

CORPORATE SOCIAL RESPONSIBILITY REPORT

2019



企業社會責任報告書



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About this Report

Hon Hai Precision Industry Co., Ltd. (hereinafter referred to as “the Group”) issued its first Corporate Social Responsibility Report for 2009 in 2010. As a good corporate citizen, we are committed to implementation of sustainable actions that serve as our response to the United Nations Sustainable Development Goals (SDGs), and we also disclose all financial and non-financial performance results of sustainable governance to our stakeholders to convey our determination in continued sustainable development. The Group will continue to issue annual CSR reports in the future.

Scope

This report covers the period between January 1 to December 31 of 2019 and contains information on Hon Hai Precision Industry Co., Ltd. (also known as Foxconn Technology Group; hereinafter referred to as “the Group” and its majority-owned subsidiary companies, controlled entities, and affiliates, including the Group's offices in Taiwan and campuses in China. A note is made where global information or data is included. This report is based solely on the activities of the legal entities controlled by the Group. The scope of this report is the same as for our 2018 HON HAI Corporate Social Responsibility Report and no significant changes have been made to company information.

Assurance

This report was prepared by the Foxconn Global Social and Environmental Responsibility (CSR) Committee. Following review by the heads of all departments, the content of this report was independently verified by the British Standards Institution (BSI) according to AA1000 (2008) assurance standards and Type I moderate level AccountAbility Principles to ensure compliance with GRI Standards Core option. Please refer to the independent verification statement in this report for more information on verification results.

Reporting Principles and Guidelines

The Group has compiled and studied important domestic and overseas economic, environmental, social, and other issues of concern to our stakeholders. These issues were broken down for materiality analysis, and the resulting material issues were used as the core disclosures in this report. This report was prepared in accordance with the Core options of the GRI standards published by the Global Reporting Initiative.

Publication Date

The Group publishes CSR reports annually, and this is our 11th Corporate Social Responsibility Report. In order to save energy, reduce carbon emissions, and protect the environment and the earth, the Group is fully committed to paperless operations. Similar to previous issues, this report is published in digital form on the official website for reader reference.

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Letter from our Chairman

Ladies and gentlemen,

Last year (2019) was a year filled with challenges and rapid transformations for Hon Hai Precision Industry Co., Ltd. (hereinafter “the Group”), but we upheld our principle of “giving back what we have taken from society” in the face of external international trade disputes and internal management changes, and continued to promote and strive for smart living, green ecosystems, and betterment of society.

I would like to gratefully inform all of you that your support have provided us with the capabilities to invest in society and ecological environments. Our revenue performance for 2019 was particularly outstanding, exceeding 5.3 trillion NTD and making us the biggest company in Taiwan in terms of revenue. We understand that greater success brings greater responsibility, which is why we are ever mindful of our social responsibilities.

The Group’s vision is to work with leading clients around the globe to build smart living platforms. We hope to transition into a smart manufacturer during this process and do what we can for environmental protection through smart technologies. We have therefore established energy consumption and GHG emission databases for big data analysis, intelligent management, and achievement of our energy and GHG reduction targets. We also integrated systematic arrays to maximize our energy expenditure savings.

Because energy and GHG reduction are considered such important goals within the Group, we proposed 2,115 measures for improving energy consumption in 2019. Modifications to our air-conditioning systems and lighting equipment alone helped us save 1.27million kWh in electricity usage and 3.88 million NTD in expenditures. Additionally, our 900 million NTD investments in energy-saving renovations saved us 514.7 million kWh in electricity usage and almost 1.4 billion NTD in expenditures.

Furthermore, we installed rooftop and ground-mounted solar stations at our factories in China, achieving a total capacity of 224.37 MW and generating 250 million kWh of electricity each year. Our total green electricity consumption, including power consumption from other renewable and clean energy sources, reached 950 million kWh and accounted for 10% of our total energy consumption in China. In future, we hope to further reduce our power consumption expenditures and increase our usage of green energies through innovative technologies and applications.



In addition to caring for the planet, we also care for our employees as we believe that they are our most important assets. Providing a healthy, safe, comfortable, and friendly workplace environment and comprehensive employee benefits is the duty and obligation of company management. In 2019, The Group paid 12.2 billion NTD in employee salaries and related benefits, including healthcare expenditures for employees and their families.

In response to declining birth rates, we encourage fertility in our employees and invested 17.95 million NTD in childbirth and childcare benefits, providing care for 484 babies born to our employees.

The Group's employee care has garnered acclaim from various sources. We not only received seven awards from various employer brand selection activities hosted by major job search companies in China and Taiwan, but also won the Happy Enterprise Award in the technology industry category and was ranked 143 on the Forbes World's Best Employers 2019.

As we know that not every child can rely on parental support or grow up in economically secure families, we supported the "Taiwan Hope Primary School" and the "Foxconn Scholarship Program" through our Foxconn Education Foundation. In 2019, we provided 33 million NTD in scholarships to 330 undergraduate, master's, and doctoral students from disadvantaged backgrounds, giving 100,000 NTD to each. Over the past three years, we have paid out more than 100 million NTD in scholarships and benefited nearly 1,500 students. The "Taiwan Hope Primary School" used more than 100 million NTD to provide after-school support for 8,000 disadvantaged primary school students in 2019 and improved the grades of 90% of students.

The Group leads the industry in various core technologies and strives to

stand at the forefront of the industry in fulfillment of corporate social responsibilities. We help our suppliers understand the regulations and standards they should adhere to so that they can learn and grow with us. In 2019, we collaborated with external institutes to provide CSR training for our suppliers, thus enhancing CSR awareness and capabilities of their senior management and employees. We also formulated social and environmental management regulations for our suppliers and required them to uphold our four major management guidelines of regulatory compliance, risk assessment, audit verification, and continued improvement. We committed to build a comprehensive responsible supply chain in the electronics industry and jointly fulfill our corporate social responsibilities.

The Group has been overcoming challenges for more than 45 years. We understand that our current success is built on the efforts of our employees, the contributions from our suppliers, the trust of our clients, and the support of the general public, which is why we do our best to give back to society even while pursuing earnings growth for the company. The path of corporate social responsibility is filled with burdens. However, we believe that every journey of a thousand miles begins with the first step, as long as we take effort to stay on the right path, we will inevitably see in front of us the beautiful achievements we thought to be far away.

Let us all continue to work together to maintain these efforts. Thank you.

Chairman Young Liu

Hon Hai Precision Industry Co., Ltd.

Young Liu

Letter from Chairman of Global Social and Environmental Responsibility Committee

As a global leader in the technology and manufacturing industries, we have long been committed to our corporate social responsibilities and its focuses on “ethical management, innovation and service, responsible supply chains, green manufacturing, and positive workplaces,” which ensure that our corporate operations and vision are aligned with the needs of our stakeholders and their expectations of industrial leadership.

We are well aware that our corporate responsibilities to society and the environment run parallel to our operational performance, and that we still have a long way to go; we have a long-term commitment to promotion of the three aspects of corporate sustainability, steady industrial operations, and social harmony.

We have always viewed our employees as family. We firmly believe that providing a healthy, positive, open, and proactive work environment is conducive for inspiring creativity in our employees, while our supplemental range of training mechanisms creates individual career development opportunities and platforms for our employees, which in turn enhance development of overall technical innovations.

As a responsible enterprise, we understand that we have an obligation to provide a healthy and safe work environment. We fully implement a “Safety First” policy and take proactive preventive measures to reduce workplace risks. Our adherence to international and local laws, together with a series of training programs, serves as a foundation to increase employee awareness of health and safety and facilitate mutual assurance of health and safety for all.

We and our suppliers are jointly committed to cohesive promotion of a green supply chain. We require all suppliers to comply with and adhere to

our established Social and Environmental Responsibility Code of Conduct, and we strive to maintain consistency in management and awareness of occupational health and safety, energy efficiency, and carbon emissions. We not only work to fulfill Group requirements, but also try to set an example for the industry.

We use a systematic model to manage implementation of our environmental responsibilities, integrate concepts of greenness and sustainability into our products, production processes, and corporate operations. We established an understanding of resource characteristics and made adjustments based on different life cycles to achieve our goals of increasing resource reuse rates, raising energy usage rates, reducing carbon emissions, and facilitating development of renewable energy resources.

