

About this Report

Hon Hai Precision Industry Co., Ltd. (hereinafter referred to as “the Group”) issued its first CSR Report in 2010. As a good corporate citizen, we are committed to implementation of sustainable actions that serve as our response to the United Nations Sustainable Development Goals (SDGs), and we also disclose all financial and non-financial performance results of sustainable governance to our stakeholders to convey our determination in continued sustainable development. The Group will continue to issue annual CSR reports in the future.

Scope

This report covers the period between January 1 to December 31 of 2020 and contains information on Hon Hai Precision Industry Co., Ltd. (also known as Foxconn Technology Group; hereinafter referred to as “the Group”) and its majority-owned subsidiary companies, controlled entities, and affiliates, including the Group's offices in Taiwan and campuses in China. A note is made where global information or data is included. This report is based solely on the activities of the legal entities controlled by the Group. The scope of this report is the same as for our 2019 HON HAI CSR Report and no significant changes have been made to company information.

Report Management Systems

This report was prepared by the CSR Committee. Following review by the heads of all departments, the content of this report was independently verified by the British Standards Institution (BSI) according to AA1000AS v3 assurance standards and Type I moderate level AccountAbility Principles to ensure compliance with GRI Standards Core option. For more information, please refer to the [Independent Verification Statement](#).

Publication Date

The Group publishes CSR reports annually, and this is our 12th CSR Report. In order to save energy, reduce carbon emissions, and protect the environment and the earth, the Group is fully committed to paperless operations. Similar to previous issues, this report is published in digital form on the [official website](#) for reader reference.

Current issue: Published June 2021
 Previous issue: Published June 2020
 Expected release date for next issue: June 2022

Reporting Principles and Guidelines

The Group has compiled and studied important domestic and overseas economic, environmental, social, and other issues of concern to our stakeholders. These issues were broken down for materiality analysis, and the resulting material issues were used as the core disclosures in this report. This report was prepared in accordance with the Core options of the GRI standards published by the Global Reporting Initiative.

Contact Information

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As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.



Letter from our Chairman

Despite unprecedented economic and social advancements, The Group has continually adhered to a path of sustainable development which facilitates harmonious coexistence with the environment and mutual prosperity with society, as well as unceasing promotion of smart living, green ecological cycles, and benefits for earth and society. As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.

For implementation of this belief, the Group operates according to the “Sustainable Management =EPS+ESG” principle and works to make social and environmental ESG contributions while pursuing sustainable corporate development. We trust that the numerous challenges faced by mankind can be overcome by technological intelligence, which is why we strive to create comprehensive smart living products, enhance ecological environments, and realize an innovative and environmentally friendly lifestyle in tandem with leading global enterprises.

Sustainable Management

The Group has formulated development strategies and implemented new measures while reducing energy consumption and carbon emissions through innovative technologies based on rigorous standards in response to climate issues, yet is still simultaneously active in participation of the Carbon Disclosure Project and Climate Action 100+, pledging to achieve a target of zero emissions by 2050. The Group was selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index” at year-end 2020 due to the company’s sustainable development achievements. Furthermore, all colleagues voluntarily organized beach and wetland clean-ups for protection of natural ecological environments.

During the early stages of the COVID-19 pandemic outbreak, the Group integrated resources and invested in mask production in accordance with global governmental and social needs, successively launching mask production lines in Taiwan, China, India, Hungary, the US, and Mexico to cumulatively produce 240 million masks in less than a year for enhanced protection of our employees. Although these masks are technically the simplest products produced in the Group’s history, they hold an unbelievable level of symbolic importance. Surplus mask production capacity was contributed to assist communities in strengthening pandemic prevention measures.

The Group organized the Taiwan International Children Film Festival in collaboration with the Foxconn Education Foundation, bringing happiness and warmth to children from the Taitung Children's Home, the Rong-Guang Social Welfare Institution, the Chung Yi Social Welfare Foundation, the Taiwan Foundation for Rare Disorders, and the City People Foundation via award-winning animations from the German Film Festival; the children reveled in the experience while enjoying the protection of their face masks.

