2021
ESG INSIGHT

FOXCONN®
HON HAI TECHNOLOGY GROUP

Environmental

Hon Hai Technology Group (Foxconn) adheres to our commitment of "Sustainability Management = EPS + ESG", with 6 ESG strategies and 32 long-term ESG targets formulated in 2022 as cornerstones to the Group's core tenet. The environmental aspect of our ESG efforts places emphasis on green intelligence and circular economy. The Group aligns with international trends in the face of increasingly severe climate issues. We adhere to UN SDGs and support the **Climate Action 100+** initiative and participated in **Carbon Disclosure Project**. Our overall responses to the CDP climate change questionnaire in 2021 were scored at the **management level,** while the three items of climate governance, Scope 1 & 2 emissions, and emission reduction initiatives were scored at the **leadership level.**

New in 2021:

- Submitted an application for the **SBTi 1.5°C target** and expect to be validated and approved by 2023.
- Initiated **Task Force on Climate-related Financial Disclosures framework** and became a TCFD Supporter.
- Became a founding member, committee member, and supervisor of **Taiwan Alliance for Net Zero Emission.** Pledged to achieve net zero emissions in offices in Taiwan by 2030 and in production bases by 2050.

2022 Global Views Monthly CSR & ESG Award
First Prize in the Category of Electronic Technology Industry

Foxconn Group's 3 Climate Targets

1. Comply with NDC or the carbon emission policies of local governments where Group Campuses are located.
2. Align GHG emissions of our value chain with the Paris Agreement and realize our goal of zero GHG emissions by 2050.
3. Respond to and act upon the 3 targets proposed by Climate Action 100+ steering committee:
   1) Strengthen climate change governance;
   2) Implement actions relating to GHG emissions within the Group's value chain;
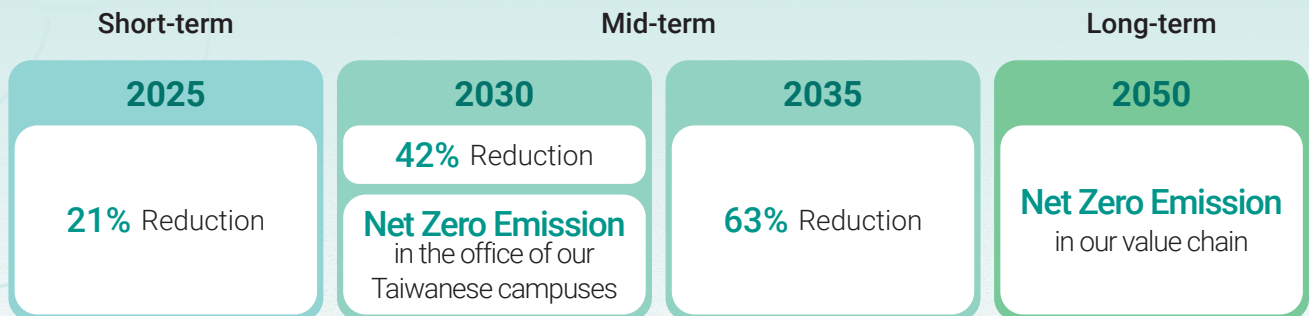   3) Provide disclosure in accordance with TCFD (aim to release first TCFD Net Zero Vision Report in 2022).

Goals and Achievements

GHG Emissions

GHG Target:

base year: 2020

The Group's short-, mid-, and long-term carbon emission reducing targets

Short-term	Mid-term		Long-term
2025	**2030**	**2035**	**2050**
21% Reduction	**42%** Reduction **Net Zero Emission** in the office of our Taiwanese campuses	**63%** Reduction	**Net Zero Emission** in our value chain

Refine and allocate energy and carbon reduction targets to different business groups

Formulate procedures for evaluating energy and carbon reduction management and implementation status in different business groups, and reward business groups with remarkable achievements in energy-saving measures. We conduct quarterly and annual comprehensive evaluations while also implementing regular reviews and revisions each year.

2021:
Our verified Scope 1 and 2 greenhouse gas emissions in 2021 increased 14.8% compared with 2020 mainly due to revenue growth and economic expansion, which raised electricity usage and carbon emissions. However, the Group continues to be active in implementing carbon reductions and utilizing renewable energies.

2025 Air Quality Monitoring Systems Target:
install in 3 pilot campuses

Energy

Energy Savings Target:
Annual energy savings rate of 5%

2021:
Achieved actual energy-savings of 5.56%

2030 Green Power Target:
>50%

Water

2025 Water Intensity Target:
Reduce water use intensity by 6%

2025 Wastewater discharge and water quality monitoring system target:
100% installation

Waste Management

Zero Waste Campus Target:
2025 Target:
At least 5 UL2799 Zero Waste to Landfill Operations Gold-Level Certification.

Mid to Long-term:
Zero-Waste Campuses that implement "zero landfill" policies. We have signed memorandums of cooperation with UL international verification institutes and aim to build "Zero Waste Pilot Campuses" through incorporation of Turbo Waste management systems, digital management of waste using cloud technologies, and quantitative systems that enable waste reduction.

2021:

UL 2799 Gold-Level Certification

UL 2799 Platinum-Level Certification

Longhua campus

Hengyang and Kunshan campuses

2025 Recycled Plastics Target:
internally 60% recycled

Conducted external audits for management systems such as ISO 14001, ISO 50001, and ISO 14064-1

Key Environmental Metrics

No major environmental protection violations in 2021.

Investment on Energy-Saving Projects

Invested in energy-saving projects encompassing transformation of energy-saving production processes, improvement of air-conditioning systems/air compressors/lighting equipment, and other improvements.

1.356 — 2020
1.75 — 2021

(billion/NTD)
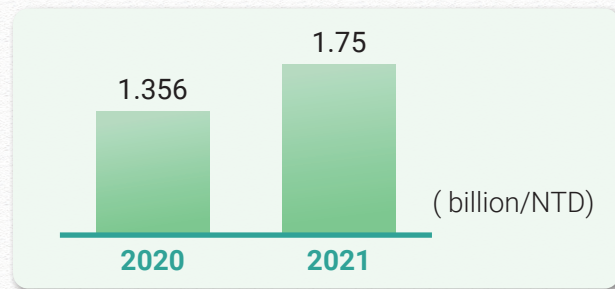
Patents for Low-Carbon and Clean Technologies

|	Number of patents approved in 2021	Cumulative number of active patents
Energy-saving and energy management patents	81	754
Industrial automation patents	267	1,064
Process/procedure optimization patents	54	315
Pollution control and environmental protection patents	29	305

GHG Emissions

GHG Emissions	Unit	2019	2020	2021
GHG Emissions Scope 1		117,384	152,602	237,946
GHG Emissions Scope 2	tCO_2e	8,335,373	5,265,000	5,982,836
Scope 3 – indirect emissions		-	24,025,738	Compiling●
GHG Emissions Intensity	tons CO_2e /million NTD	1.48	1.03	Compiling●

Notes:

1. Emissions factors for natural gas and heat were derived from China's "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Electronic Equipment Manufacturing Enterprises (Trial)"; emission factors for diesel and gasoline were taken from the UK's "2020 Government Greenhouse Gas Conversion Factors for Company Reporting"; emission factors for electricity used the electricity emission factor for China (0.6167kg CO_2e/kWh) taken from the IEA Emission Factors 2020.