We continually gather corporate resources and effectively integrate the power of our employees for contribution to social welfare activities. We fulfill our corporate social and environmental responsibilities and achieve our operational targets for sustainability in terms of care for the disadvantaged, care for the elderly, talent cultivation, and healthcare through the platform established by the Group and the culture of kindness that runs through our Group.

Sincerely,

Alex Yang

Director and Chairman of Global Social and
Environmental Responsibility Committee

Hon Hai Precision Industry Co., Ltd.



Executive Summary for 2019

Economic



- Our revenues for 2019 exceeded 5.3 trillion NTD, making us Taiwan's **biggest** company in terms of revenue, which were equivalent to 28% of Taiwan's GDP
- Taiwan's **second biggest** company in terms of market value
- The Group operations supply nearly **40%** of electronic products worldwide
- Ranked **23** out of the world's top 100 companies by Fortune magazine
- Ranked **123** out of the world's top 2000 companies in 2019 by Forbes magazine
- Hosted environmental management seminars for suppliers, with participants including senior executives and CSR personnel from our suppliers; a total of **223** participants from **178** companies were in attendance
- Applied for **3,900** patents in 2019 and received approval for **2,700** patents, 80% of which were utility patents
- Our patent application and approval numbers have been at the forefront of Taiwan industries for **17** consecutive years (our cumulative patent applications have reached 153,900)

Social



- Participated in several employer brand selection activities hosted by major job search companies and received **7** awards
- Distributed **12.2** billion NTD in employee benefits for the Taiwan region to protect the health of our employees and their families
- Distributed 17.95 million NTD in childbirth benefits and parental allowance to care for **484** babies (aged 0–3) of Group employees
- Our Huyue Factory achieved a record of **9,609,317** working hours with “No Significant Operational Incidents” and our Dingpu Factory achieved a record of **1,615,398** working hours with “No Significant Operational Incidents”
- Provided donations to build the **NTU Cancer Center** which opened its doors in July 2019
- The Tai Cheng Stem Cell Therapy Center completed **465** stem cell transplants
- Donated around 800 million NTD to build the “**Yonglin Farm**” for revitalization of local industries and economies
- Launched the “Help People Help Themselves Project” which has provided support to **86** social welfare organizations over the years, supplying more than 500 million NTD in sponsorships
- Launched the Foxconn Scholarship Program to provide 300 economically-disadvantaged students with an annual scholarship of NTD 100,000 to help them achieve their dreams; more than **10,000** students have applied for scholarships over the past three years




Environmental



- Invested 900 million NTD in 2,014 energy-saving projects, 90% of which have been completed; our total energy savings were **514.7** million kWh, equivalent to nearly saving 1.4 billion NTD in energy cost.
- Periodic audit and review of energy usage for all projects. In 2019, we proposed improvements for 2,115 projects, reducing power consumption waste by **1.27** million kWh and saving 3.88 million NTD
- Established rooftop- and ground-mounted solar stations at factory sites across China, achieving a total installation capacity of 224.37 MW and generating **252.02** million kWh each year
- Purchased **700** million kWh in wind power, biomass energy, and other clean energy
- Our usage of clean energy reached **952.02** million kWh, accounting for 9.93% of energy usage
- Our recycled sewage water amounts reached **4,470** thousand tons, accounting for 4.58% of our total water consumption
- The Group has **43** legal entities which have obtained **ISO 50001** certification. Of these, 22 have completed systematic certification renewal to ensure continuous and effective operation of energy management systems

Adherence to the United Nations Sustainable Development Goals (SDGs)

As a leader in technology services, the Group has established operating locations all over the world, and therefore resolving global sustainable development issues is one of the key corporate social responsibilities of the Group. The Group utilizes its core capabilities and resources to respond to the Sustainable Development Goals (SDGs) established by the United Nations, which serve as the Group's objectives for achieving sustainable operations.

	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div>	<p>3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.</p>	<div><div>4</div><div>QUALITY EDUCATION</div><div></div></div>	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>	<div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div>	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>
SDGs						
Corresponding Issues	<ul style="list-style-type: none">• Community investment and participation• Employee rights and diverse equality*	<ul style="list-style-type: none">• Talent attraction and retention*• Community investment and participation	<ul style="list-style-type: none">• Water management			
Group Contributions	<ul style="list-style-type: none">• Donated to establish the NTU Cancer Center, with 500 beds dedicated to oncology care, inpatient care facilities, a cell therapy center, patient center, preventive medicine center, outpatient clinics, and clinical research facilities.• The formal launch of the Tai Cheng Cell Therapy Center has expanded the bone marrow transplant capacity of NTU Hospital from 6 beds to 14 beds, and increased the number of transplants per year from 70–80 to 210–220, with 465 transplants in total completed as of 2019.• Launched the YongLin Sino Cancer Alliance in 2019, bringing together all the important medical institutions in Taiwan to further the development of precision medicine, starting from analysis of genes in the Chinese population to identify pathogenetic mechanisms driven by oncogenes and establish prevention and treatment plans based on innovative clinical research, new drug development, cell therapy, and immunotherapy.• Established programs to improve the health of the Group's employees, such as “health and safety month” activities, “Smart Health Management Platform,” and the “H2U Health Management Platform.”	<ul style="list-style-type: none">• Utilized the core technological capabilities of the Group to continuously cultivate technology talent: our industrial internet of things learning program in 2019 attracted 243,918 participants, and hosted four industrial networks/AI talent training sessions for 122 people.• Hosted the first industrial AI data analysis and application competition, which promoted mutual learning between employees while also increasing their tech knowledge and capabilities.• Launched the Foxconn Scholarship Program to provide 300 economically-disadvantaged students with an annual scholarship of NT\$ 100,000 to help them achieve their dreams; more than 10,000 students have applied for scholarships over the past three years.• Established the Taiwan Hope Elementary School to provide children at an economic disadvantage or those who have poor family support systems with after-school classes to help them build confidence and acquire innovative skills that can change their future.	<ul style="list-style-type: none">• Actively engaged in wastewater recycling actions that reuse treated domestic wastewater in production processes and environmental greening; we recycled a total of 4,470 thousand tons of water in 2019, equivalent to 4.58% of total water use.			

Note: Material issues for the Group are marked with an asterisk (*).

Adherence to the United Nations Sustainable Development Goals (SDGs)

SDGs	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	<p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms</p> <p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries (LDCs).</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>
Corresponding Issues	<ul style="list-style-type: none"> Climate change response Energy and greenhouse gas management* 	<ul style="list-style-type: none"> Corporate governance and operational performance* Talent attraction and retention* Occupational health and safety* 	<ul style="list-style-type: none"> Innovative research and development*
Group Contributions	<ul style="list-style-type: none"> Established rooftop- and or ground-mounted solar stations at factory sites, achieving a total installation capacity of 224 MW in 2019 and generating 252.02 million kWh each year. Additionally, the Group also purchased wind power, biomass energy, and other sources of clean energy amounting to 700 million kWh, resulting in a total of 952.02 million kWh of power from clean energy sources, making up 9.93% of total power consumption. 	<ul style="list-style-type: none"> Ranked biggest business in terms of revenue in Taiwan; revenues for 2019 exceeded 5.3 trillion NTD, equivalent to about 28% of Taiwan's GDP. Added principles of equal employment, respect for human rights, employee diversity, bans on child labor and prohibition of forced coercion of employees to the talent recruitment protocols and activities of the Group. Provision of equal compensation and opportunities for advancement to all male, female, and disabled employees, with no exceptions. Completed upgrade of all occupational health and safety management systems at Taiwan factories in 2019, and received third-party accreditation in the form of ISO 45001 and CNS 45001 certificates. Our Huyue Factory participated in the zero hazard working hours challenge and accumulated 9,609,317 hours with no significant operational incidents, while our Dingpu Factory accumulated 1,615,398 hours with no significant operational incidents. 	<ul style="list-style-type: none"> Utilized the core technological capabilities and innovative research and development capacity of the Group to enhance expertise in areas such as cloud computing, mobile facilities, internet of things, big data, artificial intelligence, networks, robotics, and automation. Our patent application and approval numbers have been at the forefront of Taiwan industries for 17 consecutive years (our cumulative patent applications have reached 153,900). Invested NTD 10 billion over the past 5 years to establish labs for application of artificial intelligence in industrial internet of things and robotics research institutes, and to promote the development of relevant applications.