Focusing on potential social development crises triggered by declining birth rates in Taiwan, the Group is the first company to implement "childcare subsidies for employee offspring aged 0 to 6" for employees in Taiwan. Employees can receive up to 15,000 NTD in childcare allowances each month, and comprehensive counseling services are provided to female colleagues before and after pregnancy to support them in raising the next generation. Corporate care has been extended to employee spouses, children, and other family members as part of our initiative to build a carefree workplace environment.

Joint Development of Smart Innovations

The Group proactively adheres to the SDGs by enhancing ESG contributions and formulating ESG development strategies and targets. We constantly challenge ourselves and innovate continuously to demonstrate our determination toward industrial transformation through our "F1.0, F2.0, and F3.0" goals, creating unlimited possibilities for the future. An open sharing model for technologies was made possible following the launch of the MIH alliance, which gathers like-minded partners from all fields for collaborative progress in smart, green, and environmentally friendly products; ESG issues; and establishment of responsible manufacturing guidelines.

Promotion of ESG measures increases explicit costs, but we consider care, protection, and cultivation of our land to be part of our responsibilities as corporate citizens even as we reap the benefits of economic growth. The Group strives to provide the younger generation with opportunities to participate in and witness social developments while augmenting stakeholder confidence and trust in the Group.

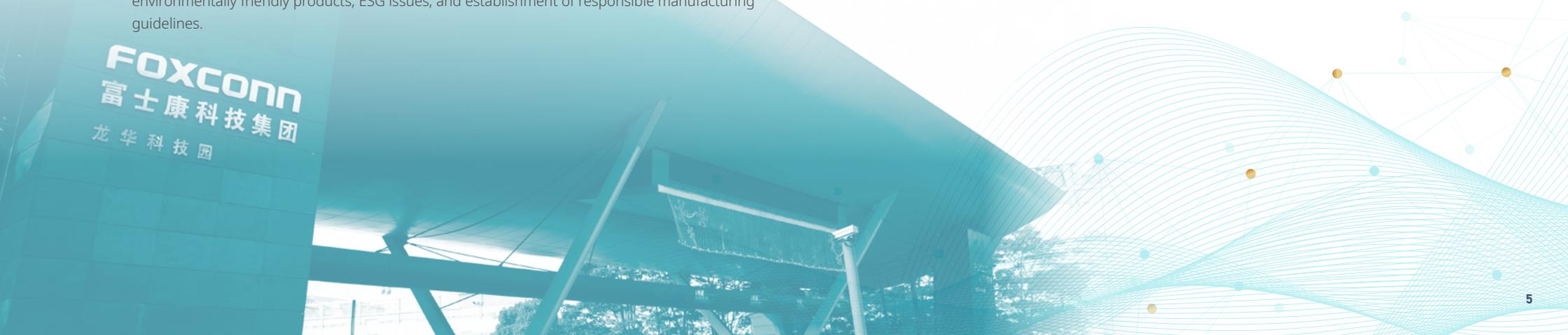
For almost a century, the Group has battled challenges. Apart from focusing on core industrial growth, we also pursue innovative breakthroughs in operational concepts and industrial technologies based on the understanding that our current achievements stem from the efforts of our employees, the contributions of our supply chain partners, the trust of our clients, and the support of the general public. This is precisely why we maintain an attitude of gratitude and actively seek ways to give back to society. Through our path to achieve corporate social responsibilities may be long and winding, we believe our expertise in combination with that of our supply chain partners and industry peers can fulfill our responsibilities as a corporate citizen, increase social participation, and establish cornerstones for continued growth and sustainable development.

Hon Hai Precision Industry Co., Ltd.

