

# 4

## Business Sustainability, Beneficial Partners

Policies for Sustainable Management of Suppliers P77

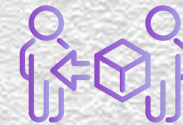
Sustainable Supply Chain Impact P82

Promotion of Mutual Growth P88



### Key Response Stakeholders :

- Clients
- Suppliers / Contractors
- Government
- Non-government Organizations
- Media





# Business Sustainability, Beneficial Partners

## Management approach for issues Supplier management, Procurement practices and management



### Meaning to the Group

The Group is actively engaged in the implementation of supply chain management practices to develop efficient long-term collaborative relationships with suppliers, as well as environmental, social and governance risk assessments and audit verifications which allow joint fulfillment of corporate social responsibilities by suppliers. This serves to strengthen the resilience of our supply chain, reduce operational risk, and ensure sustainable management.



### Policies and Commitments

The Group requires suppliers to comply with local laws and regulations and the Group's Supplier Social and Environmental Responsibility Code of Conduct. Furthermore, the Group fully considers social responsibilities and environmental benefits and gives priority to environmentally friendly products and services, seeking to balance both economic and environmental benefits. The Group continuously optimizes and improves green procurement standards and management systems and works with upstream and downstream manufacturers to implement ESG such as environmental protection, energy conservation, and carbon reduction to create a sustainable supply chain.



### Grievance Mechanism

Please see section [Stakeholder Identification, Communication, and Responsibilities](#) for details.



### Evaluation of the Management Approach

- We host management review meetings every year to discuss how to continuously strengthen the management performance of suppliers and track objective achievements to continuously improve performance.



### Specific Actions

- Completed conflict minerals surveys for 1,569 suppliers with response rates of 100%. No use of conflict minerals was discovered.
- Assisted and supported 47 suppliers in improving environmental violations, and assisted and supported 124 suppliers with high environmental impacts to report and disclose Pollutant Release and Transfer Register (PRTR) data.
- Hosted green product management seminar for suppliers and invited 232 suppliers to attend. Assisted 18 suppliers in obtaining third-party QC080000 system verification and 5 suppliers in establishing RoHS 2.0 testing capabilities. Added "Supplier Green Product Management Performance Evaluation" module in RoHS and REACH intelligent management platform.
- Promoted supplier net zero actions, assisted 98 suppliers in implementing greenhouse gas inventories and 51 suppliers in completing ISO 14064-1 verification, resulting in carbon reductions of 99,296.93 tCO<sub>2e</sub>. Trialed use of renewable energies at 6 suppliers and assisted 7 suppliers in implementing UL 2799 Zero Waste to Landfill Operations verification.



### Goals and Targets

#### Short-term goals

- Conduct annual screenings of key electronics suppliers, and reduce annual procurement amounts or total procurement amounts by 2-5% for suppliers with poor ESG achievements.
- Achieve 100% survey response rates regarding use of conflict minerals from suppliers to ensure that no conflict minerals are used.

#### Mid- to long-term goals

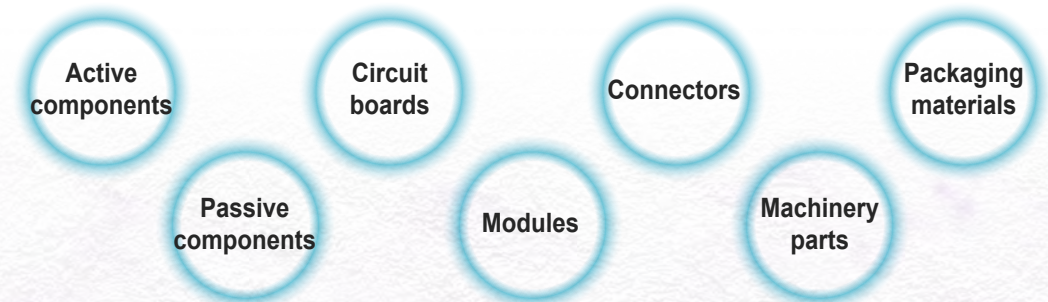
- Require full materials declarations by all key electronics suppliers on RoHS and REACH management platforms.
- Conduct performance appraisals of specific supplier ESG items (including green products, social and environmental responsibilities, and carbon management), and increase coverage to 100%.
- Increase three-year audit coverage of specific institutional suppliers to 90%.
- Increase the number of key electronics suppliers that commit to use 100% of renewable energies for production of Foxconn products to more than 45.
- Increase the number of specific electronics suppliers with Zero Waste to Landfill Operations verifications from the current 3 to more than 25.

# Policies for Sustainable Management of Suppliers

## Supplier Management System

The Group is the largest electronics manufacturer in the world, with many brand clients and suppliers from all over the globe. The Group realizes corporate social responsibilities by shouldering heavy responsibilities and influencing sustainable developments within supply chains. The Group and its suppliers work together to enhance capabilities in sustainability issues, and a comprehensive and systematic Responsible Supply-Chain Management (RSM) system has been established to achieve digital management and internal data sharing. Each stage of supplier development, qualification assessment, performance evaluation, and elimination of under-performers is managed and controlled to ensure that suppliers meet the requirements of the Group so that we can grow alongside our suppliers.

Our raw material suppliers are further divided into electronic materials and component suppliers, and materials are respectively classified by product into active components, passive components, circuit boards, modules, connectors, machinery parts, and packaging materials.