2. The Global Warming Potential (GWP) used in the table was taken from the "IPCC Fourth Assessment Report (2017)."

3. GHGs include CO_2, CH_4, N_2O.

4. We used the financial control criteria to compile GHG emission.

5. Due to the widespread operational scope of the Group, we are still compiling data on Scope 3 GHG emissions for 2021, and aim to disclose this information at the end of 2022.
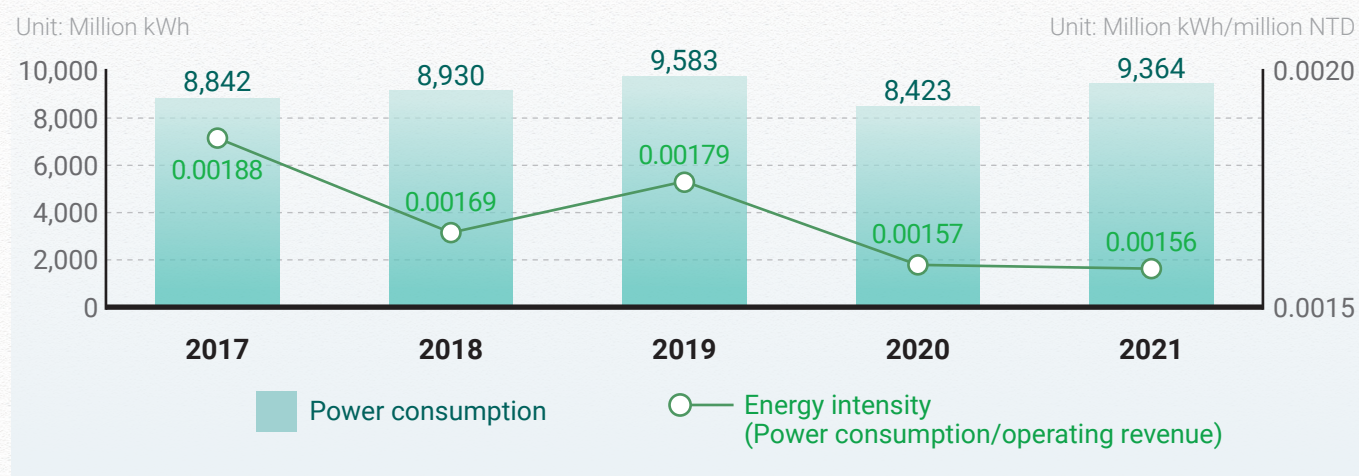
GHG Emissions Intensity

Unit: tons CO_2e/million NTD

2016	2017	2018	2019	2020
1.77	1.71	1.60	1.48	1.03
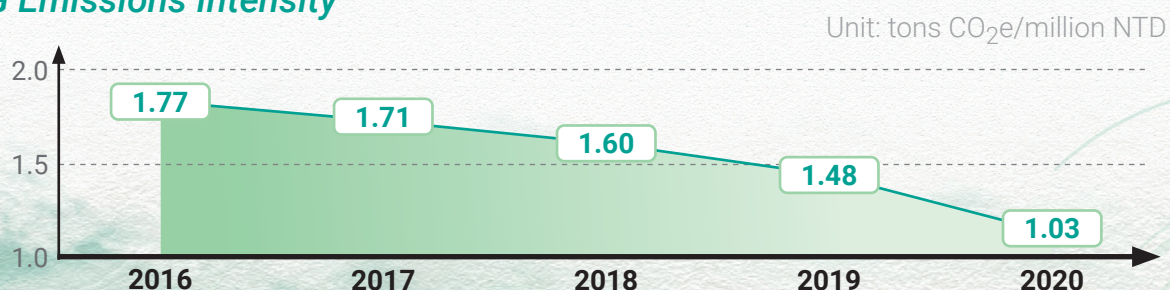
Energy Management

Energy Management	Unit	2019	2020	2021
Power consumption		34,506,661	30,323,209	33,710,756
Natural gas		1,810,860	2,619,245	3,627,479
Gasoline		143,014	17,784	126,349
Diesel	GJ	86,714	1,534,003	145,308
LPG		451	0	499,005
Steam		0	2,275,336	0
Heated water		0	612,085	0
Total		**36,548,395**	**37,381,662**	**38,108,897**

Notes:

1. Electricity heating value is calculated as 860 kcal/kWh

2. Natural gas heating value is calculated as 9,310 kcal/cubic meters

3. Gasoline heating value is calculated as 10,300 kcal/kg

4. Diesel heating value is calculated as 10,200 kcal/kg

5. Liquefied petroleum gas heating value is calculated as 12,000 kcal/kg

6. Steam heating value is calculated as 900Mcal/t

7. The above heating values are taken from the Chinese national standards ("General Principles for Calculation of Comprehensive Energy Consumption"; GB/T2589-2008)

Energy intensity

Unit: Million kWh
Unit: Million kWh/million NTD

Year	Power consumption	Energy intensity
2017	8,842	0.00188
2018	8,930	0.00169
2019	9,583	0.00179
2020	8,423	0.00157
2021	9,364	0.00156

■ Power consumption
○── Energy intensity (Power consumption/operating revenue)

Clean Energy Usage

Clean Energy Usage	Unit	2019	2020	2021
Total installed capacity of clean energies	MW	224	257	260
Power generation		25,202	28,497	29,661
Direct purchase of clean energy usage in China plants		-	553	3,627
Direct procurement of clean energy from overseas plants	10,000 kWh	-	507	15,100
Purchased clean energy environmental attributes		70,000	75,300	-
Total clean energy usage		**95,202**	**104,856**	**48,388**
Clean energy use ratio	**%**	**9.93%**	**12.45%**	**5.17%**

Water Management

Water Management	Unit	2019	2020	2021
Water withdrawal		97,700	86,737	87,706
Discharge volumes	Thousand tons	-	-	82,030
Total Water Consumption				**5,677**
Recycled water	%	4.58%	8.1%	6.60%
Intensity of water use	Ton/million TWD	-	-	14.6

Notes:

1. We began including our Campuses in Mexico in our figures for South America starting in 2021.

2. Domestic wastewater volumes for some Campuses were estimated to be 0.8 times total water withdrawal volumes

2021 Waste Management

Waste Management	Unit	2021
Domestic waste		78,253
General industrial waste	tons	470,075
Hazardous industrial waste		453,443
Total Waste		**1,001,771**

Climate Change Response and Management

In 2021, the Group officially became a TCFD supporter and committed to implementation of TCFD guidelines. Since the end of 2021, we began assessing relevance of climate change and business activities through the TCFD framework, and have conducted a series of scenario analyses incorporating risk management and climate impacts to further disclose the resilience of our responses to climate change.

Phase 1

Release our first Net Zero Vision Report in 2022 to detail our climate governance, strategies, risk management, and indicators and goals.

Phase 2

Aim to conduct analyses and discussions of climate scenarios, as well as quantitative financial impacts.

Phase 3

- Integrate results from the first and second phases to generate standardized forms and processes that extend the scope of climate-related financial assessments to the whole world.
- Release a Net Zero Strategy Report.

Following identification of water resource risks, we began promoting various water-saving measures and reducing discharge of standard wastewater to achieve our goals relating to effective usage of water resources, reduced wastewater discharge, and decreased environmental impacts. At present, the measure for water saving is to increase the reclaimed water reuse rate; Longhua site is to reuse reclaimed water for toilets. For further details on climate risks and opportunities analysis see "Climate Change" 2020 CSR Report.

Chemicals Management

Hazardous Chemicals:

For effective control, chemicals used in all Campuses for production, non-production, and laboratory processes are compared with lists of prohibited, restricted, and controlled substances to identify hazardous substances and through the "Group Chemicals/Substances Management Regulation" we continually replace and reduce the use of hazardous substances.

In 2021, the group used 138,000 tons of hazardous substances, an increased usage compared with the previous year due to expanded scope and increase in production.

Promote Green Chemicals:

In April 2021, the Group collaborated with clients to launch a green chemical promotion project which aimed to increase transparency of disclosed chemical safety information, safe chemical usage, and safer alternatives (green detergents) as part of our gradual transformation to a green and sustainable enterprise.