Note: Material issues for the Group are marked with an asterisk (*).

Adherence to the United Nations Sustainable Development Goals (SDGs)

SDGs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	13 CLIMATE ACTION	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.	16.5 Substantially reduce corruption and bribery in all their forms.
Corresponding Issues	<ul style="list-style-type: none"> Waste management Hazardous substances management Supplier management 				<ul style="list-style-type: none"> Climate change response Energy and greenhouse gas management* Supplier management 		<ul style="list-style-type: none"> Ethical management and legal compliance* Supplier management Employee rights and diverse equality* 			
Group Contributions	<ul style="list-style-type: none"> Promoted a zero waste disposal policy to ensure 100% waste conversion rates and 10% incineration rates. Actively engaged in the recycling and reuse of inner and outer packaging materials to raise waste recycling and reuse rates. Required all suppliers to strictly comply with local environmental protection regulations and launched a green procurement policy that required all suppliers to fully establish self-assessment procedures for RoHS 10 substances and banned the release of untreated toxic or hazardous materials and supplies. 				<ul style="list-style-type: none"> Established mid-term and long-term goals for energy reduction as follows: Base on the base year(2015), reduce energy consumption 22% in 2020, equivalent to about 1,723 million kWh in energy-savings. Established a reduce carbon emissions by 24.0% for 2020 than base year (2015). Invested 900 million NTD in 2,014 energy-saving projects, 90% of which have been completed; our total energy savings were 514.7 million kWh and our energy saving benefits were close to 1.4 billion NTD. Assisted suppliers in conducting ISO 14064-1 carbon emission surveys, and encouraged 165 suppliers to engage energy-saving and carbon-reducing actions. Hosted environmental management seminars for suppliers with participants including senior executives and CSR personnel from our suppliers. A total of 223 participants from 178 companies were in attendance, establishing a strong foundation for the development of a green supply chain. 		<ul style="list-style-type: none"> Adopted a zero-tolerance policy for regulatory violations, strictly prohibiting all forms of corruption, bribery, theft of corporate funds, and profit from illicit activities. All employees receive at least two hours of anti-corruption training annually. Rejection of all forms of human trafficking and employment of slave labor, coerced labor, forced labor to repay debt, indentured labor, and prison labor. No discrimination of employees on the basis of gender, age, nationality, place of birth, ethnic background, language, disability, marriage, pregnancy, sexual orientation, religion, political views, or union membership. Child labor is also prohibited. Prevention of all forms of corruption, discrimination, and unfair practices during the procurement process; strict prohibitions on supplier use of child labor and forced labor or prison labor; and strict adherence to fair operating principles. 			

Note: Material issues for the Group are marked with an asterisk (*).

1

Corporate Governance



Company
Overview



Corporate
Governance



Ethical
Management



Social and
Environmental
Responsibilities



Stakeholder
Classification,
Communications and
Responsibilities

富士康科技集团 龙华科技园



1.1 Company Overview

Company Profile

Company name	Hon Hai Precision Industry Co., Ltd. (hereinafter “the Group”)	Ticker symbol	2317.TW
Main products and services	1.Computer equipment and peripheral connectors	Date of establishment	February 20th, 1974
	2.Development, design, manufacturing, and sales of cable assemblies, enclosures, and stands	Number of the Group employees worldwide	912,210 (as of December 31st, 2019)
	3.Manufacturing and sales of precision molds	Paid-in capital	138.6 billion NTD
Headquarters	No.2, Ziyou St., Tucheng Dist., New Taipei City 236, Taiwan	2019 revenues	5.343 trillion NTD, YoY increase of 0.93%

As a global leading manufacturer in the computer, communications, and consumer electronics (3C) industry. The Group supplies the most competitive manufacturing technologies and solutions, and we continue to serve our clients, employees, and other stakeholders around the globe.

Established in 1974 and under the guidance of founder Terry Gou, the Group has developed a Group strategy composed of “time to market,” “time to volume,” and “time to money,” as well as the innovative “IIDM–SM” strategy, namely a comprehensive integration, innovation, design, manufacturing, sales, and marketing services solution

for the 3C industry. We established a foundation in the molds industry and gradually grew from a local OEM company to an international high-tech services provider. The Group is responsible for supplying nearly 40% of electronic products worldwide and is currently the largest enterprise in Taiwan in terms of revenue and the second biggest company in terms of market value. Under the leadership of Chairman Young Liu, the Group's revenues for 2019 exceeded 5.3 trillion NTD; the Group was ranked 23 among the world's top 100 companies by Fortune, and ranked 123 among the world's top 2000 companies in 2019 by Forbes.



In recent years, The Group has proactively leveraged its expertise in software and hardware and integrated real and virtual technologies in investment and utilization of “Cloud Computing, Mobile Devices, Internet of Things (IoT), Big Data, Artificial Intelligence (AI), Smart Networks, and Robotics/Automation,” building professional capabilities in the four key IIoT technologies of Data Tech (DT), Analytics Tech (AT), Platform Tech (PT), and Operations Tech (OT). The Group is fully focused on the establishment of a “8K+5G” (8K imaging paired with fifth generation mobile communication networks) ecosystem which can be applied across eight major aspects of daily living. The Group strives to be a technology provider that integrates six flows (information flows, cash flows, technology flows, talent flows, process flows, and flows of goods) as we move toward a smart IoE (Internet of Everything) society and speed our adaption of global industrial intelligence trends.

Cloud Computing



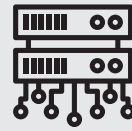
Mobile Devices



Internet of Things



Big Data



Artificial intelligence



Smart Networks



Robotics/Automation



In-depth strategic utilization of “Cloud Computing, Mobile Devices, Internet of Things (IoT), Big Data, Artificial Intelligence (AI), Smart Networks, and Robotics/Automation”

Comprehensive solutions and business service model for the 3C electronics industry

8K+5G

Industrial Internet



Healthcare Internet



Automobile Internet

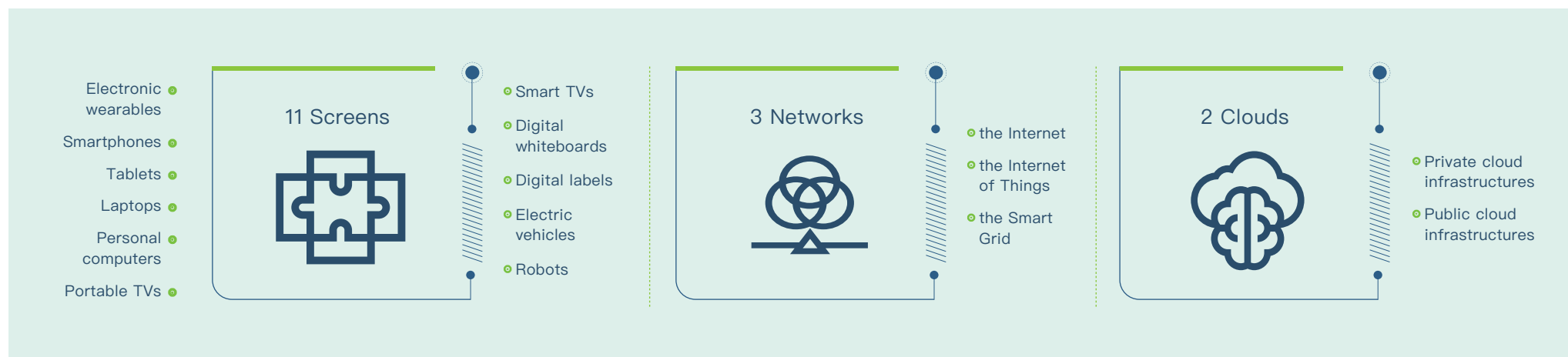


Corporate Vision

Looking at 2019, we can see that global economic growth has slowed in response to changes in international relations. In particular, China's past supply-side reforms impacted upon the Asian economy; continued interest rate hikes in the US could possibly lead to faster financial tightening which would be detrimental to some Asian economies; and geopolitical tensions, extreme weather events, and terrorism all increased uncertainties in economic conditions and brought challenges to The Group.