[Supplier Social and Environmental Responsibility Code of Conduct](#)

As a leading global electronics manufacturer, the Group actively works with suppliers to carry out various sustainable actions as well as guide suppliers in continuous improvement of social, environmental, and economic aspects to enhance our sustainability and competitiveness as we strive to realize sustainable development in our supply chain. The Group fully considers social responsibilities and environmental benefits and prioritizes environmentally friendly, energy-saving, low-carbon, and easy-to-reuse supply chain products to create products and services that balance both economic and environmental benefits, thereby creating virtuous cycles in our industry and supply chain. In 2021, the Institute of Public and Environmental Affairs (IPE) awarded the Great China Area's 1<sup>st</sup> place in the Green Supply Chain Corporate Information Transparency Index (CITI) Evaluation, and 4<sup>th</sup> place in the Climate Action Transparency Index (CATI) Evaluation for the IT Industry.

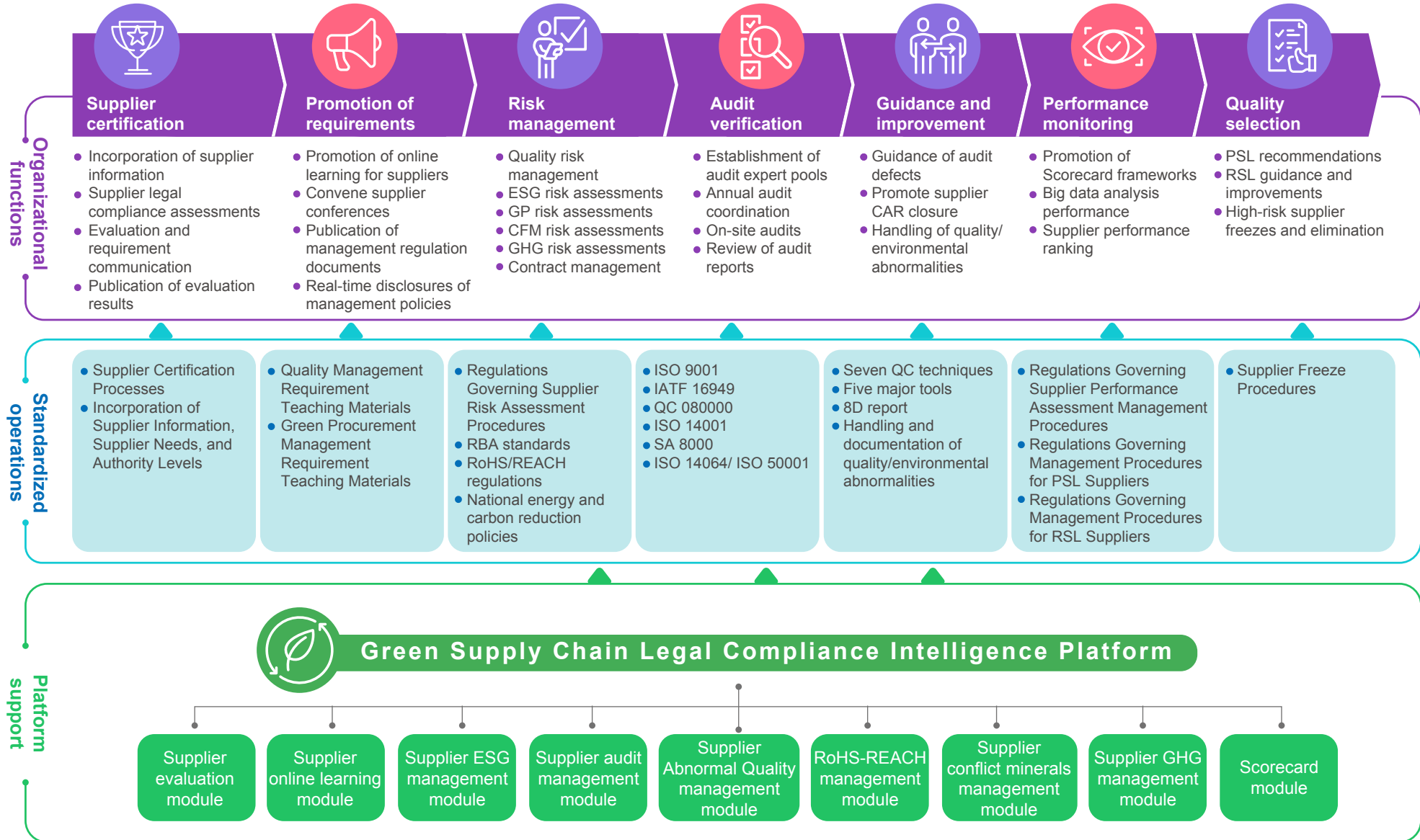
Green Supply Chain 2021 CITI Evaluation Annual Report



Climate Action Transparency Index, CATI



## Supplier Management System Structure





## Supplier Management Processes

The Group adopts a circular mechanism for supplier management processes which includes the four major stages of regulatory compliance, risk assessment, audit verification, and continued improvement. We implement social and environmentally responsible management structures in our supplier management processes and conduct data analysis of supplier compliance with social and environmental responsibilities to assist suppliers in improving vulnerabilities, thereby enhancing their social and environmental performance.

### Circular Mechanisms of Supplier Management Policies and Processes



## STEP 1

### Regulatory Compliance

The Group has compiled the “Green Procurement Management Manual” and “Supplier Management Manual” to serve as basic guidelines for supplier management at Group units. New suppliers must pass risk assessments for social and environmental responsibilities and sign “Procurement Contracts” and “Environmental and Social Responsibility Commitments” to ensure that they comply with our “Supplier Social and Environmental Responsibility Code of Conduct” and “Supplier Green Management Requirements.”

Additionally, all suppliers are required to sign “Vendor Commitments” and “Proactive Supplier Declarations,” and pledge not to request, offer, or conduct any bribery actions or provide improper benefits to Group affiliates, related persons, and/or designated personnel. Additionally, suppliers also pledge not to directly or indirectly benefit Group employees, related persons, and/or designated personnel. Suppliers must understand and strictly abide by the Group’s requirements for responsible supply chains.