Project Implementations		
Chemical Safety Disclosure	Assessment	Green Chemical Alternatives
• SDS (Safety Data Sheet) • Third-party component testing report • Chemical Information Sheet	• GreenScreen® Method • U.S. EPA Safer Choice Program	• Selection of safter detergents • Process incorporation • Usage confirmation

Green Chemistry Culture:

The Group has adopted the "12 Principles of Green Chemistry" to decrease or eliminate hazards to human health and the environment caused by chemicals. The Group requires all units and suppliers involved in chemical production, usage, procurement, and exposure to facilitate organizational training and implement widespread dissemination.

Industry Leader in Promoting Chemical Safety:

External organization collaborations:

• IPC – formulating detergent regulations for electronics industry;

• ChemFOWARD – collecting relevant health and safety data to build a shared platform for disclosures of green detergents, encouraging our upstream and downstream value chain partners to reduce environmental impacts from chemicals.

Social

Human Rights and Workforce

Our Principle of Social and Environmentally Responsible Code of Conduct (available on our Company website) is founded upon the standards of RBA Code of Conduct, the Universal Declaration of Human Rights (UDHR), and the standards of the International Labour Organization (ILO).

Zero tolerance and prohibition of:

● Regulatory violations ● Corruption ● Bribery ● Theft of corporate funds ● Profit from illicit activities	● Trafficking or any form of slavery ● Child labor or forced labor ● Indentured labor ● Forced labor to repay debt ● Prison Labor

All employees receive at least two hours of anti-corruption training annually.

Support for and integrated into the Group's reruitment principles and processes:

● Equal opportunities/ equal employment ● Respect for human rights ● Workplace diversity ● Non-discrimination policy ● Responsible sourcing of minerals	● Anti-corruption Policies ● Anti-trafficked & forced labor ● Health and safety principles ● Rotating safety inspections of all factories

No incidents involving discrimination, use of child labor, or forced labor occurred in our Campuses in 2021.

Goals

Short-term goal:

- Comply with UN human rights guidelines and extent to our value chain to ensure joint compliance.
- Increase number of annual labor rights audits at our internal Campuses and supply chain vendors from 30 to more than 50.

Medium and long-term goals:

- No violations of equal employment regulations
- Retention rate of 88% for professional and technical personnel.
- Maintain our record of zero major labor rights incidents
- Cultivate innovation and work habits to promote continuous learning and growth in our employees, create products and technologies to enhance human happiness, and provide an average of 60 hours in professional training courses for professional and technical personnel each year.

Human Capital

	Unit	2019	2020	2021
Greater China		812,968	839,753	804,778
Americas		29,305	31,833	37,341
Europe		7,639	7,672	7,621
Other Regions	Person	62,298	90,438	96,371
Employees with disabilities		6,220	4,258	3,850
Ethnic minorities		49,600	46,684	47,918
Total Employees		**912,210**	**969,696**	**946,111**
Female Percentage	%	37%	37%	37%
Male Percentage		63%	63%	63%

The proportion of senior management personnel (ranked at director level or above) who are Chinese nationals is approximately 11.70% at our factories in China. The Group also employs a total of 47,918 ethnic minorities from all regions, accounting for 5.0% of its workforce in fiscal 2021, and their salaries, promotions and education rights are no different from the general workforce. Among the top ten ethnic minorities, 2.4% hold supervisory positions.

Greater China Employees in 2021   Total: 839,753

	Male	Female	Under 30	31-50	Above 50
Full-time employees	357,018	215,059	42%	57%	1%
Part-time employees	151,340	81,361			

Percentage of female employees in all executive positions in fiscal 2021	
All executives	20.3%
Junior executives	20.8%
Senior executives	6.5%
Executive positions relating to revenue generation	35.2%
Executive positions relating to R&D and engineering	13.9%

Note:

    Senior executives include vice presidents and above; junior executives include managers and lower ranks.

Employee Turnover

	Unit	2019	2020	2021
Employee Entry Rates				
Taiwan Region		14.4%	12.8%	16.9%
China Region	%	7.6%	6.5%	6.1%
Employee Exit Rates				
Taiwan Region		18.5%	12.7%	11.8%
China Region		5.6%	5.8%	5.7%

Distribution of New and Exited of Greater China Employees in 2021

	Male	Female	Under 30	31-50	Above 50
Entry Rates	64.56%	35.44%	60.05%	39.19%	0.76%
Exit Rates	64.71%	35.29%	63.04%	36.53%	0.43%

Employee

To establish an effective incentive mechanism and to encourage employees to stay in service for a long time, the Group has established the "Code of Practice for the Promotion of Group Employees". The amount of employee compensation approved by the Board of Directors for 2021 is NT$8.1 billion.

Equal remuneration for male and female employees

Number and remuneration of non-supervisor full-time employees

	2019	2020	2021	Difference between 2020 and 2021
Number of non-supervisor full-time employees(person)	3,590●	3,567●	3,611●	1.23%
"Average salary" for non-supervisor full-time employees (thousand NTD)	2,402	2,417	2,558	5.83%
"Median salary" for non-supervisor full-time employees (thousand NTD)	1,538	1,662	1,829	10.05%

● Only includes employees from Hon Hai Precision Industry Co., Ltd. in Taiwan.

Energy-Saving Incentive Mechanisms

"Appraisal Items and Scoring Guidelines for Energy Management" is used in our Chinese Campuses. In 2021, we awarded NTD1.57 million of bonuses and incentives to 5 teams and 5 individuals with outstanding energy-saving contributions.

Employee Welfare

The Group's well-developed employee care network also promotes work-life balance with integrated facilities at each of the Group's plants.

2021 employee salaries and benefits cost approximately NTD 303.1 billion.

2021 activity subsidies amounted to NTD 310 million.

Retirement

The Group handles retirement applications, pension payments and contributions to employee retirement funds in accordance with local laws. A Labor Retirement Reserve Supervisory Committee has been established in Taiwan and is re-elected every three years to review the amount of employee retirement reserve contributions, deposits and payments to ensure the rights and interests of the Group's employees. Information on the payment of pensions to employees in 2021 can be found in the Group's 2021 annual report.

Maternity Allowances, Parental Leave, and Retention

The Group began promoting a maternity policy and announced an optimized childcare subsidy program, "Childcare Subsidies for 0- to 6-Year-Olds," in early 2020, setting a precedent in Taiwan. The Group provides a comprehensive range of subsidies to expectant mothers before, during, and after pregnancy. A total of NTD310 million in subsidies were distributed benefiting 1,020 employees in 2021. This allowance makes employees feel more at ease with childbirth, also achieves the effect of retaining talents.

Reinstatement rates following parental leave and retention rates in the Greater China region

	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Reinstatement rate	99.5%	99.1%	99.3%	99.8%	99.6%	99.7%	99.4%	99.4%	99.4%
Retention rate	88.6%	78.3%	82.8%	81.0%	83.9%	82.7%	89.0%	86.6%	87.4%

Training and Education

In 2021, the Group invested a total of NTD 151 million in Foxconn University, and provided 73.08 million hours of training. On average, each employee underwent 77.2 hours of general, management, technical/professional, and academic training.