Chairman Young Liu

June 2021

Young Liu



FOXCONN
富士康科技集團
龍華科技園

Awards in 2020



ESG Performance for 2020



Environment

- Carbon reductions for 2020 reached 4.44%, and carbon emissions for this year were reduced by 23.27% compared with 2015, achieving the Group's climate goals.
- The Group's energy-saving target for 2020 was 4.50%. The actual energy-saving rate was 5.18%, a reduction of 26.06% compared with the base year, successfully achieving the Group's mid- to long-term energy-saving goals.
- Invested 1.356 billion NTD in 1,751 energy-saving projects. It achieves total energy savings of 506 million kWh, real carbon reductions of 312,083 tCO₂e, and energy-saving benefits equivalent to 1.339 billion NTD.
- Total global usage of clean energies reached 1,048.56 million kWh, and pure energy usage ratios were 12.45%.
- A total of 19 legal entities obtained "National Green Factory" certifications, and 1 legal entity received the honorary title of "National Green Supply Chain Management Corporation."
- Assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.



Social

- Distributed employee benefits of 10.7 billion NTD in Taiwan to protect the health of our employees and their families.
- Announced an optimized childcare welfare allowance system under which The Group provides childcare benefits for employee offspring aged 0 to 6; a total of 176 million NTD in subsidies were distributed to 1,210 employees.
- Invested 406 million NTD in Foxconn University and provided 64.16 million hours of training for a total of 35.98 million employees.
- Hosted employee and contractor health and safety training courses attended by nearly 1.66 million participants.
- Conducted 1,283 emergency drills and exercises attended by a total of 1.12 million participants.
- Hosted 191 health promotion activities attended by 696,171 employees.
- Invested a total of 245 million NTD in social welfare projects focused on supporting the disadvantaged, rural education, technology education, multidimensional education, and sports sponsorship.



Governance

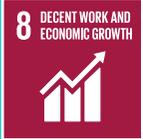
- Our revenues reached 5.35 trillion NTD, equivalent to 27% of Taiwan's GDP, making us Taiwan's most prominent company in terms of revenue.
- The Group is Taiwan's second-biggest company in terms of market value.
- The Group supplies nearly 40% of electronic products worldwide.
- Founded the Hon Hai Research Institute and MIH EV Open Platform and hosted the first Hon Hai Technology Day (HHTD).
- Filed a total of 158,000 patents worldwide, 91,800 of which have been approved.
- Faced the challenges of the COVID-19 pandemic using six advanced strategies and seven measures for epidemic prevention while also producing masks for internal Group use.
- Assisted and supported 40 suppliers in improving environmental violations and helped and supported 110 suppliers with high ecological impacts to report and disclose Pollutant Release and Transfer Register (PRTR) data.

Adherence to the United Nations Sustainable Development Goals (SDGs)

As a leader in technology services, the Group has established operating locations all over the world, and therefore resolving global sustainable development issues is one of the critical issues of the Group. The Group utilizes its core capabilities and resources to respond to the SDGs established by the United Nations, which serve as the Group's objectives for achieving sustainable management.

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p> <p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p>	 <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> Launched the “Care for Shan Shui Youth Program” to focus on care for children from dysfunctional families, providing them with safe and comfortable home environments and quality learning environments. Organized “Dandelion Hearing & Language Association” projects to support the Dandelion Association in providing courses for hearing-impaired elementary school and middle school children, supplying special education needs to families with deaf and hard of hearing children, and hiring teachers with speech & hearing skills and backgrounds in special education. Organized the Foxconn Scholarship Program for four consecutive years, benefiting 760 students and distributing a total of 40 million NTD to economically disadvantaged students.
	<p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</p> <p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing.</p>	 <p>Occupational health and safety ⇒ P.63</p>  <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> Faced the challenges of the COVID-19 pandemic using six advanced strategies and seven measures for epidemic prevention while also producing masks for internal use. Proactively established programs to improve the health of Group employees, including 191 health promotion activities, the “Smart Health Management Platform,” and the “H2U Health Management Platform.”