**STEP 2 Risk Assessment**

2

New supplier evaluations are an important part of our management system. The Group collects the following information from new suppliers: basic information cards, component recognition certificates, environmental protection and social responsibility commitments, and due diligence for conflict minerals. We then use our “Supplier Evaluation System” to conduct ESG (Environmental, Social, and Governance) risk assessments of supplier quality, green products, social and environmental responsibility, and product environmental impact to determine risk levels, the production capacities of new suppliers, and their enthusiasm for transactions with the Group. In 2021, all 66 of our new suppliers in the electronics procurement category passed environmental and social selection standards.

**STEP 3 Audit Verification**

3

The Group conducts quality, process, social and environmental responsibilities, green products, and greenhouse gas audits for medium- and high-risk suppliers. Audit or post-audit improvement results must meet the requirements of the Group before suppliers can be included in our list of qualified suppliers. The Group also increases management oversight for our top 15 suppliers in the commodity category and suppliers that were not designated by our clients. Regular online surveys and on-site audits of suppliers are conducted through our supplier management platform. If zero-tolerance deficits are found during audits, suppliers will lose the right to be selected for new cases; for non-zero-tolerance deficits, suppliers will be allowed to provide improvement plans and measures within a stipulated deadline based on the severity of the deficit. Reviews are carried out for serious issues. Suppliers who do not complete improvements within allotted times will be included in our list of suppliers restricted for poor performance.

In 2021, we conducted audits on a total of 86 major suppliers. Audit results for these suppliers only contained non-zero-tolerance deficits, and improvement plans and measures were required within a time limit. The Group will continue to track and improve upon these supplier deficits.

**Group Supplier Risk Assessment Processes**



**Suppliers are strictly prohibited from conducting any of the following zero-tolerance actions:**

- Use of child labor
- Use of forced labor/prison labor
- Discharge of untreated toxic and hazardous substances or materials
- Actions and working environments that can cause immediate physical harm to employees
- Providing false information to the Group
- Retaliation against employees who provide factual information

**ESG-Related Basic Requirements for New Suppliers**

**Management System**

Passed ISO 14001, ISO 45001, ISO 14064, and QC 080000 system certification


**ESG Risk Assessment**

Working hours, salary and benefits, environmental assessment approval, environmental violations, dangerous procedures, and management systems

**ESG Audit**

We use the RBA VAP Audit Checklist when conducting audits

Results of supplier ESG (governance, social, and environmental) audit assessments in 2021

Aspects and Standards		Audited suppliers	Pass Rate
	QPA & QSA & SCM (Involving ISO 9000, IATF 16949)	84	98%
	GP (Involving QC 080000, RoHS, REACH)	30	93%
	GHG (Involving ISO 14064)	11	73%
	CSR (Involving RBA, ISO 14001, ISO 45001)	44	82%
	Suppliers Audit Items		



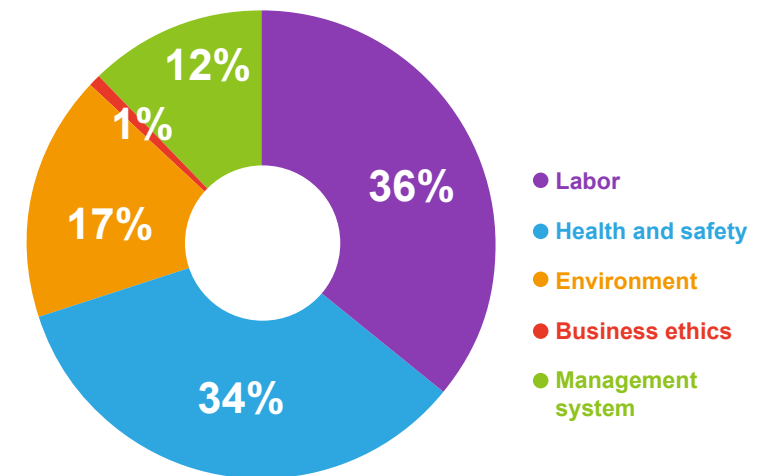
Notes:

- QPA: Commodity Quality Process Assessment
- QSA: Quality System Assessment
- SCM: Supplier Chain Management Assessment
- GP: Green Product Assessment
- GHG: Greenhouse Gases
- CSR: Corporate Social Responsibility

The Group's supplier ESG audits are conducted using RBA VAP tools. Dedicated supply chain management personnel in the Group's procurement department formed audit teams with experts in the Human Resources, Industrial Safety, Environmental Protection units. Audits encompass five aspects: Labor, Health and Safety, Ethics, Environment, and Management System.



Distribution of ESG audit deficits in 2021



Note: Audits conducted in 2021 found no incidents relating to child labor, forced labor, or prohibitions of employee freedom of association.

STEP 4

### Continuous Improvement

The Group requires suppliers to improve upon audit deficits and uses the Scorecard system to conduct effective monitoring of supplier performance. Up to 30 points can be deducted from suppliers due to poor implementation of social and environmental responsibilities, causing them to be placed on the Restricted Supplier List (RSL). For RSL suppliers, the Group will continue to encourage implementation of improvements through a series of measures, such as repeated deductions from performance scores, review meetings with senior executives of said supplier, and official letters to the supplier's CEO to encourage improvement of deficits. The Group assists suppliers in implementing improvements. If suppliers do not complete improvements within stipulated time limits following guidance provided by the Group, we may consider reducing and restricting the use of the supplier for new cases or even cancel the collaborative relationship.

