterprises. The certification requires participation and engagement of employees at all levels. This enhances employees’ safety awareness and reduces recurrence of workplace accidents in the future.

We will continue to make diligent efforts in maintaining a safe working environment for our employees.



Health and Safety-related Audits

FIT places significant importance on the occupational health of our employees and production safety. We are committed to mitigating potential safety risks and occupational hazards. In 2023, with support from safety management teams of every division, the Safety Committee conducted monthly audits across all sites, covering chemical safety, fire safety, electrical safety, gas safety, equipment safety and construction safety, etc. Our key customers and local government also conduct SER audits and surprise on-site inspections of the sites’ safety management system and implementation of safety-related training and publicity.

FIT’s health and safety-related audits mainly cover the following work:



Identification of potential and significant safety risks in production plants

The Safety Committee is responsible for conducting comprehensive risk assessment regularly to identify and review potential safety risks in sites according to the audit checklist. The safety deficiency is assessed and categorised into 4 levels based on likelihood and consequences, namely general deficiency, moderate deficiency, major deficiency and critical deficiency. Relevant accountability units prioritize the identified risks which require immediate attention and resources for mitigation and propose corrective action plans in a timely manner. Relevant personnel will regularly follow up on the implementation of corrective plans, ensuring that deficiencies have been adequately controlled and addressed. Regular reports about status, result and updates of the identified risks are properly documented and presented to the Safety Committee.

100%
Rectification rate in
FIT Mainland China
and Vietnam

Case study: Achieve improvements through regular audits at FIT Vietnam

FIT Vietnam is committed to ensuring workplace safety and continuously eliminating the identified safety deficiencies. Periodic audits cover equipment safety and employees’ handling operation. Various divisions involved in regular audits, such as FIT Vietnam’s Safety and Health division, Central Safety Committee and relevant departments. FIT Vietnam identified 8 deficiencies and completed rectification while making improvements accordingly.



Before improvement



After improvement

In order to fulfill SER requirements from one of our key customers, FIT Kunshan has promptly addressed the identified deficiencies after customer’s SER audit.



Before improvement



After improvement

Investigation of occupational hazards

FIT considers its employees as valuable assets and is committed to minimizing health impact arising from production on employees by implementing various precautionary measures. FIT has implemented a comprehensive occupational health and safety program including regular investigation of potential occupational hazards that impose high health risks in certain positions and activities such as moulding, electroplating, assembling, etc. The "Workplace Occupational Disease Hazard Detection and Evaluation Report" is compiled on a half-yearly basis and monthly site-wide inspections are also carried out to enhance occupational safety management. Additionally, according to "Regulations for the Implementation of Process Safety Evaluation and Acceptance", FIT sites are required to conduct and pass safety pre-assessment before putting new equipment in use. Specific projects and construction need to undergo annual testing of occupational hazards, focusing on dust, chemical toxicants and physical hazards. To ensure compliance with legal and regulatory standards regarding occupational health and safety, FIT Mainland China declares a range of potential occupational risks and hazards to the local government annually.



Issuance and inspection of labour protection supplies

To safeguard employees’ health and safety, FIT Mainland China, Vietnam and SSI strictly adhere to "Provisions on the Supervision and Administration of Labor Protection" by providing appropriate personal protective equipment to employees, including safety goggles, protective gloves, safety shoes, helmets together with corresponding training on the use of protective items in the workplace. FIT also maintains routine occupational health protection facilities and conducts regular occupational health inspections to ensure that facilities are in good condition.

Case study: Enhance workplace safety through conducting behavioural-based safety audits

In accordance with the Group’s requirement, supervisors at the departmental level of FIT sites are required to be involved in the implementation of behavioural-based safety audits at least once a month. The audits cover observation of employees’ first reactions to emergency, enhancement of safety awareness, guidance to use tools and equipment, set up of production procedures and standards, and build up of safety environment. The safety inspections aim to nurture employees’ safety awareness and consolidate their safety behaviours.



Ongoing compliance with ISO 45001 certification

FIT Mainland China, FIT Vietnam and SSI adhere to international standards for workplace safety through obtaining certification of ISO 45001 regarding management of occupational health and safety risks and fostering a safe and healthy working environment. FIT has established a systematic approach to identify, assess, address and monitor occupational health and safety risks. To ensure ongoing compliance with ISO 45001, FIT assesses and evaluates whether the controls and practices align with requirements through regular health and safety audits. Findings, gaps, deficiencies and non-conformities from inspections are properly recorded and reported to the Safety Committee for continuous monitoring and improvement.



For FIT Voltaira, Morocco and Ukraine site have already obtained ISO 45001 certification.

Production Safety

Production safety incident handling

FIT follows the "Four Don't Let off" handling principle of safety incident, including (a) potential safety risks, (b) non-compliance with operational guidelines, (c) safety incident and (d) accountability persons.

FIT believes that development and implementation of standardized operational procedures are essential for managing safety incidents effectively. In alignment with the "Hon Hai Occupational Safety Policy", FIT sites are required to follow the "Group Work Injury Management Rules" and formulate a "Emergency Response Plan for Production Safety Incidents" based on their specific operating needs, covering classification of incidents, reporting procedures of safety incidents, responsibilities of the Accident Investigation Team, accountability units and investigation process. Upon receiving safety incident reports, the Accident Investigation Team carries out investigation based on internal guidelines and legal requirements. To avoid recurrence of incidents, investigation results together with improvement plans are recorded and reported to the Safety Committee for case sharing in quarterly meetings and distribution to all BUs.

To ensure compliance with the "Work Safety Law of the People's Republic of China", emergency plans are regularly reviewed and updated before being submitted for approval by the Ministry of Emergency Management of the Provincial Government. Belkin has also established different sets of emergency radio codes with regards to different safety events in the Emergency Response Plan (i.e., red for evacuation, blue for medical emergencies, gray for tornadoes).

FIT has implemented the following precautionary measures and controls to enhance employees' safety awareness and minimize fire risks.

Fire safety

Prevention and Control



Drills

- To enhance employees' emergency preparedness over fire, FIT sites established fire emergency response teams and conduct regular fire drills.
- After fire drills, the fire emergency response teams are required submit reports to summarize and review deficiencies of the fire safety procedures, effectiveness of the drills, and propose improvement plans.



Facility inspection

- FIT sites conduct regular fire and emergency facilities inspections to ensure fire-safety equipment is in good condition.

Corrective Actions



- To facilitate the identification of potential fire-safety risks, FIT welcomes feedback from employees over improvements on fire safety and firefighting projects.

To standardize transportation, handling, usage and storage of hazardous substances, FIT has various hazardous chemical management systems in place, including the "Hazardous Chemicals Safety Management System" and the "Emergency Plan for Hazardous Chemicals" for FIT Mainland China, Taiwan, and Vietnam as well as the "Hazard Communication Program" for Belkin.

Hazardous chemicals



Transportation

- Vehicles that carry hazardous chemicals must hold relevant permits issued by local transportation authorities.
- High-risk chemicals are transported separately from regular materials and the same vehicle cannot transport hazardous chemicals with conflicting properties or requiring different firefighting methods.



Handling

- The Company has established warehouses for handling hazardous chemicals, and warehouses are equipped with emergency equipment such as flammable gas concentration alarms, flame detectors, smoke detectors, eye-washers, etc.
- Strict inspections and classifications of chemicals are undergone before storage, and operators must be certified.



Usage

- Operators who handle hazardous chemicals are required to pass pre-job training and be certified with relevant safety knowledge and ability to deal with emergencies.
- Provide guidance to employees on correct operation and usage through various channels including posters, banners, and promotional videos.
- Employees are obliged to wear appropriate protective equipment, such as gloves, masks and protective clothing when handling hazardous substances.



Storage

- The design and planning of the storage of hazardous chemicals comply with safety standards of the sites of storage, such as pressure relief, anti-static, temperature and humidity measurement, firefighting facilities, etc.
- Hazardous chemicals are categorized and stored in accordance with their nature, and strict standards are set regarding storage distance of stacks, walls and columns between hazardous chemicals.
- Labels with detail, such as names of chemicals and warnings on the containers of hazardous chemicals.



Daily management

- Designated personnel are responsible for maintaining safety controls and management over the hazardous chemical warehouses.
- Establish, maintain and update a Hazardous Chemicals Data Sheet by the head-in-charge of Safety Management or designated personnel.
- Once abnormality is identified in high-risk chemical warehouses, management personnel will promptly inform relevant persons in charge and arrange on-site personnel to deal with the case in a timely manner.
- Cooperate with local governments (e.g., Project of "Two Fights and One Rectification" for hazardous chemicals in Shenzhen) to assist in standardizing safety management for hazardous chemicals.

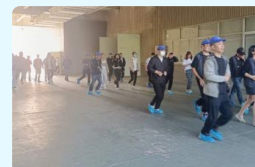
Case study: Safety initiatives in FIT sites

1. Drill

FIT sites have conducted various types of drills to ensure employees' preparedness and their effective response in different emergency situations.

Fire Evacuation Drill

In June 2023, FIT Kunshan conducted a fire evacuation drill. Approximately 2,100 employees from AEC, C&W, TSC business units participated in the drill. The purpose of the fire drill is to ensure employees are familiarized with evacuation routes, emergency exits and fire safety equipment. Participants demonstrated competence in dealing with emergency and met desired outcomes of the drill.



Hazardous Chemicals Spill Drill

In December 2023, FIT Shenzhen organized a hazardous chemicals spill drill for all electroplating workers. The drill aimed to enhance the coordination of handling emergency processes between workers and assess efficiency of the emergency response team. The drill was made effective by employees' active engagement and understanding of their roles and responsibilities in times of emergency.



2. Fire Safety Improvement Projects

In 2023, FIT Shenzhen, Kunshan and Vietnam completed a number of fire safety enhancement projects to mitigate fire incident risks and ensure production safety. The enhancement project covered upgrades of smoke detectors and sprinklers, optimization of intelligent fire alarm systems, replacement of fire evacuation lights as well as installation of telephones designated for fire emergencies.



3. Safety Training

To provide employees with knowledge on proper safety practices, procedures and protocols, FIT Mainland China, Vietnam and SSI have continuously organized training courses for employees at all positions, including new employees. Training covers fire safety, hazardous chemicals, operating guidelines of special equipment, first aid knowledge and prevention of work-related injuries. New employees are required to pass safety knowledge test upon onboarding.



Construction Safety

FIT Vietnam established the "Code of Practice for Construction Safety Management" to enhance management of construction safety and environmental protection, aiming to minimize casualties and property losses during construction activities. This Code is in place to outline the responsibilities and roles of construction-related BUs and personnel. To ensure compliance with construction-related laws and regulations, FIT sites are required to conduct a comprehensive risk assessment for approval by the heads of safety departments before commencing a construction project.

FIT's procedures of applying for construction projects are outlined as followed:



1. Before construction

FIT established a set of management procedures for construction projects and requires all contractors to comply with internal management regulations, including the following:

- Contractors are required wear valid identifications, uniforms and other personal protective equipment that comply with the Company's regulations before entering the construction site.
- Relevant persons in charge carry out construction safety advocacy, clarify construction safety measures, and conduct safety education and training to the contractors.
- Contractors need to sign the Engineering Safety and Environmental Protection Agreement once a year, and sign the Construction Commitment and the Record of Construction Safety Education and Training.

2. Under construction

- Safety billboards should be prominently placed at the construction site to illustrate the content, duration and other information related to the construction.
- Construction equipment and materials on site must be stacked neatly and firmly, leaving evacuation and emergency routes.
- For special work like fire work, aerial work, hoisting work, and work in confined space, contractors are required to obtain special work permits first and sets detailed construction standards to avoid injuries.
- Supervisors will be on site to ensure contractors' compliance with the internal guidelines during construction.

3. Supervision and monitoring

- Each construction project of FIT must have a supervisor designated by the Construction Department to be responsible for the safety of the project. For special operations, the supervisors will supervise throughout the whole process.
- Supervisors must participate in the Company's safety training and are qualified to commence their work only after successfully completing the training and obtaining the Certificate of Construction Safety Training
- Safety Department of FIT Vietnam will conduct surprise safety audits on construction projects.
 - Any irregularities or safety hazards detected on site are addressed in accordance with the "Penalty Standards for Violations" and improvement plans are required to be proposed.



Construction safety audit in FIT Vietnam

Case study: Initiatives that promote onsite construction safety

In 2023, FIT Vietnam provided regular training to over 100 employees regarding construction safety, covering roles and responsibilities of different parties, construction management processes, pre-construction orientation and use of contracted labor. The training aims to equip employees with knowledge, skills and awareness to identify and address potential hazards arising from construction. The training has achieved 100% passing rate.



Occupational Health and Safety

FIT is committed to fostering a healthy and safe culture and workplace for its employees. Our occupational health and safety management system complies with ISO 45001 standards. Various measures are in place to maintain health and safety of employees and enhance their safety awareness. These measures include regular assessing of occupational hazards, providing occupational health check-ups, inspection of labor protection supplies, and issuance of occupational hazards warnings. FIT has achieved the target of maintaining zero occurrence of major occupational incidents and reducing number of occupational incidents compared to same business entity in the previous year (the newly acquired FIT Voltaira has reported 36 work-related injuries).