Course categories, course hours and participant numbers		
Course categories	Hours	Number of participants
General education	38,926,237	18,901,033
Management	3,664,432	1,497,448
Technical/ professional	22,552,426	10,138,039
Academic education	812,320	1,218,480
Total	**73,087,033**	**35,379,732**

Training Metrics	Unit	2020	2021
Average training per female employee		1.8	2.1
Average training per male employee	Hour	1.7	2.0
Average training per employee		1.8	2.0
Graduated employees	Person	3,722	3,062
Graduates whose programs relate to current job duties	%	82%	80%

Human resource development and training strategies

Work guidelines --- Top-level strategies Targeted performance Growth support

Group Strategies
Academy collaborates with business groups

Business Groups Achieve Performance Targets
Academy adheres to the needs of business group projects and supplies resources and support

Aid Employee Growth
Academy supports business group talent needs

"3+3" technicial lectures
- Quantum computing
- 5G/6G
- Semiconductors
- Information security
- Electric vehicles
- Digital medicine
- Metaverse

Occupational ethics literacy
- Skills literacy
- Strategic literacy
- Management literacy

Senior executive training
- Cultural literacy
- Economic policies
- Leadership enhancement
- Digital concepts

Plant manager training
- Cultural incorporation
- Management and transformation
- Enhancement of professional skills
- Peer observation

Supervisors and managers
- Cultural readings
- Implementation skills
- Management skills
- Professional literacy

Production line and team managers
- Cultural commitment
- Skills improvement
- Communication skills
- Data reports

Occupational skills
- PMP certification
- Logistics management
- HR management
- Visualization
- Office software
- Six sigma

Four Cores of smart manufacturing
- Lean IE
- Automated robots
- Information technologies
- AI and big data
- Karakuri
- IoT

Employees and elite employees
- Corporate culture
- Bylaws
- Self-management
- Mental health
- Office skills
- Academic education

Talent development platform:
1. Build an environment conducive for learning to form a learning-oriented organization.
2. Complete digital and professional learning platform.
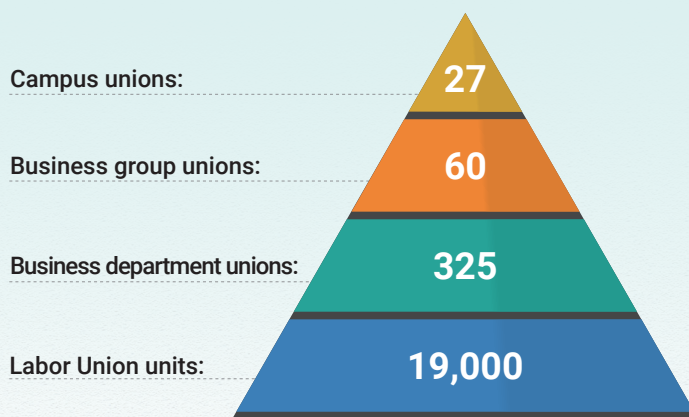3. Continue to develop professional courses and class materials.

Labor Management

Labor Protection

Our Labor Union was established in 2007 in accordance with local regulations and currently encompasses employee unions with four management levels and five ranks. Labor Union Unit leaders are elected in a bottom-up, open, and democratic manner by union members from voluntary candidates and union representatives at all levels are elected at member representative conferences.

The Labor Union signed the "Foxconn Technology Group Collective Agreement," which covers the 96 legal entities of the Group and provides basic protection of employee rights, such as 30 workings days notification in advance of major decisions related to their vital interests. In 2021, the Labor Union gathered our 19 unions and convened 21 labor delegates meetings to vote on issues relating to employee rights and obligations.

Labor Union Organizational Chart

Campus unions: **27**

Business group unions: **60**

Business department unions: **325**

Labor Union units: **19,000**

> **In 2021, 95% of our employees are union members.**

The Labor Protection Supervisory Committee established under the Group's Labor Union carry out inspections of ethical, health and safety, environmental, and management systems. Investigations are concluded only when Campuses have proposed corrective action programs and improvements plans.

2021 investigations – no major deficits discovered

23 campus inspections
194 deficits (non-systemic issues such as machinery safety measures, working hours, proportion of temporary workers, and occupational safety)
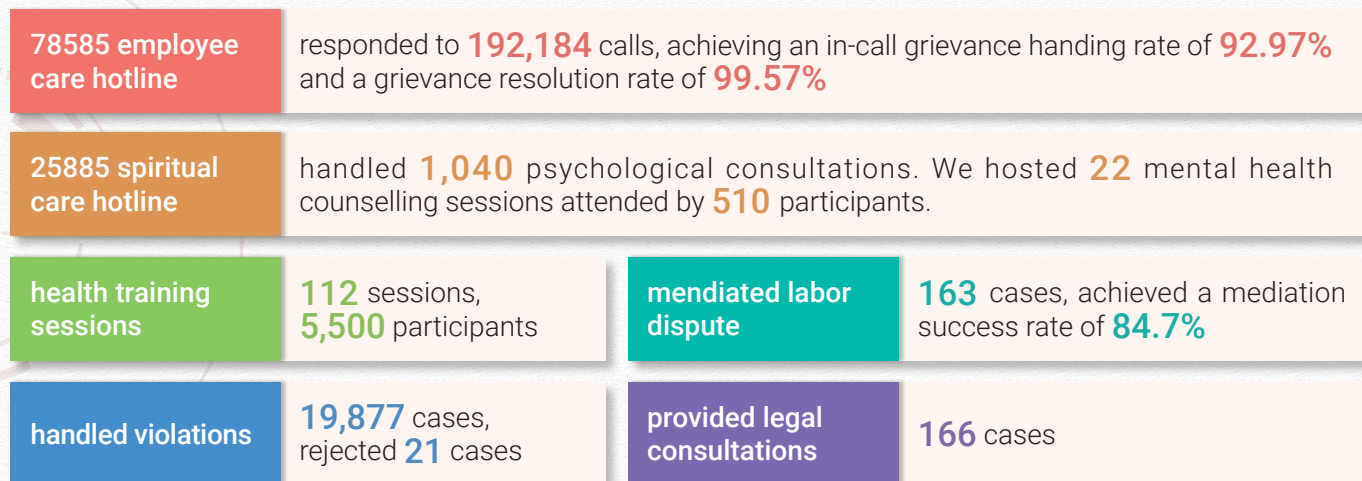
Rectification
176 deficits corrected and confirmed by Labor Protection Supervisory Committee, rectification rate of **90.7%.**

Labor Union Achievements

78585 employee care hotline	responded to **192,184** calls, achieving an in-call grievance handing rate of **92.97%** and a grievance resolution rate of **99.57%**
25885 spiritual care hotline	handled **1,040** psychological consultations. We hosted **22** mental health counselling sessions attended by **510** participants.

health training sessions	**112** sessions, **5,500** participants	**mendiated labor dispute**	**163** cases, achieved a mediation success rate of **84.7%**
handled violations	**19,877** cases, rejected **21** cases	**provided legal consultations**	**166** cases

Response to Controversies

Date	Controversies
Aug 2021	Criticism over allegations of poor working conditions, low wages and over-reliance on temporary worker.
Mar 2022	Allegations of forced labor of Uyghurs
Jan 2022	Protests over living conditions in employee dormitories
Nov 2020	Alleged unpaid wages and rewards to dispatch workers

Company Response

- The Group emphasizes the working conditions of interns and strives to ensure that all interns get the treatment they deserve.
- Our policies prohibit discrimination and forced labor, also publicly releases our reports and announce grievance channels, the 78585 hotline, which was upgraded in 2021 to provide greater efficiency and access.
- We have been working on a series of improvements to fix issues we found at the offsite dormitory facilities at Sriperumbudur and to enhance the services we provide to our employees. We have implemented a range of corrective actions to ensure this cannot happen again and a rigorous monitoring system to ensure workers can raise any concerns they may have, including anonymously.

  We will gradually begin to welcome back team members as each offsite dormitory becomes ready and is approved. We continue to support our employees and thank them for their patience as we work through the improvements.
- Signed an "Agreement for Dispatching Temporary Personnel" with staffing agencies used by all Campuses. The Agreement stipulates the responsibilities and duties of both parties, and guarantees equal pay for equal work, equal work environments, and work safety measures.

