5 Net Zero Transformation Strategy

5.1 The Path to Net Zero

Hon Hai considers "Green Solutions" and "Circular Economy" to be core implementation strategies for environmental issues, and has set "clean production" and "resource management" as the two core concepts for establishing a sustainable action plan aligned with three major climate goals, and for formulating corresponding net zero targets, carbon reduction management, and monitoring mechanisms for the Group's value chain. Hon Hai will take gradual steps to achieve net zero emissions through actions that mitigate climate change, value chain management, promotion of smart and green transformations, creation of emerging industries, enhancement of operational resilience, and other core concepts.

5.1.1 Actions for Mitigating Climate Change

The Group's total greenhouse gas emissions (market-based Scope 1, 2, and 3 emissions) for 2020 included 0.94% Scope 1 and 17.62% Scope 2 emissions. In order to achieve net zero Scope 1 and 2 emissions by 2050, we plan to focus on the two core concepts of "clean production" and "resource management," and have proposed the following measures:

1. Operational energy conservation and carbon reduction measures

   The Group adheres to relevant policies and regulatory requirements of major production areas, and implements the following key tasks for energy conservation and carbon reduction:

Hon Hai key energy conservation and carbon reduction actions

Key Tasks	Description	Key Performance Indicators
Implement energy-saving policies and regulations	We use governmental policies and regulations as a basis for mandatory tasks such as promoting energy and carbon reduction measures; coordinating management and implementing energy management plans; reporting energy usage; obtaining certification for energy management systems; establishing energy management centers; auditing energy usage; formulating energy-saving plans; compiling energy-saving self-assessments; and evaluating new, converted, and expanded energy-saving projects	• The Group has begun participating in Shenzhen's carbon trading pilot program since 2013
Promote green manufacturing systems	Implemented our "Action Plan for Evaluations of Green Factory Construction Projects," promoted establishment of key factories, and applied for national certifications relating to green factories, green supply chains, green factories, and green products. In future, we will continue to expand our green factories and aim to obtain green factory and green supply chain certifications for 100% of our key factories and supply chains by 2030	• As of 2021, a total of 23 entities have obtained "National Level Green Factory" medals • As of 2021, a total of 2 entities have obtained "National Level Green Supply Chain Management Corporation" medals • In 2022, our Tucheng Huyue Headquarters obtained the US Healthy Building Fitwel certification, becoming the first recipient in Taiwan as an existing building for diverse uses such as factory production lines, office areas, and canteens
Diagnose industrial energy-saving measures	We diagnose main processes, key energy usage systems, key technologies and equipment, and promote technical consultations and technological transformations and upgrading. Functional energy conservation and carbon reduction units conduct annual audits and reviews of all projects to ensure achievement of energy and carbon reduction goals	• In 2021, we discovered 21,500 violation projects [Note 1] in the China region, and subsequently reduced power wastage by 7,800 MWh and decreased expenditures by 21 million NTD
Full certification of energy management systems	We encourage Group entities to obtain and maintain ISO 50001 certifications as well as commence implementation of systematic energy and carbon reduction tasks	• As of 2021, a total of 43 entities have completed external verification of ISO 50001 energy management systems
Execute key energy-saving projects	We focus on optimizing processes, transforming and replacing equipment with high energy consumption and low efficiency, upgrading energy systems, and installing power generators which use renewable energies to enhance energy efficiency during production processes	• In 2021, we invested 1.75 billion NTD in 1,587 energy-saving projects, achieving energy-saving benefits equivalent to 1.3 billion NTD

Note 1: For effective implementation of energy and carbon reduction projects, the Group conducts annual audits and reviews of all projects to ensure achievement of energy and carbon reduction goals, and also monitors actual results and benefits. Projects that have not achieved their energy and carbon reduction goals are known as violation projects.

2. Motivational incentive mechanisms

To encourage and effectively enhance employee emphasis on climate change, we have incorporated relevant concepts in the Group's core organizational culture. We distribute energy and carbon reduction targets to our businesses in the China region each year and formulate the "Appraisal Items and Scoring Guidelines for Energy Management" which includes scores for energy conservation management, energy conservation systems, energy conservation implementations, supervision of energy conservation, and other energy conservation KPIs. We conduct comprehensive quarterly and annual appraisals, as well as periodic reviews and corrections each year, and present awards and monetary rewards to outstanding teams and individuals to provide an incentive for entry-level personnel and for subsequent implementation of energy conservation projects. In 2021, we awarded 1.57 million NTD to 5 teams and 5 individuals with outstanding energy-saving contributions.