The following is the data on work-related deaths and injuries from 2021 to 2023:

	2021	2022	2023
Work-related fatalities	2	0	0
Rate of work-related fatalities (%)	0.0035	0	0
Proportion of work-related death (%)*	1.92	0	0
Work-related injuries	104	112	119
Workdays lost due to work-related injuries	4,645.50	4,691.00	4,420.63

* *Proportion of work-related death = Work-related fatalities/ work-related injuries*

Occupational health check-ups

We recognise the importance of regular health check-ups to safeguard employees' health. FIT Mainland China provides pre-job, on-the job, and off-the-job health check-ups for employees annually. FIT Vietnam also provides annual health and safety check-ups for general employees, and at least once every six months check-ups for workers who are involved in heavy, hazardous and dangerous work. If any abnormal results are detected during the pre-employment medical check-up, employees are promptly reassigned to a suitable position. In case of abnormal results are discovered during on-the-job health check-ups, employees will undergo further examinations. If any occupational contraindication is identified, employees will receive post-transfer orders and they are closely monitored.

To further protect health-related rights of employees, FIT Vietnam has implemented the "Occupational Illness Physical Examination Standards" and Belkin has maintained a log of work-related injuries and illness. In cases where employees have been diagnosed with occupational illnesses, the Company will report their physical examination results and cases to the Human Resources Department for handling social insurance, subsidies, and annual leave procedures that are in compliance with laws and regulations. Additionally, regular occupational health check-ups will be arranged for employees to continuously monitor their health status.

Case study: FIT Vietnam utilizes APP for manual risk assessment as one of the measures for proactive risk management

The Occupational Safety and Health Department of FIT Vietnam conducted manual risk assessment across departments to empower safe practices. All employees are required to conduct risk assessment using the NLE Calculate app. If any position is identified as having a medium or higher risk level, necessary improvements are required to be made. This initiative reflects FIT's care and commitment towards providing healthy workplace and protecting the well-being of employees.



Chapter 10: Human Capital Development

Employees are a key pillar of FIT’s success and we value the well-being of our employees. The Company works to foster a people-oriented workplace culture with open communications and promote a diverse and inclusive workplace where employees can continuously grow. FIT strives to protect the rights and interests of employees and be a corporate that employees can be proud of.



"2023 Labour Model Enterprise" – FIT Vietnam

Labor Policy and Compliance

FIT conducts operation in different parts of world and the Company prioritizes the compliance with relevant laws and regulations where it operates, namely the "Labor Law" and "Labor Contract Law" in Mainland China and Vietnam, "Labor Standards Law" and "Employment Service Law" in Taiwan, and the United States. Currently, FIT sites have various policies and guidelines in place, including the "Employee Handbook", the "Non-discrimination Controlling Operation Measures", the "Remuneration and Welfare management Regulations", the "Prohibition of Use of Child Labor management Regulation", etc., to regulate employment and labor practices. During the Reporting Period, the Company is not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

FIT is committed to protecting and respecting human rights, and prohibiting the use of involuntary, forced and child labor in all places of operation. FIT has accordingly formulated the "Regulations on the Prohibition of the Use of Involuntary Labor", the "Administrative Regulations on Prohibition of the Use of Child Labor", the "Special Protection Operation Measures for Juvenile Workers" and the "Administrative Measures for the Prevention and Correction of Child Labor", etc. FIT Vietnam conducts monthly compliance assessment, as well as establishes employee information management system to regularly verify employees’ profiles in the system to prevent the use of child labor. During the Reporting Period, FIT is not aware of any incident that had a significant impact relating to the use of child or forced labour.

In respect of work arrangement, we highly uphold the work-life balance concept to every employees. To regulate reasonable working hours, FIT Vietnam has implemented the "Working Hours Management Measures" and the "Overtime Management Operation Measures". An 8-hour working schedule with appropriate shifting and breaks was adopted in FIT to fulfil requirements of local labor laws and regulations. To further assure and protect the rights of our employees, employees who are required to work overtime are entitled to appropriate reimbursement in the form of overtime pay, allowance, or leave. During the SER audit in 2023 , FIT has discovered overtime work cases in FIT Mainland China and Vietnam, with a monitoring system for working hours in place for follow-up and improvement measures.

Talent Acquisition

FIT strives to retain key personnel and has set a 90% retention target rate for employees at division level 4 or above, which has been achieved in 2023 with 92.2% retention rate*. FIT Vietnam has established the "1-3-3 Talent Retention Bonus" (for employee division level 3 or above in engineering, production and automation departments) to recognise employees' continuous contribution for at least 3 years of service and with outstanding performance. Eligible employees are assessed based on position, years of service, academic qualifications, and performance appraisal.

Apart from talent attraction and retention, FIT has attached greater importance to raising satisfaction level and sense of belonging for all our employees. It is important that employees provide their feedback and FIT can address their opinions with continuous improvements.

** Limited to BUs of Mainland China, Taiwan, and Vietnam*

FIT Voltaira has conducted its annual Employee Engagement Survey in an anonymous way to cover aspects of commitment, satisfaction, motivation amongst blue- and white-collar employees.

Employees can voice out and express their opinions freely, while the system also automatically forwards the results to responsible persons. FIT Voltaira would utilize the results to develop attraction and retention plans and identify improvement areas with an action plan.

Diversity, Equity and Inclusion

FIT sees talent as the most critical asset and recognizes the importance of diversity, inclusion and equity in the workplace for the Company's sustainable development. To ensure compliance with employment-related laws as well as smooth recruitment and cultivation of talent, FIT has formulated the "Regulations on the Management of Employee Recruitment Operations" and the "Regulations on the Management of Basic Manpower Recruitment Operations" for every site. FIT upholds the principle of fair, equal and non-discriminatory recruitment. In addition to local talent, FIT also welcomes overseas talent who meet our recruitment standards. FIT is committed to providing equal opportunity to every candidate regardless of age, gender, nationality, race, ethnicity, religion, disability, sexual orientation or status.

Several sites of FIT have introduced various initiatives to promote equity and anti-discrimination. Their commitment to achieving equity in workplace is described as follows:

FIT Mainland China

- Set up a 24/7 care hotline whereas employees can seek assistance, support and guidance about work-related or personal issues.
- Establish the Employee Care Centre to provide emotional support, coordinate labor relations and resolve employee-management disputes.
- Set up a Mediation Committee for resolving labor disputes and promoting harmony between labor and management.
- Organize job fair every year for disabled groups and 59 disabled employees are working in the Company at the present time.
 - Suitable job duties are assigned to our disabled workers and they are all entitled to equal pay rate and benefits.
 - Organize regular forums and visits for disabled workers to better understand their needs in life and provide assistance.

FIT Vietnam

- Organize annual anti-discrimination related training for all employees.

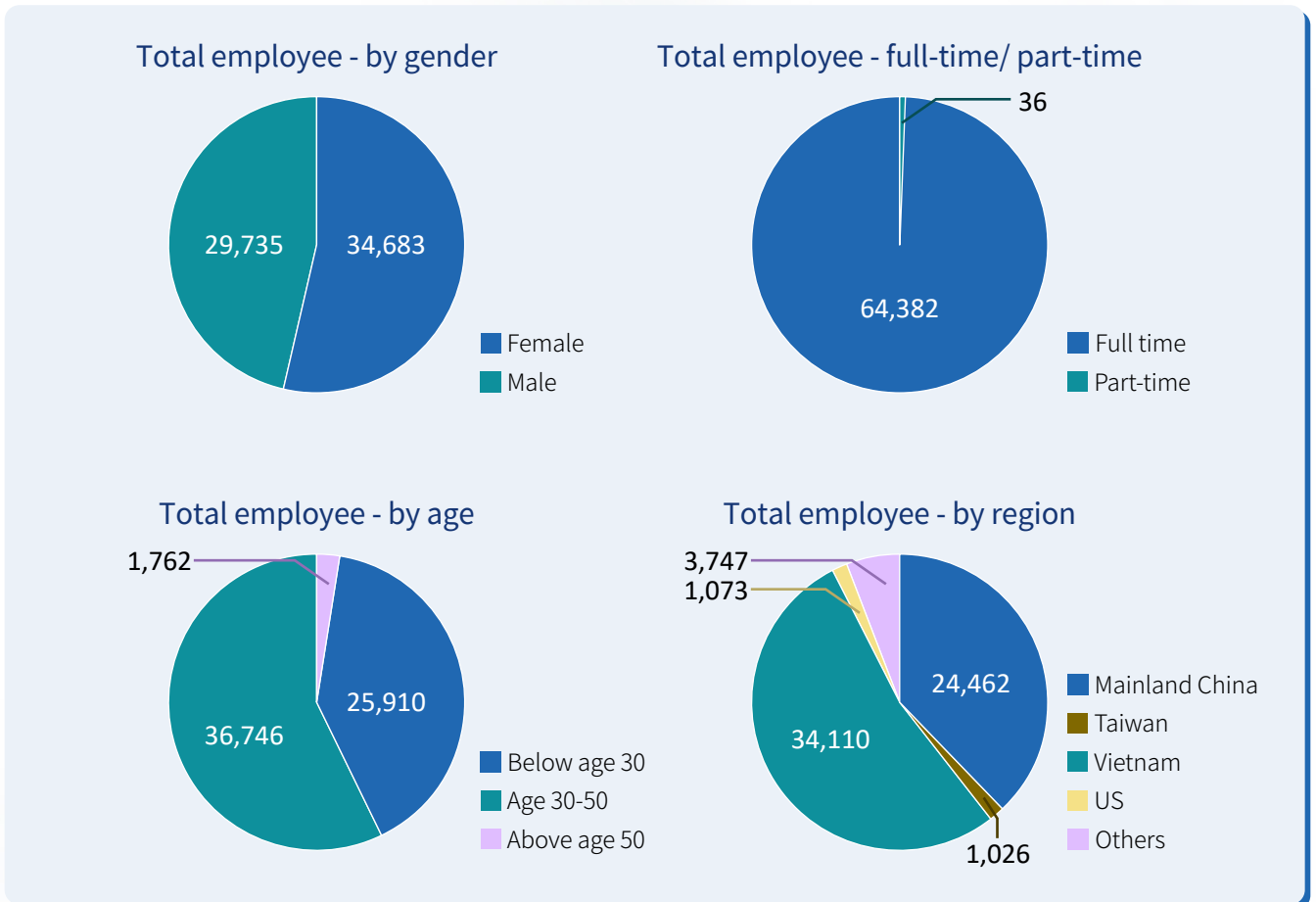
SSI

- Set up multi-communication channels (HR mailbox, telephone, SMS platforms) for collecting employees' complaints, feedback, concerns.
 - Conduct investigation and provide feedback upon 7 working days to protect the rights and interests of employees.
- Establish internal open recruitment.
- Protect female employees: nursery and maternity leave, and set up nursery room.

FIT is committed to fostering diversity at all levels of employees. FIT has implemented several initiatives, such as to establish employee affinity groups, social groups and diversity committee. In 2023, FIT has taken further steps to promote and maintain a diverse workforce. FIT has already appointed a female director to the Board, FIT Mainland China can even achieve 33% promotion rate of female employees in 2023 in employee levels. FIT will continue to promote a diverse and inclusive workplace where all employees are valued and respected.

The following is the employee data* as of the end of the Reporting Period and readers can also refer to Chapter 13 for details.

**Due to recent revisions in the number of employees by a BU, the total number of employees disclosed in this Report may differ from the employee number that had been recently announced. Please refer to the data provided in this Report.*



Compensation and Benefit

FIT has formulated various remuneration management policies, including "Evaluation Management Regulations", "Compensation and Benefits Management Regulations", and "Employee Job Performance Appraisal Operation Circulars". FIT provides competitive compensation packages to attract and retain talent, as well as rewards employees with good performance for encouraging long-term contribution. The policies and packages are regularly reviewed and adjusted with reference to relevant laws and regulations, market as well as industry peers.

FIT provides employees with comprehensive and competitive packages, which includes various allowance, leave, insurance, staff dormitory, provident fund, etc. The Company also provides statutory holidays to employees that follow local employment regulations, such as paid annual leave, marriage leave, maternity leave, sick leave, compassionate leave, etc. The compensation package is also linked with employees' performance evaluation and contribution to the Company throughout the year. The compensation package and employee benefits are show as below:



Salary guarantee



Allowance reward



Employers liability insurance



Group medicaid



Employee physical examination



Staff dormitory



Meal allowance



Holiday gift allowance



Maternity allowance



Welfare committee & trade union

FIT Mainland China has also implemented a quarterly bonus policy to incentivize the retention of key talent. In the future, the "Culture Project Learning Partner" Project will be rolled out, it is related to cultural transformation with an integration of online learning and offline practice for near 5,000 key talents . The project aims to equip talent with cultural competence for getting a higher level of position. In addition to skillsets development and financial incentives, FIT believes that harmonious workplace environment is a crucial contributor to staff morale and talent retention. To strengthen communication between different BUs, FIT's sites organize monthly lunch gatherings at management level and team building activities.

