Hon Hai Technology Group, or Foxconn, has been operating under the guideline of “Sustainable Management = EPS+ESG” in 2020. 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.

Foxconn takes a systematic approach towards integrating green and sustainable practices into our operations, implementing measures in the areas of environmentally friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management.

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

**Key Environmental Metrics:**

**GHG Emissions**

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>tCO2e</td>
<td>7,543,459</td>
<td>8,335,373</td>
<td>5,265,000</td>
</tr>
<tr>
<td>Scope2</td>
<td></td>
<td>117,384</td>
<td>152,602</td>
<td></td>
</tr>
<tr>
<td>Scope3</td>
<td></td>
<td>102,140</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 (0.6167 kg CO2e/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 carbon dioxide.
4. We used the financial control criteria to compile GHG volumes.

**GHG Emissions Intensity**

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG Emissions Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.77</td>
</tr>
<tr>
<td>2017</td>
<td>1.71</td>
</tr>
<tr>
<td>2018</td>
<td>1.60</td>
</tr>
<tr>
<td>2019</td>
<td>1.48</td>
</tr>
<tr>
<td>2020</td>
<td>1.03</td>
</tr>
</tbody>
</table>

Notes: Carbon emissions per unit of revenue for 2016-2020 encompass Scope 1, Scope 2, and Scope 3 carbon emissions.

**Energy Management**

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td></td>
<td>34,506,661</td>
<td>30,323,209</td>
</tr>
<tr>
<td>Natural Gas</td>
<td></td>
<td>1,810,860</td>
<td>2,619,245</td>
</tr>
<tr>
<td>Gasoline</td>
<td>GJ</td>
<td>143,014</td>
<td>17,784</td>
</tr>
<tr>
<td>Diesel</td>
<td></td>
<td>86,714</td>
<td>1,534,003</td>
</tr>
<tr>
<td>LPG</td>
<td></td>
<td>451</td>
<td>0</td>
</tr>
<tr>
<td>Steam</td>
<td></td>
<td>0</td>
<td>2,275,336</td>
</tr>
<tr>
<td>Heated Water</td>
<td></td>
<td>0</td>
<td>612,085</td>
</tr>
<tr>
<td><strong>Total Consumption</strong></td>
<td>36,548,395</td>
<td>37,381,662</td>
<td></td>
</tr>
</tbody>
</table>

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 900 Mcal/t.
7. The above heating values are taken from the Chinese national standards (“General Principles for Calculation of Comprehensive Energy Consumption”; GB/T2589-2008).
8. For detailed energy metrics in their respective units, please refer to P112 of the 2020 Hon Hai CSR Report.
GHG Emissions Intensity

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>8,016</td>
<td>8,842</td>
<td>8,930</td>
<td>9,583</td>
<td>8,423</td>
</tr>
<tr>
<td>Unit: million kWh</td>
<td>0.00184</td>
<td>0.00188</td>
<td>0.00169</td>
<td>0.00179</td>
<td>0.00157</td>
</tr>
</tbody>
</table>

Development and Usage of Clean Energy

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total installed capacity of clean energies</td>
<td>MW</td>
<td>215</td>
<td>224</td>
<td>257</td>
</tr>
<tr>
<td>Generated power</td>
<td>11,029</td>
<td>25,202</td>
<td>28,497</td>
<td></td>
</tr>
<tr>
<td>Direct purchases of clean energies at China factories</td>
<td>0</td>
<td>0</td>
<td>553</td>
<td></td>
</tr>
<tr>
<td>Direct purchases of clean energies at overseas factories</td>
<td>0</td>
<td>0</td>
<td>507</td>
<td></td>
</tr>
<tr>
<td>Purchased clean energy environmental attributes</td>
<td>40,000</td>
<td>70,000</td>
<td>75,300</td>
<td></td>
</tr>
<tr>
<td>Total clean energy usage</td>
<td>51,029</td>
<td>95,202</td>
<td>104,856</td>
<td></td>
</tr>
<tr>
<td>Generated power</td>
<td>%</td>
<td>5.71%</td>
<td>9.93%</td>
<td>12.45%</td>
</tr>
</tbody>
</table>