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>	 <p>Employee training ⇒ P.59</p>  <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> • Founded Foxconn University to serve as our headquarters for talent development and innovation cultivation while training in multiple fields. A total of 3,722 people had graduated from the university, and 983 graduate theses had been published. • Entrusted the Foxconn Scholarship Program with four important duties (gift resources, provide education, gather collaborators, and place others on the right path) while helping economically disadvantaged students complete their studies and pursue their dreams. • Established the Taiwan Hope Elementary School to provide children at an economic disadvantage or inadequate family support systems with after-school classes to help them build confidence and acquire innovative skills that can change their futures. • Organized many rural education projects to provide appropriate resources and opportunities for exploring self-potential to achieve learning and growth.
	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	 <p>Water management ⇒ P.105</p>	<ul style="list-style-type: none"> • Actively engaged in wastewater recycling actions that reused treated domestic wastewater in production processes and environmental greening; we recycled a total of 7,029 thousand tons of water, equivalent to 8.1% of our total water usage.
	<p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>	 <p>Climate change responses ⇒ P.95</p>  <p>Energy and greenhouse gas management ⇒ P.98</p>	<ul style="list-style-type: none"> • Increased installation capacity by installing and purchasing rooftop and ground-mounted solar stations while also directly purchasing other clean energies. The Group achieved a total installed capacity of 257MW in 2020. Total global usage of clean energies reached 1,048.56 million kWh, and clean energy usage ratios were 12.45%.

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	 <p>Financial performance ⇒ P.22</p>  <p>Employee rights and diverse equality ⇒ P.56</p>  <p>Occupational health and safety ⇒ P.63</p>	<ul style="list-style-type: none"> Ranked Taiwan's biggest business in terms of revenue; revenues for 2020 exceeded 5.35 trillion NTD, equivalent to 27% of Taiwan's GDP. Added principles of equal employment, respect for human rights, employee diversity, bans on child labor, and prohibition of forced coercion of employees to the talent recruitment protocols and activities of the Group. Provision of equal compensation and opportunities for advancement to all male, female, and disabled employees, with no exceptions. Implemented rotating safety inspections of all factories to survey a total of 1,456 hidden hazards and established safety innovation and improvement projects to ensure the safety of work environments.
	<p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>	 <p>Innovation and R&D ⇒ P.33</p>  <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> Founded the Hon Hai Research Institute to strengthen The Group technological capabilities and product innovations required for the realization of F3.0 transformations. Utilized the core technological capabilities and innovative research and development capacities of the Group to enhance expertise in areas such as cloud computing, mobile facilities, the internet of things, big data, artificial intelligence, networks, robotics, and automation. Utilized the Group's core capabilities, internal and external resources to promote technology education and provide learning resources for teachers, college, high school and vocational school, and junior high school students, including training camps for quantum computing teachers and high school and vocational school students, and compilation of the high school and vocational school textbook <i>Introduction to Artificial Intelligence</i>.

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<div data-bbox="1144 371 1258 485"> </div> <p data-bbox="1122 496 1290 544">Waste management ⇒ P.107</p> <div data-bbox="1144 592 1258 705"> </div> <p data-bbox="1111 715 1301 786">Hazardous substances management ⇒ P.108</p>	<ul style="list-style-type: none"> • Promoted a zero-waste disposal policy to ensure 100% waste conversion rates and 10% incineration rates. • Actively engaged in recycling and reuse of inner and outer packaging materials to raise waste recycling and reuse rates. • Required all suppliers to comply with local environmental protection regulations strictly and launched a green procurement policy that required all suppliers to fully establish self-assessment procedures for RoHS 10 substances while also banning the release of untreated toxic or hazardous materials and supplies. • Established a management system for chemicals and hazardous substances to assess and track chemical usage, ensuring that said chemicals do not cause environmental or human damage.
	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<div data-bbox="1144 938 1258 1051"> </div> <p data-bbox="1137 1061 1272 1129">Climate change responses ⇒ P.95</p> <div data-bbox="1144 1166 1258 1279"> </div> <p data-bbox="1104 1289 1308 1361">Energy and greenhouse gas management ⇒ P.98</p>	<ul style="list-style-type: none"> • Carbon reductions for 2020 were reduced by 23.37% compared with 2015; the Group's energy savings increased by 26.06% compared with the base year, achieving the Group's mid- to long-term goals. • Invested 1.36 billion NTD in 1,751 energy-saving projects, achieving total energy savings of 506 million kWh, total carbon reductions of 312,083 tCO₂e, and energy-saving benefits equivalent to 1.339billion NTD. • Assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.</p> <p>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<div style="text-align: center;">  <p>Ethical management and legal compliance ⇒ P.29</p> </div> <div style="text-align: center; margin-top: 20px;">  <p>Employee rights and diverse equality ⇒ P.56</p> </div>	<ul style="list-style-type: none"> • Adopted a zero-tolerance policy for regulatory violations, strictly prohibiting all forms of corruption, bribery, theft of corporate funds, and profit from illicit activities. All employees receive at least two hours of anti-corruption training annually. • Rejection of all forms of human trafficking and employment of slave labor, coerced labor, forced labor to repay debt, indentured labor, and prison labor. • Based on gender, age, nationality, place of birth, ethnic background, language, disability, marriage, pregnancy, sexual orientation, religion, political views, or union membership, there is no discrimination against employees. Child labor is also prohibited. • Prevention of all forms of corruption, discrimination, and unfair practices during the procurement process; strict prohibitions on supplier use of child labor and forced labor or prison labor; and strict adherence to fair operating principles.