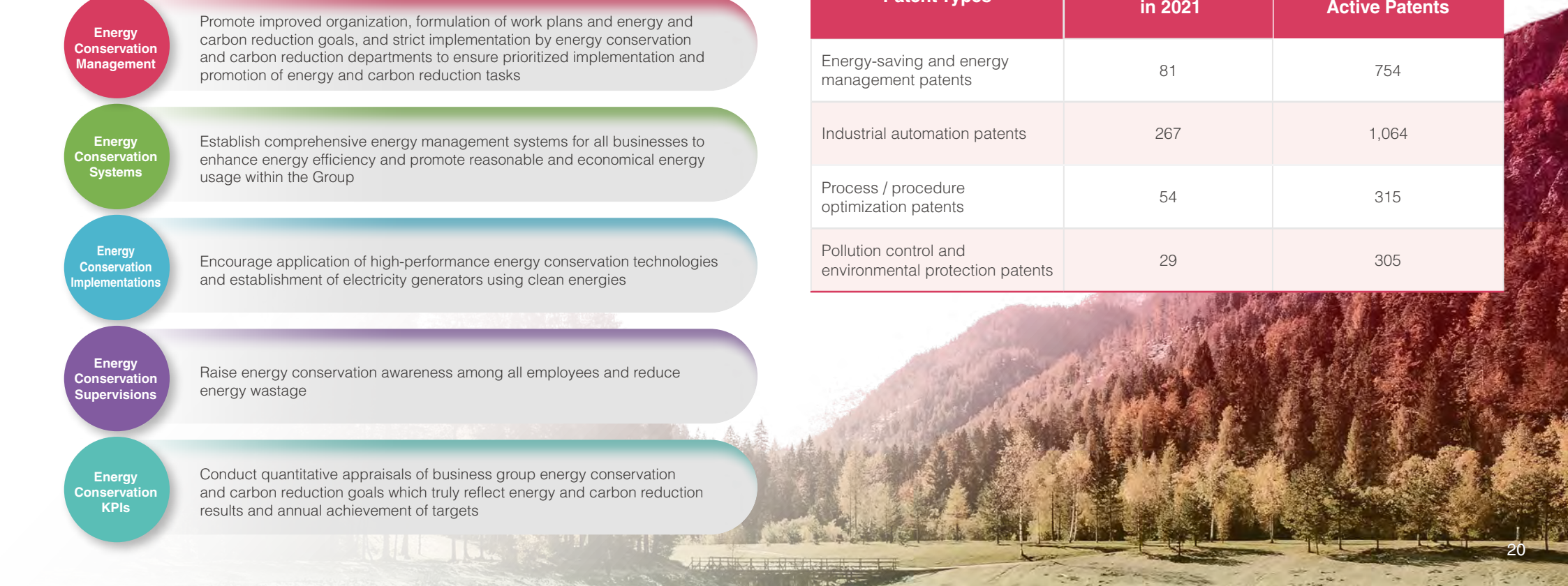
Energy conservation management indicators

Energy Conservation Management	Promote improved organization, formulation of work plans and energy and carbon reduction goals, and strict implementation by energy conservation and carbon reduction departments to ensure prioritized implementation and promotion of energy and carbon reduction tasks
Energy Conservation Systems	Establish comprehensive energy management systems for all businesses to enhance energy efficiency and promote reasonable and economical energy usage within the Group
Energy Conservation Implementations	Encourage application of high-performance energy conservation technologies and establishment of electricity generators using clean energies
Energy Conservation Supervisions	Raise energy conservation awareness among all employees and reduce energy wastage
Energy Conservation KPIs	Conduct quantitative appraisals of business group energy conservation and carbon reduction goals which truly reflect energy and carbon reduction results and annual achievement of targets

Apart from appraisals of energy conservation management mechanisms, the Group also adopts a "quality, quantity, and multiple usage" strategy for patents based around low-carbon cleansing technologies to encourage healthy competition and active innovation among employees in R&D departments. In terms of incentives, we began implementing new intellectual property rights incentive regulations in June 2021, which not only provide basic rewards for invention patents, utility model patents, IC designs, trade secrets, and software copyrights, but also offer bonuses during the proposal and certification stages. We also award higher bonuses to inventors of select outstanding patented inventions. In 2021, Hon Hai obtained 431 patents related to low-carbon cleansing technologies, bringing our cumulative number of active patents to 2,438.