Water Management

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water Consumption</td>
<td>Thousand tons</td>
<td>100,625*</td>
<td>97,700</td>
<td>86,737</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>%</td>
<td>3.776</td>
<td>4.470</td>
<td>7.029</td>
</tr>
<tr>
<td>Recycling Rate</td>
<td></td>
<td>3.75%</td>
<td>4.58%</td>
<td>8.10%</td>
</tr>
</tbody>
</table>

Wastewater Management

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Wastewater</td>
<td>n/a</td>
<td>78,160</td>
<td>69,389</td>
<td></td>
</tr>
<tr>
<td>Industrial Wastewater</td>
<td>n/a</td>
<td>10,481</td>
<td>12,273</td>
<td></td>
</tr>
<tr>
<td>Total wastewater Discharge</td>
<td>Thousand tons</td>
<td>34,917*</td>
<td>88,641</td>
<td>81,662</td>
</tr>
</tbody>
</table>

Water Management

*2018 figures only includes total water consumption of Mainland China campuses.

Environmental Goals and Achievement Rates

The Group proposed the 1.5°C carbon reduction initiative, put forward three climate targets, and continues to advance energy and carbon reduction measures and other environmental impacts that mitigate the impacts of climate change, thereby achieving our responsibilities of protecting the environment and caring for the planet as we exert our influence on global industrial chains.

No major environmental protection violations in 2020.

Short-term goals
- Adhered to NDCs and carbon emissions policies of local governments and complied with international and local environmental protection laws, incurring zero violations.
- Proposed commercially ambitious 1.5°C carbon reduction scenario, which we expect to be validated and approved by the Science Based Targets initiative (SBTi) by 2023.
- Respond to and act upon the 3 goals proposed by the Climate Action 100+ Steering Committee:
  a. Strengthen climate change governance.
  b. Take action toward the group’s greenhouse gas (GHG) emissions across the value chain.
  c. Provide disclosures in accordance with the Climate-Related Financial Disclosure Recommendations (TCFD).
- Achieved waste conversion rates of 100% and lowered incineration rates to less than 10%.

Mid- to long-term goals
- GHG emissions across the value chain are consistent with the goals of the Paris Agreement and aim to achieve the goal of net zero GHG emissions by 2050.
- Achieve zero waste factories.
The Group’s short-, mid-, and long-term goals

2016-2020 GHG and carbon reduction goal

Carbon emissions per unit of revenue were reduced by 24% in 2020 compared with the base year of 2015.

Established SBT 1.5°C carbon reduction goal

We proposed a commercially ambitious 1.5°C carbon reduction scenario and pledged to achieve zero emissions by 2050. We put forward our SBT carbon reduction commitment in 2021, and we expect this to be validated and approved by the Science Based Targets initiative (SBTi) by 2023.

2050 net zero emission goal

Achieve net zero GHG emissions across our value chain by 2050.

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 and implement regular reviews and revisions each year.

- In 2020, CO₂ emissions per unit of revenue reduced 4.44%, and reduced 23.27% compared with 2015, achieving the Group’s intermediate climate goals.

- Assisted 88 suppliers in implementing greenhouse gas inventory control and 58 suppliers also obtained ISO 14064-1 verification successfully with the Group’s guidance.

Energy

- 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 (the energy saving rate of 22% by 2020 goal in CSR report).

- The Group invested 1.356 billion NTD in 1,751 energy-saving projects. It achieves total energy savings of 506 million kWh 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%.

Water, Chemicals, and Processes

- Actively engaged in wastewater recycling actions - treated domestic wastewater is reused in production; a total of 7,029 thousand tons of water was recycled, equivalent to 8.1% of our total water usage.

- By 2030, aim to improve water quality by minimizing release of hazardous chemicals, materials, and untreated wastewater.

- The Group’s chemical safety policies, such as tracking of hazardous chemicals in our products and phasing out limited chemicals, entail periodical supplier qualification review from production license to manuals and trainings, delisting of unqualified suppliers, safety data sheets (SDS) compliance, storage guidance compliance, and random, daily spot safety inspections.