Company Overview

Company Profile

Company name	Hon Hai Precision Industry Co., Ltd. (hereinafter "The Group")
Headquarters	No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan
Ticker symbol	2317.TW
Date of establishment	February 20, 1974
Geographical distribution	The Group is headquartered in Taiwan and has established business locations all over the world to serve our customers in China, the US, Canada, Mexico, Brazil, the Czech Republic, India, Vietnam, and many other locations. (Please refer to our website for further details.)
Number of Group employees worldwide	969,696
Paid-in capital	138.6 billion NTD
2020 revenues	5,358 billion NTD



GROUP VISION

Work with leading clients around the globe to build smart living platforms

As a leading global manufacturer in the computer, communications, and consumer electronics (3C) industry, the Group supplies the most competitive manufacturing technologies and solutions, and we continue to serve our clients, employees, and other stakeholders around the globe. Established in 1974 and under the guidance of founder Terry Gou, the Group has developed a Group strategy composed of "time to market," "time to volume," and "time to money," as well as the innovative "IIDM-SM" strategy, namely a comprehensive integration, innovation, design, manufacturing, sales, and marketing services solution for the 3C industry. We established a foundation in the molds industry and gradually grew from a local OEM company to an international high-tech services provider. The Group is responsible for supplying nearly 40% of electronic products worldwide. Under the leadership of Chairman Young Liu, the Group's revenues for 2020 were maintained at 5.3 trillion NTD (equivalent to 27% of Taiwan's GDP) despite the global pandemic, and the Group remains Taiwan's largest enterprise in terms of revenue and the second biggest company in terms of market value. Additionally, the Group was ranked 26th out of the world's top 100 companies and 5th in the technology industry by Fortune, ranked 121th out of the world's top 2000 companies for 2020 by Forbes and ranked 25th out of the world's top 100 digital companies by Forbes.

NO.1

Taiwan's largest enterprise terms of revenue

NO.2

Taiwan's second biggest company in terms of market value

Revenues for 2020
5.3 trillion NTD
equivalent to 27% of Taiwan's GDP

out of the world's top 100 companies
No.26
by Fortune

out of the world's top 2000 companies
No.121
by Forbes

Product categories



Smart Consumer Electronics

(Smartphones, TVs, Game Consoles, etc.)

This includes consumer electronics such as smartphone devices, feature phones, wearable devices, and smart entertainment devices like television sets, game consoles, set-top boxes, and audio systems.



Cloud and Networking Products

(Servers, Communication Network, etc.)

This includes network communication and cloud equipment and systems used by businesses, general consumers, and also includes devices used by general consumers such as routers, servers, edge computing, data centers and satellite communications.



Computing Products

(Computers, Tablets, etc.)

This includes electronic computing equipment needed for work and daily life, such as desktop computers, laptops, tablets, multi-function devices and printers used in the office.



Components and Others

(Connectors, Mechanical Parts, Services, etc.)

This includes key components for the supply chain, such as connectors and optical components, electronic components, semiconductor products, automotive equipment and related services. The Group's emerging industries: logistics warehousing, software development, healthcare services, and integrated services of industrial internet are all under this category.

