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Introduction



In recent years, the environmental, economic, and social impacts caused by global warming have gradually become apparent. The latest Global Risks Report released by the World Economic Forum (WEF) in 2021 listed “climate action failure” and “extreme weather” as the top two major global risks associated with climate change over the next 10 years, indicating that climate change is an urgent issue that all enterprises should take into account.

Hon Hai’s sustainable management principles include 6 major ESG strategies and 32 long-term goals encompassing “Green Solutions, Circular Economy, Employee Satisfaction, Win-Win Strategy, Business Sustainability, and Corporate Governance.” Increasingly serious climate issues have alerted us to an urgent need for climate risk management. Hon Hai’s ESG strategies include three stages of assessments to inventory internal operations, regulations, and customer requirements and expectations. We also reference international trends and research reports to evaluate climate-related risks and opportunities as well as their impacts on Hon Hai, propose corresponding measures for climate management, and comprehensively identify and assess climate change risk and opportunity mechanisms to establish a corporate culture of environmental sustainability.

The first stage incorporated the four main aspects of TCFD recommendations (governance, strategies, risk management, and indicators and goals) in 2022 to facilitate transparent disclosure of our management procedures for key climate-related risks and opportunities, as well as the strides we are making in our operational strategies and performance for our net zero vision. In the second stage, we aim to conduct analyses and discussions of climate scenarios, as well as quantify financial impacts. The third stage will integrate results from the first and second stages to generate standardized forms and processes that extend the scope of climate-related financial assessments to the whole world.

To mitigate possible impacts from climate change, we have always set “Energy Saving, Emission Reduction, Greening, and Circular Economy” as our principles for managing environmental issues. In 2008, we formulated plans to inventory supplier greenhouse gas emissions; in 2012, we began installing solar photovoltaic facilities in our factories; in November 2020, we proposed our goal of achieving net zero emissions over our value chain by 2050 and fully incorporated climate-related issues into our business strategies and sustainability goals to actively respond to zero-carbon transformations in an economic era.

Hon Hai climate transformation milestones

Understanding Climate Information

2007

- Established Group Global CSR Committee

2008

- Established GHG inventories and carbon reduction projects, and encouraged suppliers to complete greenhouse gas inventories in accordance with ISO 14064

2009

- Established Energy Resource Management Committee

2010

- Formulated plans to establish a green high-tech demonstration zone at Longhua Factory and installed solar photovoltaic energy systems
- Commenced participation in Carbon Disclosure Project (CDP)

Energy Conservation and Carbon Reduction Governance Throughout Value Chain

2011

- Launched supplier GHG management platform to form a supplier carbon emissions database

2012

- Commenced 2 MW solar-integrated photovoltaic building project at Longhua Factory

2013

- Participated in Shenzhen carbon transaction pilot program and founded Fu Neng New Energy Technology Co., Ltd.
- Formulated supplier energy and carbon reduction policies and required suppliers to abide by Hon Hai energy saving and carbon reduction policies

2014

- Hon Hai's Plastic Resource Application Center commenced recycling of waste plastics at all factories in China and organized various activities, including the "Eco-friendly, green living and shared resources" event
- Adhered to "green, ecological, natural, zero-emissions, and reusable" principles and established our fourth-generation industrial park "Guizhou Factory"

2016

- Initiated "Green supplier energy conservation pilot program" to provide emission reduction guidelines to our suppliers
- Integrated advanced international photovoltaic simulation software to optimize designs of solar photovoltaic power stations
- Signed collaboration agreement with Nanyang City Government to build power stations with 100 MW solar photovoltaic installed capacity

Energy conservation and carbon reduction Governance Throughout Value Chain

Hon Hai Net Zero Transformations

2017

- Encourage suppliers to obtain ISO 50001 certification to enhance energy efficiency
- Formulated "Action Plan for Evaluations of Green Factory Construction Projects (2017-2020)," which includes plans for major entities in our factories in China to complete construction and evaluation of green factories

2020

- Proposed three major climate goals and joined the Climate Action 100+ initiative
- Launched MIH EV Open Platform and formed the MIH Consortium

2021

- Became a TCFD supporter
- Submitted Commitment Letter to the Science Based Targets initiative (SBTi)
- Formulated supplier net zero emission policies and requirements aligned with our climate goals
- Launched "Supplier carbon management system" and encouraged use of renewable energies within our supply chain
- Became a founding member of Association of Taiwan Net Zero Emissions, and served as a director and supervisor

2022

- Formulated 6 major ESG strategies and 32 long-term goals
- Officially submitted science based targets application for SBTi approval
- Renamed the Global Corporate Social Responsibility Committee to the "Sustainability Committee"