Number of patents for low-carbon cleansing technologies held by Hon Hai

Patent Types	New Patents Obtained 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



3. Establishment and procurement of green electricity

The ESG-E team coordinated and formulated green electricity proportion targets to provide carbon reduction planning and technical services for the Group's green electricity usage, solar photovoltaic power stations, and renewable energy certificates. Each functional department within the Group combines client requirements and overall Group goals to annually formulate feasible solutions based on their own needs; these solutions are then submitted to operational management units for review. According to the resources of each factory, decide to self-built or collaborate with external third parties for joint construction, or purchase renewable energy, and we will combine different solutions. The Group has also set green electricity goals and aims to raise proportion of green energy usage throughout the whole Group to more than 50% by 2030.

(1) Self-established solar photovoltaic power stations

The Group actively promotes development and usage of renewable energies. The main measures taken to establish solar photovoltaic power stations at our factories were as follows:

- Starting in 2010, we began formulating plans to establish a green high-tech demonstration zone at Longhua Factory and installed solar photovoltaic power generation systems to provide the electricity needed for daily operations of the factory sewage plant. We also implemented a 2 MW solar-integrated photovoltaic building project in 2012.
- In 2016, we signed a collaboration agreement with Nanyang City Government to build power stations with 100 MW solar photovoltaic installed capacity, and completed construction of a ground-mounted solar photovoltaic demonstration power station with installed capacity of 100 MW in 2018.
- We built and procured 16 roof-mounted and ground-mounted solar photovoltaic power stations with a total installed capacity of 260.02 MW in 2021.

(2) Bundled RECs and green electricity procurement plans and investments

In recent years, the Group has implemented a number of energy transformation actions, including investment of solar photovoltaic power generation and green electricity power stations, and also procured green electricity in locations all around the world.

In 2022, we announced our plan to procure green electricity for factories in the Taiwan region. The Group signed a memorandum of cooperation with Shinfox Energy to procure green electricity and announced that we would achieve 100% net zero emissions in all office sites by 2030. In future, we plan to procure 2.36 million kWh of green electricity and increase our procurement volumes year by year; we expect to accumulate a total of 70 million kWh of green electricity usage by 2030.

Green electricity usage at Hon Hai for 2021

Green Electricity Usage		2021
Taiwan	Directly procured green electricity (10^4kWh)	73.18
	Renewable energy certificates (10^4kWh)	-
	Self-generated and self-consumed electricity (10^4kWh)	20.57
	Total installed capacity (MW)	0.25
China	Directly procured green electricity (10^4kWh)	3,627.00
	Renewable energy certificates (10^4kWh)	-
	Self-generated and self-consumed electricity (10^4kWh)	29,660.80
	Total installed capacity (MW)	260.02
Overseas markets	Directly procured green electricity (10^4kWh)	15,100.00
	Renewable energy certificates (10^4kWh)	-
	Self-generated and self-consumed electricity (10^4kWh)	12.00
	Total installed capacity (MW)	0.19
Ratio of renewable energy usage to overall energy usage at the Group (%)		5.17%

5.1.2 Value Chain Management

Hon Hai is one of the biggest electronics manufacturers in the world, with suppliers all around the globe. According to the results of greenhouse gas inventories conducted in 2020, Scope 3 emissions account for 81.44% of Group emissions. In order to achieve net zero Scope 3 emissions by 2050, the Group has proposed the following measures based on the two core concepts of “clean manufacturing” and “resource management”:

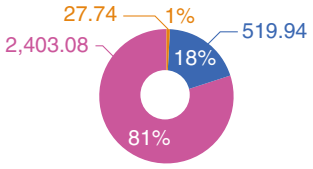
1. Promote carbon reduction for electronic suppliers

   Formulate five steps to promote carbon reduction for suppliers based on the Group’s carbon neutrality promotion plan, and encourage suppliers to undergo transformations for energy conservation and use renewable energies to achieve carbon reduction goals for electronics suppliers.