The Group not only commits to the further development of precision molds, but still strives for innovation, and continue the core transformation from “brawns” to “brains”, by following the roadmap from; **“Foxconn 1.0” Existing business optimization**; **“Foxconn 2.0” Digital transformation** ; and **“Foxconn 3.0”Transformation to**

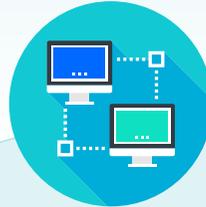
new industries focusing on electric vehicles, digital health, and robotics. These three phases seem to focus on completely separate disciplines, but are deeply intertwined and are crucial to us in order to achieve our everlasting commitment for better results.



F1.0

Existing business optimization

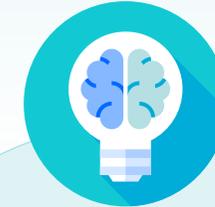
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F2.0

Digital transformation

For the digital transformation of “Foxconn 2.0”, the Group has utilized digital technology to increase the efficiency and effectiveness of operations. For example, we have optimized our website and related platforms for improved communications with our Shareholders and investors. We have also established a supply chain management platform to streamline upstream and downstream information transparency. On one hand, the increase in information transparency enhances supplier management, and on the other we can achieve increased agility and timeliness to satisfy changes in customer demands. The Group has also started the conception of several big data databases, and have taken a more objective statistical approach to management, effectively establishing smart, automated strategic procedures. Additionally, in both areas of manufacturing and performance, the Group has also embraced this scientific, metrics-based approach. All-in-all, this has enabled the Group to achieve “Increased Quality and Efficiency, and Decreased Cost and Inventory”, to maximize the returns for the Group.



F3.0

Transformation to new industries

the Group will leverage R&D capabilities and investments in new industries to achieve the restructuring and upgrade towards “Foxconn 3.0”. As mentioned above, we will be investing in “electric vehicles, digital health, and robotics industries”, and also “artificial intelligence, semiconductors and next-generation communication technologies”, forming our key “3+3” (industry and technology) strategy. Using electric vehicles as an example, the Group has a formidable global supply chain, and possesses key component manufacturing capabilities, structural R&D capabilities and system integration services. This unique set of proficiencies allow the Group to vertically consolidate services, and also provide services on smart platforms. The Group will maintain its core ethos of sharing, and continue its dedication to innovative technologies to propel the sustainable development of our automotive ecosystem.

Sustainable operational goals and strategies



SUSTAINABLE MANAGEMENT = EPS + ESG

The Sustainable Development Goals (SDGs) adopted by the United Nations have been jointly accepted as sustainable goals around the globe. In addition to maintaining EPS, which reflects a company's operating and financial conditions, enterprises have also begun to focus on development strategies relating to the three aspects of Environmental, Social, and Governance (ESG). The Group has therefore proposed a new philosophy: "Sustainable management=EPS+ESG." Implementing ESG concepts lowers hidden costs for enterprises during corporate restructuring, upgrading, and product promotion processes. Advanced deployments in ESG trends can also create business opportunities such as environmentally friendly green electric vehicles, which are actively being developed under the Group's "3+3" strategy.

In November 2020, the Group formally responded to the three goals proposed by the Climate Action 100+ Steering Committee. We not only comply with Nationally Determined Contributions (NDCs) and carbon emission policies of local governments but also continue to strengthen climate change governance, implement actions on GHG emissions, and disclose information in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations to ensure that the GHG emissions throughout the Group's value chain remain consistent with the targets of the Paris Agreement, thereby realizing the goal of zero GHG emissions by 2050.

As a preminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.

In the future, the Group will continue to keep abreast of international ESG trends and execute advanced deployments while exerting our influence on sustainability issues as we work with all value chain partners and various stakeholders to achieve the SDGs for joint achievement of sustainable management and a brighter future.

Relationship between the general environment and our operating strategies

The COVID-19 pandemic of 2020 caused severe damage to the global economy and restructured industry chains. In the current post-pandemic era, the global economy is continuing to recover while geopolitical tensions, extreme weather events, and terrorism threats increase; these factors increase uncertainty and challenges for the Group.