Communication and Grievance Channels	
Dispute Mediation	Committee on labor dispute mediation
Seminars and Visits	Seminars and on-site visits (restaurants, dormitories, production lines)
Mailboxes	Mailboxes for feedback to labor unions and union chairman
Telephone Hotlines	Employee care hotline, rights protection hotline, union chairman hotline
Legal Aid	Corporate lawyers
Website Visits	Union network, employee care center

The Group provides 24/7 year-round communications hotlines that can be called if assistance is needed.
- Employee care hotline 78585 · Spiritual care hotline 25885 · Marriage mediation hotline 18675578585

Supply Chain Management

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.

Great China Area No.1
Green Supply Chain 2021 CITI Evaluation Annual Report

IT Industry NO.4
Climate Action Transparency Index, CATI

Goals

Short-term goal:

- 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

Mid to long-term goals by 2030:

- 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.

Supplier Management Policies and Processes

STEP 1
Regulatory Compliance

Implementation principles
- RBA standards
- Legal requirements
- The Group Supplier Social and Environmental Responsibility Code of Conduct

Management measures
- Suppliers must sign and comply with relevant statements
- Online learning

STEP 2
Risk Assessment

Group Suppliers Risk Assessment Processes

Need for new suppliers → Supplier confirmation → Sign statement of commitment → Respond to sustainability commitment → Periodic assessments and audits

STEP 3
Audit Verification

Strictly Prohibit
- 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

New Supplier Requirements

Managemant 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, dagerous procedures, and management systems.

ESG Audit

We use the RBA VAP Audit Checklist when conducting audits.

Results of supplier ESG (governance, social, 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%

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

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

The Group encourages suppliers to complete third-party RBA VAP audits; suppliers that have completed said audits within the past two years can share their audit reports with the Group to be exempt from repeated audits conducted by our audit teams.
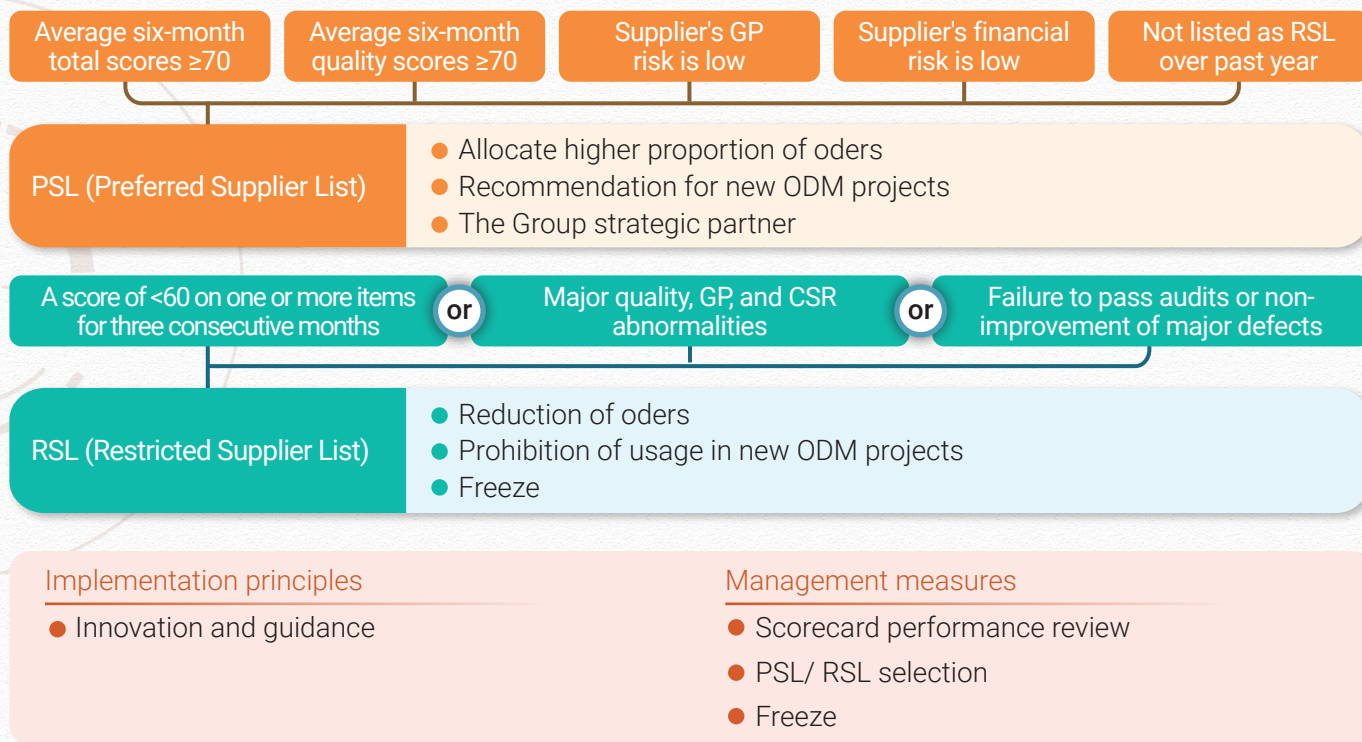
Implementation principles
- Request supplier on-site audits
- Improve defects

Management measures
- Audits
- Improvement actions
- Verification of improvement results

STEP 4
Continuous Improvement

Average six-month total scores ≥70	Average six-month quality scores ≥70	Supplier's GP risk is low	Supplier's financial risk is low	Not listed as RSL over past year

PSL (Preferred Supplier List)
- Allocate higher proportion of oders
- Recommendation for new ODM projects
- The Group strategic partner

A score of <60 on one or more items for three consecutive months	**or**	Major quality, GP, and CSR abnormalities	**or**	Failure to pass audits or non-improvement of major defects

RSL (Restricted Supplier List)
- Reduction of oders
- Prohibition of usage in new ODM projects
- Freeze

Implementation principles
- Innovation and guidance

Management measures
- Scorecard performance review
- PSL/ RSL selection
- Freeze

Green Product Design and Management

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.

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.

— Green Product Designs within the Group —

Energy-saving	Non-harmful	Reduction	Easily Recyclable

Responsible Mineral Procurement Management

The Group does not directly purchase raw materials from smelters or refineries, but purchases components that possibly contain conflict minerals. 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.

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).

In 2021, the Group completed conflict minerals investigations for 1,569 suppliers through our conflict minerals management platform. Supplier response rates were 100%.

Not yet discovered supplier products containing tantalum, tin, tungsten, gold, or cobalt from conflict areas in the Democratic Republic of Congo and surrounding countries.

For full details see 2021 Sustainability Report.