- Ramping up proactive measures on chemical safety issues such as elimination of certain chemical substances from our manufacturing processes, and the use of GreenScreen® framework and US EPA Safer Choice Program to assess alternative substances. We replaced all hazardous substances (GreenScreen® Benchmark 1 and 2) used during our final production processes with environmentally friendly alternatives.
New goal and new actions: The Group signed a memorandum of cooperation with UL, a global safety certification company, in January 2021 to make our Shenzhen Longhua Factory a “zero waste” demonstration site. Waste is managed through the cloud, tracking waste volumes and conversion rates real-time for efficient and quantitative implementation. Eventually this will be carried out throughout the Group, echoing the latest core value of “sustainable management=EPS+ESG”.

Climate Risks and Opportunities

Climate Risks

**Transformation Risks**
Enhanced Emissions-reporting Obligations

**Financial Impacts: Increased operating costs**
The Group is legally required to report, disclose, and comply with environmental laws. We continually lower our carbon emissions to reduce legal impacts on the Group, increasing our operating costs.

**Group Responses**
To achieve China’s Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period, we set 2015 as our base year and planned to achieve an energy-saving rate of 22% by 2020. The Group has invested large amounts of human and financial resources in improving energy-saving technologies. In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh and energy-saving benefits equivalent to 1.339 billion NTD.

Climate Opportunities

**Use of Public-sector Incentives**

**Financial Impacts: Reduced indirect operating costs**
China’s “Made in China 2025” initiative plans to complete the construction of thousands of green factories by 2020 with financial support from the central government and financial institutes while also providing support for key projects in different regions, indicating that green manufacturing has become a future trend.

**Group Responses**
Our own goal of transformation to new industries, supplemented with financial support from local governments, helped to accelerate the Group’s transformation processes. Additionally, we have formulated the “Action Plan for Evaluations of Green Factory Construction Projects” and are working to build and obtain certification for green factories. As of 2020, 19 of our legal entities have obtained the honorary title of “National Green Factory,” and 1 legal entity obtained the honorary title of National Green Supply Chain Management Corporation.”

**Use of More Efficient Production**

**Financial Impacts: Reduced indirect operating costs**
As a leading global technology company, we strive to improve energy efficiency and have commenced various energy-saving projects. To achieve China’s Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period, we set 2015 as our base year and planned to achieve an energy-saving rate of 22% by 2020. The Group has invested large amounts of human and financial resources in improving energy-saving technologies. In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh and energy-saving benefits equivalent to 1.339 billion NTD.

**Group Responses**
We fully utilize our technological advantages to expand application of IoT and energy usage through implementation of incentive measures, energy-saving audits, and enhancements of energy-saving technologies, thereby continuing to improve our production and energy usage efficiencies. In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh and energy-saving benefits equivalent to 1.339 billion NTD.

**Use of Lower-emission Sources of Energy**

**Financial Impacts: Reduced indirect operating costs**
Most of our clients are brand enterprises, many of which are requiring suppliers to improve their environmental performance. We consider it our duty to make continued advances in environmental performance, including gradual increases of clean energies. We increased our installation capacity for clean energies and generated power for internal usage to reduce operating costs.

**Group Responses**
In 2020, the Group achieved a total installed capacity of 257MW and generated 284.97 million kWh per year through self-generated and purchased energies. Total global usage of clean energies reached 1,048.56 million kWh in 2020, and clean energy usage ratios were 12.45%.
SOCIAl Aspect

The fundamental principles of labor rights, health and safety, and anti-slavery are detailed in Foxconn Code of Conduct which can be found on the Company’s website.

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 recruitment 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 factories in 2020.