Five carbon neutrality steps for electronics suppliers

1 Carbon inventory

- Total Group carbon emissions 2,951 (Unit: 10,000 tCO_2e)

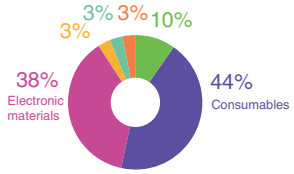


Scope 1 Scope 2 Scope 3

- Emissions from procurement of raw materials and services used for production accounted for 71%

17.12 million tCO_2e

- Carbon emission categories for emissions from procurement of raw materials and services used for production



Produced products (consumables) Electronic components
Plastic packaging, non-laminated plastic Bags, coated paper
Iron, steel, iron alloy 47 other products

2 Formulate carbon reduction goals

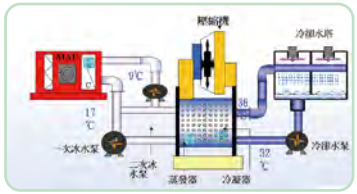
- Group SBT carbon reduction goals

- Achieve net zero greenhouse gas emissions by 2050
- Reduce 21% by 2025
- Reduce 42% by 2030
- Reduce 63% by 2035

Note: Using 2020 as base year, including Scope 1, Scope 2, and Scope 3.

3 Carbon reduction (energy conservation solutions)

- Energy efficient water-cooled chiller



- Energy efficient cabinet air-conditioners

- Energy efficient air compressors

4 Renewable energy usage

- Purchase renewable energy certificates

- Establish solar photovoltaic equipment

5 Carbon neutrality

- Afforestation

- Carbon capture

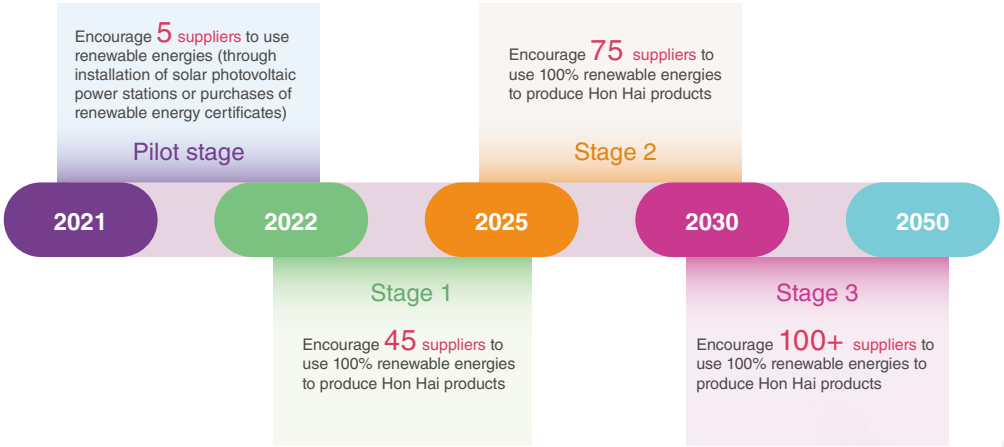
According to estimates from the UK Carbon Trust, the Group's Scope 3 Category 1 emissions for 2020 related to procurement of raw materials and services used for production were 17.12 million tCO_2e, and procurement of electronic raw materials accounted for 38%. The Group's SBTs require electronics suppliers to reduce carbon emissions by 21% before 2025 (using 2020 as a base year).

The Group uses the "Supplier Carbon Management System" to monitor supplier carbon reductions and target achievement, and also requests that suppliers complete greenhouse gas inventories each year and report their emission data on the system as part of the Group's electronics supplier carbon database, ensuring an accurate portrayal of greenhouse gas emissions from the Group's electronics suppliers. In 2022, 110 suppliers completed greenhouse gas inventories for the previous year with assistance from the "Supplier Carbon Management System," and 55 suppliers completed ISO 14064 verification. Our electronics suppliers reduced carbon emissions by 225.5 thousand tCO_2e in 2021 and 2022.

2. Promote use of renewable energies for electronics suppliers

Carbon emissions data from our electronics suppliers show that more than 90% of carbon emissions come from purchased electricity, and energy conservation transformations can only reduce carbon emissions by 10%. To realize net zero emissions throughout our value chain, it is necessary to neutralize the carbon emissions generated by externally purchased electricity through installation of solar photovoltaic equipment or by purchasing green electricity. In accordance with our emphasis on renewable energies, we actively work with collaborating suppliers to promote use of renewable energies within our supply chain, set an example for our suppliers, and work with our end clients to build a zero-emissions supply chain.