#### Supplier performance (Scorecard) review



#### Social and environmental responsibilities

- CSR management system
- Audit results and improvement of non-compliance items
- Survey of conflict minerals
- Energy and carbon reduction and management of hazardous materials

Average six-month total scores $\geq 70$	Average six-month quality scores $\geq 70$	Supplier's GP risk is low	Supplier's financial risk is low	Not listed as RSL over past year
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A score of <60 on one or more items for three consecutive months	Major quality, GP, and CSR abnormalities	Failure to pass audits or non-improvement of major defects
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#### PSL (Preferred Supplier List)

- Allocate higher proportion of orders
- Recommendation for new ODM projects
- The Group strategic partner

#### RSL (Restricted Supplier List)

- Reduction of orders
- Prohibition of usage in new ODM projects
- Freeze

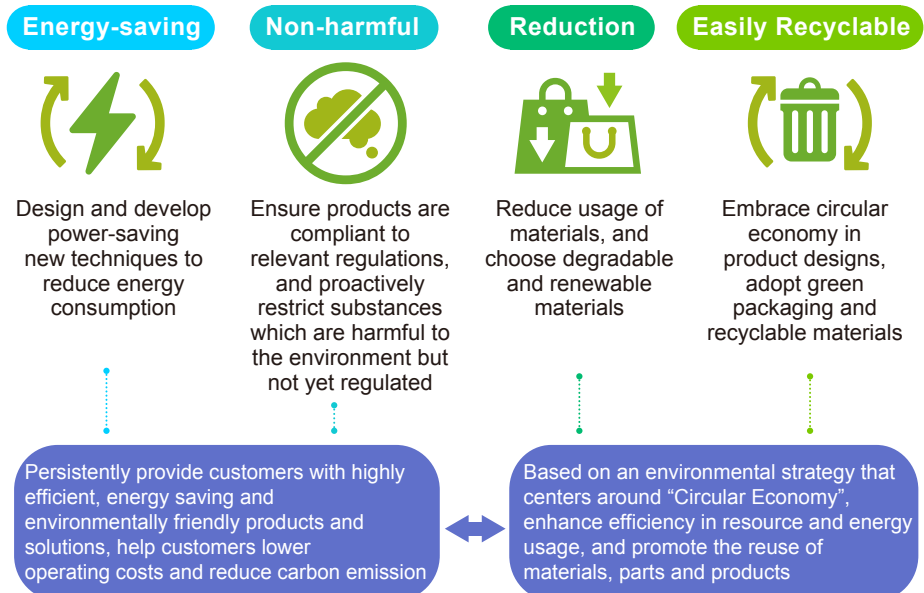
# Sustainable Supply Chain Impact

## Design of Environmentally Friendly Products

The Group not only strictly requires supplier raw materials to comply with environmental protection laws, but is also attentive to environmental protection concepts at the initial stages of product design. We adhere to green design concepts and incorporate environmental factors and pollution prevention measures during the design and development stages to minimize product environmental impacts.

The Group strictly complies with environmentally friendly product cycles and relevant environmental protection directives and requirements. We researched and formulated environmentally friendly product designs that adhered to four axes: "energy-saving, non-harmful, reduction, and easily recyclable." We assist all Group business units in improving design processes for environmentally friendly products and establish environmentally friendly design mechanisms.

#### Green Product Designs within the Group





## Green Product Management

The Group promotes development of green products as part of our pursuit for sustainable development. Internally, the Group promotes comprehensive green product management and has established a dedicated unit and dedicated personnel to collect and research various environmental requirements (RoHS, REACH, and HF) from existing legislation, clients, the industry, and society. We have established green product management guidelines, supplier green product management mechanisms and platforms, corresponding management regulations, and standards for restriction of hazardous substance usage, and we regularly

host supplier seminars to communicate the latest Group green product requirements to our entire supply chain and assist our suppliers in enhancing green product management capabilities. We track the green credentials of our raw materials starting from our upstream suppliers, prohibit use of chemical substances restricted by the green product regulations of different countries and regions, and require our suppliers to disclose the amounts of hazardous substances contained within their products, thereby reducing use of hazardous chemicals in products and facilitating full disclosure of product substances to our end customers.

### Three Management Stages for Supplier Products



**Management of all processes is the foundation**

Management of all processes and adherence to the “principle of five noes”:

No design

No procurement

No inflow

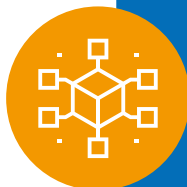
No manufacturing

No outflow



**Supplier management is the key**

We implement management mechanisms including assessments, verifications, audits, performance evaluations, and eliminations of under-performers starting from new suppliers, and require thorough execution of green product management in all supplier management processes to build a green product management chain that links all processes from suppliers to clients. The Group has formulated Supplier Environmental Protection and Social Responsibility Commitment Forms which suppliers are required to sign as part of their commitment to Group standards for environmentally friendly products. The scope of this commitment includes but is not limited to the Group’s “Specification for Hazardous Substances and Materials Management ESD-A0RH-001” and the environmental protection standards of our clients. We also require our suppliers to submit the “REACH Candidate List of Substances of Very High Concern Declaration Form” and the “Environmental Management Substance Composition or Component Breakdown Form.” Additionally, the EU RoHS 10 controlled substances directive requires suppliers to submit periodically updated third-party test reports for corresponding materials.



**Digital transformation is the core**

The Group launched the RoHS-REACH intelligent management platform in November 2020 as part of our pursuit toward digital transformation, and launched Version 2.0 of the platform in 2021 to include a new module for supplier green product management evaluation and ranking which incorporates indicators from internationally renowned ESG evaluation institutes and encompasses assessments for five dimensions: system management, test management, process management, disclosure management, and upstream management. The current system serves as an intelligent management platform for supplier green products and includes “material compliance management,” “supplier compliance management,” and “supplier management, evaluation, and ranking” functions. This digital management process allows us to maintain control of all aspects. Platform services encompassed 10 business groups, 47 business divisions, and was used for management of 749 suppliers in 2021.