Human Capital

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China</td>
<td>n/a</td>
<td>812,968</td>
<td>839,753</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>n/a</td>
<td>29,305</td>
<td>31,833</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>n/a</td>
<td>7,639</td>
<td>7,672</td>
<td></td>
</tr>
<tr>
<td>Other Regions</td>
<td>n/a</td>
<td>62,298</td>
<td>90,438</td>
<td></td>
</tr>
<tr>
<td>Employees with disabilities</td>
<td>1,702</td>
<td>6,220</td>
<td>4,258</td>
<td></td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>58,544</td>
<td>49,600</td>
<td>46,684</td>
<td></td>
</tr>
<tr>
<td><strong>Total Employees</strong></td>
<td><strong>863,000</strong></td>
<td><strong>912,210</strong></td>
<td><strong>969,696</strong></td>
<td></td>
</tr>
<tr>
<td>Female Percentage</td>
<td>%</td>
<td>36%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Male Percentage</td>
<td>%</td>
<td>64%</td>
<td>63%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Greater China Region Employee Dimensions

Number of Greater China Employees in 2020

Full-Time Employees: 627,979
Part-Time Employees: 211,774

Distribution of Gender

- Female: 37%
- Male: 63%

Distribution of Age

- Under 30: 48%
- 30-50: 51%
- Above 50: 1%

Distribution of Education

- High school or vocational high school: 42%
- Bachelor’s degree: 17%
- High school or vocational high school and above: 1%
- Master’s degree and above: 40%
## Remuneration

The Group formulated the “Regulations Governing Annual Promotion Procedures for Group Employees” to evaluate employee performances, development potential, and training needs. In 2020, we’ve conducted across-the-board annual performance reviews and appraisals. The Group adjusts remuneration according to promotions and personnel performance, with no differences between male and female employees. We regularly review our salary standards, and our remuneration performance exceeds industry standards, providing a stable workplace environment, remuneration, and benefits for our employees.

**In 2020, 100% of employees underwent performance reviews and appraisals, and the Board approved the distribution of NT$ 6 billion employee remunerations in 2020.**

### Number and remuneration of non-supervisor full-time employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of non-supervisor full-time employees</th>
<th>“Average salary” for non-supervisor full-time employees (thousand NTD)</th>
<th>“Median salary” for non-supervisor full-time employees (thousand NTD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3,590*</td>
<td>2,402</td>
<td>1,538</td>
</tr>
<tr>
<td>2020</td>
<td>3,567*</td>
<td>2,417</td>
<td>1,662</td>
</tr>
</tbody>
</table>

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

### Energy-Saving Incentives

To enhance employee emphasis on climate change and internalize relevant concepts into the core cultures of each department, the Group formulates “Appraisal Items and Scoring Guidelines for Energy Management” each year. Appraisal items includes:

- Energy management
- Energy reduction systems
- Implementation of energy-saving measures
- Supervision of energy
- Reduction measures
- Energy-saving KPIs

Detailed quantitative scores are presented for each item, and those ranking within the top 3 for the quarter/year or other teams that obtained high scores are awarded bonuses and incentives. We provide group and individual cash rewards for outstanding energy-saving technological transformation projects that enhance energy efficiency.

**In 2020, we awarded 3.47 million NTD to 11 teams and 6 individuals with outstanding energy-saving contributions.**

### Employee Welfare

We have implemented a series of employee welfare measures to promote and protect the health of our employees and their families, including social insurance and group insurance; pensions; subsidies for weddings, funerals, and other special occasions; travel allowances; year-end party raffles; and other subsidies.
Maternity Allowances, Parental Leave, and Retention
In 2020, the Group increased maternity allowances with childcare subsidies.

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>70,000 NTD Maternity allowance with childcare subsidies for employee offspring aged 0 to 3</td>
<td>70,000 NTD Maternity allowance with childcare subsidies for employee offspring aged less than 7 years old</td>
</tr>
</tbody>
</table>

The amendment offers a wider range of benefits adding taxi allowances, maternity subsidies and travel allowances, among others. Each child receives subsidies amounting to approximately 1.305 million NTD. We believe these care measures has led to high reinstatement rates following parental leaves.

*In 2020, we distributed a total of 176 million NTD to 1,210 employees.*

Reinstatement rates following parental leave and retention rates in recent years were close to 100%. In order to further enhance retention rates, the Group conducts interviews with exiting employees to understand the specific reasons for resignation and use these as a basis for improvement.