Faced with these environmental challenges, we continue to uphold Group principles relating to "Long-term value creation, Business sustainability, Constant pursuit of improvement, Innovation, and Global Perspective," set "3+3" as our long-term development strategy, and proactively invest in three industries ("electric vehicles, digital health, and robotics") and three technologies ("artificial intelligence, semiconductors, and next-generation communication technologies") 3-5 years in advance, thereby achieving the Group's "F3.0 Transformation to new industries" target.



EV



Digital Health



Robotics

THREE INDUSTRIES



THREE TECHNOLOGIES



AI

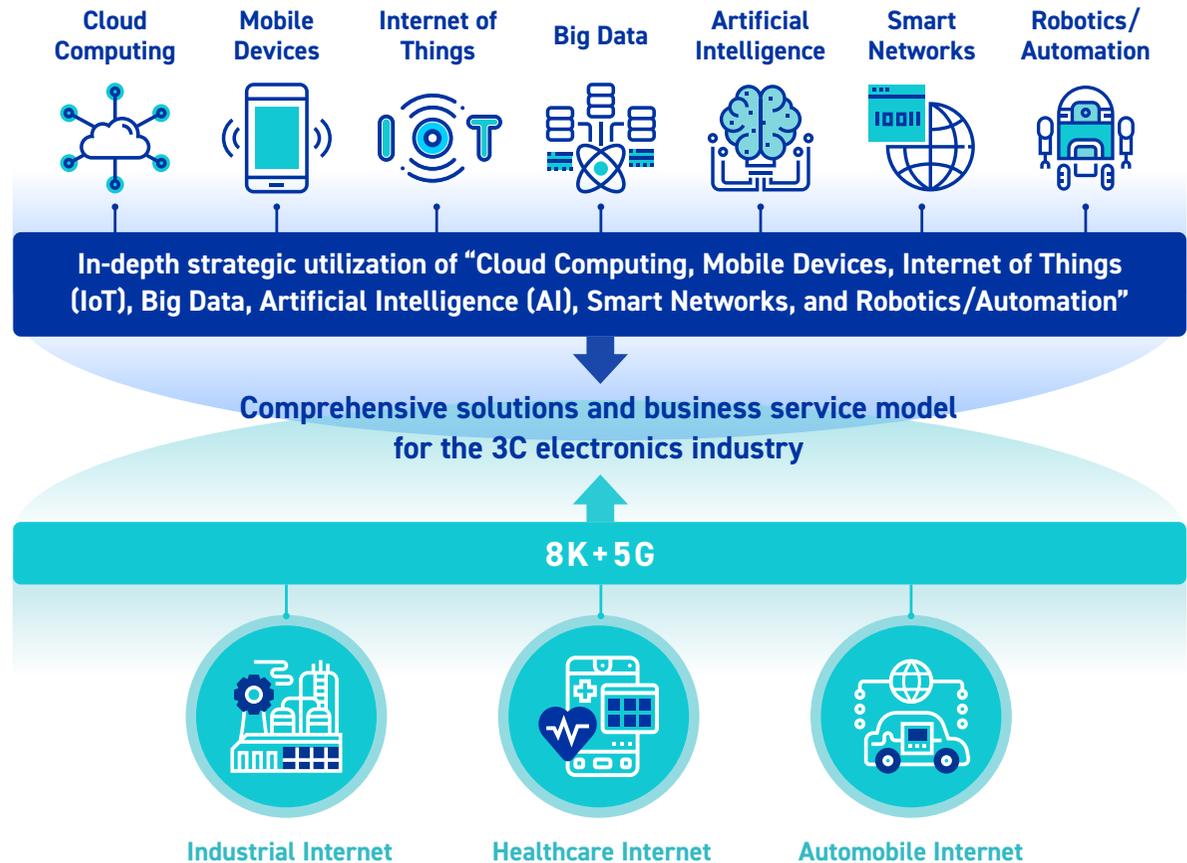
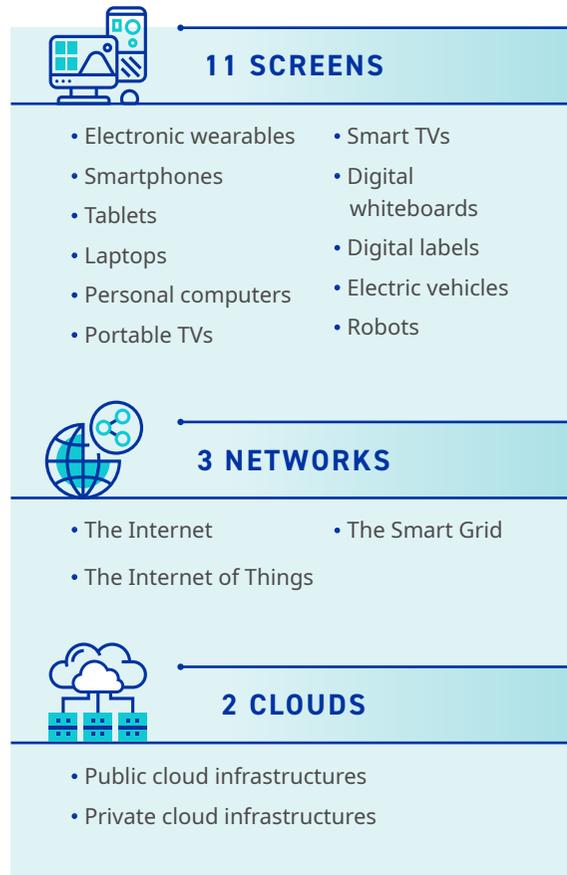