Under such an environment, the Group has worked to strengthen the global strategies on a cross-factory, international scale to achieve our three targets: "Manufacturing is our foundation," "Technology is fundamental," and "the Group must grow." The Group is also utilizing its core manufacturing technological foundations accumulated over

the past 40 years and continues to follow its corporate vision of bringing convenience to people's daily lives through technological products and solutions. As a global leader in information processing technologies, the Group's current technological development framework encompasses "11 Screens, 3 Networks, and 2 Clouds." "11 Screens" refers to the 11 types of screens used in the Group's end products and devices, including electronic wearables, smartphones, tablets, laptops, personal computers, portable TVs, smart TVs, digital whiteboards, digital labels, electric vehicles, and robots; "3 Networks" refers to the three networks (the Internet, the Internet of Things, and the Smart Grid) on which the Group's network products and solutions are widely used; and "2 Clouds" refers our move into private and public cloud infrastructures to provide various software and hardware services.



Looking toward the 5G technology era, the Group has adopted a IIoT strategy centered around "Cloud Computing, Mobile Devices, Internet of Things (IoT), Big Data, Artificial Intelligence (AI), Smart Networks, and Robotics." We are committed to provision of upgrades, increased productivity, reduced costs, and decreased inventory through AI and other emerging technologies which can link the data collected during our production processes with information flows, cash flows, technology flows, talent flows, process flows, and flows of goods in production.

In the next 5 years, the Group will invest 10 billion NTD to set up successive laboratories for IIoT AI applications and robotics research institutes and we will fully devote ourselves to the development of AI and IIoT applications. The group is committed to an "international, technological, and youthful" talent development strategy that creates maximum value for the Group and human living. The Group will fulfill its social responsibilities and continue to create greater value for all stakeholders under our mission of sustainable management.

Global Operations

The Group is dedicated to enhancing research design and engineering solution capabilities to develop a global footprint that is based in Asia and expanded to other parts of the world.

2 R&D Clusters

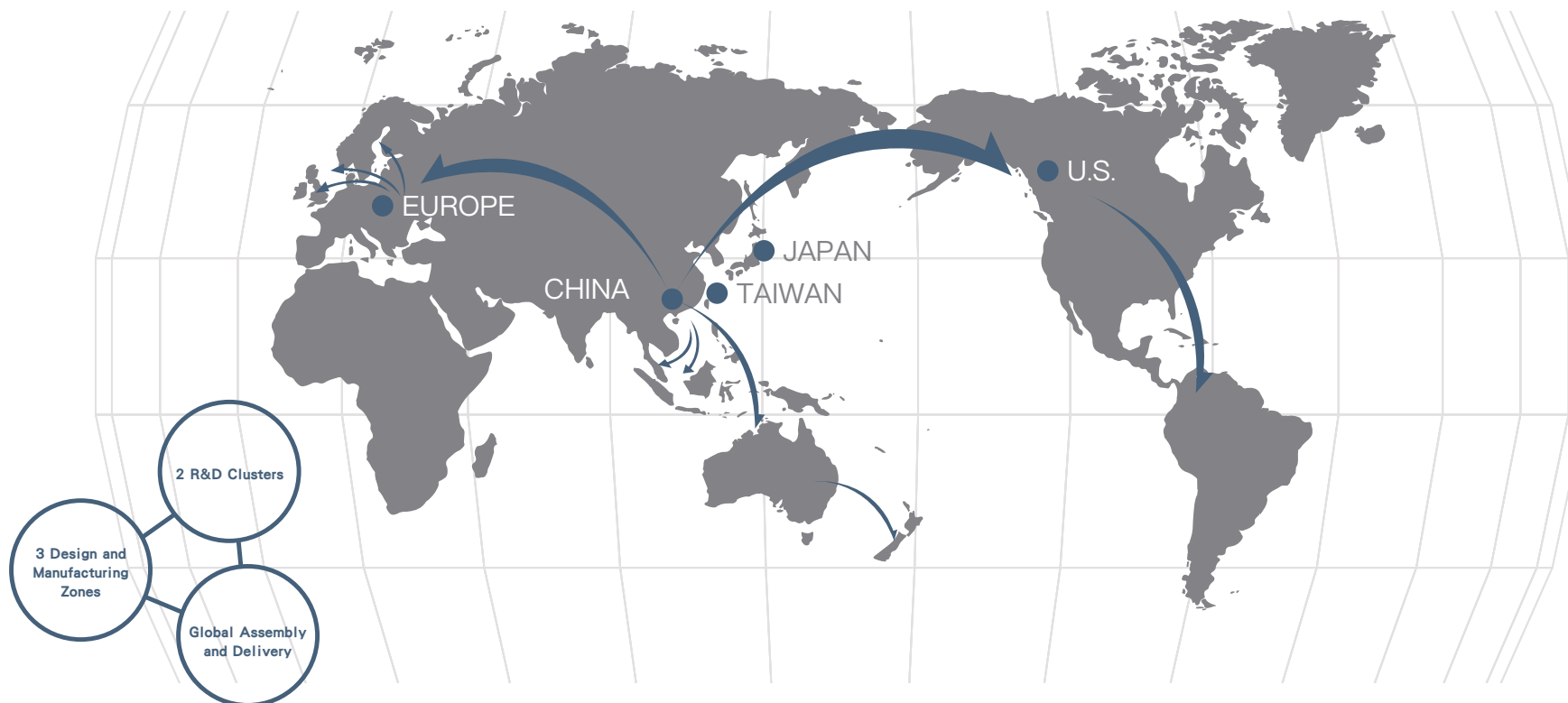
The adoption of a strategy that centers on R&D in Greater China and the U.S.

3 Design and Manufacturing Zones

Whilst design and manufacturing in Asia, Americas and Europe with at least two manufacturing bases

Global Assembly and Delivery

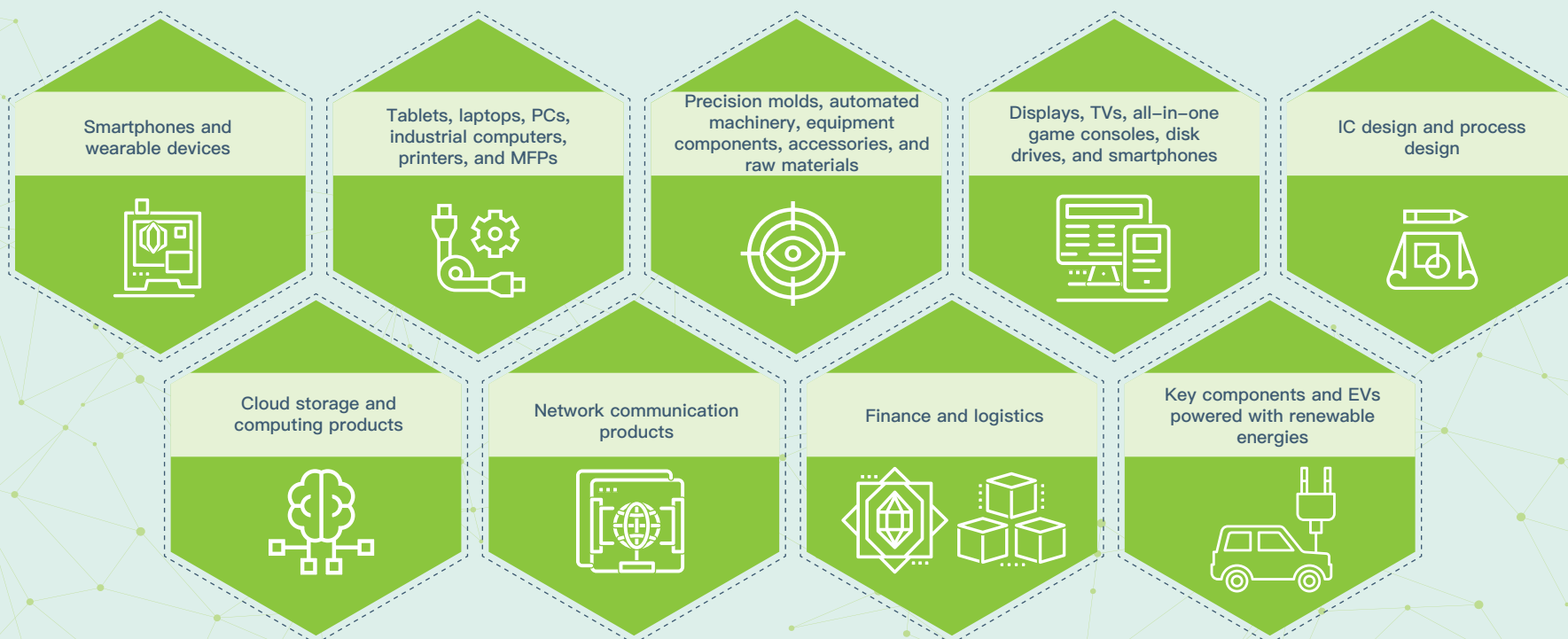
Complemented by global assembly and delivery to ensure that we convey values to clients with optimal timing, quality and quantity



Currently, the Group has more than 30 operating bases across China, mostly distributed in the Pearl River Delta, the Yangtze River Delta, the Bohai Economic Rim, and the Mid-western regions, and we also have production and R&D centers and more than 200 subsidiaries and branch offices in Asia, the US, Japan, Vietnam, India, the Czech Republic, Slovakia, Mexico, and Brazil.