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

Training and Education
Foxconn University was founded in 2001 to serve as our headquarters for talent development and innovation cultivation, as well as a booster for the Group’s transformation to new industries and a disseminator for our corporate culture and business philosophies.

*By the end of 2020, the Group has invested a total of 406 million NTD in Foxconn University and provided 64.16 million hours of training to a total of 35.98 million people.*

2020 Training Metrics

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average training per female employee</td>
<td>Hours</td>
<td>1.8</td>
</tr>
<tr>
<td>Average training per male employee</td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Average training per employee</strong></td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>Graduated from the program with bachelor’s degree or above</td>
<td>Persons</td>
<td>983</td>
</tr>
<tr>
<td><strong>Graduated employees</strong></td>
<td></td>
<td>3,722</td>
</tr>
<tr>
<td>Graduates whose programs relate to current job duties</td>
<td>%</td>
<td>82%</td>
</tr>
</tbody>
</table>
Foxconn University collaborates with 42 colleges and universities to implement on-the-job academic programs at 19 factories.

Employee union and rights protection: Our latest “Group Collective Agreement” protects employee rights and states that employees should be notified 30 working days in advance of major decisions related to their vital interests. Our Labor Union was established in 2007 in accordance with local regulations and currently encompasses employee unions with 4 management levels and 5 ranks. The Labor Union signed the “Foxconn Technology Group Collective Agreement,” which covers the 131 legal entities of the Group and provides basic protection of employee rights. In 2020, the Labor Union convened 13 labor delegates meetings to vote on issues relating to employee rights and obligations.

In 2020, 98% of our employees were union members.

Activities organized by the union to achieve mutual wins

| Employee representative meetings | Hosted 114 sessions attended by 4,918 participants who raised 729 queries. Query resolution rate was 99.03%.
| Labor delegates WeChat group | Discussed a total of 79 issues relating to feedback on questions, policy consultations, and lost & found items; reported 35 good deeds
| Committee member service days | Organized 18 sessions at factories, employee homes, dormitories, and canteens to assist 2,800 people
| Management meetings | Hosted 25 sessions attended by 1,291 participants who raised 103 queries. Query resolution rate was 100%.
Supply Chain Management

The Group is committed to building sustainability in supply chains with its partners. Adhering to the Responsible Supply-Chain Management (RSM) procedure, the Group actively participates in the discussion of issues relating to social and environmental responsibilities of its supply chains. We conduct annual audits of suppliers to ensure supplier compliance with our Supplier Social and Environmental Responsibility Code of Conduct and may request improvements based on audit results. 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.

Following Foxconn’s code of conduct and social environmental policy, suppliers are required to comply with local laws and regulations in the process of purchasing and trading.

Strongly Prohibit

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

For full details of the Group’s supplier management procedures and policies, please see Page 79 to 92 of the 2020 Hon Hai CSR Report.

Supplier Management Processes

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

2. **Risk assessment**
   - Implementation principles
     - The Group use the Supplier Social and Environmental Responsibility Code of Conduct as a standard for self-assessment questionnaires (SAQ)
   - Management measures
     - Self-assessments and improvements
     - Risk assessments

3. **Audit verification**
   - Implementation principles
     - Request supplier on-site audits
     - Improve defects
   - Management measures
     - Audits
     - Improvement actions
     - Verification of improvement results

4. **Continuous Improvement**
   - Implementation principles
     - Innovation and guidance
   - Management measures
     - Scorecard performance review
     - PSL/RSL selection
     - Freeze

ESG Assessments of Suppliers

Increase of ESG assessments of suppliers in 2020 led to a favorable pass rate with some room for improvement mostly around health and safety. While we score supplier performance across 5 major aspects: quality, cost, service, delivery, and corporate social, environmental responsibility (including use of conflict mineral). Up to 30 points can be deducted from suppliers due to poor implementation of social and environmental responsibilities out of 100, causing them to be placed on the Restricted Supplier List (RSL).
Green Product Management Requirements for Suppliers

GP (Green Products) audits show our efforts to ensure compliance with controversial materials sourcing policy and, as the largest electronics manufacturer in the industry, with various environmental requirements including RoHS, REACH, and HF. 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. This encourages suppliers to meet the Group and clients’ requirements. If suppliers do not complete the improvements within stipulated time limits following guidance provided by the Group, the Group will consider reducing and restricting the use of the supplier for new cases and may even terminate the orders.