Development and Training

FIT upholds the "People-Oriented" principle and places significant emphasis on professional growth of our employees. Training and equipping employees with necessary skillsets to excel in day-to-day work provides foundation to advance their careers. FIT has established "Education and Training Management System" to support employees' development through careful planning of training programs. The Company has also set targets about employee development and training, covering the percentage receiving training and training hours, and will continuously track progress of targets.

In 2023, diversified training courses were provided to different levels and positions of employees to support their business needs and career development, including new employee training, cadre training, on-the-job training, special type of work training, lecturer training, language training, etc. Furthermore, the Company actively supports employees' pursuit of higher academic qualifications for continuous learning and personal growth. FIT Mainland China has collaborated with local educational institutions and our employees are benefited with the offer of undergraduate and postgraduate programmes.

The Company's training courses are shown below:

- 1** New Employee Training

 - Help employees to adapt to working environment
 - Cover the Company's corporate culture, HR policies, production safety, team building
- 2** Cadre Training

 - Cultivate middle management cadres and develop necessary skills for management positions
 - Cover topics of corporate culture, communication skills, KPIs management, role of management, leadership skills
- 3** On-the-job Training

 - Cover technical knowledge, laws and regulations, quality management, standard of practice, production safety, mental health, anti-corruption, etc
- 4** Special Type of Work Training

 - Assist employees in special type of work to enhance professional skill and obtain professional qualifications
- 5** Language Training

 - Provide Chinese and Vietnamese language classes to foster workplace communication, improve operational efficiency, meet business and personal needs

Case study: FIT's Training Program and Courses in 2023

Collaboration between FIT and schools

FIT Huai'an collaborated with local vocational schools and universities (e.g., Jiangsu Vocational College of Electronics and Information, Huai'an Senior Vocational & Technical School) to establish various classes and practices for cultivating and training of potential talent.

FIT Shenzhen has also started long-term collaboration with various schools (Guangdong Communication Polytechnic, Changjiang Institute of Technology, etc.) to provide employees with updated training since 2010.



FIT Vietnam Off-the-job Vietnamese class

FIT Vietnam provided employees with elementary Vietnamese language training to facilitate communication between local and foreign employees and improve production efficiency. Employees are required to pass examination for certification. The passing rate was 81%.



FIT Shenzhen cadre training

FIT Shenzhen provided ongoing training courses covering labor disputes as well as civil law and regulations for middle management levels. The Company aims to support continuous professional development of employees and equip them with necessary competence for managerial roles.



FIT Voltaira has built up a training matrix to structure annual global training programs. The programs are divided into global and local trainings. Training is coordinated by Learning & Development managers.

For new employees, FIT Voltaira sets up a mentoring program and assigns a colleague to a new employee. This arrangement helps new employees understand daily operations and adapt in working environment. An onboarding course, as a mandatory training program, is also offered to new employees so that they can gain deeper understanding of operation principles. Employees are required to finish the course within a timeframe and complete test to assess their understanding.

For existing employees, FIT Voltaira also makes use of the online training tool – LinkedIn Learning to motivate and allow employees to learn in flexible ways, and it is applicable to locations of FIT Voltaira. Currently, FIT Voltaira has owned around 100 study licenses from LinkedIn and FIT Voltaira also conducts regular evaluation and revision to reassign training courses that fit its employees.

The total training time of FIT employees in 2023 is 1,980,851 hours, the total number of employees trained is 64,423, the average training hours per person is 30.75 hours, and for details, please refer to Chapter 13.

FIT Trade Union

FIT has established trade unions to safeguard the interests of employees and ensure the compliance with local laws and regulations, namely the "Trade Union Law of the People's Republic of China", the "China Trade Union Regulations", and the "Labor Law of the People's Republic of China". The purpose of establishment of trade union is to protect employees' rights and interests, supervise the Company's compliance with labor laws and regulations, resolve labor disputes, organize team building events, and assist employees in skill development. FIT's trade union consists of the following groups:



FIT trade unions continue to serve as a vital link between the Company and employees in maintaining close communication, holding various team building activities and advocating employees' interests.

Leisure Activity

Case: FIT Shenzhen hiking adventure

In 2023, FIT Shenzhen organized various outdoor activities such as hiking. The activities aim to promote employees' physical and mental health by reducing stress at work and achieving work-life balance.



Town Hall Meeting

Case: Monthly town hall meeting in FIT Vietnam

FIT Vietnam trade union organized monthly town hall meeting to foster communication and engagement between management and frontline employees. Employees have opportunities to ask questions, raise issues related to difficulties at work and receive updates on important matters.



Team Building Activities

Case: FIT Zhengzhou team camp

To enhance collaborations, communication and teamwork within teams, FIT Zhengzhou trade union organized a two-day camp consisting of scenic tours and team building games. FIT Zhengzhou received positive feedback from employees on the team camp and will continue to organize similar events in the future.



Employee care and assistance program from FIT trade union

FIT’s trade unions aim to provide assistance to employees with financial difficulties and show our care to employees. FIT’s employee care and assistance programs cover employee assistance, family disaster assistance, funeral condolences, major illness condolences, and care for disabled employees. In 2023, the FIT trade unions have invested approximately RMB 3.28 million in supporting employees that have financial needs and/ or are with serious illness, exceeding the targeted amount of RMB 2.50 million*.

* Limited to BUs of Mainland China, Taiwan, and Vietnam

Contribution from Trade Union

Case: Offer monetary support to employees and their family members

The trade union of FIT Vietnam offered monetary subsidies of more than RMB 15,000.00 in total to 8 employees and 2 employees’ family members that have financial needs and/ or are with serious illness.



Employee Recognition

Case: Appreciation day for long serving employee

FIT Huai'an trade union organized an Appreciation Day for long serving employees to express gratitude towards their continuous contribution and dedication to the Company.



Family Support

Case: Training camp for employees’ children

Some employees express concerns that their children are unsupervised after school. In view of the concern, FIT trade union has organized some training activities during summer holiday to help children of our employees develop skills and build relationships with peers. The initiative received positive feedback from employees which can ease employees’ worries and help them concentrate at work.



Mental Support

Case: Established employee care centres in FIT Mainland China

FIT prioritizes well-being of employees. FIT Mainland China established an employee care center in each site with a professional counselling team to provide emotional support and guidance to employees that encounter work and personal issues. The centre provides a 24/7 hotline to provide immediate assistance to employees.



Sport Activity

Case: FIT Voltaira – Morocco

Our employees participated in football matches and obtained outstanding result. Team spirit can be built up which also raises efficiency in work and communication.



Annual Dinner

Case: FIT Voltaira – Morocco

To recognize efforts made by employees in the past year, FIT organized an annual dinner for all employees and employees enjoyed a memorable night.





■ Chapter 11: The Environment

At FIT, we put emphasis on creating an environment capable of sustainable development, with the objectives of supporting environmental protection, preventing pollution, and showing continuous improvements. We set out a group-level environmental protection and management policy that is pursuant to the requirements from the ISO 14001 Environmental Management System and uphold our core principle of "Green, ecological, natural, zero emissions, and recyclability".

Oversight of Environmental Matters

Objectives:

- Complying with all of the requirements under laws, regulations and rules related to environmental protection.
- Mitigating adverse effects caused by the Company's development to the environment as far as practically possible.
- Providing training related to environmental protection for workers, enhancing workers' environmental protection awareness, and encouraging workers and suppliers to take on environmental protection responsibilities.
- Creating an environment capable of sustainable development.

Our Environmental Protection Committee oversees and plans for environmental-related matters across different BUs of FIT, such as set up energy saving targets and propose environmental initiatives. The committee members also liaise with external parties, including environmental protection and industrial management units and NGOs to discuss existing and potential environmental requirements, and inform FIT for early preparation. We also explore and invest in equipment and techniques that can achieve high resource utilization and reduce emission of pollutants in the course of our operation, with our responsibilities include:

- Check the implementation of environmental protection policies periodically.
- Rectify any misconduct against the Company's environmental protection policies.
- Take corresponding corrective actions.
- Establish a robust supervision and performance appraisal system.
- Conduct performance appraisal on the environmental protection work.
- Measure pollutants in sewage water periodically.

Case study: Promotion week for energy saving and low carbon at Huai'an site

10-16 July 2023 is national energy saving publicity week, with the theme of "You and I Work together to Save Energy and Reduce Carbon". Huai'an puts its focus on implementing green development concept and promoting manufacturing system for green construction.



The Energy Management Committee of Huai'an held the 2023 Group Level Energy Saving Meeting to respond to the national energy saving publicity week, adopting transition policies on green and low carbon as well as management approach of "Energy saving, Reducing Emissions, Greening and Recycling". Our employees actively promoted energy saving message through posting around 20 posters at the site's restaurants, residents and production areas, and receiving the energy saving messages through emails.

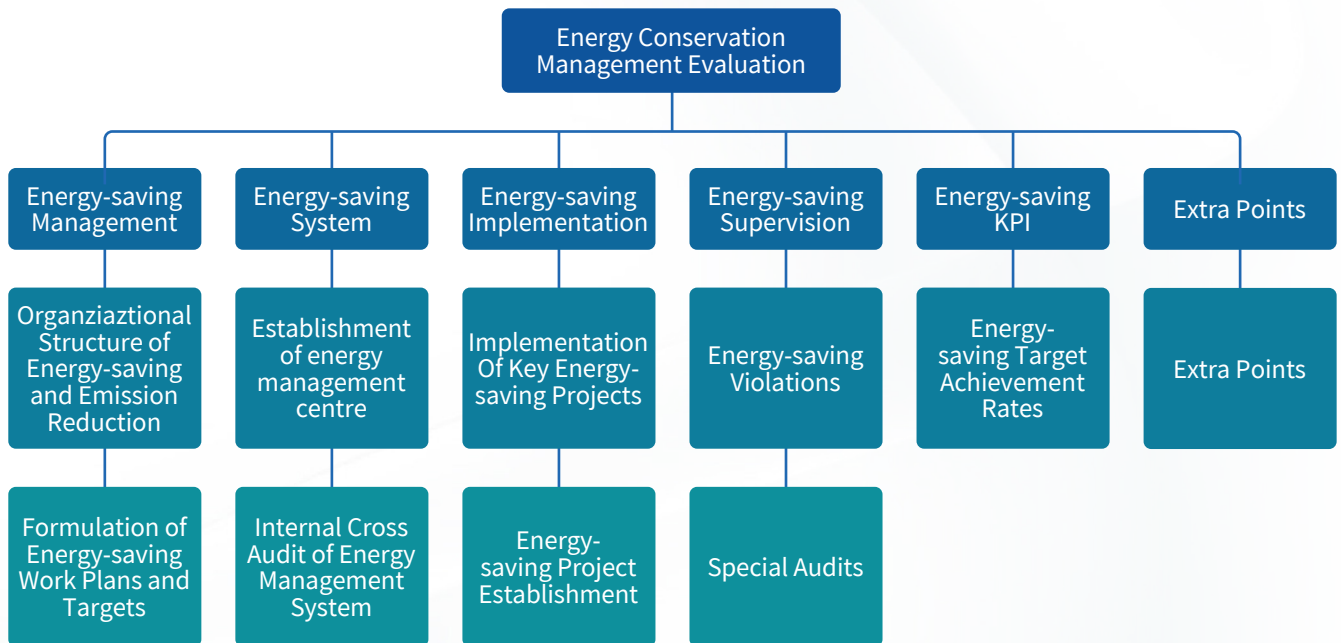
Hon Hai also requires FIT to regularly report monthly environmental data and cooperate with energy saving inspections. FIT acknowledges the gaps of ensuring data quality through applying digital platforms, and will keep exploring the potential of digital platforms that are currently being used by Hon Hai to enhance internal control, governance, and audit.

Energy Management

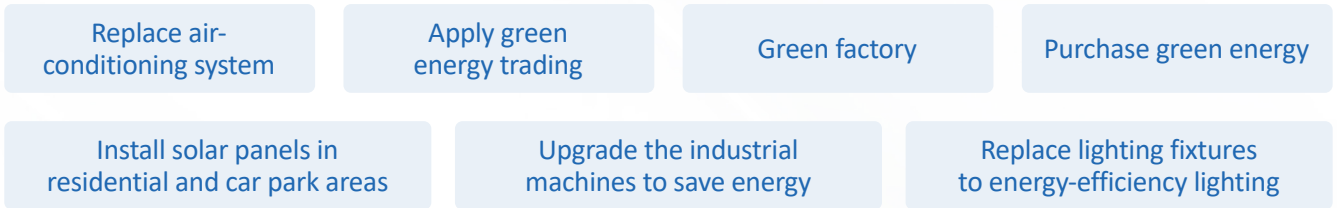
Objectives:

- Reducing consumption of various resources such as energy, water and raw materials.
- Adopting environmentally friendly materials as well as designs, technologies and raw materials which can save energy and reduce waste.