The Group products are mostly composed of electronics; we manufacture, sell, and provide services for all types of connectors, enclosures, heat sinks, assembly products, and network cable components used in the information industry, the communications industry, the automated equipment industry, the optoelectronics industry, the precision machinery industry, the automotive industry, and the consumer electronics

industry. In response to trends in the electronics industry featuring products with increasing lightness, thinness, shortness, miniaturization, surface adhesion, modular systemization, and integration of computers and communications systems, future development of our new products will focus on composite, modular, high-frequency, optoelectronic, surface-adhesive, and other types of connectors.



Participation in External Organizations

#	External organizations				
1	Monte Jade Science and Technology Association of Taiwan	4	Taiwan Chain Stores and Franchise Association	7	Taiwan Electrical and Electronic Manufacturers' Association
2	Taipei Computer Association	5	Marketing Communications Executives International	8	Taiwan Mold & Die Industry Association
3	Taiwan Transportation Vehicle Manufacturers Association	6	Taiwan Excellent Brand Association	9	Responsible Business Alliance (RBA)



1.2 Corporate Governance

Management approach for material issues: Corporate governance and operational performance, Ethical management and legal compliance, Client privacy, Innovative research and development



Meaning to the Group:

- Establishment of sound corporate governance and a culture of ethical management can effectively safeguard the rights of all stakeholders and demonstrate our corporate values. Therefore, the Group endeavors to sustain a culture of integrity and ethical management and adopts a zero-tolerance policy toward any behaviors or activities that violate local and international laws.
- The Group places strong emphasis on information security and spares no effort in preventing leaks of classified the Group information and private client data to ensure that the rights and privacy of the Group and its clients are safeguarded.
- The Group utilizes its advantages and resources in innovative research and development to continuously generate advanced technologies that can be used to strengthen the leading position of the Group in the tech industry.



Policies and Commitments:

- Apart from compliance with Company Act, the Securities and Exchange Act, and other related laws and regulations, the Group has established the “Corporate Governance Code of Practice,” “Integrity Management Code,” and “Code of Practice for Corporate Social Responsibility,” to serve as our framework for effective corporate management practices used to safeguard shareholder rights, strengthen the role of the Board of Directors, enable the Audit Committee to exercise its functions, respect the rights of stakeholders, and enhance information transparency.
- Our policy for information security and client privacy seeks to “maintain the confidentiality, integrity, usability, and legality of corporate information; and avoid the misuse, leakage, alteration, destruction, or loss of assets due to human error, intentional damage, or natural disaster, which would affect corporate operations or harm corporate interests.”
- As a primary holder of numerous patents and commercial partner of other patent holders, the Group is committed to investing in research, development, and innovation, and is actively engaged in protecting the novel technologies and intellectual property used in its global operations. With professional research and development facilities situated in Asia, America, and Europe, the Group can conduct round-the-clock research and development and enable new products to reach the market in the shortest possible time.



Grievance Mechanism

- [Please see Section 1.5 Stakeholder Identification, Communication, and Responsibilities for details.](#)



Evaluation of the Management Approach

- Organized annual management review meetings to discuss ways of strengthening performance and tracking target achievement rates for continued excellence.
- Audited the Group’s corporate governance procedures in accordance with annual audit plans.



Goals and Targets



Short-term goals

- Establish a standard operating procedure for handling requests from directors.
- Continue to enhance the effectiveness of corporate governance evaluations.
- Maintain our record of zero information security incidents and client privacy leaks.
- Persist in attracting and cultivating the next generation of young tech talent, and increase funding to advance the research and development of next-generation technology and new products based on global and regional characteristics.



Mid- to long-term goals

- Achieve 100% independent-director attendance at Audit Committee and Compensation Committee meetings.
- Maintain our record of zero information security incidents and client privacy leaks.
- Focus on composite, modular, high-frequency, optoelectronic, surface-adhesive, and other types of connectors in response to trends in the electronics industry featuring products with increasing lightness, thinness, shortness, miniaturization, surface adhesion, modular systemization, and integration of computers and communications systems.



Specific Actions

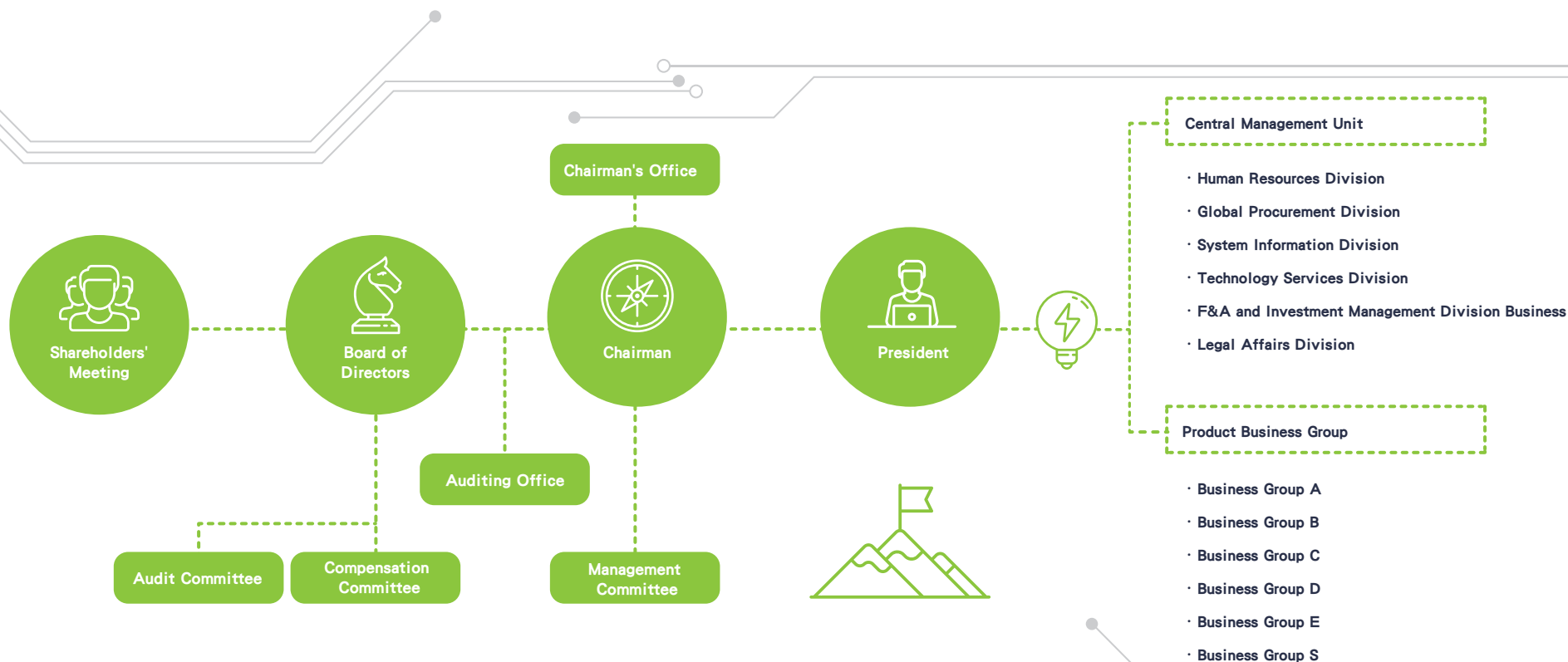
- Compilation of annual Corporate Social Responsibility Report.
- Regular updates of information on the company website.
- Collaboration with external agencies to discuss and exchange views on corporate social responsibility tasks.
- Participation in local and international corporate governance seminars and forums.
- Appointment of specialized personnel responsible for corporate governance.
- Regular promotion of information security, information security risk management, and information security training for employees.
- Applied for 3,900 patents and received approval for 2,700 patents, 80% of which were invention patents. The Group has accumulated a total of 153,900 global patent applications and received approval for 89,300 patents.