## Responsible Mineral Procurement Management

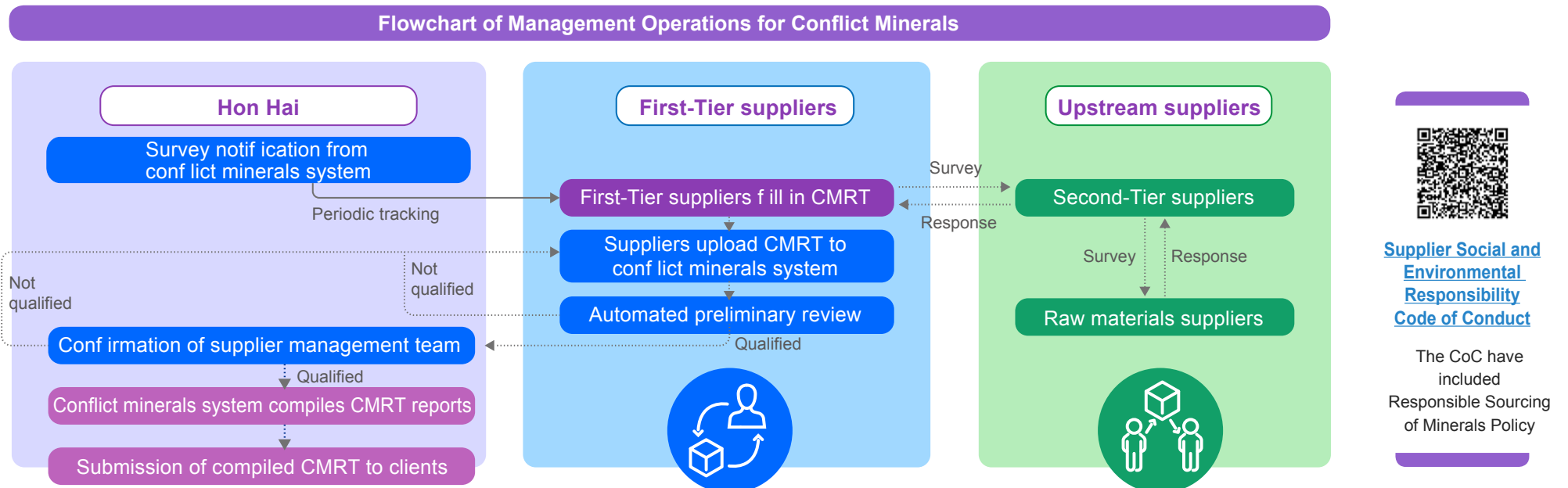
The Group does not directly purchase raw materials from smelters or refineries, but purchases components that possibly contain conflict minerals. To fulfill our social responsibilities, we avoid minerals sourced from high-risk conflict and human rights disaster areas in the Democratic Republic of Congo and its surrounding countries to reduce supplier management risks. The Group has established management processes for supplier procurement of responsible minerals and issued the “Statement on Responsible Mineral Procurement.”

The Group does not accept or use tantalum, tin, tungsten, gold, or cobalt sourced from the Democratic Republic of Congo and its surrounding high-risk conflict areas. As part of this commitment, we hereby declare:

1. Suppliers are required to fulfill their social and environmental responsibilities.
2. Suppliers must ensure that the components and products provided to the Group do not contain tantalum, tin, tungsten, gold, or cobalt sourced from the Democratic Republic of Congo and its surrounding high-risk conflict areas.

3. Suppliers should establish responsible mineral procurement management systems in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
4. Suppliers must trace the sources of minerals used in their supply chains and regularly use CMRT and CRT to fully disclose to the Group the content and sources of the tantalum, tin, tungsten, gold, and cobalt used in their products. Additionally, suppliers should ensure that they are working with smelters or refineries which adhere to the Responsible Minerals Assurance Process (RMAP) of the Responsible Mineral Initiative (RMI).
5. Suppliers should require the same of their upstream vendors.

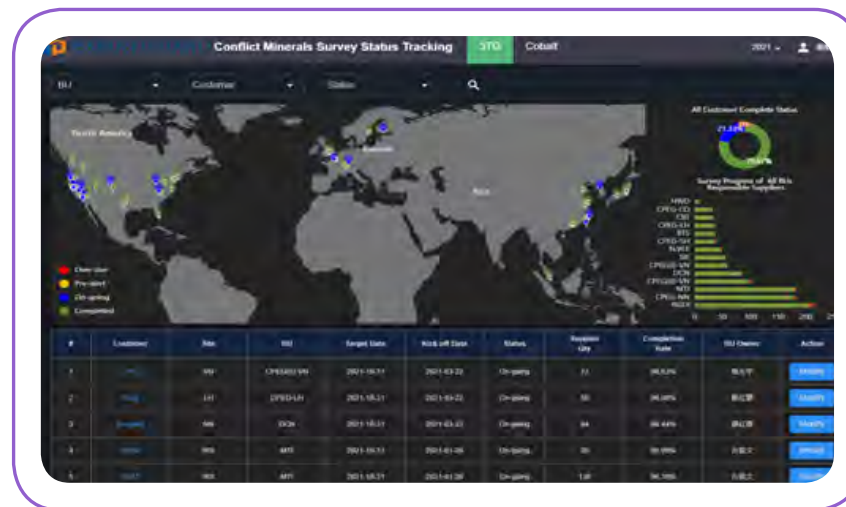
As a member of the RMI, the Group is attentive to updates on responsible mineral sourcing released by the RMI and has adopted the CMRT (Conflict Minerals Reporting Template) and CRT (Cobalt Reporting Template) developed by the RMI. We conduct due diligence on our suppliers and require new suppliers to use smelters/refineries that adhere to the RMI RMAP (Responsible Minerals Assurance Process). Suppliers also have to sign the “Environmental Protection and Social Responsibility Commitment” form, pledge to comply with the Group’s responsible mineral procurement policies, and submit verified CMRT reports before they can become a qualified Group supplier.