FIT Mainland China needs to participate in the energy conservation management evaluation that contains comprehensive assessment criteria.



The result can help evaluate the effectiveness of energy-saving management, and set targets for central planning and forming the "FIT Energy Saving and Carbon Reduction Plan 2023-2025 ". A reward mechanism has also been implemented in order to motivate BUs with outstanding performance in energy management. Below are listed actions plans with implementation timeline that comply with applicable laws and standards over the aspects of (i) industrial energy efficiency improvements; (ii) green manufacturing and energy management; (iii) carbon trading and GHG auditing and (iv) training and funding with the following initiatives:



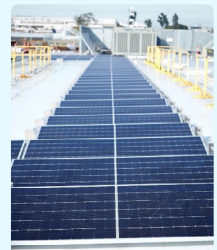
FIT Vietnam plans energy management work in accordance with the government’s instructions. FIT Vietnam has achieved its energy saving targets as set by FIT through using renewable energy.

Case study: Energy management measures by Belkin

Belkin designs the headquarters with the following green-related elements that can certify with the LEED green building standard:

- Locate near public transportation
- Install 30 electric vehicles chargers
- Install more than 270 panels, with Solar Photovoltaic at 136.8kW on rooftop
- Maximize the use of natural lighting
- Include efficient HVAC and lighting design that can reduce energy and operational carbon
- Design plumbing fixtures that can reduce 26% water use as compared with the LEED baseline
- Divert over 75% of construction waste at Belkin’s global headquarters

Belkin has also identified the Plainfield site consumes the largest quantity of utilities as the site serves as distribution center for shipping and receiving products. In view of that, Plainfield has completed various energy efficiency upgrades over the years for reducing energy usage.



The manufacturing sites of FIT Voltaira implement various energy efficiency initiatives: The continuous improvement of fleet operations through selecting low carbon fuel and adopting e-vehicles. Headquarters of FIT Voltaira uses 100% renewable energy through purchasing green energy and Hungary and Morocco sites made investments on solar panels in the sites to supply energy. The Turkey site started procurement of International Renewable Energy Certificates (I-REC) as of September 2023. We acknowledge that replacement of machines can result with the largest potential of energy saving. Hence, Hungary site will be carrying out the retrofit project, expecting overall reduction in energy consumption. A large-scale lighting replacement in the warehouse area is also conducted to install motion detector and LED light fixtures.

Ongoing compliance with ISO 50001 certification

FIT Mainland China (Kunshan Diancha, Kunshan Dianfa, Huai'an and Chongqing) have obtained ISO 50001 Energy Management System Certification.

For FIT Voltaira, both headquarters located in Germany and Hungary have already achieved ISO 50001 Energy Management System Certification.

FIT Voltaira has set a target that all of its operations to achieve ISO 50001 Energy Management System certification by the end of 2025.

Energy performance

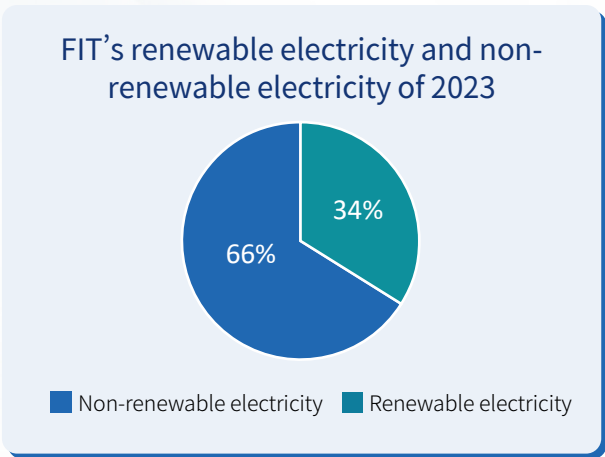
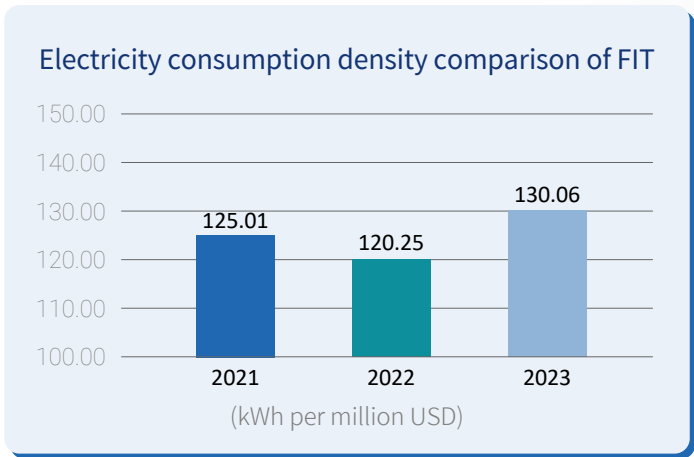
Electricity

Following last year data collection practice, FIT has further enhanced this by collecting renewable energy data this year (i.e., purchased renewable electricity – DPP, purchased renewable energy – REC and self-generated renewable electricity and also non-renewable energy).

The total FIT electricity consumption in 2023 was 545,713.48 thousand kWh (renewable electricity: 186,950.48 thousand kWh; non-renewable electricity: 358,763.00 thousand kWh). The calculated renewable energy ratio was 34.26%, and non-renewable energy ratio is 65.74%*. The overall renewable energy ratio in 2023 increased by 6.18% as compared with 2022.

**FIT makes the reinstatements for 2022 data regarding (i) the breakdown of renewable energy and non-renewable electricity and (ii) the calculated renewable energy and non-renewable energy ratio because Huai'an site has reviewed its 2022 data and confirmed that an electricity data point needs to be revised from renewable source to non-renewable source. The total electricity consumption for 2022 has remained unchanged.*

The reinstated FIT's renewable electricity and non-renewable electricity in 2022 were 152,964.90 thousand kWh and 391,818.38 thousand kWh respectively, accounting for renewable energy ratio of 28.08% and non-renewable energy ratio of 71.92%.



The electricity density of FY2023 has increased by 8% compared with FY 2022. Due to the inclusion of new acquired FIT Voltaira in FY2023 data, there has been an increase in total electricity consumption which has subsequently affected density.

Emissions Management

Objective:

- Reducing consumption of various resources such as energy, water and raw materials.

Our management’s approaches to emissions management include formulation of the Exhaust Management and Control Operating System, and the Waste Management and Control Operating System as well as standardized operations based on ISO 14001 and ISO 14064 certifications.

ISO 14001

- FIT Mainland China (Kunshan Diancha, Kunshan Dianfa, SSI, Huai'an, Shenzhen, Zhengzhou and Chongqing), FIT Taiwan and FIT Vietnam
- FIT Voltaira (USA, Mexico, China - Shanghai and Wuhu, South Korea, Vietnam, India, Morocco, Ukraine, Hungary and Turkey)

ISO 14064

- FIT Mainland China (Kunshan Diancha, Kunshan Dianfa, Huai'an, Chongqing and Shenzhen)

Exhaust management and monitoring

Objective:

- Reducing consumption of various resources such as energy, water and raw materials.

FIT’s "Exhaust Management and Control Operating System" regulates annual measurement and testing on air quality. Each BU is responsible for complying with local regulatory requirements and ensuring that emission standards are not exceeded. FIT has not had any significant environmental pollution incident during 2023, which meets the Hon Hai’s target. FIT sets up air treatment facilities and assigns designated department to conduct air quality testing and equipment inspection at least on an annual basis, and even appoints third party to verify the result of pollutants’ concentration and total amount of emissions from the exhaust vent in accordance with Pollutant Discharge Permits. Meanwhile, raw material used by Huai'an site is with low volatile organic compound ("VOC") content, which reduces air emissions by source control.

Looking forward, FIT will strive to establish demonstration manufacturing facilities with air quality monitoring systems to align with mid- and long-term targets set by Hon Hai (i.e., by 2025, establish at least 3 demonstration manufacturing facilities with air quality monitoring systems), whereas the definition of demonstration is set by Hon Hai.

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Air treatment facilities in Kunshan sites

Greenhouse gas management

Objectives:

- Reducing consumption of various resources such as energy, water and raw materials.
- Adopting environmentally friendly materials as well as designs, technologies and raw materials which can save energy and reduce waste.

We calculate BUs' and FIT's GHG emissions that help track performance and progress against the Science Based Targets initiative ("SBTi") target as committed by Hon Hai:

***Achieve net-zero greenhouse gas emissions by 2050, with a baseline year of 2020.
By 2025, aim to reduce emissions by 21%. By 2030, aim to reduce emissions by 42%.
By 2035, aim to reduce emissions by 63%.***

This Year, we further collect DPP and REC data under category of purchased renewable energy, so that Scope 2 GHG data for both location-based and market-based emissions can be calculated.

Greenhouse gas emissions performance

The calculated GHG emissions for 2023 is summarized as below:

Indicator	Unit	2023
Scope 1		13,158.45
Scope 2 (location-based)		243,883.04
Scope 2 (market-based)	Tonnes of CO ₂ equivalents	226,004.45
Total Scope 1 + Scope 2 (location-based)		257,041.49
Total Scope 1 + Scope 2 (market-based)		239,162.90
Density of Scope 1		3.14
Density of Scope 2 (location-based)		58.12
Density of Scope 2 (market-based)	Tonnes of CO ₂ equivalents/ million USD	53.86
Density of Scope 1 + Scope 2 (location-based)		61.26
Density of Scope 1 + Scope 2 (market-based)		57

Scope 2 GHG emissions, total GHG emissions, density of Scope 2 GHG emissions and total density of GHG emissions for 2022 need to be revised as FIT Huai'an has confirmed that an electricity data point needs to be revised from renewable source to non-renewable source. Hence, a recalculation for non-renewable energy sources using emissions factor needs to be done:

Indicator	Unit	2022
Scope 1		14,873.20
Scope 2	Tonnes of CO ₂ equivalents	245,927.63 *
Total Scope 1 + Scope 2		260,800.83 *
Density of Scope 1		3.28
Density of Scope 2	Tonnes of CO ₂ equivalents/ million USD	54.28 *
Total density (Scope 1 + Scope 2)		57.56 *

* Reinstated data.

Case study: Product carbon footprint project by FIT Voltaira

We believe that regulatory associations, business partners and customers want to understand product carbon footprint and they have expectation on that.

FIT Voltaira will conduct pilot studies on selected categories and material ingredients of products to calculate the GHG emissions in value chain for understanding product carbon footprint. Based on the calculation result, FIT Voltaira can focus on activities and material that impose the highest environmental impacts and GHG emissions, structure strategy and implement programs to reduce impacts along value chain with our business partners.

During 2023, we conducted continuous meetings with key stakeholders, such as business partners, customers, and third-parties that could provide digital platforms and solutions for facilitating product carbon footprint work in the future.

Waste management

Objectives:

- Reducing generation of waste, and recovering and recycling waste as far as practically possible.
- Avoiding generation of waste polluting the environment as far as practically possible, and disposing of unrecyclable waste in an environmentally friendly manner.
- Adopting environmentally friendly materials as well as designs, technologies and raw materials which can save energy and reduce waste.

Storage, recycling and treatment of hazardous waste and non-hazardous waste are regulated by the Waste Management and Control Operating System and the Hazardous Waste Management and Control Practice, while BUs and sites can flexibly implement the practices. BUs and sites can assign certified parties to collect and treat hazardous waste. FIT sets qualitative waste targets, including to treat and dispose of all generated waste at or before the end of year, to ensure compliance in storage and treatment.

The waste storage areas are constructed with sun-proof, rain-proof, and seepage-proof requirements, and equipped with epoxy seepage-proof ground, and anti-leakage cofferdam. Clear instructions for treating hazardous waste are provided and 2 employees are assigned to monitor waste storage areas. FIT has strengthened controls over waste transportation.

For FIT Voltaira, "Waste Management & Circular Economy" is identified as one of the material topics. FIT Voltaira is working towards "Zero Waste" to align the UNSDGs regarding sustainable consumption and production. The sites of FIT Voltaira segregate and collect metal, plastics, paper, wood, domestic wastes and hazardous wastes and sends recyclable wastes to recycling facilities. The recyclability rate has reached approximately 75% in 2023. The objective for managing and recycling waste is to gradually reduce incinerated and landfill waste while at the same time to ensure compliance.