Structure and the Board of Directors

The Group has established a Board of Directors consisting of directors and independent directors jointly responsible for corporate governance and management strategy in accordance with laws and regulations. In addition to upholding shareholder rights, the Board of Directors is also guided by principles that protect the rights of other stakeholders, including employees, clients, suppliers, governments, and non-governmental organizations. The leaders of each business group adhere to the guiding principles of the Board of Directors in directing the operations of each business group and auxiliary service units of the Group. Internal directors of the Group receive no additional compensation, and, according to the regulations governing the Board of Directors, individual directors should recuse themselves from Group affairs when there is a conflict of interest. Remuneration for members of the management team

serving on the Board of Directors comes directly from their personal stock holdings which are connected to the operational performance of these respective companies within the Group.

The Group's Board of Directors currently comprises nine directors (including three independent directors), all of which are male and aged over 50 years. Each director has extensive experience in engineering, and finance etc., and we fully implement concepts of diversity in Board structure. Each director serves for a term of three years and can be reelected for a consecutive term. Chairman Young Liu, who represents the external face of the company and also serves as Group President, is responsible for the supervision of all important affairs. Besides, the Group has purchased liability insurance for all directors and supervisors that covers the scope of their duties.

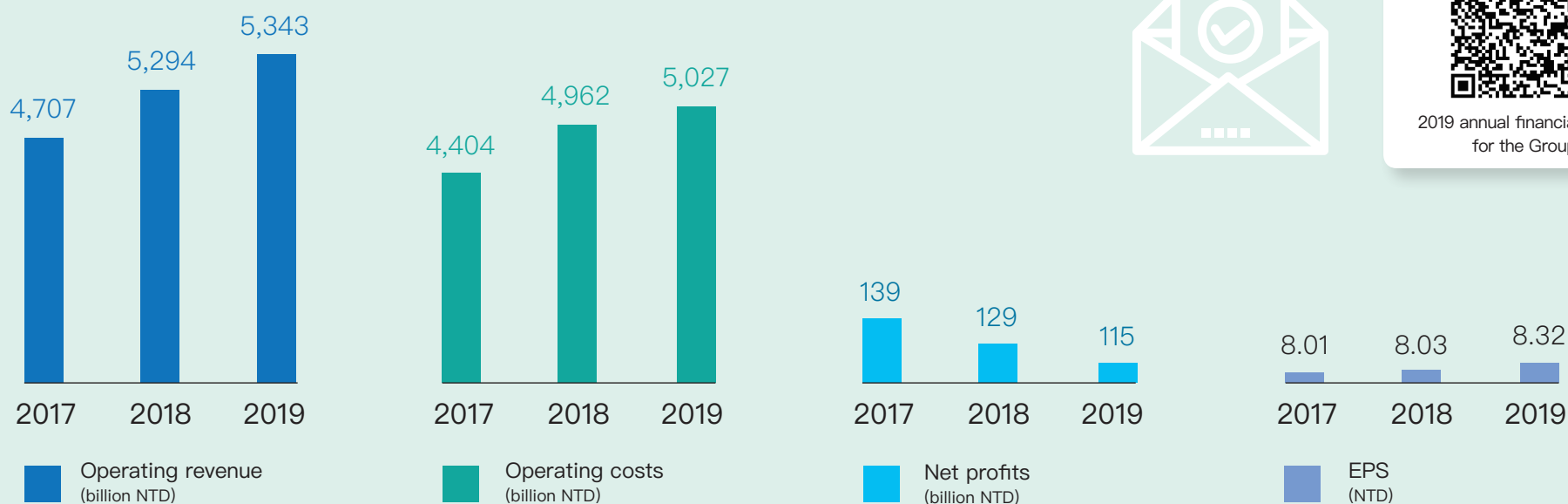


The Group insists on transparency in operations, emphasizes shareholder rights, and believes that a sound and efficient Board of Directors can establish a strong foundation for corporate governance. Under these principles, an Audit Committee and Compensation Committee have been established to assist the Board of Directors in carrying out its supervisory duties.

The Board of Directors plays a supervisory and guiding role in our sustainable corporate management strategy, and the Corporate Social Responsibility (CSR) Committee reports annually to the Board of Directors regarding the execution of corporate social responsibility policies and initiatives.

In order to safeguard the rights of shareholders and other stakeholders, strengthen Board functions, and enhance information transparency, the Group has established the “Corporate Governance Code of Practice,” which provides clear stipulations. Besides, an investor relations department responsible for handling shareholder suggestions and disputes has been established. In 2019, the Group ranked in the top 21% to 35% in the 6th Corporate Governance Evaluations. [For more information on the Corporate Governance Code of Practice and remuneration \(including salary, bonuses, retirement pension, and education and training hours\) for directors \(and independent directors\), the President, and vice-presidents, please refer to our 2019 annual financial report.](#)

Operational Performance



Note: [For more information regarding the operational performance of the Group, please refer to our 2019 annual financial report.](#)

Audit Committee

We established an Audit Committee in July 2016 in compliance with the Securities and Exchange Act. The Committee is comprised of all independent directors, who serve three-year terms as Committee members. Committee members elect a convener from amongst themselves; the current Committee convener is Independent Director James Wang.

The “Organizational Charter of the Audit Committee” states that the Committee must convene at least once every quarter. The Committee convened five times in 2019, and the average attendance rate was 86.7%.

Compensation Committee

A Compensation Committee was established in September 2011 in accordance with corporate governance principles, and to strengthen the salary and remuneration system for directors and managers. The three Committee members were appointed by the Board. The main responsibility of the Committee is to assist the Board in assessing and regularly reviewing the performance of directors and managers in achieving the sustainable development objectives set out by the Group, as well as review of policies, systems, standards, and structures for salaries and remuneration. Independent Director James Wang currently serves as Committee convener. The “Organiza-

tional Charter of the Compensation Committee” requires the Committee to convene at least twice a year. The Committee was convened twice in 2019, and the average attendance rate was 100%.

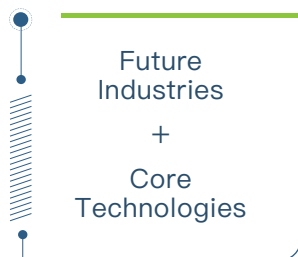
Innovation and Patents

As a primary holder of numerous patents and commercial partner of other patent holders, the Group is committed to investing in research, development, and innovation, and is actively engaged in protecting the novel technologies and intellectual property used in its global operations.

Following years of development, the Group now has a professional research and development network with sites in Asia, America, and Europe. The network is staffed by a top-level elite research and development team with a proprietary innovation platform that has accumulated numerous core technologies and key technologies with broad competitive potential.

This buildup of core technologies has allowed the Group to achieve major breakthroughs in nanotechnology, metallurgy, plastics, ceramics, and heat conductors, and established the Group’s industrial leadership in precision machinery, molding, semiconductors, cloud computing, liquid crystal displays, tri-network integration, computers, wireless communications, and internet technology, thereby making us the most important technology corporation in the field of integrated optomechatronics.