Results of supplier ESG (Environmental, Social, and Governance) audit assessments in 2020

<table>
<thead>
<tr>
<th>Aspects and Standards</th>
<th>Audited suppliers</th>
<th>Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>QPA &amp; QSA &amp; SCM (Involving ISO 9000, IATF 16949)</td>
<td>50</td>
<td>92%</td>
</tr>
<tr>
<td>GP (Involving QC 080000, RoHS, REACH)</td>
<td>31</td>
<td>93%</td>
</tr>
<tr>
<td>GHG (Involving ISO 14064)</td>
<td>6</td>
<td>84%</td>
</tr>
<tr>
<td>CSR (Involving RBA, ISO 14001, ISO 45001)</td>
<td>53</td>
<td>86%</td>
</tr>
</tbody>
</table>

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Green Product Management Requirements for Suppliers

GP (Green Products) audits show our efforts to ensure compliance with controversial materials sourcing policy and, as the largest electronics manufacturer in the industry, with various environmental requirements including RoHS, REACH, and HF.

The Group’s management of supplier green products stems from the two dimensions of supplier management structures and product compliance, and we continually encourage our suppliers to enhance their GP management standards.

Responsible Mineral Procurement Management

The Group has established management processes for supplier procurement of responsible minerals and issued the “Statement on Responsible Mineral Procurement”. As a member of the RMI (Responsible Mineral Initiative), 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) responsible reporting templates developed by the RMI. The Group has not yet discovered supplier products containing minerals from conflict areas in the Democratic Republic of Congo and surrounding countries.

Supplier Energy and Carbon Reduction Management

We announced at the end of 2020 that GHG emissions policies across the value chain are consistent with the goals of the Paris Agreement and we aim to achieve the goal of net zero greenhouse gas emissions by 2050. Therefore, we are planning to advance the carbon emissions management measures for our supply chains and commence carbon neutrality measures. Full details of the Group’s supplier energy and carbon reduction management can be found on Page 89 and 90 of the 2020 Hon Hai CSR Report.
Foxconn follows OHSAS 18001 and CNS15506 and other relevant internal policies. A keen focus on strict detection and monitoring measures to prevent and control has led to lower health and safety risks compared to 2019 statistics. Analysis of occupational injuries for 2020 showed that the stamping, machining, forming/diecasting processes held the highest risks within the Group. Additionally, upgrading of automated machinery, adjustments of equipment and facilities, and complex maintenance environments increased risks of crush and collision incidents. The most common injuries were mechanical injuries, other injuries, and physical impacts: the two fatal incidents were caused by mechanical injuries and physical impacts. Therefore, the Group carried out comprehensive reviews and formulated safety operating manuals for mechanical injuries, object impacts, falls from high altitudes, and other high-risk factors, emphasizing the thorough implementation of safety devices for mechanical facilities, periodic inspections, and strengthened risk identification and hazard notification for personnel of all positions to ensure multiple layers of prevention and management. We also strengthened safety training for and supervision of safety operational procedures by entry-level managers to ensure timely discovery and elimination of dangerous behaviors.

Due to the outbreak of the COVID-19 in 2020, changes were made to the Group’s production conditions, resulting in increased movement of factory personnel; inadequate safety training and safety warnings resulted in increased occupational injuries for temporary workers. In the future, the Group will strengthen the education and training of temporary workers relating to safety operations regulations and skills. In consideration of our 5 recorded contractor occupational injury incidents, we will also strengthen contractor operational safety through safety announcements, education and training, and audits.