Case study: Underwriters Laboratories ("UL") 2799

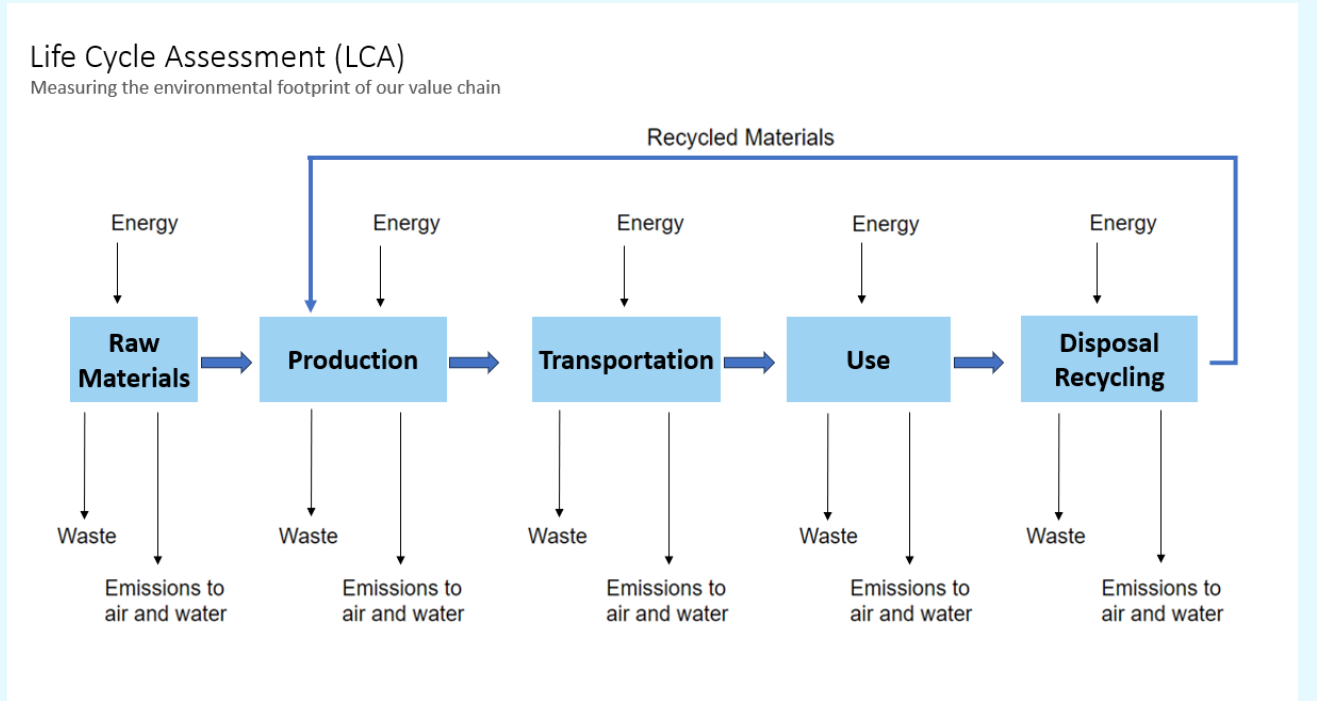
Our Shenzhen, Kunshan Diancha and Huai'an sites have achieved the Zero Waste to Landfill the highest Platinum accreditations, with 100% waste diversion from landfill and/ or incineration, and less than 10% thermal processing and energy recovery. Among them, Huai'an site newly obtained certification during the Year. Outside the defined reporting boundaries, Fuhong Precision Component (BAC Giang) Limited (Dong Vang) has also been awarded this UL 2799. The responsible BUs of the FIT will fully cooperate with regular audits and pursue continuous certification.

Obtaining the UL 2799 certification is regarded as mid-term goal of FIT. This metric is also included as one of metrics under the SLL requirements.

Case study: Conducting the Life Cycle Assessment ("LCA") by Belkin

Belkin has exerted efforts in investigating carbon footprinting for products through a Life Cycle Assessment (LCA) approach. The LCA is standardized following ISO 14040 and ISO 14044.

Belkin understands the importance to collect the consumption data of energy, water, materials over different phases (i.e., from extraction of raw materials, production, transportation, product use and maintenance, disposal to recycling) for specific products as next step. The analysis results form the basis to modify product design.



Case study: Recycle and reuse

Recycling as environmental and community investment activities

FIT Voltaira – Mexico participated a recycling program to donate 97,500 plastic bottle caps, PET bottles, CDs and aluminium cans. The generated economic benefit provided comprehensive support to girls, boys and adolescents with cancer and their families. This is a combined effort in improving environment and society.



Wood waste recycling

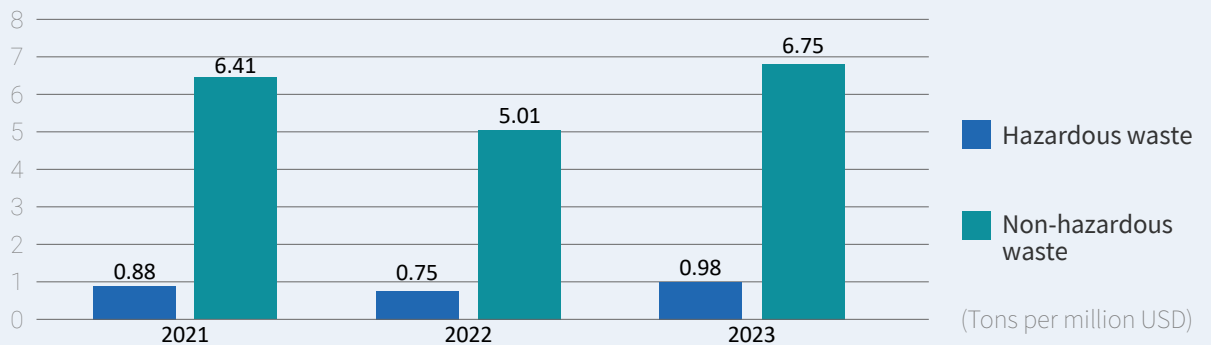
FIT Voltaira – Mexico resubmitted the wooden waste to recyclers to do upcycling and donated up-cycled wooden products through an Environmental Donation Programme to employees.



Hazardous and non-hazardous waste

The data collection methodology and classification of FY2023 were developed by Hon Hai, which were set in accordance with the UL 2799 requirements. The modified data collection practice is consistent with Hon Hai’s practice.

Hazardous waste and non-hazardous waste density of FIT



Water Resources Management

Objective:

- Reducing consumption of various resources such as energy, water and raw materials.

FIT's operations involve water withdrawal, and domestic and industrial wastewater discharge during the manufacturing process. FIT has not encountered any issue in sourcing water. 2022 is the first year that FIT has further enhanced water-related disclosures through participating in the CDP – Water Security.

Wastewater management

FIT formulated the "Wastewater Management and Control Operating System" to regulate the measurement and monitoring of discharge from wastewater as well as other material chemicals in accordance with all applicable regulatory requirements. These regulatory requirements include the Emission Standard of Pollutants for Electroplating of China (industrial wastewater), and the Water Quality Control in Wastewater Discharge (domestic wastewater) for FIT Mainland China; the QCVN 40:2011/ BTNMT for FIT Vietnam.

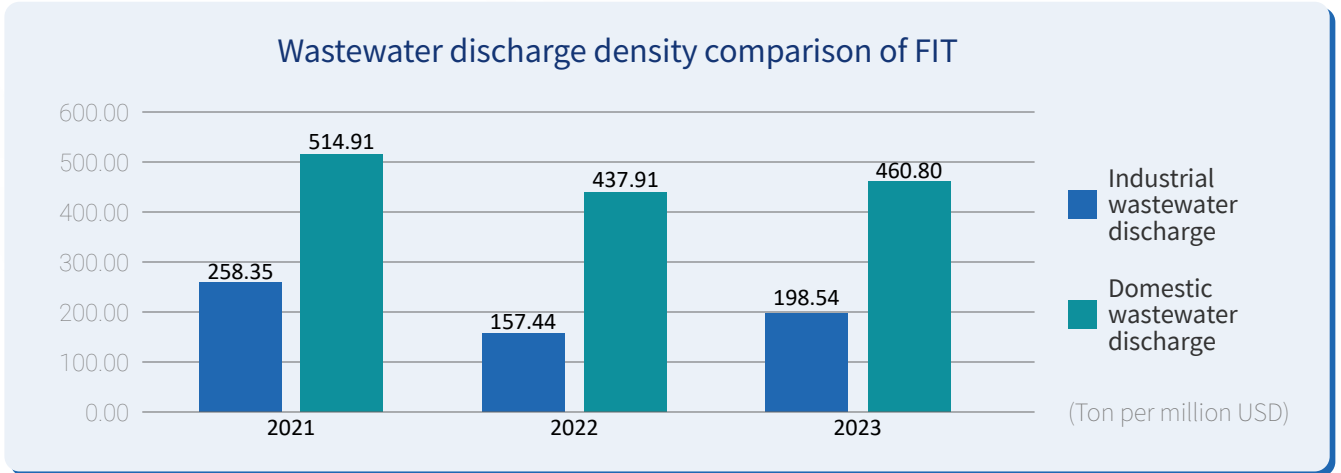
Industrial wastewater	From product and support process including manufacturing processes, surface treatment and water purification.
Domestic wastewater	From living facilities such as dormitories, commercial areas, restaurants, and toilets.

Site	Wastewater management project
Kunshan	Kunshan has set up intelligent wastewater treatment facilities to systemically record and monitor industrial wastewater. Real-time monitoring of discharge quality is conducted by designated department.
Huai'an	Huai'an has set a higher monitoring standard to control pollutants in wastewater. An intelligent monitoring system is installed to conduct overall monitoring.
Chongqing	Chongqing appointed an external third-party to monitor wastewater on an annual basis, and annual test results have met the standards. An online automatic monitoring system was installed at wastewater pollution sources, equipped with an automatic sampling and testing device to measure water quality.
Vietnam	FIT Vietnam has 1 wastewater treatment facility that has been approved by the Vietnam government department. The facility is in normal operation and can regularly take samples and monitor. FIT Vietnam has assigned an external third-party to conduct sampling and monitoring work on a quarterly basis in accordance with the environmental-related regulatory requirements.

Wastewater is processed with multiple levels of cleaning before discharge to ensure all wastewater is treated. Reclaimed water facilities were installed at the end of the wastewater treatment process to increase reclaimed water for water reuse.

Wastewater discharge data

Industrial wastewater and domestic wastewater discharge density of FY2023 has increased by 26.11% and 5.23% respectively compared to FY2022.

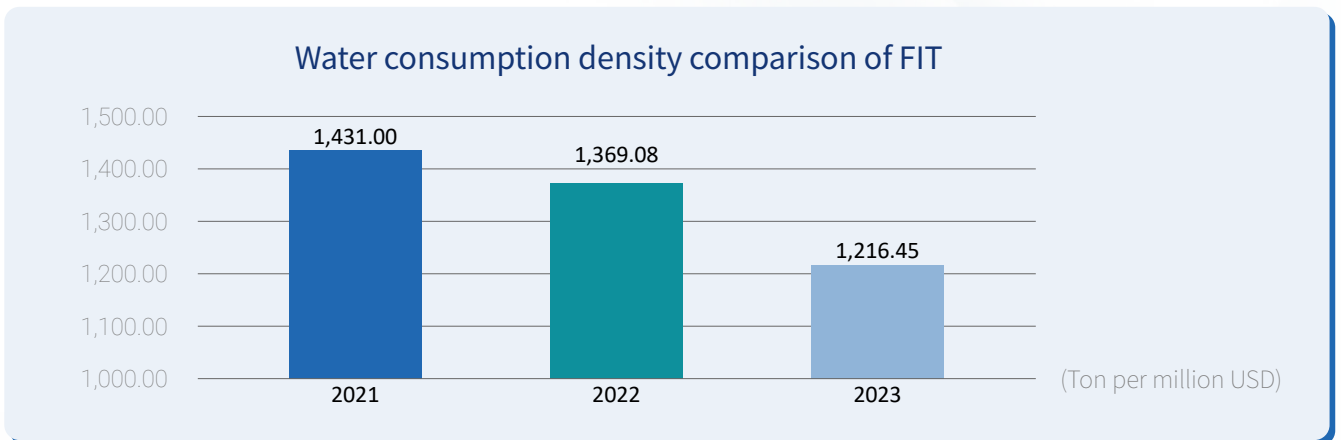


Water withdrawal

FIT’s operations involve water withdrawal from third-party water suppliers for usage. FIT Vietnam has set and met its water saving target by installing water pipes to extract and reuse the treated pure water from the water cooling towers. This has also been installed at the Zhengzhou site, to recycle the water from electroplating production, and to conduct treatment to turn it into water that can be reused for the pre-treatment of electroplating machines, degreasing, cleaning, and as toilet water. Control valves were installed to control the water flow and avoid excessive consumption.

Use of water resources

The water consumption density of FY2023 has decreased by 11.15% compared with FY2022.



Packaging Materials

Objectives:

- Reducing consumption of various resources such as energy, water and raw materials.
- Reducing generation of waste, and recovering and recycling waste as far as practically possible.
- Avoiding generation of waste polluting the environment as far as practically possible, and disposing of unrecyclable waste in an environmentally friendly manner.
- Adopting environmentally friendly materials as well as designs, technologies and raw materials which can save energy and reduce waste.