Plans for promotion of renewable energies at electronics suppliers



External recognition of climate actions within our supply chain

IPE, the largest non-government organization in China, evaluated Hon Hai and provided a Corporate Climate Action Transparency Index (CATI) score. Our unceasing efforts garnered us first place in the IT industry for the Greater China region, fourth place for the global IT industry, and recognition from external sources.

Top 10 IPE CATI IT/ICT companies

Serial Number	LOGO	Company	Industry	CATI Score/Rating
1		apple	IT/ICT	78
2		Dell	IT/ICT	75.8
3		cisco	IT/ICT	73.2
4		Foxconn	IT/ICT	69
5		Microsoft	IT/ICT	65.8
6		Fii	IT/ICT	61.5
7		LUXSHARE ICT	IT/ICT	59
8		AVARY HOLDING	IT/ICT	57
9		hp	IT/ICT	54.4
10		Lenovo	IT/ICT	47.2

Note: Taken from https://www.ipe.org.cn/GreenSupplyChain/CATI.aspx

5.1.3 Promoting Green and Smart Transformations

1. Active promotion of circular economy

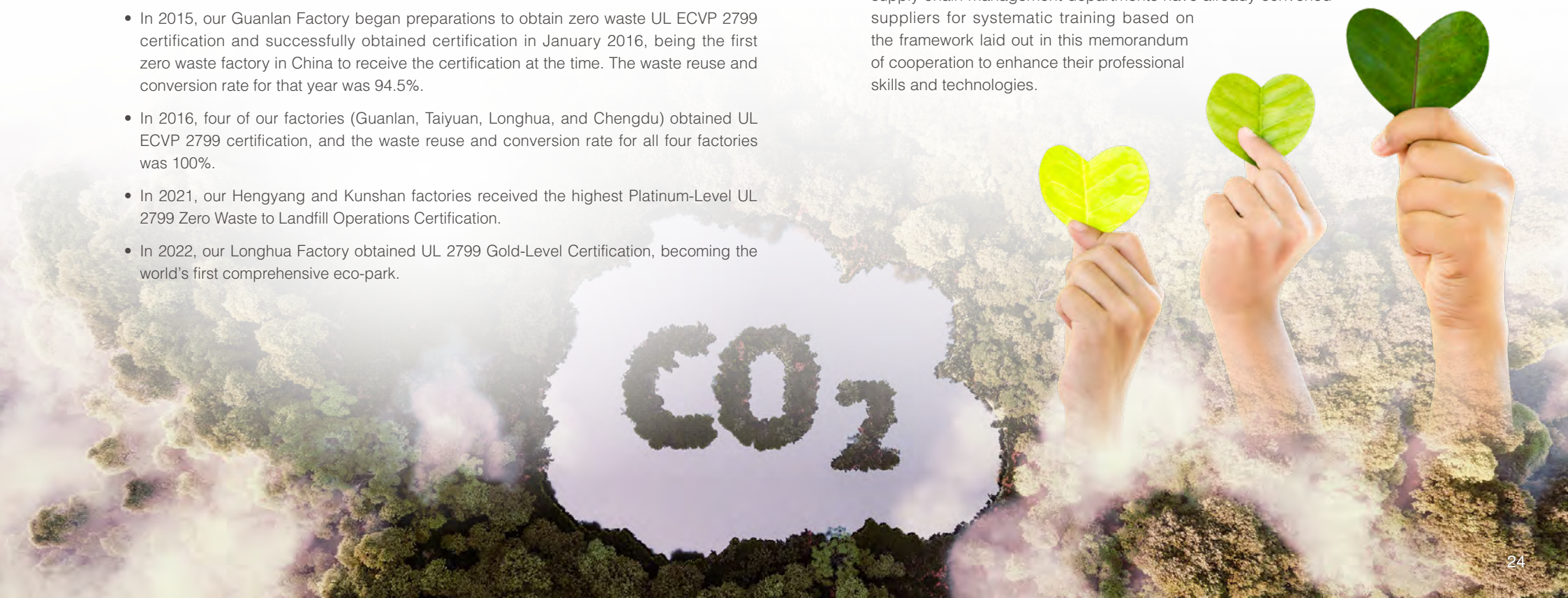
A. Zero waste factories

The Group has implemented "Zero Waste to Landfill Operations" policies at all key factories to gradually reduce amounts of incinerated and landfill waste while ensuring compliance with maximum limits of 100% waste conversion rates and 10% incineration rates (thermal processing and energy recovery). Our "Zero Waste to Landfill Operations" policies have become one of our most important strategies. Our "Zero Waste to Landfill Operations" projects minimize generated waste through source reduction of raw materials; we also actively recycle and reuse inner and outer packaging materials for continued enhancement of waste recycling and reuse rates. All factories have waste management units that are responsible for routine management of various waste materials, data compilation, and supporting other units in implementing waste reduction and recycling tasks.