The Group has developed a management platform for conflict minerals. All our business units use this platform to collect, review, and compile supplier conflict minerals due diligence reports, and the data is stored and tracked over the long term. Platform data was used to develop a digital dashboard used for tracking supplier usage of conflict minerals and for disclosure to end customers.

In 2021, the Group completed conflict minerals investigations for 1,569 suppliers through our conflict minerals management platform. Supplier response rates were 100%. We require our suppliers to encourage non-RMAP smelters/refineries discovered during the course of these investigations to complete RMAP compliance within a specified time limit or face elimination from the supply chain. The Group has not yet discovered supplier products containing tantalum, tin, tungsten, gold, or cobalt from conflict areas in the Democratic Republic of Congo and surrounding countries.

The Group worked with a total of 252 smelters in 2021, all of which were included in the list of qualified smelters released by RMI. Most of these smelters were located in Asia:



Aspect	Ta Tantalum	Sn Tin	W Tungsten	Au Gold	Co Cobalt	Total
Asia	19	33	26	46	13	137
Europe	5	5	6	26	4	46
North America	1	0	0	4	1	6
South America	0	0	0	1	0	1
Africa	10	14	7	29	1	61
Australia	0	0	0	1	0	1
<b>Total</b>	<b>35</b>	<b>52</b>	<b>39</b>	<b>107</b>	<b>19</b>	<b>252</b>



## Environmental Management

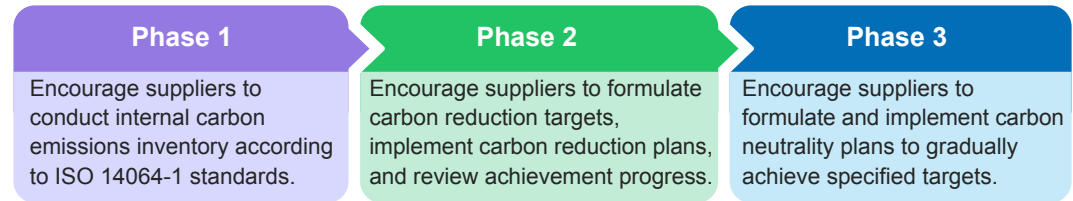
The Group has always emphasized environmental management for suppliers and requires suppliers to strictly abide by local environmental protection laws and regulations, establish and maintain an effective environmental management system, and obtain ISO14001 certification. When engaging a new supplier, the Group will assess the environmental risk of its manufacturing plants and review relevant legal certification documents for supplier manufacturing environments. If the supplier is found to have incurred zero-tolerance violations relating to “discharge of untreated toxic and hazardous substances or materials,” or if environmental violations are not improved upon, the supplier will lose its status as a qualified supplier. The Group conducted environmental risk assessments on 66 new suppliers in 2021. All suppliers were found to comply with Group requirements.

The Group fully understands the importance of public monitoring for environmental compliance relating to supply chains. Therefore, we actively collaborate with external parties such as the Institute of Public Environmental Affairs (IPE). We use the IPE Blue Map application to monitor supplier environmental compliance performance and provide improvement counseling for suppliers that incur environmental violations. Violation records are removed from the Blue Map website for suppliers following environmental reviews and verification of rectification effectiveness. In 2021, we assisted 47 suppliers with environmental violations in removing their records. We also extended environmental management to our upstream suppliers. In 2021, we required 6 pilot suppliers to continue enhancing their own environmental performance, track environmental risks in their supply chain, review the environmental compliance of their supply chains, and remove violation records from the Blue Map website. To protect the public's right to know about their surrounding environments, the Group guided 124 suppliers in filling out PRTR (Pollutant Release and Transfer Register) data for public disclosure on the IPE website in 2021.

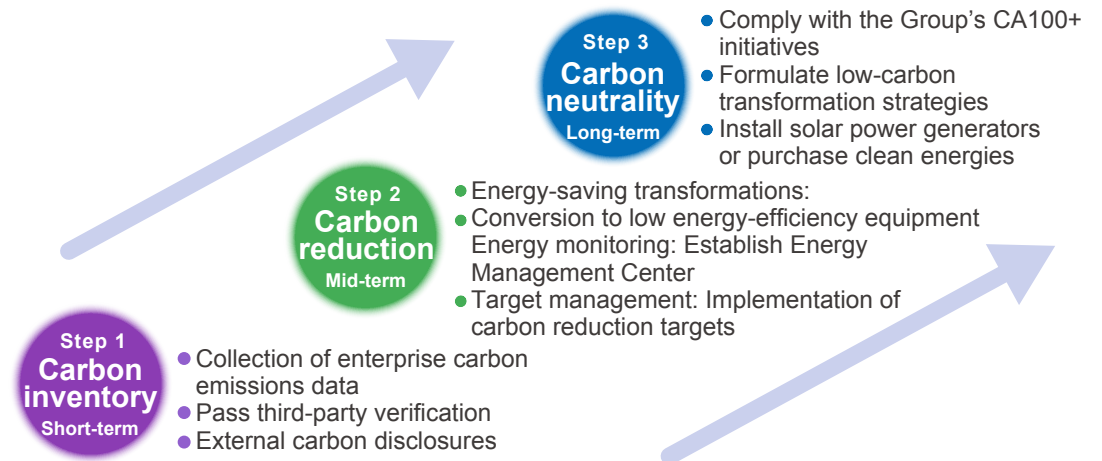
## Supplier Energy and Carbon Reduction Management