Belkin has demonstrated great efforts in reducing packaging material since committing to UNSDG 12. The use of plastic and paper packaging material are reduced through reengineering packaging, while maintaining quality, safety, and longevity. The screen protector envelopes were redesigned to reduce 40% of plastic usage; quick start guide was also redesigned to reduce paper consumption by 90%, and screen protection application system can reduce 80% plastic usage.

The material for paper packaging:

- Forest Stewardship Council (FSC) certified paper materials
- Chain-of-custody certification

Case study: Belkin's expansion of Project Verde & plastic free packaging to support reduction in consumption of virgin raw materials

Belkin's commitments about packaging material via circular economy practices:

- Reduce single use plastic packaging by 25% by 2025 (currently exceeding this goal)
- Use 100% Recycled PET where possible
- Update designs to all new product packaging to plastic free packaging where applicable

To achieve the goal of efficient use of resources, Belkin has demonstrated its commitment by incorporating Post-Consumer Recycled ("PCR") plastic in product housing, and plastic free packaging. PCR materials utilize plastics destined for landfills, giving them a new life. The purpose behind the project is to address Scope 3 emissions, further pursue Belkin's journey towards a more circular economy, and reduce the dependence on virgin plastics without compromising Belkin's product quality and performance.

The development of packaging aligns with:

- The 2025 National Packaging Targets for single-use plastic reduction, recycled content, and the use of compostable materials
- The sustainable packaging guidelines from the Australia Packaging Covenant Organization ("APCO")

While Belkin takes pride in achievements and sustainability efforts over the 15+ years, it is still committed to looking ahead, setting new goals and reaching for higher standards. Belkin has been investigating how packaging is managed post-consumer purchase through working with our recycle partners to improve communication regarding disposing of packaging waste responsibly.

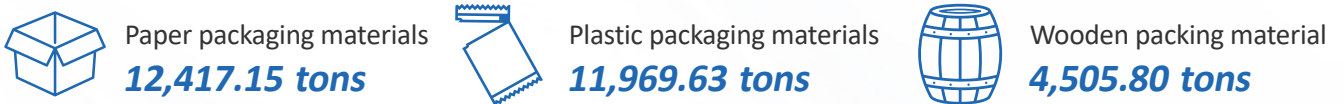


Recognising efforts made in promoting sustainable packaging design and innovation, Belkin has received the 2023 Industry Sector and Best of Reporting Awards from APCO.

Case study: SSI introduced PFAS - free polycarbonate based resin containing post-consumer recycled and pre-consumer recycled glass

PFAS are persistent chemicals that do not readily decompose in the environment. To minimize adverse impact on the environment, SSI has introduced PFAS free plastics particles which enable faster decomposing to promoting sustainability. It contributes to reducing the inflow of harmful substances into the environment. This also helps protect ecosystems, including water sources, soil, and wildlife from potential contamination.

The packaging material data of 2023 is summarized as follows:



Compare with last year, FIT's paper packaging materials have decreased significantly by 0.72%, while plastic packaging materials have increased by 8.80%. For specific packaging material consumption, please refer to Chapter 13.

In the future, Belkin will accelerate the reduction of single use plastic by the end of 2025 and even implement 100% plastic-free packaging.

Environment and Natural Resources

Objective:

- Mitigating adverse effects caused by the Company's development to the environment as far as practically possible

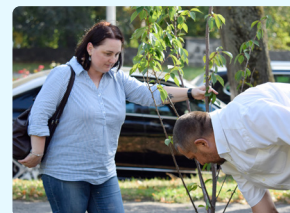
Although our operations do not impose significant impact on the environment and natural resources, Hon Hai regards the preservation of biodiversity as one of the commitments for sustainable operations. In view of that, FIT strictly follows the "Hon Hai Technology Group Biodiversity and No Deforestation Commitment" as set by Hon Hai.

The parameter of biodiversity value is considered when FIT assesses sites. In case FIT needs to conduct operations at sites that are globally or nationally important in terms of biodiversity value, we will take measures to avoid, minimize, restore, and/ or offset, reduce our ecological footprint. We also require our supply chains to uphold the same standards.

Case study: Tree planting activities

We adhere to the aim towards Zero Net Deforestation through avoiding excessive deforestation. Our BUs take actions to enhance implementation of strategic plan for restoring biodiversity. FIT Voltaira – Ukraine, Mexico and Morocco have all participated in tree planting activities by partnering with local associations. Some BUs also invited their employees' family members to participate in this activity, demonstrating the collaborative joint efforts for biodiversity conservation and no deforestation.

At its headquarters Belkin has partnered with non-profit organization – One Tree Planted to plant over 5,800 trees and obtained certifications.



Climate Change

Following the first step of conducting comprehensive climate-related risk and opportunity assessment in FY2022, FIT is progressing to incorporate the assessment results into operations this Year. FIT continues to disclose climate-related information with reference to TCFD requirements under the 4 core pillars of governance, strategy, risk management, and metrics and targets.

Governance

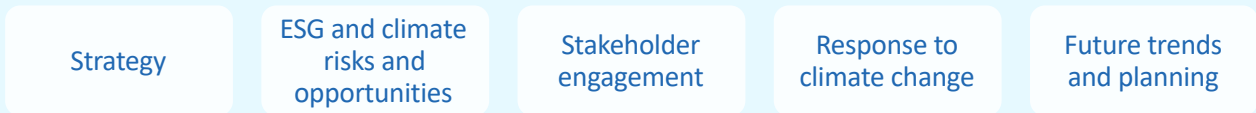
The Board ESG Committee acts as the highest governance body to oversee and manage FIT’s climate-related matters. The ESG and SER Committees are responsible for reviewing material climate-related plans and making recommendations to the Board for approval twice a year, which include climate-related risk and opportunity assessment, environmental-related goals, annual budget to mitigate and manage climate aspects, policies, emergency response, etc.

The management role in climate governance is undertaken by our Chief Executive Officer. He has hosted the monthly SER meetings to track and monitor climate-related progress and performance in order to review and guide the strategy, policies, targets and progress for making decisions and allocating budgets on climate-related plans and actions.

Case Study: Global boardroom program webinar

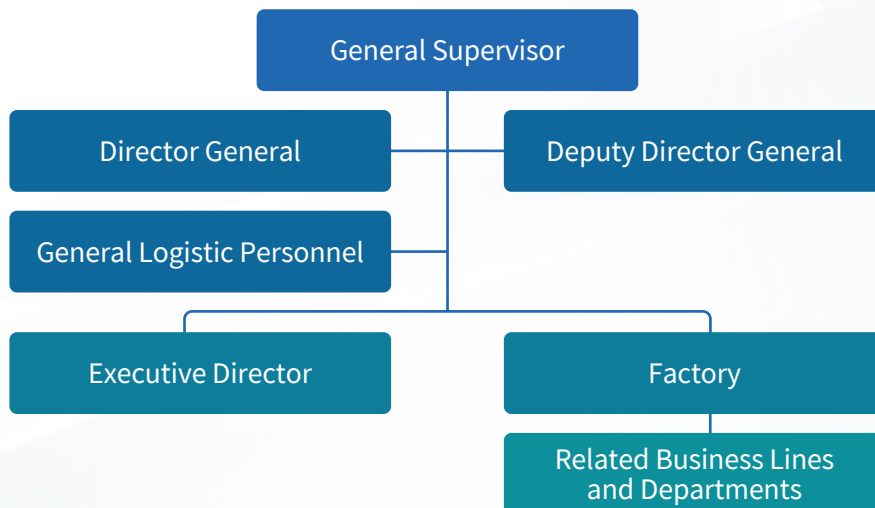
Mr. Chris Lu, our GCOO/ CFO has been invited to speak in the Global Boardroom Program Webinar. The theme of the webinar discussion is how FIT can ensure the creation of a sustainable, long-term future at the Board level, and at the same time reinforce trust among customers, shareholders, employees, and the wider public.

His sharing showcased that FIT has placed great focus on sustainability, and the discussions included:



FIT acknowledged the need to develop appropriate skills and competencies in climate-related aspects. In the future, apart from being involved in these external events, FIT will also organize related training for the Board and management.

In the operational level, the "Major Climate Response Management Group" (the "Management Group") was set up across factories in Mainland China to target at climate-related issues through a bottom-up reporting mechanism. The organizational chart of the Management group is set forth below:



Strategy

At FIT, we define three sets of time horizons: short-term (within three years), medium-term (three to ten years) and long-term (ten years or above). FIT currently focuses on short- and medium-term for developing ESG related targets and strategies.

FIT's development strategy is to push forward on developing advanced and integrated connectivity solutions for EV mobility. FIT acquired FIT Voltaira in 2023 to demonstrate significant focus on the EV mobility market. This business strategy can further address climate-related opportunity of market demand changes.

FIT has also signed a "Net Zero Commitment Statement by 2050" to commit to the GHG emissions targets by 2030 and 2050. FIT further formulated the "FIT Energy Saving and Carbon Reduction Plan 2023-2025" to summarize initiatives with expected results of different sites in achieving emissions targets. The document was approved and the sites can discuss financial planning and capital allocation for initiatives.

Scenario analysis*

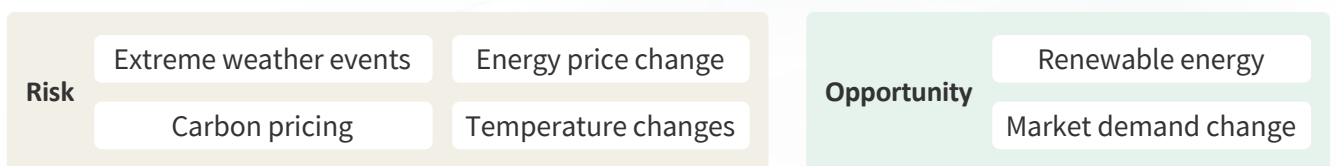
The scenario analysis covers physical and transition risks. 21 FIT sites (factories and offices) and 4 main supplier sites were selected for physical risk analysis based on materiality. As extreme weather events were identified and prioritized as top risk, FIT has completed acute and chronic physical risk analysis in 2022, including to assess the impact of riverine flooding, cyclones, droughts, heatwaves, wildfires, changing air temperature, heat and water stress as well as change in precipitation patterns on FIT. The facilities within the selected boundaries are highly exposed to these extreme weather events. The Representative Concentration Pathways ("RCPs") were used to predict the result in the years of 2040 or 2060. The RCP 4.5 (optimistic) and RCP 8.5 (pessimistic) were applied based on FIT's current operation conditions. The financial implications of the physical risks including loss of productivity, power rationing, increase in power consumption, and provision of high temperature allowance have been assessed.

For transition risks, the analysis was conducted in a qualitative way to study impact to FIT's operations and value chain through a stakeholder engagement process. The material transition risks of carbon pricing (emissions trading system ("ETS") and carbon tax) and energy price change were assessed to cause higher operational and compliance cost. For mitigation and management, FIT has introduced ETS and carbon tax related content in the SER monthly meeting for earlier preparation while exploring a lower reliance on non-renewable energy in operations and turning to climate-related opportunities.

**FIT takes reference to World Resource Institute ("WRI"), Climate Analytics, and the Intergovernmental Panel on Climate Change ("IPCC") for the scenario analysis models and tools.*

Risk management

The top 6 climate-related risks and opportunities were identified and prioritized from upstream, operation to downstream including:



The above climate-related risks and opportunities were quantitatively prioritized based on velocity, likelihood, and financial materiality, integrating with climate scenario indicators.

Velocity	Assess the time horizons that are exposed to each climate-related risk and opportunity
Likelihood	Assess outcomes and sensitivity based on climate pathways
Financial materiality	Assess financial impact of each identified climate-related risk and opportunity

For current practice, sustainability- and climate-related risks and opportunities have not yet been integrated in FIT’s overall risk management process. FIT will further improve this internal control and monitoring process.

Metrics and targets

FIT has mapped GHG emissions and the use of renewable energy as material metrics and targets. Content about GHG emissions has been discussed in Chapter 11.

Renewable Energy

Increasing the use of renewable energy can reduce the reliance of non-renewable energy and address climate-related opportunity of renewable energy. Aligning with Hon Hai’s target to strive to have renewable energy account for over 50% of the energy consumption by 2030, FIT has set the following renewable energy ratio target from 2023 to 2025, with 5% increase annually.



Financial year	2023	2024	2025
Renewable energy ratio	15%	20%	25%

FIT has further selected 6 sites that actively apply renewable energy and implement strict monitoring (FIT Kunshan Diancha, Kunshan Dianfa, Huai'an, Shenzhen, Taiwan Zhongshan and Vietnam), the renewable ratio of FY2023 has shown an increase of 6.98% compared with FY2022:

Metrics	FY2022	FY2023
Total (kWh)	465,615,164.00 kWh	469,894,406.90 kWh
Renewable energy (kWh)	148,406,757.00 kWh	182,531,808.80 kWh
Renewable energy ratio*	31.87%	38.85%

* Renewable energy ratio = Total renewable energy / (Total non-renewable energy + Total renewable energy) * 100%

FIT Voltaira procures 100% renewable energy in Germany HQ and Ukraine(non-IREC) . Turkey started renewable energy procurement (IREC contract) as of September 2023.