Energy and Carbon Reduction

> *"We also incorporated our suppliers in our long-term ESG goals and plan to track supplier performance on green products, environmental protection, use of renewable energies, carbon management, zero waste to landfill operations, and other CSR aspects."*
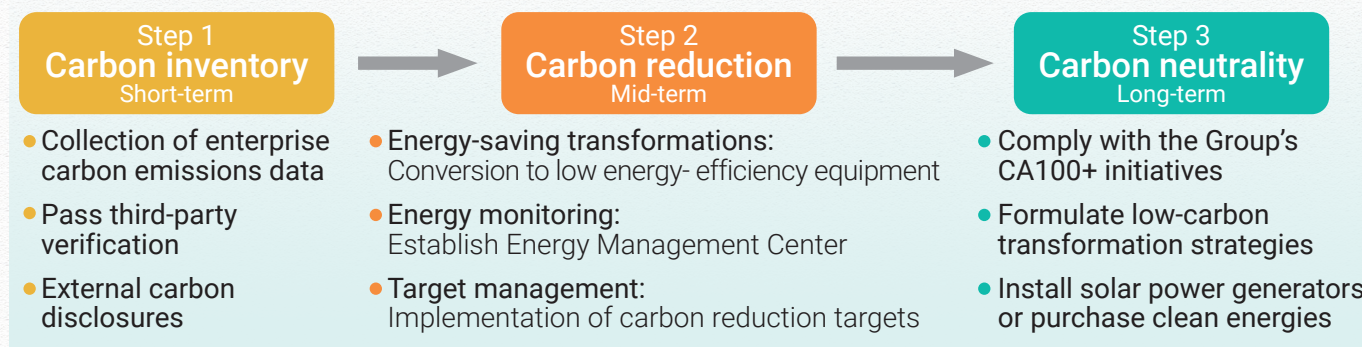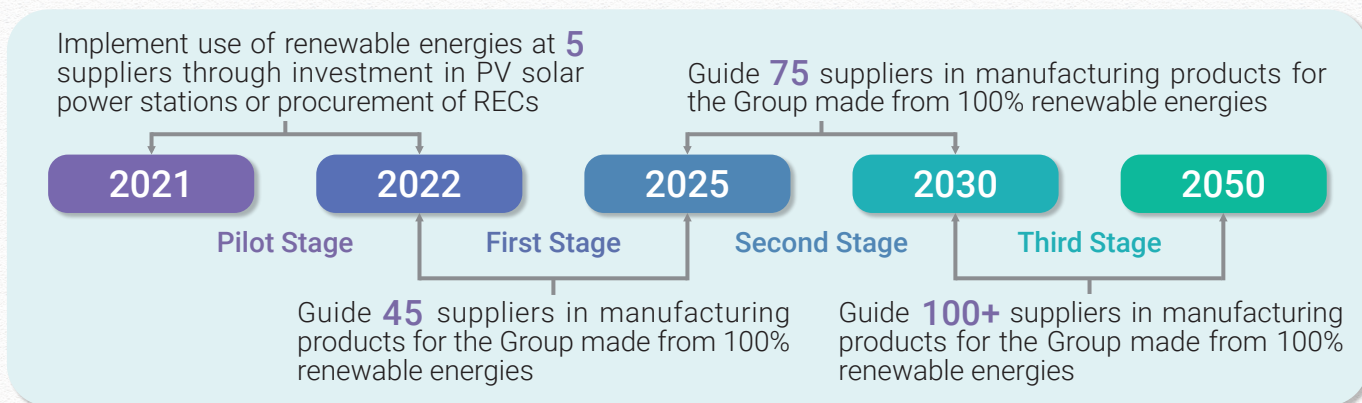> *Chairman, Young Lin*

Phase 1	Phase 2	Phase 3
Encourage suppliers to conduct internal carbon emissions inventory according to ISO 14064-1 standards.	Encourage suppliers to formulate carbon reduction targets, implement carbon reduction plans, and review achievement progress.	Encourage suppliers to formulate and implement carbon neturality plans to gradually achieve specified targets.

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

Step 1 **Carbon inventory** Short-term	Step 2 **Carbon reduction** Mid-term	Step 3 **Carbon neutrality** Long-term
• Collection of enterprise carbon emissions data • Pass third-party verification • External carbon disclosures	• Energy-saving transformations: Conversion to low energy- efficiency equipment • Energy monitoring: Establish Energy Management Center • Target management: Implementation of carbon reduction targets	• Comply with the Group's CA100+ initiatives • Formulate low-carbon transformation strategies • Install solar power generators or purchase clean energies

The Group has established a supplier carbon management system and requires suppliers to upload carbon emission volumes and relevant data each year. In 2021, the Group assisted 88 suppliers in implementing greenhouse gas inventories through the system; 51 suppliers also completed ISO 14064-1 verification. Suppliers implementing carbon reduction plans lowered their carbon emissions by 99,296.93 tCO_2e in 2021.

Implement use of renewable energies at **5** suppliers through investment in PV solar power stations or procurement of RECs

Guide **75** suppliers in manufacturing products for the Group made from 100% renewable energies

2021 — **2022** — **2025** — **2030** — **2050**

Pilot Stage — First Stage — Second Stage — Third Stage

Guide **45** suppliers in manufacturing products for the Group made from 100% renewable energies

Guide **100+** suppliers in manufacturing products for the Group made from 100% renewable energies

The Group plans to assist 165 suppliers in conducting energy and carbon reduction tasks by 2025.

Occupational Health and Safety

Goals

Short-term goal:
- No operational incidents accumulated hours (Huyue Campus: 12million hours, Dingpu Campus: 2.8million hours)

Mid to long-term goals by 2030:
- Disabling injury frequency rate: less than 0.14 incidents/million working hours (significantly lower than industry standards)
- Disabling injury severity rate: less than 6.88 days/million working hours
- Assist more than 70% of high-risk contractors in obtaining ISO 45001 verification

16 main business groups have all implemented ISO 45001 OHS Management Systems and have been verified by third-party institutes.

To enhance employee and contractor safety awareness and capabilities, the Group has formulated "Safety Training Systems" and "Procedures for Management of Supplier Production Safety" with clear stipulations for Group employee and contractor training.

Statistics on Disabling Injuries									
		Fatal incidents caused by occupational injuries		Severe occupational injuries (excluding deaths)		Recorded occupational injury rate		False alarm		Total work hours
		Incidents	Ratio	Incidents	Ratio	Incidents	Ratio	Incidents	Ratio	
Full-Time Employees	2021	4	0.0024	0	0.0000	189	0.1151	-	0.0085	1,642,760,216
	2020	1	0.0005	0	0.0000	227	0.1187	NA	-	1,913,011,143
	2019	1	0.0005	2	0.0011	391	0.2074	NA	-	1,885,132,142
Part-Time Employees	2021	0	0.0000	0	0.0000	8	0.0136	0	0.0000	589,180,800
	2020	1	0.0011	0	0.0000	17	0.0191	NA	-	889,596,240
	2019	0	0.0000	0	0.0000	21	0.0360	NA	-	583,468,080

Note:

1. The aforementioned ratios are calculated on a basis of 1,000,000 work hours.

2. The Group starts to count the number of false alarm events in 2021.

3. The above data only includes the Greater China region.

The Group strives for safety and zero accidents as its goal and has taken various measures to strengthen the safety of employees as much as possible. The main current measures include:

1. Strengthen the main responsibility of management and awareness for production line employees

- Business group/department supervisors (deputy general manager and above, production-related supervisor) completes at least 1 safety inspection on a monthly basis.

- Factory directors (or equivalent) holds at least 1 hour occupational safety meeting on a weekly basis.

- Production line lead organizes the on-duty operators to hold a pre-shift safety publicity meeting for at least 3 minutes every day.

- In the daily safety audit of the park and the central quarterly safety audit, cumulative number of significant implicit safety hazards are used as a mechanism for subsequent actions, including:

  i.   A written report signed by the general manager to the director of fire and operational safety;

  ii. Director of fire and operational safety interview with the supervisor responsible implicit hazards, and;

  iii. Head of the unit responsible for the implicit hazard to submit an improvement report at the Global Epidemic Prevention and Operational Safety meeting, etc.;

2. Carry out targeted safety projects for high-risk sources of danger
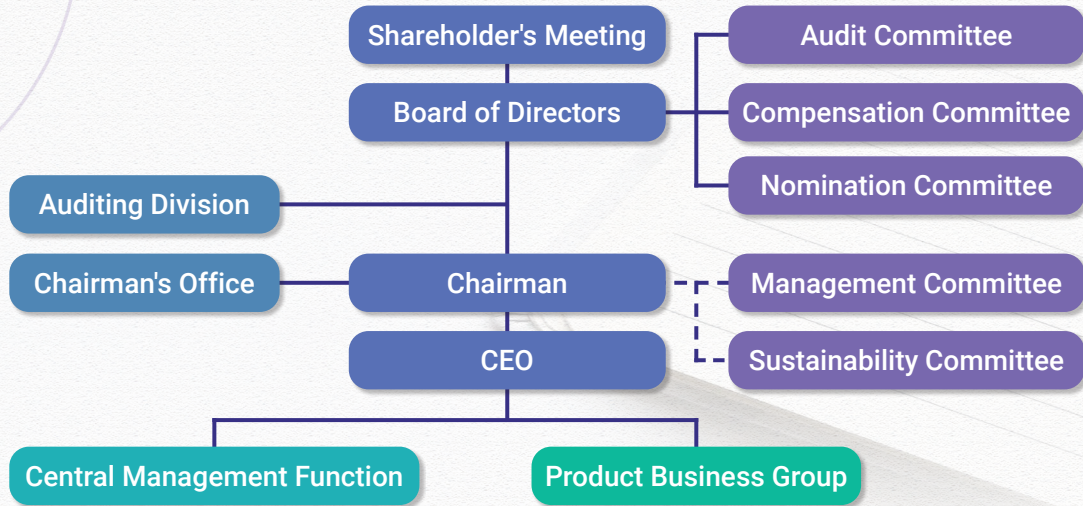
- Eliminate major sources of work-related injury hazards, and promote the safe management and control of molding, robots, and automation equipment.