F3.0 Transformation to new industries



• EV



• AI



• Digital Health



• Semiconductor



• Robotics



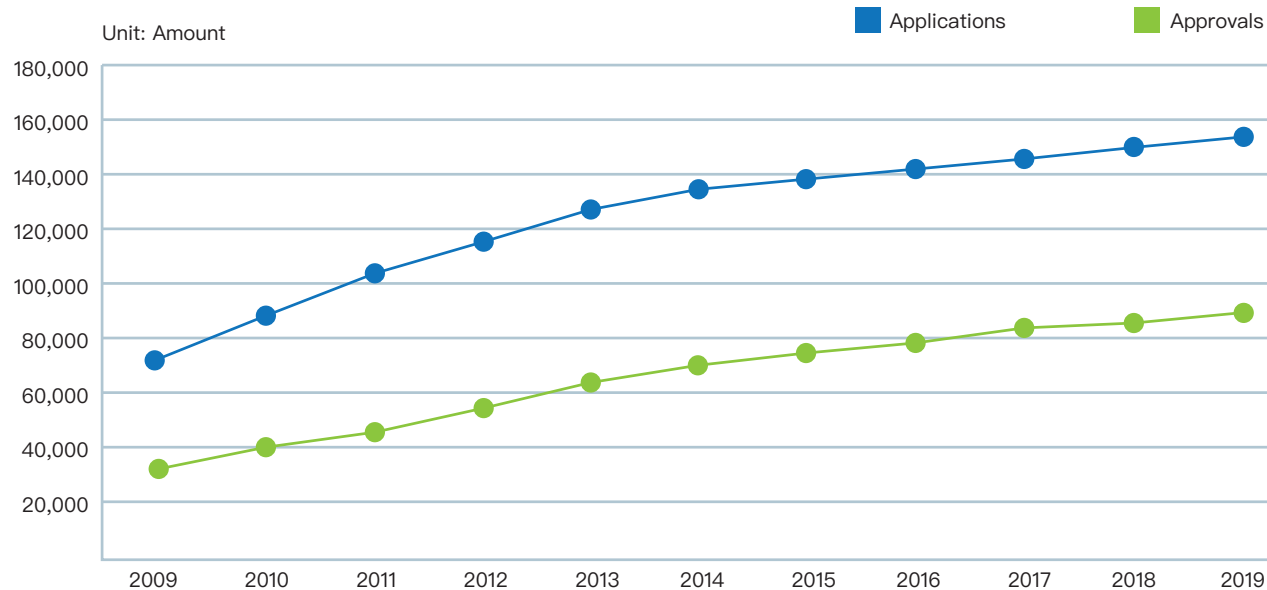
• 5G/6G

Latest Solutions and Products



In 2019, the Group applied for 3,900 patents and received approval for 2,700 patents, 80% of which were invention patents. As of year-end 2019, the Group has accumulated a total of 153,900 global patent applications (including 58,400 applications in China) and received approval for 89,300 patents (including 32,500 approvals in China). For seventeen years from 2003–2019, we are the top rank in Taiwan in terms of both patent application and approval numbers. The Group is also the only private enterprise in Taiwan to have been consecutively recognized by the Derwent Top 100 Global Innovators 2019.

Accrued totals for patent applications and approvals by year



Information Security Management



Information Security Unit

In order to satisfy the information security needs of clients and safeguard client privacy and intellectual property rights, the Group has established an Information Security Committee; the heads of each business group serve as Committee Chairman, vice-presidents serve as deputy Committee Chairman, heads of information security serve as standing Committee members, information security managers serve as secretaries-general, and department managers serve as executive officers. The Committee regularly convenes for management and review meetings to establish and review information security management targets and policies. In order to effectively promote information security policies, this information security unit has established affiliate process/operations, audits, 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.



Information Security Policy

The information security policy of the Group seeks to “maintain the confidentiality, integrity, usability, and legality of corporate information; and avoid the misuse, leakage, alteration, destruction, or loss of assets due to human error, intentional damage, or natural disaster, which would affect corporate operations or harm corporate interests.” Over the years, the Group has complied with the requirements of the information security policy, regularly conducted information security campaigns, and organized information security training sessions for employees. In order to better meet the demands of international information security management trends and client requirements for information security, the Group began implementing the ISO 27001 Information Security Management System in 2011. Our information security management services have all passed key validation checks. Implementation of the ISO 27001 Information Security Management System 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.



Information Security Risk Management

The Group actively implements information security strategies and has established regulations governing policy systems, organizational responsibilities, workforce security, document control, asset management, communications and process management, storage control, physical environments, systems development and maintenance, continuous operational management, security incident management, and regulatory compliance. In terms of technology, we have established internet firewalls, invasion-sensing systems, email security systems, auto-detect updates for operating systems, anti-virus systems, internet authorization systems, security monitoring systems, and vulnerability scanning systems. Moreover, key capabilities of the Group, including smart manufacturing technologies based on big data, health-related internet of things, and information security networks, have been utilized to provide channels for safe transactions and supply chain finances, thereby promoting information security management from diverse aspects. Internal and external professional 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.



Information Security Training for Employees

The Group provides basic information security training for all new hires as part of the orientation process, conducts regular information security training sessions for current staff, and deploys posters and videos to strengthen information security awareness among employees. Issues identified during internal audits are managed in real-time through our correction and prevention processes, thereby reducing risks relating to leakages of confidential Group and client information. Information security breaches are immediately reported following the occurrence of external information security incidents to strengthen our corporate information security management and increase awareness of external malicious attacks among employees, thus safeguarding information security for our corporate manufacturing and management operations. No major incidents that impacted corporate operations or infringed upon client privacy occurred in 2019.

▲ Risk Management

The Group is focused on its main businesses relating to manufacturing, sales, and tech research and development, and does not engage in high-risk, high-leverage investments. Faced with a rapidly evolving external environment, identification of risks and enhancement of response capabilities has become a key aspect of operational management for the Group. Regarding external and internal risks, the Group has established a risk management department that has enacted various internal regulations in accordance with the law and has conducted risk management and assessments. Appropriate risk management mechanisms and firewalls have been established according to internal organizational procedures such as the “Operational Procedures for Work and Financial Transactions Involving Special Companies and Other Companies Within the Group,” “Supervisory Procedures for Affiliate Companies,” “Endorsement guarantee operation procedures,” “Fund lending and others' operating procedures,” and “Procedures for acquiring or disposing of assets.” The Group employs a comprehensive risk management and control system that identifies, evaluates, and controls the various risks we face, including market risks (foreign exchange risk, interest rate risk, and price risk) and product risks.

Management Goals



Apart from market risks, which are primarily controlled by external factors, all other risks can be managed internally or eliminated through operational procedures, and therefore their management goals are to reduce such risks to zero.



Market risks shall be closely analyzed, and the recommendations, implementation, and processes stemming from such analysis shall take external trends, internal operations, and the actual effect of market fluctuations into account as appropriate, and adjust overall operations to achieve optimal benefit.



The overall risk management policy for the Group is focused on the unpredictability of the financial markets and seeks to reduce any hidden negative effects stemming from the financial status and operational performance of the Group.

Management Systems



Risk management tasks shall be conducted according to policies approved by the Board of Directors and in close collaboration with other operational units in the Group to identify, evaluate, and avoid relevant risks.



The Board of Directors has enacted risk management principles in writing and has provided written policies for specific areas and items.

The Group is a multinational electronics contract manufacturer. The primary source of foreign exchange risk from operational activities stems from non-functional accounts receivable in foreign currencies and differences in account establishment times for accounts receivable that affect exchange rates for functional currency. A feature of contract manufacturers is that both revenues and expenditures for the Group are mostly in foreign currency; therefore, after matching assets and liabilities, the foreign exchange risk of the remaining sum is reduced. In addition, although some developing countries we have invested in have relatively large foreign exchange fluctuations, these make up only a small proportion of Group finances and the foreign exchange risk from these countries remain manageable. The Group has established policies that require companies within the Group to manage foreign exchange risks of their functional currency. The effects of each functional currency on the primary reporting currency are uniformly managed by the main financial department of the Group.

The Group has established credit limits and channels for clients based on credit evaluation mechanisms, and we will continue to evaluate the statuses of our accounts receivable. The status of each client and industry is evaluated monthly by the transactions unit of each financial department and advanced preparations are made for any contingencies.

Response Strategy



The Group only works with mature financial products that are simple in structure, simply and priced, transparent, and have numerous market participants, prices, and competing brokers. The funds of the Group are placed in high liquidity instruments and diversity of revenue sources will be cultivated to avoid systemic risks from financial markets.

To prevent risks stemming from losses due to unintentional mistakes or intentional concealment or damage by internal operating personnel, the Group's organizational structure is designed to prevent personnel from concurrently holding posts in transaction execution, confirmation, and delivery; personnel responsible for evaluation, supervision, and control are drawn from different departments and report to the Board or high-level executives who are either not responsible for transactions or who hold decisional responsibility in their respective departments.

To prevent asset losses, interruption of operations, and other force majeure events or accidents, the Group purchased various insurance policies following a thorough evaluation of management costs and insurance fees to transfer risk to other risk-bearing institutions.

