3 Building Comprehensive Climate Governance Mechanisms

1 Establishing Sustainable Development for a Net Zero Future

2 Introduction

3 Building Comprehensive Climate Governance Mechanisms

4 Professional Segregation for Risk Management

5 Net Zero Transformation Strategy
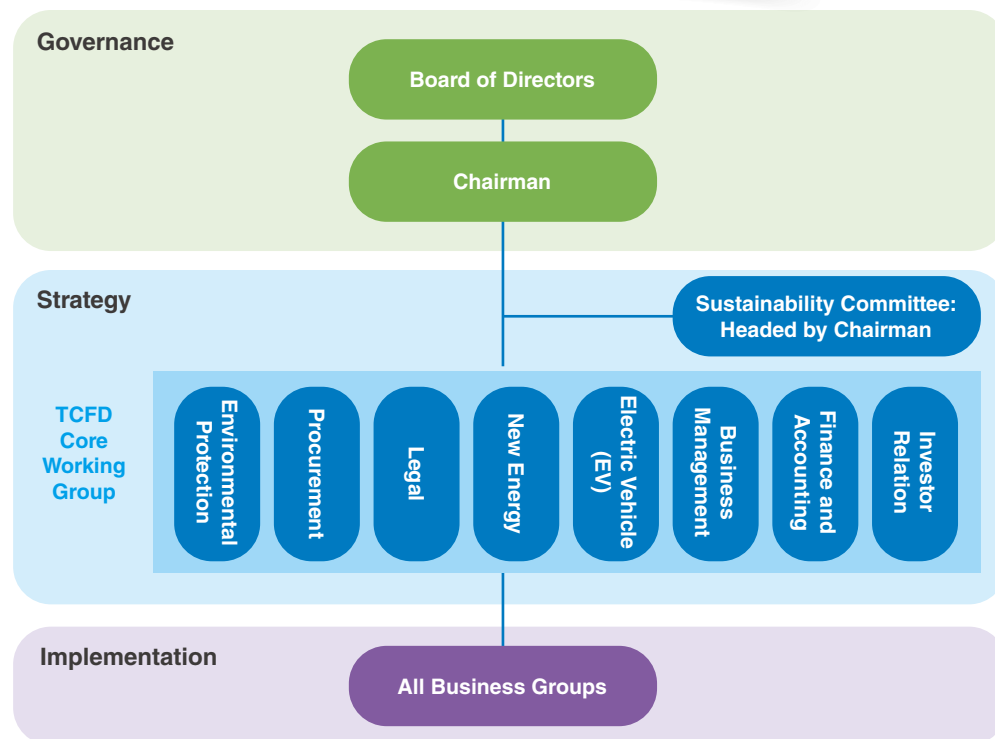
6 Net Zero Performance and Outlook

7 Appendix

3.1 Hon Hai Sustainability and Climate Governance

Hon Hai's management of climate change issues is supervised by the Board of Directors and segregated into different functional units. The "Sustainability Committee," which is headed by Chairman Young Liu, is responsible for reporting said progress to the Board each year. A promotion office staffed with a dedicated team has been established under Sustainability Committee to formulate systems and regulations for sustainable development, monitor corporate sustainable development policies and plans, periodically track and assess implementation progress and performance of sustainable development tasks, compile sustainability reports, and promote and integrate sustainable development concepts within the Group's corporate culture. The Sustainability Committee periodically meets with the ESG teams and tracks the 32 ESG goals, which include 8 environmental long-term goals (for more information on goal implementation and performance, please refer to "6. Net Zero Performance and Outlook").

Chart of organizational structure for climate governance at Hon Hai

Organizational structure for climate governance at Hon Hai

Unit	Governance/Supervision Duties	Monitoring Frequency
Board of Directors	Supervise the Group's overall management of climate issues and confirm the Group's progress on climate-related goals each year	Annual
Sustainability Committee	Headed by Chairman Young Liu and reports directly to the Board. Formulate systems and regulations for sustainable development, monitor corporate sustainable development policies and plans, periodically track and assess implementation progress and performance of sustainable development tasks, and report said progress to the Board each year	Periodic: Report progress to the Chairman Annual: Report to the Board
TCFD Core Working Groups	TCFD Core Working Group include Sustainability Committee and Group central management units Coordinate and communicate climate issues with internal and external stakeholders, identify response measures to climate issues, formulate implementation strategies for climate issues, and categorize and assess materiality of climate-related risks and issues: • Policies and laws (Management and implementation related to all climate-related policies and regulations around the world, including those associated with carbon trading, carbon taxes, and energy conservation and carbon reduction) • Market (Management and implementation related to stakeholders, changes in market demand and supply, and low-carbon R&D and innovation) • Physical risks (Management and implementation related to extreme weather events, increased average temperatures, enhanced resource usage efficiency, and prevention and responses to climate-related disasters)	Annual

3.2 Implementing Climate Governance

The Group also has an ESG-E team for the planning and execution of environmental protection related to climate issues, the central Environmental Protection Division as the coordinating unit, and the Group Environmental Protection Officer as the person in charge. The EGS-E team is responsible for coordinating management of Hon Hai's carbon emissions, water resources, pollution prevention, and other global environmental protection policies and goals; periodically tracking and updating progress; making monthly progress reports to the Chairman; and making progress reports to the Sustainability Committee every six months.

To strengthen our understanding of how climate-related risks and opportunities impact the Group, we incorporated the TCFD framework and established TCFD Core Working Group in 2022. In future, we plan to analyze and discuss climate scenarios, as well as quantify the financial impacts of climate-related risks. The Finance and Accounting Department is responsible for auditing and updating the financial impacts of climate risks on an annual basis.