Chapter 12: Community Investment

FIT is committed to engaging with local society in regions where we operate our business through donation or participation in social community activities. FIT strives to have more interactions with society and address their needs through its business advantage.

The community investment activities organized during the Reporting Period were highlighted as follows:

FIT Mainland China

Targeted group: Educational institutes

FIT believes that strengthening collaboration between educational institutes and corporates aligns with our core values and promotes care culture. The Zhengzhou site made a donation of RMB 40,000.00 in total to 200 beneficiaries.



FIT Huai'an site made a donation of electronic products (tablets and chargers) in a total amount of nearly RMB 200,000.00 to students and teachers.

Targeted group: The public

In order to strengthen road safety for pedestrians and employees, the security department of FIT Shenzhen and the trade union jointly formed a team to coordinate traffic with 50 volunteers for 7 consecutive days.



Targeted group: Elderly people

FIT Kunshan formed a volunteering team to organize and participate in different community activities. 14 volunteers were gathered to participate in elderly visit activities; they brought food to elderly centre and provided care and blessing to elderlies.

FIT Vietnam

Targeted group: Kids and families with difficulties

The charity event was organized in July 2023. The fund raised could help resolve the financial difficulties of kindergarten kids and families, more importantly to provide care to targeted groups.

Targeted group: Soldiers with disabilities

Our staff expressed condolences and gave gifts to injured and/ or disabled soldiers and their families during the Martyrs’ Day to express respect to them.

Targeted group: Victims of Agent Orange

In August 2023, we organized a volunteer activity by offering gifts and providing care to them help them overcome difficulties and live a better life.

Targeted group: Students that have financial difficulties yet with excellent academic performance

The trade union offered 50 scholarships, totaling more than RMB 14,000.00 to students that have financial difficulties, yet with excellent academic performance. The students could use the scholarships to brighten their lives.



FIT Voltaira

Blood donation

FIT Voltaira – Morocco, Ukraine, Vietnam and China (Shanghai) participated in blood donation activities.



Visit to Ukraine site

FIT Voltaira – Ukraine partnered with local school and offered a 2-hr site visit. Our 3 employees acted as tour guides to familiarize the children with the Ukraine manufacturing site . Children actively raised questions about working and they also enjoyed the activity.



Donation

With significant contribution made by FIT Voltaira and FIT, together with their employees, a total amount of €100,389 was given for the Moroccan earthquake. The Moroccan government expressed appreciation for this generous donation.

FIT Voltaira – Korea made a donation of KRW 6,500,000 to UNICEF for emergency support for the earthquake in Morocco.

FIT Voltaira – Mexico made a donation of MXN 50,000 in total to Nutrition & life foundation, Robotics association as well as Firefighters & paramedics, to promote health, technological development and safety.



Visits and contribution to show the care to society

FIT Voltaira – Vietnam has organized visits and made contributions to different target groups, including orphanage, disabled war veterans, poverty stricken soldiers, social protection center and association for the blind.



BUs of FIT Voltaira evaluated their community investment strategies and commitment and set 2 community investment targets for 2024, including the number of volunteers and incurred volunteering hours. Each BU will submit their community investment summary to track progress towards established targets.

Chapter 13: Appendixes

Table 1: Performance and Data

Environment – Resource Consumption ¹					
	Category	Unit	2021	2022 ²	2023
Energy Consumption	Electricity	Thousand KWH	561,301.51 ³	544,783.28	545,713.48
	Diesel (fixed combustion source)		12.23	3.82	53.95 ⁴
	Diesel (mobile combustion source)	Ton	30.09	162.64 ⁶	22.40 ⁵
	Gasoline (mobile combustion source)		118.11	230.23 ⁶	241.46 ⁵
	Acetylene	Kg	NA	240.00	55.00 ⁷
	Natural Gas	Cubic meters	3,494,900.69	4,421,609.70	4,115,600.32
	Steam	Ton	144,555.58	159,641.97	128,442.62
Energy Consumption (density)	Electricity	Thousand KWH/ Million USD	125.01 ⁹	120.25	130.06 ⁸
	Diesel (fixed combustion source)		0.0027	0.0008	0.01
	Diesel (mobile combustion source)	Ton/Million USD	0.0067	0.04	0.01
	Gasoline (mobile combustion source)		0.03	0.05	0.06
	Acetylene	Kg/Million USD	NA	0.05	0.01
	Natural Gas	Cubic meter/ Million USD	778.34	975.94	980.84
	Steam	Ton/Million USD	32.19	35.26	30.61
Water Consumption	Water consumption	Ton	6,425,292.21	6,202,758.17	5,104,230.53
	Water consumption density	Ton/Million USD	1,431.00	1,369.08	1,216.45

1. In the environment-resource consumption data, the density value is calculated based on the production value (operating income). After having comprehensively considered the impact and contribution of the entities covered by the report scope on and to FIT's operations, the operating income is calculated based on the data disclosed in FIT's Announcement of Annual Results for the year ended December 31.
2. The Belkin's environmental data on waste, energy and water consumption are based on estimation due to failure in collecting data for months close to the end of Reporting Period when aggregating data for 2022. The missing data of the months in 2022 are estimated based on applying the percent difference with reference data for respective months in 2021.
3. Reinstate the 2021 total electricity consumption due to collecting 2021 electricity data of Zhengzhou as 51,036 thousand kWh.
4. Due to inadequate power supply in Vietnam, FIT Vietnam needed to rely on operating generators to ensure production. The manufacturing site has installed new generators to prepare for potential long-term power outages, and as a result, the monthly fuel consumption for testing the generators increased. Additionally, FIT Huai'an activated two emergency generators within the Year due to power outages.
5. Starting from this Year, the consumption of leased vehicles will be excluded from the calculation, as FIT has been unable to effectively control and replace the leased vehicle category.
6. It is due to an increase in leased vehicles in Vietnam for production needs.
7. It is due to a decrease in production capacity in 2023.
8. Due to the inclusion of new acquired FIT Voltaira in the FY2023 data, there has been an increase in total electricity consumption which has subsequently affected density.
9. Due to reinstated total electricity consumption data of FY2021.

Environment – Resource Consumption¹

Category		Unit	2021	2022 ²	2023
Packaging Materials	Paper	Ton	21,329.98	12,507.30	12,417.15
	Plastic		10,347.58	11,001.98	11,969.63
	Wood		3,439.04	4,333.39	4,505.80
	Metal		0	0.10	0.15
	Packaging materials consumption		35,116.59	27,842.78	28,892.73
Packaging Materials (density)	Paper	Ton/Million USD	4.75	2.76	2.96
	Plastic		2.30	2.43	2.85
	Wood		0.77	0.96	1.07
	Metal		0	0	0
	Total		7.82	6.15	6.89

Environment – Emissions¹⁰

Emissions		Unit	2021	2022	2023
Exhaust Gas Emission	Hydrogen cyanide	Kg	199.06	156.56	129.98
	Ammonia		195.21	334.84	427.91
	Sulphuric acid mist		1,936.56	2,150.25	1,010.87
	Hydrogen chloride		3,805.27	4,150.57	2,872.04
	Chromic acid mist		6.42	5.90	4.84
	Nitrogen oxide		1,306.62	7,602.73 ¹²	1,230.31

10. In the environment-resource consumption data, the density value is calculated based on the production value (operating income). After having comprehensively considered the impact and contribution of the entities covered by the report scope on and to FIT's operations, the operating income is calculated based on the data disclosed in FIT's Announcement of Annual Results for the year ended December 31.

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

12. Increase of Nitrogen oxide is due to emissions data from vehicles.

Environment – Emissions¹⁰

		Emissions	Unit	2021	2022	2023
Wastewater Pollutant Emissions	Average concentration of emissions of industrial wastewater (Mainland China)	Ammonia nitrogen		1.70	1.73	0.76
		Chemical oxygen demand		34.08	50.72	26.34
		Total phosphorus ¹³		0.048	0.07	0.05
		Total chromium		0.015	0.01	0.01
		Tin		0.052	0.087	0.03
		Suspended matter	Mg/L	16.35	17.26	19.20
		Nickel		0.093	0.18	0.03
		Cyanide		0.0037	0.0086	0
		Total nitrogen ¹⁴		9.15	17.84	10.99
		Petroleum type		0.04	0.03	0.02
	Fluoride		0.02	0.03	0.01	
	Total discharge of industrial wastewater		Ton	1,160,032.50	713,298.78	833,063.43
	Industrial wastewater discharge intensity		Ton/Million USD	258.35	157.44	198.54
Average concentration of emissions of domestic wastewater (Mainland China)	Ammonia nitrogen ¹⁵		5.29	2.97	3.30	
	Chemical oxygen demand		41.22	38.68	18.42	
	Total phosphorus	Mg/L	0.53	0.38	0.31	
	Suspended matter ¹⁶		52.52	19.96	13.71	
	Total nitrogen ¹⁷		6.79	11.12	6.55	
	Petroleum type ¹⁸		0.06	0.00	0.00	

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

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

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

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

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

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

Environment – Emissions ¹⁰					
	Emissions	Unit	2021	2022	2023
Wastewater Pollutant Emissions	Ammonia nitrogen		1.38	33.33	33.17
	Chemical oxygen demand		43.58	36.85	36.70
	Average concentration of emissions of domestic wastewater (Taiwan)				
	Total phosphorus		NA	0	0
	Suspended matter		1.33	6.46	6.43
	Total nitrogen		NA	0	0
	Petroleum type		0.04	0	0
	Ammonia nitrogen		0.29	0.20	0.27
	Chemical oxygen demand		15.00	19.00	25.68
	Average concentration of emissions of domestic wastewater (Vietnam)				
	Total phosphorus	Mg/L	2.18	2.96	2.47
	Suspended matter ¹⁹		0.02	4.50	5.25
	Total nitrogen		8.57	12.04	12.76
	Petroleum type		0.30	0	14.30
	Ammonia nitrogen		NA	NA	9.66
	Chemical oxygen demand		NA	NA	71.50
	Average concentration of emissions of domestic wastewater (FIT Voltaira)				
	Total phosphorus		NA	NA	0.60
	Suspended matter		NA	NA	48.42
	Total nitrogen		NA	NA	5.37
	Petroleum type		NA	NA	0.12
Total discharge of domestic wastewater	Ton		2,312,074.82	1,982,631.50	1,933,522.70
Domestic wastewater discharge intensity	Ton/Million USD		514.91	437.91	460.80
Solid waste	Hazardous waste		3,945.26	3,408.38	4,095.40
	Non-hazardous waste	Ton	28,781.37	22,681.98	28,324.98
	Total waste		35,688.63	26,090.36	32,420.38
	Discharge density of hazardous waste		0.88	0.75	0.98
	Discharge density of non-hazardous waste	Ton/Million USD	6.41	5.01	6.75

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

Environment – Emissions ¹⁰						
Emissions		Unit	2021	2022	2023	
Greenhouse Gases	Total GHG emission (location-based)		348,083.25 ²¹	260,800.83 ²⁰	257,041.49	
	Total GHG emission (market-based)		348,083.25	260,800.83 ²⁰	239,162.90	
	Greenhouse gas emission 1	Tons of CO ₂ equivalent	8,679.81	14,873.20	13,158.45	
	Greenhouse gas emission 2 (location-based) ²²		339,403.44 ²³	245,927.63 ²⁰	243,883.04	
	Greenhouse gas emission 2 (market-based) ²⁴		339,403.44	245,927.63 ²⁰	226,004.45	
	Density of greenhouse gas emission 1			1.93	3.28	3.14
	Density of greenhouse gas emission 2 (location-based)	Tons of CO ₂ equivalent/ Million USD		75.59 ²³	54.28 ²⁰	58.12
	Density of greenhouse gas emission 2 (market-based)			75.59	54.28 ²⁰	53.86

20. In 2023, Huai'an has conducted a reassessment of the data for the year 2022 and confirmed that certain data related to renewable energy needs to be revised to non-renewable energy sources. As a result, greenhouse gas emission data has been revised accordingly.

21. Revise the total GHG emissions data due to changes of Scope 2 emissions data.

22. The calculation for Scope 2 greenhouse gas emissions (location-based) includes data related to the purchase of renewable energy electricity-green certificates. However, it does not include data related to the direct purchase of green electricity.

23. Due to the revision of total electricity data for FY2021.

24. The calculation for Scope 2 greenhouse gas emissions (market-based) does not include data related to the purchase of renewable energy electricity through green certificates or direct purchase of green electricity.

Social Responsibility							
		Unit	2021	2022	2023		
Employee Structure	Number of employees			56,457	54,121	64,418 ²⁵	
	Gender	Female		29,382	29,099	34,683	
		Male		27,075	25,022	29,735	
	Full-time/ part time	Full-time	Person		56,453	54,118	64,382
		Part-time			4	3	36
	Age	Below age 30			24,568	21,967	25,910
		Age 30 to 50			31,106	31,223	36,746
		Age above 50			783	931	1,762

25. Due to recent revisions made by a BU regarding employee numbers, there may be discrepancies between the total number of employees disclosed in this Report and the current disclosed figure. Please refer to the data provided in this report as the accurate representation of employee numbers.