2.1 Hon Hai Net Zero Goals and Key Actions

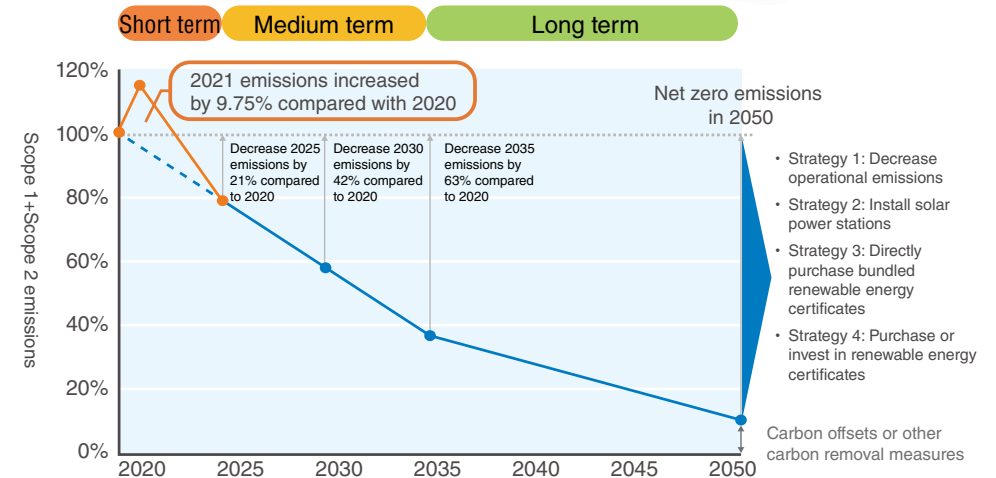
Hon Hai proposed three climate goals in 2020:

- Hon Hai factories should comply with local governmental NDCs and carbon emission policies.
- Align GHG emissions of the Hon Hai value chain with the goals of the Paris Agreement and realize our goal of net zero GHG emissions by 2050.
- Respond to and act upon the three targets proposed by the Climate Action 100+ steering committee:
 - (1) Strengthen climate change governance;
 - (2) Implement actions relating to GHG emissions within Hon Hai's value chain;
 - (3) Provide disclosures in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD).

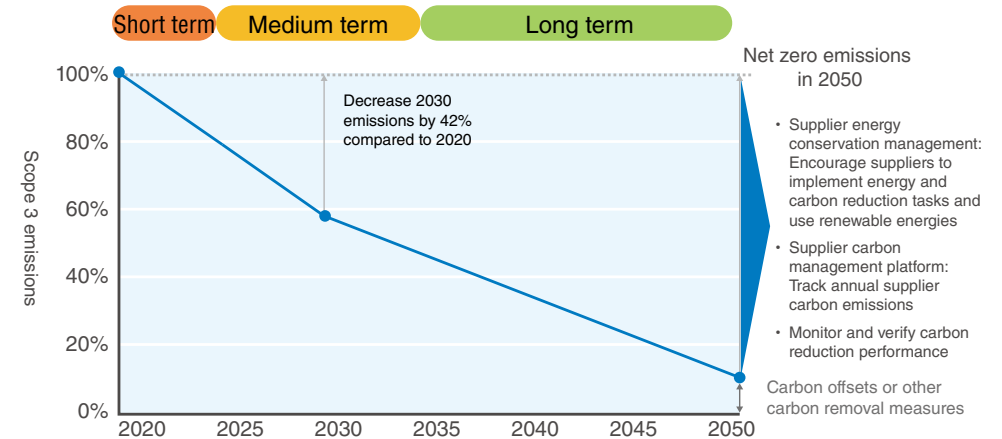
In line with the aforementioned goals, the Group's operating sites have always complied with local environmental and carbon reduction policies, as well as set long-term plans for environmental management of energy conservation and carbon reduction measures in collaboration with our suppliers. In 2021, we pledged to set science based targets based on the Business Ambition for 1.5°C campaign so as to achieve net zero emissions throughout our value chain by 2050. Following a year of inventory and analysis, the Group officially submitted the science based targets application in April 2022 and passed the audit in March 2023, further reviewed and strengthened these targets to establish carbon reduction goals and mechanisms aligned with international initiatives, and also implemented corresponding actions (please refer to the images below; please refer to "[5. Net Zero Transformation Strategy](#)" for more information on our net zero actions). Hon Hai officially became a TCFD supporter in 2021 and pledged to adopt the TCFD recommendations and guidance framework. This report details the various greenhouse gas emission reduction actions undertaken by us and our suppliers. In future, we will also continue to enhance our climate governance.



Hon Hai greenhouse gas reduction plans: Scope 1 + Scope 2 ^{Note 1}



Hon Hai greenhouse gas reduction plans: Scope 3 ^{Note 1 and Note 2}



Note 1: The SBTs disclosed here were officially included in our SBT application submitted in April 2022., and passed the audit in March 2023.

Please refer to the official SBT website for information on Hon Hai's approved SBTs (<https://sciencebasedtargets.org/companies-taking-action>).

Note 2: The Group has completed inventory of Scope 3 GHG emissions for 2020, and inventory of Scope 3 emissions for 2021 are scheduled to be completed in the first quarter of 2023.