For full details on our epidemic prevention measures in response to the COVID-19 pandemic, please refer to Page 26 to 27 of the 2020 Hon Hai CSR Report.
GOVERNANCE ASPECT

Board Oversight
The Group complies with all domestic and overseas regulatory requirements and strives to protect shareholder interests, strengthen Board functions, empower functional committees, respect stakeholder interests, and enhance information transparency.

Foxconn’s Board of Directors is comprised of 9 members responsible for our company’s corporate governance. In addition to safeguarding shareholders’ interests, the Board adheres to the guiding principles of collaboration and partnership with Foxconn’s stakeholders such as employees, customers, suppliers, local communities, government agencies and NGOs. The chairman of the Board of Directors shall be elected from among the directors. The chairman of the Board of Directors shall represent the Company in external matters and oversees the overall management of the Company. 3 of the 9 members are Independent Directors.

The term of office of the current Board of Directors is from July 1, 2019 to June 30, 2022. The number of Independent Directors is 33%. Among the 9 Directors, concurrently an employee of the Company accounts for 22.22%. The Company places great emphasis on gender diversity of the Board and is currently at 11% female representation.

The Board has established diversity policies in “Corporate Governance Practical Principles”, as disclosed on our website.
Global CSR Committee

The Group Global CSR Committee was established in March 2007 and is headed by Group Chairman Young Liu. Additionally, each business group under the Group has established CSR sub-committees, reporting to the main committee, to implement the Group’s CSR policies. The Group has established a dedicated CSR team composed of more than 1,000 people from factories all around the world to interact closely with clients, the government, and all stakeholders to enhance corporate transparency.

Every year, the Committee conducts evaluations and audits of the various business groups to ensure that the CSR policy is integrated across Foxconn’s operations and at every manufacturing facility.

Corporate Integrity and Ethical Management

The Group has established effective internal control systems and organizes annual training for employees. Training relating to ethical management issues in 2020 included courses on insider trading, the Trade Secrets Act and general legal information, operating procedures for communications networks, and introduction to corporate information security policies.

Total of 1,316 people participated in these courses.

The Group did not incur any legal violations relating to anti-competition, anti-trust and monopolization, or corruption in 2020.
Internal audit units periodically conduct risk assessments and formulate audit plans which clearly specify audit items, times, processes, and methods. Relevant audits are implemented in accordance with these plans. Additionally, auditors conduct routine audits and planned audits on both a regular and irregular basis while urging all internal units and subsidiaries to conduct regular self-assessments regarding the effectiveness of internal control systems. Audit results are attached to working papers and related materials for the compilation of audit reports to ensure that our internal control systems continue to be effectively implemented. The Chief Audit Executive of the Group serves as the chairman of the Internal Audit Association, who executes corporate governance, and formulates subsequent corporate governance plans.

### Internal Audit Operations

- **Assess/Plan**
  - Deficits for the previous year and manager suggestions are integrated into audit plans
  - Risk assessment
  - Formulation of annual audit plans

- **Implement Audits**
  - Design audit items and programs
  - On-site observations/ interview
  - Application of automated audit programs (such as RPA)

- **Audit Conclusions/ Reports**
  - Convene conclusion meetings
  - Compile audit reports / deficits list
  - Implement quarterly follow-up of deficits until they are corrected

- **Report submission**
  - Submit a report to the Board and Audit Committee
  - Prepare a business report for submission to the Board

### Information Security Management

The Group has also established Information Security Committee where business unit heads are the ex officio members joined by information security managers and department managers. The Committee regularly convenes to establish and review information security management targets and policies. The committee, in response to information security risks, has established Internet firewalls, intrusion detection systems, email security systems, auto-detect updates for operating systems, anti-virus systems, internet authorization systems, security monitoring systems, and vulnerability scanning systems.

In addition, internal and external auditors perform two audits on corporate information security management systems for the Group each year and reviews of information security operations, risk management, and incident improvement are conducted every year. The results of these audits and reviews are then presented to the Information Security Committee to facilitate the management and reduction of information security risks.

For full details of the Group’s information security management, please refer to Page 25 of the 2020 Hon Hai CSR Report.

### Whistleblower / 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 whistleblowing suppliers and employees are kept confidential. 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.