Social Responsibility					
		Unit	2021	2022	2023
Employee Structure	Regional distribution	Mainland China	27,471	25,816	24,462
		Taiwan	970	1,020	1,026
		Vietnam	27,004	26,292	34,110
		United States	1,012	993	1,073
		Others	/	/	3,747
	Rank	Senior Management	490	691	1,280
		Middle Management	1,639	2,401	2,151
Grassroot Staff		54,328	51,029	60,987	
Employee Turnover Rate	Gender	Female	17.77	18.19	21.70
		Male	21.39	20.58	18.17
	Age	Below age 30	23.58	24.01	24.41
		Age 30 to 50	15.12	14.08	14.61
		Age above 50	0.15	0.15	0.50
	Regional distribution	Mainland China	47.06	26.12	29.14
		Taiwan	14.95	14.57	11.32
		Vietnam	53.16	38.73	37.26
		United States	13.14	12.20	9.22
		Others	/	/	29.82
Work-related injuries	Number of work-related injuries	Person	104	112	119
		Number of work-related death	2	0	0
	Proportion of deaths due to the Company ²⁶	%	1.92	0	0
	Rate of work-related fatalities	%	0.0035	0	0
	Number of working days lost due to work-related injuries	Workday loss	4,645.50	4,691	4,420.63

26. Proportion of work-related death= Work-related fatalities/work-related injuries

Social Responsibility						
		Unit	2021	2022	2023	
Staff Training	Total training hours		1,350,227.50	1,697,881.60	1,980,851	
	Rank	Senior management	Hour	15,491.00	24,582.50	53,245
		Middle level management		29,659.50	41,733	54,866
		Grassroot staff		1,305,077.00	1,631,566.10	1,872,740
		Total number of trainees			46,062	47,465
	Total number of trainees- by gender	Female	Person	19,018	21,478	34,062
		Male		27,044	25,987	30,361
	Rank	Senior management		491	687	1,217
		Middle level management		1,646	2,092	1,948
		Grassroot staff		43,925	44,686	61,258
	Per person				29.31	35.77
	Gender	Female	Hour/person	28.48	35.92	28.28
		Male		29.90	35.65	33.51
	Rank	Senior management		31.55	35.78	43.75
		Middle level management		18.02	19.95	28.17
		Grassroot staff		29.71	36.51	30.57
	Training ratio: gender	Female		%	64.73	73.81
		Male	99.89		103.86 ²⁸	102.11 ²⁷
	Training ratio: rank	Senior management	100.20 ²⁹		99.42	95.08
		Middle level management	100.43 ²⁹		87.13	90.56
Grassroot staff		80.85	87.57		100.44 ²⁷	

27. The differences account for Belkin and FIT Voltaira employees that completed training in the year but terminated within the same year. Those individuals are not reflected in the overall headcount, creating the small discrepancy between training completion totals (higher result) and headcount. Hence the number of staff that have received training is greater than the number of total staff.

28. The differences account for Belkin and Vietnam employees that completed training in the year but terminated within the same year. Those individuals are not reflected in the overall headcount, creating the small discrepancy between training completion totals (higher result) and headcount. Hence the number of staff that have received training is greater than the number of total staff.

29. The differences account for Belkin employees that completed training in the year but terminated within the same year. Those individuals are not reflected in the overall headcount, creating the small discrepancy between training completion totals (higher result) and headcount. Hence the number of staff that have received training is greater than the number of total staff.

Social Responsibility						
		Unit	2021	2022	2023	
Customer Complaints	Product and services complaints	Case	406,354	438,786	566,446	
	Safety and health-related recalls	%	0	0	0	
Intellectual Property	Matters relating to intellectual property disputes	Piece	0	0	0	
Number of Suppliers	Total		2,003	2,476	4,640	
	Region	Mainland China	Unit	1,286	2,127	2,692
		Hong Kong, Macau and Taiwan		320	241	607
		Overseas		397	108	1,341
Public Welfare Contribution	Amount of charitable donations - FIT	RMB	4,500,057.00	330,588.23	328,877.00	
	Amount of charitable donations - Belkin and FIT Voltaira	USD	51,350.00	8,840.50	24,471.00	

Table 2: ESG Reporting Guide Content Index

HKEX ESG Reporting Guide Content Index

Aspect	Disclosures	Reporting Chapter
A1	Emissions	The Environment
A1.1	The types of emissions and respective emissions data	The Environment Performance and Data
A1.2	Direct (Scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	The Environment Performance and Data
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	The Environment Performance and Data
A1.4	Total non-hazardous waste produced (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility)	The Environment Performance and Data
A1.5	Description of emission targets set and steps taken to achieve them	The Environment
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them	The Environment
A2	Use of Resources	The Environment
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	The Environment Performance and Data
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	The Environment Performance and Data
A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	The Environment

Aspect	Disclosures	Reporting Chapter
A2.4	Description of whether or not there is any issue in sourcing water that is fit for the purpose, water efficiency targets set and steps taken to achieve them	The Environment We do not have issue in sourcing water that is fit for the purpose.
A2.5	Total packaging material used for finished product (in tons) and, if applicable, with reference to the per unit produced	The Environment Performance and Data
A3	The Environment and Natural Resources	The Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment
A4	Climate Change	The Environment
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the action taken to manage them	The Environment
B1	Employment	Human Capital Development
B1.1	Total workforce by gender, employment type, age group and geographical region	Human Capital Development Performance and Data
B1.2	Employee turnover rate by gender, age group and geographical region	Performance and Data
B2	Health and Safety	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety Performance and Data
B2.2	Lost days due to work injury	Health and Safety Performance and Data
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety
B3	Development and Training	Human Capital Development
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management)	Human Capital Development Performance and Data
B3.2	The average training hours completed per employee by gender and employee category	Human Capital Development Performance and Data
B4	Labour Standards	Human Capital Development
B4.1	Description of measures to review employment practices to avoid child and forced labour	Human Capital Development
B4.2	Description of steps taken to eliminate such practices when discovered	Human Capital Development
B5	Supply Chain Management	Supply Chain Management
B5.1	Number of suppliers by geographical region	Supply Chain Management Performance and Data
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
B5.3	Descriptions of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
B5.4	Descriptions of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management
B6	Product Responsibility	Product Development
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Development

Aspect	Disclosures	Reporting Chapter
B6.2	Number of products and service related complaints received and how they are dealt with	Product Development Performance and Data
B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Development
B6.4	Description of quality assurance process and recall procedures	Product Development
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Development
B7	Anti-corruption	Business Ethics
B7.1	Number of corruption lawsuits filed by issuers or their employees and have been closed during the reporting period and results of these lawsuits	Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Business Ethics
B8	Community Investment	Community Investment
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport)	Community Investment
B8.2	Resources contributed (e.g., money or time) to the focus area	Community Investment Performance and Data

In response to market needs and customer requirements, we have enhanced this year's ESG report to include the following metrics referencing to the GRI Standards.

GRI Content Index

Aspect	Disclosures	Report Chapter
Required Criteria		
302-1	Energy consumption within the organization	The Environment Performance and Data
305-1	Direct (Scope 1) GHG emissions	The Environment Performance and Data
305-2	Energy indirect (Scope 2) GHG emissions	The Environment Performance and Data
303-3	Water withdrawal	The Environment* Performance and Data
Optional Criteria		
302-3	Energy intensity	The Environment Performance and Data
302-4	Reduction of energy consumption	The Environment
301-1	Materials used by weight or volume	The Environment Performance and Data
303-4	Water discharge	The Environment Performance and Data

**We rely on third-party (third party is defined as municipal water suppliers and municipal wastewater treatment plants, public or private utilities, and other organizations involved in the provision, transport, treatment, disposal, or use of water and effluent) to supply water resources, and do not source water in the water-stress regions.*

Table 3: Reporting Scope

This Report covers the following legal entities located in Asia, Europe, Oceania, North America and North Africa continents:

- Foxconn Computer Connectors (Kunshan) Co. Ltd.
- Foxconn Electronics Industry Development (Kunshan) Co., Ltd.
- Fu Ding Precision Component (Shenzhen) Co. Ltd.
- Fu Ding Precision Industry (Zhengzhou) Co. Ltd.
- Fu Yu Electronics Technology (Huai'an) Co. Ltd.
- Chongqing Hon Teng Technology Co., Ltd.
- XingFox Energy Technology Co., Ltd.
- Sound Solutions International (Zhenjiang) Ltd.
- FIT Electronic Inc.
- New Wing Interconnect Technology (Bac Giang) Co., Ltd.
- Belkin International, Inc. and its subsidiaries
- Foxconn Interconnect Technology Limited – Taiwan Branch
- FIT Voltaira Group*

Greenville, USA	Wuhu, China	Szekszard, Hungary
Comonfort, Mexico	Shanghai, China	Kamyanets-Podilsky, Ukraine
Cerkezkoy, Turkey	Hai Duong, Vietnam	Pfullingen, Germany (headquarters of FIT Voltaira)
Tanger, Morocco	Pune, India	Seoul, Korea

* We include FIT Voltaira's data on or after 3 July 2023 (i.e., acquisition date is 3 July 2023).

Table 4: FIT Certification List

IATF 16949	Quality Management System of Automobiles – Implemented for Organization of Production Parts and Related Service Conditions in the Automotive Industry			
<ul style="list-style-type: none"> ● FIT Mainland China <ul style="list-style-type: none"> ○ Kunshan ○ Shenzhen ● FIT Taiwan ● FIT Vietnam 	<ul style="list-style-type: none"> ● FIT Voltaira <ul style="list-style-type: none"> ○ USA ○ China (Shanghai and Wuhu) ○ India ○ Korea 	<ul style="list-style-type: none"> ○ Mexico ○ Morocco ○ Hungary ○ Ukraine ○ Vietnam 		
ISO 9001	Quality Assurance System			
<ul style="list-style-type: none"> ● FIT Mainland China <ul style="list-style-type: none"> ○ Kunshan Diancha ○ Kunshan Dianfa ○ Shenzhen ○ Zhengzhou 	<ul style="list-style-type: none"> ○ Huai'an ○ Chongqing ○ SSI ● FIT Taiwan ● FIT Vietnam 	<ul style="list-style-type: none"> ● FIT Voltaira <ul style="list-style-type: none"> ○ USA ○ Europe ○ Mexico ○ Morocco 	<ul style="list-style-type: none"> ○ Hungary ○ Ukraine ○ Turkey 	
AS9100D	Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations			
<ul style="list-style-type: none"> ● FIT Mainland China <ul style="list-style-type: none"> ○ Huai'an 				
ISO 26262	Road Vehicles – Functional Safety			
<ul style="list-style-type: none"> ● FIT Taiwan 				
ISO 14001	Environmental Management System			
<ul style="list-style-type: none"> ● FIT Mainland China <ul style="list-style-type: none"> ○ Kunshan Diancha ○ Kunshan Dianfa ○ Shenzhen ○ Zhengzhou ○ Huai'an 	<ul style="list-style-type: none"> ○ Chongqing ○ SSI ● FIT Taiwan ● FIT Vietnam ● FIT Voltaira <ul style="list-style-type: none"> ○ USA 	<ul style="list-style-type: none"> ○ China (Shanghai and Wuhu) ○ India ○ Korea ○ Mexico ○ Morocco ○ Hungary 	<ul style="list-style-type: none"> ○ Ukraine ○ Vietnam ○ Turkey 	

ISO 50001		Energy Management System	
● FIT Mainland China	○ Kunshan Dianfa	○ Chongqing	○ Hungary
○ Kunshan Diancha	○ Huai'an	● FIT Voltaira	○ Germany

ISO 14064		Standards and Guidelines for the Quantification and Reporting of Greenhouse Gas Emissions and Removal at the Organizational Level	
● FIT Mainland China	○ Kunshan Dianfa	○ Chongqing	
○ Kunshan Diancha	○ Huai'an	○ Shenzhen	

QC080000		Hazardous Substance Process Management System	
● FIT Mainland China	○ Shenzhen	○ Chongqing	
○ Kunshan Diancha	○ Zhengzhou	○ SSI	
○ Kunshan Dianfa	○ Huai'an	● FIT Vietnam	

ISO 45001		Occupational Safety and Health Management System	
● FIT Mainland China	○ Zhengzhou	● FIT Vietnam	
○ Kunshan Diancha	○ Huai'an	● FIT Voltaira	
○ Kunshan Dianfa	○ Chongqing	○ Morocco	
○ Shenzhen	○ SSI	○ Ukraine	

ISO 27001*		Information Security, Cybersecurity and Privacy Protection – Information Security Management Systems	
● FIT Mainland China	○ Kunshan Dianfa	○ Chongqing	
○ Kunshan Diancha	○ Huai'an	● FIT Taiwan	

* Newly obtained international certification in 2023