In response to the 1.5°C carbon reduction initiative of the Paris Agreement, all countries around the world have actively formulated net zero emissions targets and taken corresponding actions. The Group actively adheres to the Paris Agreement and participates in Climate Action 100+ by committing to net zero emissions across our value chain by 2050. As an important component of our value chain, suppliers are required to take immediate action to reduce their carbon emissions. The Group has therefore formulated the following supplier net zero policies and requirements:

1. Apart from committing to achieve net zero emissions by 2050, suppliers are required to formulate long-term carbon reduction targets, take active and effective measures to ensure that said targets are met, and meet client requirements for end clients with stricter standards.
2. Suppliers are required to disclose third-party verified carbon emissions data and carbon reduction achievement on digital carbon management platforms each year.
3. Suppliers are required to implement energy and carbon reduction measures (such as installation of solar power equipment, use of renewable energies, and zero waste to landfill operations), reduce carbon emissions, and realize net zero emissions targets. The Group conducts appraisals of supplier energy and carbon reduction achievements, the results of which serve as a basis for adjusting supplier transactions and eliminating poorly performing suppliers.



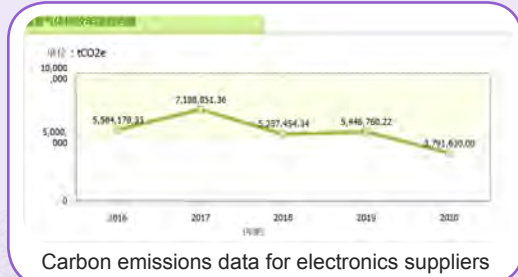
### The Group's energy and carbon reduction strategy for suppliers



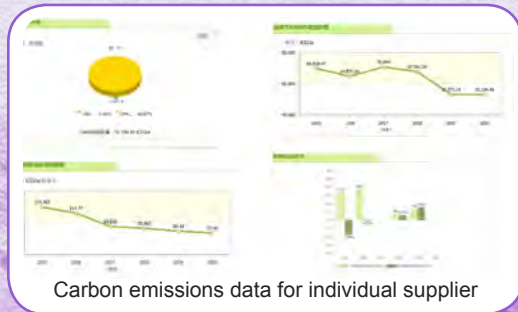
The Group has established a supplier carbon management system and requires suppliers to upload carbon emission volumes and relevant data each year, including annual carbon emission volumes (categorized by Scope 1 and Scope 2 emissions), carbon emissions per unit of output, and achievements of annual carbon reduction targets. Compilation and analysis of this data allows for a clearer understanding of annual supplier carbon emissions while enhancing supplier management efficiency and serving as a reference for decision-making.



System screenshot



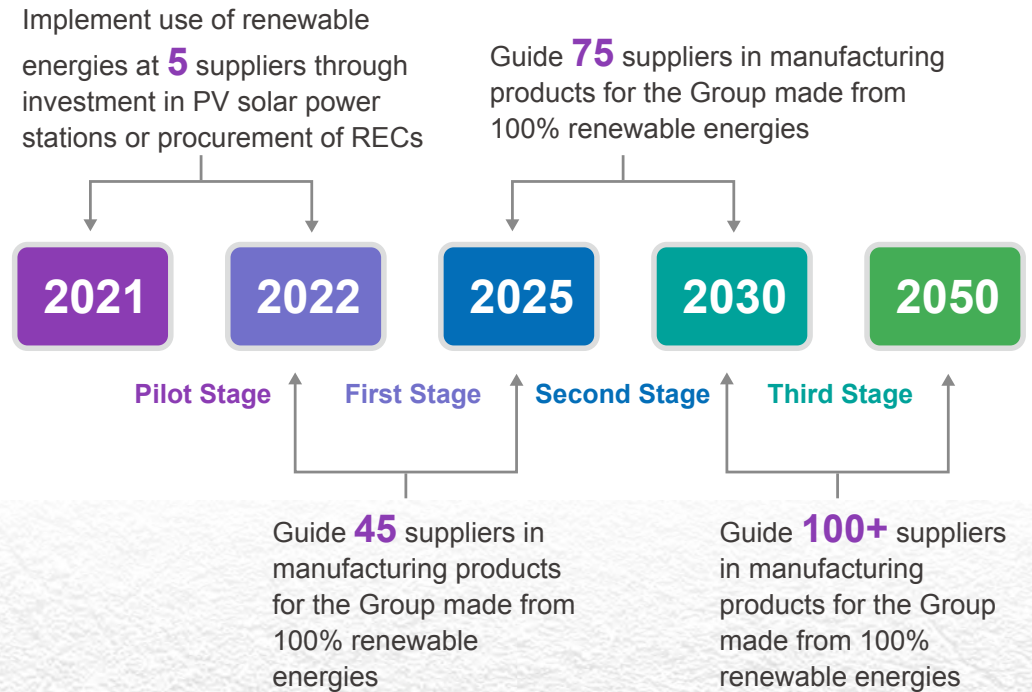
Carbon emissions data for electronics suppliers



Carbon emissions data for individual supplier

The Group plans to assist 165 suppliers in conducting energy and carbon reduction tasks by 2025. In 2021, the Group assisted 88 suppliers in implementing greenhouse gas inventories through our "Supplier Carbon Management System"; 51 suppliers also completed ISO 14064-1 verification. Suppliers implementing carbon reduction plans lowered their carbon emissions by 99,296.93 tCO2e in 2021.