- In 2015, our Guanlan Factory began preparations to obtain zero waste UL ECVP 2799 certification and successfully obtained certification in January 2016, being the first zero waste factory in China to receive the certification at the time. The waste reuse and conversion rate for that year was 94.5%.
- In 2016, four of our factories (Guanlan, Taiyuan, Longhua, and Chengdu) obtained UL ECVP 2799 certification, and the waste reuse and conversion rate for all four factories was 100%.
- In 2021, our Hengyang and Kunshan factories received the highest Platinum-Level UL 2799 Zero Waste to Landfill Operations Certification.
- In 2022, our Longhua Factory obtained UL 2799 Gold-Level Certification, becoming the world's first comprehensive eco-park.

In 2021, the Group signed a memorandum of cooperation with UL Enterprise to incorporate Turbo Waste management systems which encompass digital management of waste using cloud technologies and quantitative systems that enable waste reduction. Apart from tracking improvements, we have also incorporated Turbo Waste in our Longhua and Yantai factories (achieving a fill rate of 100%) to grasp waste flows and volumes in our factories, and will gradually extend the system throughout the entire corporation to achieve our goal of building "Zero Waste Factories."

To ensure that our products and the products of our clients meet the highest environmental specifications, we included our supplier partners in this memorandum of cooperation. Our central procurement and supply chain management departments have already convened suppliers for systematic training based on the framework laid out in this memorandum of cooperation to enhance their professional skills and technologies.



B. Circular usage of resources

The Group established the "Plastic Resource Application Center" early in 2000 to serve 22 key factories. The Center mainly recycles waste plastics from factory production lines and makes these into environmentally friendly trays which can be reused at factories, or modifies and shreds the waste plastics into raw materials. In future, we plan to add a cleaning line for trays so that recycled trays can be reused in production lines after cleaning; new trays may undergo cleaning inside clean rooms depending on production needs. As of 2021, the recycling rate of waste plastics throughout the Group has nearly reached 41%, with the highest rate seen at our Longhua Factory (80%). We aim to achieve a recycling rate of 60% across the Group by 2025.

2. Global Lighthouse

The "Global Lighthouse" project is an initiative launched by the World Economic Forum (WEF) in collaboration with McKinsey & Company to select leading global enterprises that have made impressive progress in applications of Fourth Industrial Revolution technologies. Global Lighthouses are required to possess Fourth Industrial Revolution (4IR) technologies, and must combine environmental management with enhanced efficiency and productivity.

The Group is a leading global provider of electronics manufacturing services, and is the only enterprise in the world which holds 4 WEF Global Lighthouse certifications (for our Shenzhen, Chengdu, Wuhan, and Zhengzhou factories; there were only a total of 90 Global Lighthouses in the world as of 2021).

Hon Hai WEF Global Lighthouse certifications

Global Lighthouse Certifications	Key Features
Shenzhen Factory	Utilized "smart equipment," "automated optimization systems," "smart maintenance systems," and "smart production real-time monitoring systems" to enhance production efficiency by 30%, reduce inventory cycle times by 15% ,and decrease manpower by 92%
Chengdu Factory	Starting in 2015, our Chengdu Factory gradually established an IIoT team with more than 600 professionals, using OT (operational technology) and IT (information technology) for wider application of various artificial intelligence and IoT technologies, moving from a "handicraftsman" to an "intelligent smith," enhancing labor efficiency by 200% and equipment efficiency by 17% to realize our goals of quality operations and a "worry-free" factory as we successfully transform from traditional manufacturing to smart manufacturing
Wuhan Factory	Wuhan Factory is able to fulfill client needs for greater customization and faster product delivery time. The factory uses cutting-edge advanced analysis technologies and flexible automation technologies to redesign manufacturing systems, increasing direct labor productivity by 86%, reducing quality losses by 38%, and shortening delivery dates by 29%, enabling delivery within 48 hours
Zhengzhou Factory	In response to shortages in technical personnel, need for stabilization in industrial quality, and uncertain needs, the Zhengzhou Factory adopted automation systems to increase direct labor productivity by 102% and reduced quality deficiencies by 38% through use of digital and AI technologies, while also increasing overall equipment efficiency by 27%