- Comprehensive risk identification, location and equipment with high risk of mechanical injury, and comprehensively post warning signs and operation signs.

3. Use information technology to improve early warning and disposal of risks

- Establish the "Group Operational Safety Supervision Information Platform", integrate the offline safety management process forms and safety related information of each site; and through the platform, conduct smart big data analysis and calculation for early warning, to assist supervisors in safety management and decision-making.

Governance

Organisation Chart

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Shareholder's Meeting ─────────┬─── Audit Committee
                               │
Board of Directors ────────────┼─── Compensation Committee
                               │
                               └─── Nomination Committee

Auditing Division ──────┐
                        │
Chairman's Office ──────┤── Chairman ─ ─ ─ ┬ ─ Management Committee
                        │                 │
                        └── CEO ─ ─ ─ ─ ─ ─┴ ─ Sustainability Committee
                             │
          ┌──────────────────┴──────────────────┐
  Central Management Function         Product Business Group
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Board of Directors

The Group's latest Board of Directors was newly elected on May 31, 2022 with term of office from July 1, 2022 to June 30, 2025. The Board consists of 9 directors, including **5 independent directors (55% of Board) and 2 female directors (22% of Board).** Employees of the Company account for 33.33% of the Board. Please refer to our website or CSR report for Board of Directors' experience and expertise.

> *Aim to increase female representation on board of directors to 30%*

The Board convened 6 times in 2021 and average attendance rate was 96.3% (including Mr. Terry Guo's attendance by proxy).

Title	Name	Gender	Tenure	Age	Company Position	Concurrent INED positions in publicly traded companies
Chairman	Liu, Young-Way	M	3	60+	CEO	
Director	Terry Gou	M	48	60+	Founder	
Director	Wang, Cheng-Yang [1]	M	New	60+	President Business Group A	
Director	Christina Yee-Ru Liu [2]	F	2	60+		
INED	James Wang	M	4.5	60+		3
INED	Kuo, Tei-Wei	M	3	<60		0
INED	Hwang, Tsing-Yuan	M	3	60+		0
INED	Liu, Len-Yu	M	New	60+		0
INED	Chen, Yue-Min	F	New	60+		1

[1] Representatives for Hon Jin International Investment Co., Ltd.

[2] Representatives for Fu Chu Technology

Functional Committees

The Audit Committee convened 6 times in 2021 and has average attendance of 94.4%

The Compensation Committee convened 2 times in 2021 and has average attendance of 83.3%

Establishment of **Nomination Committee** was approved by the Board on March 16, 2022. The committee will be made up of at least 3 board members and at least half are independent directors.

Name	Gender	Audit Committee	Compensation Committee	Nomination Committee
James Wang	M	Member	Convenor	Member
Kuo, Tei-Wei	M	Member	Member	Member
Hwang, Tsing-Yuan	M	Convenor	Member	Convenor
Liu, Len-Yu	M	Member	-	-
Chen, Yue-Min	F	Member	-	-

The current term of Audit Committee is from July 7th 2022 to June 30th 2025.

The current term of Compensation and Nomination Committee is from August 10st 2022 to Jun 30th 2025.

Sustainability Committee

The Group Global CSR Committee was established in March 2007 and was renamed the Sustainability Committee in 2022. The Committee is headed by Group Chairman Young Liu and has established a promotion office staffed with a dedicated team. The Sustainability Committee reports periodically to the Chairman and implementation results of corporate sustainability items are reported to the Board at least once a year.
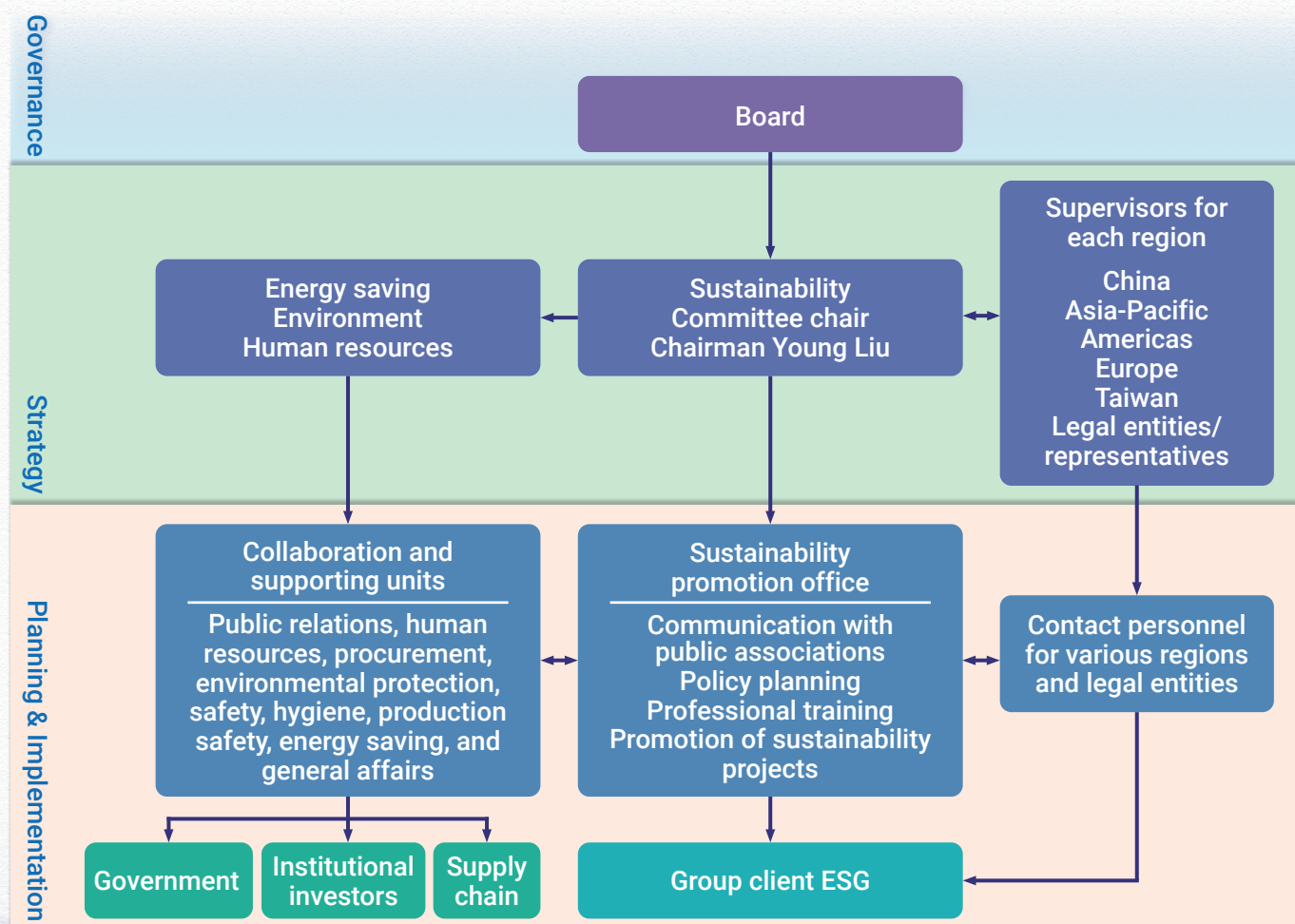
Information Security Management

The Group has established an Information Security Committee headed by our Chairman. The Committee regularly convenes for management review meetings to establish and review information security management targets and policies. In order to effectively promote information security policies, the information security unit has established affiliate processes and operation, audit, education and training, and emergency response teams which are supervised by senior management personnel from relevant departments to ensure that the information security management system of the Group can operate continuously and stably.