Additionally, we predict that clean energies will become a major trend in the future. Therefore, the Group will actively work with collaborating suppliers to promote use of renewable energies within our supply chain, set an example for our suppliers, and work with our end clients to build a zero-emissions supply chain.



# Promotion of Mutual Growth

## Participation in Setting Of National Standards for Green Supply Chains

The Group actively participates in green manufacturing projects and setting of green manufacturing standards in China, sharing our green supply chain management experiences with all parties to establish a resource-conserving and environmentally friendly procurement, production, marketing, recycling, and logistics green supply chain for the industry. Two national standards took effect in March 2021, and another set of standards are currently under review by the Standardization Administration of China.

National standards for management of green supply chains are as follows:

- “Green manufacturing—Green supply chain management in manufacturing enterprises—Control of purchase” (GB/T 39258-2020)
- “Green manufacturing—Green supply chain management in manufacturing enterprises—Specifications of informatization management platform” (GB/T 39256-2020)
- “Green supply chain management specifications for electronic information manufacturing enterprises” (20202950-T-469)

## Carbon Neutrality Policy Dissemination Meeting

The Group invited external collaborating units to host an online carbon neutrality policy dissemination meeting for promotion of Group net zero emissions policies and requirements, interpretation of and responses to global carbon neutrality trends, and introduction of PV solar power solutions. A total of 53 suppliers and 122 participants attended the meeting, and the Group officially announced the renewable energy scheme for pilot suppliers. A total of 5 suppliers have implemented or plan to implement renewable energies (including installation of rooftop PV equipment, procurement of green electricity, and investment in solar power plants) as of the end of December. The Group plans to guide 45 suppliers in manufacturing products using 100% renewable energies by 2025.



## Green Product Management Seminar for Suppliers

To ensure that green product management of all Group business units and suppliers can instantly and effectively respond to changes in environmental protection laws, the Group hosted two online green product management seminars for suppliers in collaboration with a well-known third-party electronics technology standards research institute. The themes for the seminars were “Hon Hai/Foxconn ESG supplier green product management and digital transformation,” “Interpretation of new regulations for control of hazardous chemicals in electronics products and case studies of recalled products,” “Interpretation of regulations for restricted substances in automotive materials,” and “Introduction to ESG reports.” We invited 10 of our business groups, 39 green product management departments within these business groups, 232 suppliers, and a total of 457 participants to participate in these events.



## Green Supply Chain Seminar for Suppliers

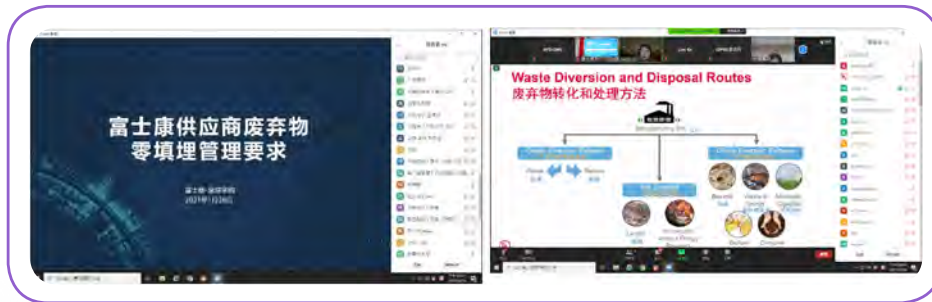
To clearly convey the Group's requirements for green supply chains and environmental management to our suppliers, we hosted a green supply chain seminar to share our practical experiences in filling out PRTR information. We also invited IPE-recognized third-party institutes to discuss improvements in environmental violations and removal of environmental violation records from a professional perspective. A total of 256 management representatives from 157 suppliers attended the seminar.





## Dissemination of Zero Waste to Landfill Operations Project

In addition to building “zero waste Campuses,” the Group has extended zero waste concepts to our supply chain to enable joint growth alongside suppliers. We have initiated a pilot “zero waste to landfill operations” project for our suppliers and hosted a “supplier zero landfill operations seminar” which was attended by 30 major suppliers. During the seminar, the Group shared information regarding trends in development of zero landfill concepts, brand client requirements, UL2799 Zero Waste To Landfill Operations Certification, and Turbo Waste systems, as well as Hon Hai/Foxconn management requirements related to zero waste to landfill operations concepts.



We have assisted three suppliers in obtaining UL 2799 Zero Waste to Landfill Operations Certification and four suppliers are in the process of obtaining certification (these suppliers are scheduled to obtain certification in 2022). The Group plans to use its previous pilot experiences to assist more suppliers in obtaining Zero Waste to Landfill Operations certification. This item is listed as a long-term goal for supply chain and ESG management.

Our zero waste to landfill operations project not only conserves resources, protects the environment, and enhances supplier reputations, but also generates economic benefits, reduces production and operational costs, and enhances core competitiveness. For example, one of our passive components suppliers in Suzhou, Jiangsu implemented the zero waste to landfill operations project, and increased resource usage efficiency and reduced material costs through its “improvement of lead frame utilization plan” and “acetone recycling and reduction plan,” heightening the environmental competitiveness of its products.

### Improvement of lead frame utilization plan

063T L/F廢料對比▼

系列	項目	Before (一體料片)	After (1/2分片)
063T	L/F系統圖		
	單顆鋼面積 (mm <sup>2</sup> )	228 mm <sup>2</sup> /PCS	136mm <sup>2</sup> /PCS
	L/F尺寸 (再製厚)	77.6*17.6*0.2mm	82.2*9.65*0.2mm
	L/F總重 (含廢料)	2.832g	1.623g
	L/F淨重 (不含廢料)	0.805g	0.805g
	廢料佔比 (%)	71.5%	50.4%

### Acetone recycling and reduction plan