Semiconductor



Next-generation Communication Technologies

Additionally, the Group will strengthen global strategies by realizing cross-factory and international operating scales, as well as developing applications for IIoT to speed the Group's transformation into a technology platform. The Group is also utilizing core manufacturing technological foundations accumulated over the past 40 years and continues to follow the corporate vision of bringing convenience to people's daily lives through technology products and solutions. As a global leader in information processing technologies, the Group's current technological development framework encompasses "11 Screens, 3 Networks, and 2 Clouds."



In recent years, The Group has proactively leveraged its expertise in software, hardware, and integrated real and virtual technologies in investment and utilization of "Cloud Computing, Mobile Devices, Internet of Things (IoT), Big Data, Artificial Intelligence (AI), Smart Networks, and Robotics/Automation," building professional capabilities in the four key IIoT technologies of Data Tech (DT), Analytics Tech (AT), Platform Tech (PT), and Operations Tech (OT). We are committed to the provision of upgrades, increased productivity, reduced costs, and decreased inventory through AI and other emerging technologies which can link the data collected during our production processes with the six flows (information flows, cash flows, technology flows, talent flows, process flows, and flows of goods) of production. The Group has fully focused on the establishment of an "8K+5G" (8K imaging paired with fifth-generation mobile communication networks) ecosystem, which can be applied across eight major aspects of daily living. The Group strives to be a technology provider that integrates six flows (information flows, cash flows, technology flows, talent flows, process flows, and flows of goods) as we move toward a smart IoE (Internet of Everything) society and speed our adaption of global industrial intelligence trends.

Global Operations

The Group is dedicated to enhancing research design and engineering solution capabilities to develop a global footprint that is based in Asia and expanded to other parts of the world. “2 R&D Clusters” refers to the adoption of a strategy that centers on R&D in Greater China and the US; “3 Design and Manufacturing Zones” refers to establishing design and manufacturing in Asia, the Americas, and Europe with at least two manufacturing bases; “Global Assembly and Delivery” refers to complements of global assembly and delivery to ensure that we convey values to clients with optimal timing, quality, and quantity.



2 R&D Clusters

The adoption of a strategy that centers on R&D in Greater China and the US.



3 Design and Manufacturing Zones

Establishing design and manufacturing in Asia, the Americas, and Europe with at least two manufacturing bases.



Global Assembly and Delivery

Complements of global assembly and delivery to ensure that we convey values to clients with optimal timing, quality and quantity.