The Group successively transformed ten internal "lighthouse factories" in 2020 to upgrade key production processes including mold production, CNC manufacturing, surface mounting, and system assembly. These internal "lighthouse factories" were the first to successfully implement advanced automated, digital, and smart technologies, greatly enhancing the Group's product capabilities and production management. Through gradual addition of digital tools, we were able to innovate our operational systems and create a single operating system applicable throughout the enterprise, which will serve as a blueprint for modernizing enterprise operating systems in the future. In 2021, we plan to establish 20 lighthouse factories in China, Taiwan, and Vietnam, as well as promote IIoT and smart manufacturing, to lay a solid foundation for restructuring under our F3.0 goal while further implementing future restructuring and upgrading.

5.1.4 Creating New Industries

Many countries around the world have issued policies and regulations banning gasoline cars. In response to these policy changes, the Group announced active development of three industries (including EVs) and three core technologies in 2019; launched the "EV Open Platform" on the first Hon Hai Tech Day held in 2020 and actively worked to promote the EV industry; and formed the MIH EV Alliance in 2021 to utilize Hon Hai's strong advantages in global markets, supply chains, technological manufacturing, design, and R&D. We wish to be an important driving force that enables global transportation sectors to achieve net zero emissions.

In terms of future plans for the EV industry, Hon Hai plans to provide one-stop shop integrated design and manufacturing EV services, use the open platform and reference designs to greatly lower EV development thresholds, and collaborate with local enterprises on sustainable development through BOL business models. We also plan to formulate key EV development goals to become an industry leader.

Hon Hai's business strategies for electric vehicles

Establish One-stop Customer Services

Hon Hai provides innovative and integrated design and manufacturing services focused around vehicle design, vehicle manufacturing, and key components, incorporating industrial design into innovative core technologies, software, and hardware to provide the business model that one-stop customer services, 2 R&D Clusters, 3 Design and Manufacturing Zones, and Global Assembly and Delivery.

Establish Open Platform

We officially launched our EV Open Platform in 2020, formed the MIH Consortium in 2021, and plan to release EV reference designs in 2022, as well as host Model C promotion conferences in various regions.

We are prepared to enter the market in 2023 to 2024, exert Alliance advantages in 2025, and expand our overseas markets.

Establish BOL Business Model

In 2021, we used the BOL concept to develop a unique collaboration model to solve problems caused by manufacturer exits in BOT models. Hon Hai adjusted the BOT model to form the BOL (L for Localize) model, working with local companies to ensure continued operation of local enterprises.

Establish Industrial Fund for Alternative Energies

Hon Hai signed a memorandum of cooperation with CTBC Bank to establish an industrial fund for Electric Vehicle (EV), aiming to raise 5-10 billion NTD, thereby attracting investments and bringing new life to the alternative fuel vehicle industry.

Key milestones in electric vehicle development at Hon Hai

2020

- Launched EV Open Platform at the first Hon Hai Tech Day

2021

- Formed a joint venture company with Geely to establish a new OEM model for global EVs
- Signed a memorandum of cooperation with Nidec (next-generation EV power systems)
- Formed joint venture company XSemi with Yageo to create new markets for small ICs
- Signed collaboration agreement with Fisker (new class EVs)
- Formed joint venture company Mobile Drive with Stellantis to create smart vehicle cockpit solutions
- Hon Hai invested in and formed a joint venture company with Gigasolar to develop battery materials
- Formed a strategic alliance with Gogoro to expand battery swap systems and smart electric motorbikes
- Signed memorandum of cooperation with SanDi Group (electric buses)
- Established an industrial fund for alternative fuel EVs with CTBC, building a capital and technical foundation for green, eco-friendly, sustainable businesses to create alternative fuel vehicles
- Acquired Macronix's 6-inch wafer fab and formed Hon Young Semiconductor to build a foundation for third-generation semiconductors
- Formed a joint venture company with Thailand company PTT to build a foundation for the EV market in Southeast Asia
- Invested in Gigasolar, Long Time Technology, and China Steel Chemical Corporation to develop battery anode materials and jointly build an ecosystem for EV batteries in Taiwan
- Launched three self-developed EVs on Hon Hai Tech Day
- Established Software Development Center to develop smart vehicle cockpits, smart gateways, and smart driver application platforms to create software for vehicles and enterprises
- Signed OEM agreement with Lordstown to manufacture electric pickup trucks, using the MIH platform to develop basic designs for commercial EVs
- Exhibited rotating dashboard screen at LA Auto Show
- Jointly developed automobile chips with Stellantis and built a semiconductor supply chain