The Group has implemented the ISO 27001 Information Security Management System, which allows for effective enforcement of our information security policy, better protection of client information and corporate intellectual property, strengthened response capabilities to information security incidents, and establishment of information security policy evaluation parameters.

We conduct 10 critical system penetration tests each year and have conducted 494 security training sessions for management, IT, general employee and external personnel in 2021. Each professional technician is required to receive at least 8 hours of training per year.

Additionally, internal and external professional auditors perform two audits on corporate information security management systems for the Group each year.

> *No major incidents that impacted corporate operations or infringed upon client privacy occurred in 2021.*

Ethical Management

The Group upholds a corporate culture of integrity and ethical management, adopts a zero-tolerance policy toward any behaviors and activities violating these regulations, and is committed to full compliance of international and domestic anti-corruption and anti-bribery regulatory requirements.

All employees must sign the "Employee Declaration", "Employee Integrity Commitment", "Honesty, Integrity & IP Protection Agreement," "Confidentiality Agreement," and "IP Confidentiality Agreement" when entering the company.

The Group Code of Conduct (CoC) is based on the RBA Code of Conduct which encompasses 8 main aspects. Training courses are provided to all new recruits and continued annual compliance training for existing employees.

Ethics	Labor and Human Rights	Health and Safety	Environment	Management systems

Responsible Sourcing of Minerals No conflict minerals Au, Ta, Sn, W	Anti-Corruption Policy Strictly prohibit corruption, bribery, embezzlement, or improper activities. All partnerships with suppliers, vendors, and customers must also comply. *Planned:* ISO 37001:2016 Anti-bribery Management Systems	Anti-Trafficked & Forced Labor Does not accept human trafficking or employment that involves any form of slavery, forced labor or other mean s of coercion.

Whistle-blowing/ Grievance Reporting System

The Group encourages reporting of any illegal behaviors, protects the confidentiality of informants, and allows for anonymous reporting to ensure that the identities of Whistle-blowing suppliers and employees are kept confidential. The process is governed by our internal regulation "Fraudulent Inspection Act". The Group's point of contact immediately notifies dedicated units upon receiving reports and organizes a special team to investigate the suspected malpractice described in said report. The Group keeps informant identities and report contents confidential, and provides the results of its investigations via email.

Mechanism for reporting is accessible from our website "**Whistle-blowing Contact**" and CSR report.

Address: No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan

Phone: +86-183-1699-4246 (China);
+886-906-586-086 (Taiwan);
+886-2-2268-3466 ext. 560-117 (Taiwan).

External Mailbox: renrenjubao@163.com
jubaofoxconn@gmail.com
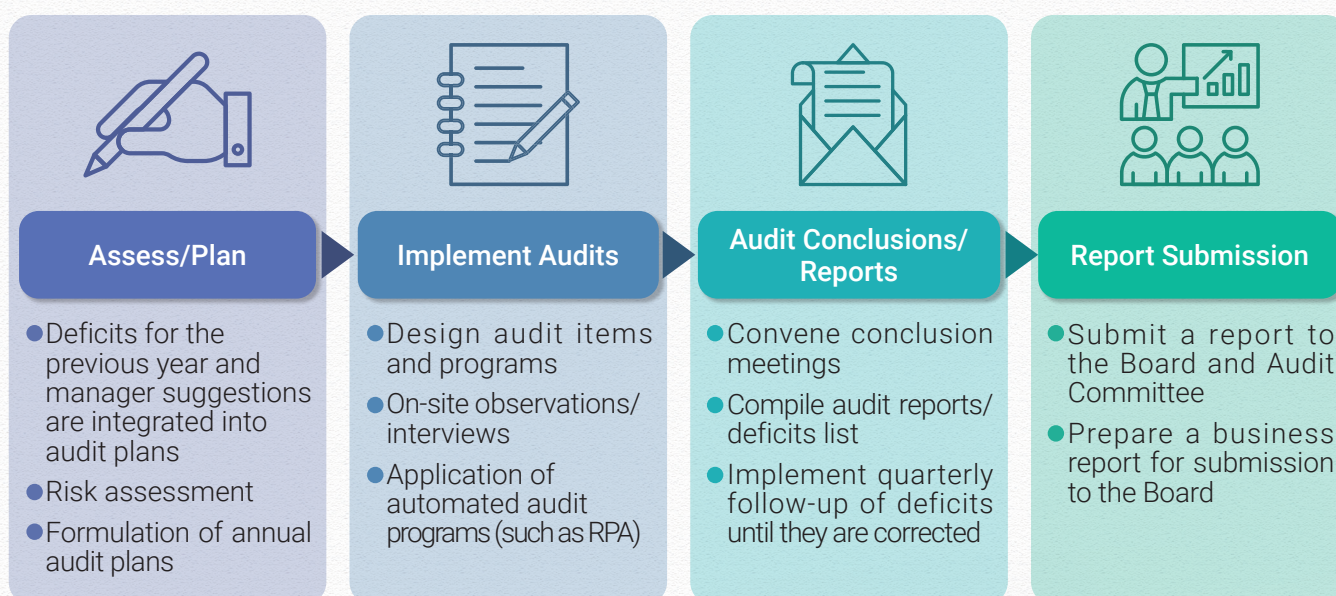Internal Mailbox: hfj.justice@foxconn.com

Internal Audit Operations

Internal auditors adhere to principles of independence and adopt an objective and fair viewpoint when implementing their duties and ensuring that they complete due diligence procedures. Audit managers regularly report audit matters to the Audit Committee and the Board.

The Group's Chief Audit Executive attends the "Internal Audits and Responses to ESG Trends" seminar, which enhanced ESG awareness in internal audit units.

The Chief Audit Executive helped to organize this event.

Assess/Plan	Implement Audits	Audit Conclusions/ Reports	Report Submission
●Deficits for the previous year and manager suggestions are integrated into audit plans ●Risk assessment ●Formulation of annual audit plans	●Design audit items and programs ●On-site observations/ interviews ●Application of automated audit programs (such as RPA)	●Convene conclusion meetings ●Compile audit reports/ deficits list ●Implement quarterly follow-up of deficits until they are corrected	●Submit a report to the Board and Audit Committee ●Prepare a business report for submission to the Board

Internal Controls and Audit

① **Professional Certifications**

  CIA, CEAP, CPA, CCSA, CISA

② **Internal Audit Training**

  2,115 hours

③ **Total Number of Internal Control Self-Assessment Activities**

   20,022 activities

④ **Digital Transformation**

  ●Quick-screening for subsidiaries: Set specific financial indicators for different subsidiaries, automatically monitor abnormal indicators through our system, and allow auditors to track subsidiary financial risks and strengths through cloud technology.

  ●Continued auditing platform: Conduct continued auditing and analysis procedures through computers to quickly and accurately convey data analysis results to auditors for enhancement of auditing efficiency.

  ●Process automation: Reduce routine inspection times by more than 50% through the use of robots that conduct repetitive and tedious tasks, and utilize the surplus time to increase inspection frequency and inspection scope, thereby enhancing audit quality.