2022

- Hon Hai, Gogoro IBC, and Indika collaborated with the Indonesian government to build an EV ecosystem focused on the EV industry and development of alternative energy batteries

In 2021, the Group officially commenced sales of electric buses and signed a memorandum of cooperation with Kaohsiung Bus under the SanDi Group, using Foxtron's self-developed MIH commercial vehicle platform as a basis for creating the first electric bus, which we plan to integrate with the SanDi Group's advantages in bus systems and charging facilities over several stages. We officially delivered an initial shipment of 30 Model T electric buses on March 3, 2022. The Model T, the first commercial vehicle self-developed by Foxtron, was developed, designed, and manufactured in Taiwan, and more than 65% of components were supplied by MIH Consortium members and Taiwanese suppliers. In future, we plan to integrate Hon Hai's advantages in the global EV industry for continued development and expansion, and aim to achieve vehicle manufacturing and servicing by 2025.

To create comprehensive solutions, the Group is also working to develop charging stations and energy storage systems, and has invested in the development, design, and manufacturing of EVs as well as the battery packs and battery cells within energy storage systems to ensure mastery of key core capabilities. We officially broke ground on the Hon Hai Kaohsiung Battery Cell and Mass Production Trial Center on June 15, 2022 and plan to invest 6 billion NTD of capital to generate a production capacity of 1.27 GWh in battery cells each year; we plan to officially commence mass production in 2024, and will focus on applications in electric buses, passenger cars, and energy storage systems, as well as downstream extensions into battery modules and entry into the Ciaotou Science Park to build a national grade test site for self-driving cars and networks. We are currently accelerating our development of comprehensive solutions for smart cities and aim to start by building a demonstration site in Kaohsiung to set an example of smart cities before exporting relevant concepts to other cities in Taiwan and internationally.

5.2 Improving Operational Resilience

Risk and opportunity are two sides of the same coin. To minimize impacts in the face of rapidly evolving external environments and transform risks into opportunities, the Group works to enhance operational resilience through risk identification and improved response capabilities, which allows us to keep abreast of future opportunities and realize our vision of sustainable development.

Responding to and Managing Immediate Climate-Related Risks at Operating Sites

Starting in 2020, Hon Hai began implementing ISO 22301 Business Continuity Management Systems in factories to strengthen factory operational continuity and recovery speeds during crises. As an example, our Taoyuan Namkam Factory used assessments of operational continuity risks to identify potential events that could interrupt products and services; the results of said assessment were used to formulate subsequent management plans and prioritize development of emergency response procedures (please refer to the table below for the steps implementation for risk assessments).

For short-term climate risks, Hon Hai issues weather warnings and implements on-site prevention and management procedures in accordance with emergency typhoon and storm plans; for mid- and long-term climate risks, we use our risk analysis results to determine management strategies and implementation measures for climate risks and opportunities; to avoid emergency accidents such as property losses and operational interruptions, risk transfer is carried out by purchasing various types of commercial insurance.

Hon Hai's operational continuity plans and responses to climate-related risks

Process	Step 1 Identify threat events	Step 2 Assess risks of threat events	Step 3 Identification results and handling methods
Description	Threat events are sources of possible risks; these can be identified through the Group's own experiences, the experiences of industry peers, or through reports released by research institutes	Assess occurrence probability (level of likelihood) and impacts of threat events	• Determine cost-effectiveness based on identification results, select significant threat events, and use control measures to reduce the probability of threat events • Response and management plans should be formulated if occurrence probabilities cannot be reduced
Examples Of Responses to Climate-Related Risks	Physical climate risks	Typhoons and storms	[Emergency Response Plan for Typhoons and Storms] • Disseminate typhoon information • Inspect construction areas, lightning protection facilities, dormitories and factories, and public areas to remove hidden dangers; warning zones should be established for dangers that cannot be instantly removed • Prepare emergency equipment • Initiate three-level response measures for typhoons that trigger orange and red alerts and storms that trigger red alerts, and establish an emergency command center
		Medium to long-term climate changes	• Information and management strategies and response measures • Transfer risks through commercial insurance