Note: [1.For information on occupational health and safety risks, please refer to Chapter 3.1.2 Safety Audits and Risk Identification;](#)
[2.For information on supply chain risks, please refer to Chapter 4.2 Implementation of Responsible Supply Chain Management;](#)
[3.For information on climate change risks and opportunities, please refer to Chapter 5.3 Climate Change.](#)

In response to the COVID-19 pandemic, The Group has set the health and safety of employees and their family members to be our highest operating principle in accordance with our internal Business Continuity Planning (BCP) Project, and we are fully committed to ensuring the health of workers and safety of production processes. Chairman Young Liu personally oversees the epidemic prevention center and has established four epidemic prevention regions in Taiwan, the Americas, Europe, and Asia-Pacific/China. For effective implementation of epidemic prevention strategies, epidemic prevention meetings are held daily and responsible personnel report directly to the Chairman.

Regarding execution of epidemic prevention measures at each factory, the Group Union has established an audit team and invited audits from relevant government agencies to improve and effectively implement epidemic prevention strategies. Additionally, The Group has invited renowned pulmonologist, Dr. Zhong Nanshan, Academician of the Chinese Academy of Engineering, to serve as the chief consultant for the Group's COVID-19 epidemic prevention plans. The Group has activated global epidemic prevention mechanisms and advanced preparations. We have also introduced the following measures to safeguard the health and safety of employees and their family members.



1. Sign an “Epidemic Prevention Responsibility Pledge”

Each operations unit must sign an “Epidemic Prevention Responsibility Pledge,” and all full-time and part-time employees, vendor personnel based in Group factories, and related personnel should have their temperatures taken by first-line epidemic prevention staff. Said personnel must wear face masks at all times in factory areas. Visitors and contractors who have recently transited through countries with Grade 2 epidemic severity due to business or personal reasons are required to quarantine or isolate for 14 days; additionally, they must have no fever or upper respiratory tract infection symptoms, a body temperature of less than 37.5°C, wear a face mask, and sign an affidavit of health before they are permitted to enter factory grounds.

2. Manage factories admission by APP

Employees must use the internal app to complete a self-management health questionnaire so they can receive a green “Factory Entry Pass.” The pass is valid for 24 hours and applies to personnel of all ranks. The green Factory Entry Pass must be shown to security personnel when entering factory grounds, and strict accountability will be enforced for any concealment or misreporting which impacts upon epidemic prevention measures.

3. Established work divisions and area-based work schedules

In order to reduce personnel movements, the Group has set strict controls on all business travel; established work divisions and area-based work schedules, and adjusted traffic flows for each floor and dining areas. Excepting those personnel engaged in essential inter-factory tasks, all cross-factory activities should be conducted via teleconference or telephone. We have temporarily ceased operations of cross-factory transport shuttles in Taiwan and have enhanced disinfection measures for each floor. Should employees leave the office areas on business, they must scan QR codes on the Group app to register their activities and movements.



1.3 Ethical Management

The Group Code of Conduct

In 2005, the Group joined the Responsible Business Alliance (RBA) and became an official member. As an RBA member, the Group adheres to all RBA codes of conduct, promotes and implements CSR regulations, and audits relevant suppliers to ensure that they also comply with the Group's CSR policies and Code of Conduct. [\(For more information on The Group's Supplier Social and Environmental Responsibility Code of Conduct that we require our suppliers to comply with, please refer to Chapter 4.1 Policies for Sustainable Management of Suppliers.\)](#)

The Group upholds principles of fairness, honesty, and integrity when participating in competition and conducting business, and we have also established a legal compliance system at all of our plants worldwide. As a RBA member, we not only actively participate in RBA activities and assume our member obligations, but also work with our peers in the electronics industry and our various partners in compliance and promotion of corporate social responsibilities. The Global Social and Environmental

Responsibility Committee (hereinafter the "CSR Committee") used the RBA Code of Conduct as a basis to formulate the first version of the Group Code of Conduct (CoC) in June 2008. The CSR Committee reviewed and revised the Code of Conduct again in 2019. The Group's top executives signed off on and began fully implementing the revised Code of Conduct and actively fulfilling the Group's corporate social responsibilities. Our Code of Conduct training course is mandatory for all new recruits that enter the company each year, and we continue to promote Code of Conduct compliance to existing employees.

The Group Code of Conduct encompasses eight main aspects: ethics, labor and human rights, health and safety, environmental management, management systems, responsible mineral sourcing, anti-corruption policies, and anti-slavery policies. Please refer to the Group Code of Conduct for more information.

The Group Code of Conduct encompasses eight main aspects ethics





Ethics

- Business Integrity
- Disclosure of Information
- No Improper Advantage
- Fair Business, Advertising and Competition
- Protection of Identity and Non-Retaliation
- Intellectual Property
- Privacy



Labor and Human Rights

- Freely Chosen Employment
- Child Labor Prohibition and Young Workers Protection
- Protection of Maternity Rights and Health of Female Workers
- Non-Discrimination
- Humane Treatment
- Wages and Benefits Compensation
- Working Hours
- Freedom of Association



Environment

- Materials Restrictions
- Hazardous Substances
- Solid Waste
- Air Emissions
- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Water Management
- Energy Consumption and Greenhouse Gas Emissions



Health and Safety

- Machine Safeguarding
- Industrial Hygiene
- Occupational Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Ergonomics
- Sanitation, Food, and Housing
- Health and Safety Communication



Management systems

- Company Commitment
- Management Accountability and Responsibility
- Legal and Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Worker Feedback, Participation and Grievance
- Audits and Assessments
- Corrective Action Processes
- Documentation and Records
- Supplier Responsibility

The Group Code of Conduct

Responsible Mineral Sourcing

The Group adheres to international standards and governmental and non-governmental regulations on conflict minerals. The Group does not accept, and does not use, conflict minerals in our operations. The Group requires suppliers to trace the origin of products potentially containing conflict minerals, including gold (Au), tantalum (Ta), tin (Sn), and tungsten (W), and to provide all relevant information regarding the sources of those minerals to our company. In addition, The Group's downstream suppliers are required to fulfill their due diligence on conflict-free minerals pursuant to the relevant international standards and regulations. (Please refer to Section 4.3.2.1 Management of Conflict Minerals for more information on The Group's systematic management of conflict minerals from suppliers.)

Internal Control and Audits

The Group has an established internal control system. Our internal audit unit periodically evaluates risks and formulates audit plans which are used to conduct relevant audits, the results of which are regularly reported to the Board.

The Group judges the design and effective implementation of its internal control system in accordance with the assessment items used for determining the effectiveness of internal control systems set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies. The assessment items used for determining the effectiveness of internal control systems set out in these Regulations divide the process of internal control into five major components: control environment, risk assessments, control procedures, information and communication, and supervision. None of The Group's personnel were penalized under law or punished for violations of internal control regulations or major errors in 2019.

Anti-Corruption Policy

The Group upholds a corporate culture of dignity and integrity. The Group is committed to full compliance with local and international anti-corruption and anti-bribery laws and regulations. Corruption, bribery, embezzlement or improper activities are strictly prohibited. The Group has a zero-tolerance policy towards activities or behaviors that are in violation of the anti-corruption policy. All employees are inducted with at least two hours of compulsory anti-corruption training every year. In addition, all partnerships with suppliers, vendors and customers must strictly comply with the anti-corruption policy.

The Group implements anti-corruption actions every year, promoting the "Employee Statement of Integrity" to all employees. Employees who engage in corrupt behaviors or who obtain improper gains through participation in joint corruption are rigorously investigated and handled. Employees, clients, and suppliers can also actively report grievances through the following channels: 117@foxconn.com; telephone number: +886-2-2268-3466, ext.560-74422. If we dis-

cover corruption in employees who have not actively reported such behaviors, they will be severely penalized in accordance with the law and Group regulations. We encourage our employees to report any corruption through the above channels and keep all personal information of informants strictly confidential.

Anti-Slavery Policies

The Group does not accept human trafficking or employment that involves any form of slavery, forced labor, debt bondage, indentureship, or prison labor, and does not provide payment to any persons who transport, hide, recruit, transfer, or receive personnel who are controlled by threats, compulsion, coercion, abduction, fraud, or other means of control.

Mechanism for Reporting Grievances

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.

Phone: +886-2-2268-3466,
ext.560-74422

Mail: renrenjubao@163.com,
jubaofoxconn@gmail.com

1.4 Social and Environmental Responsibilities

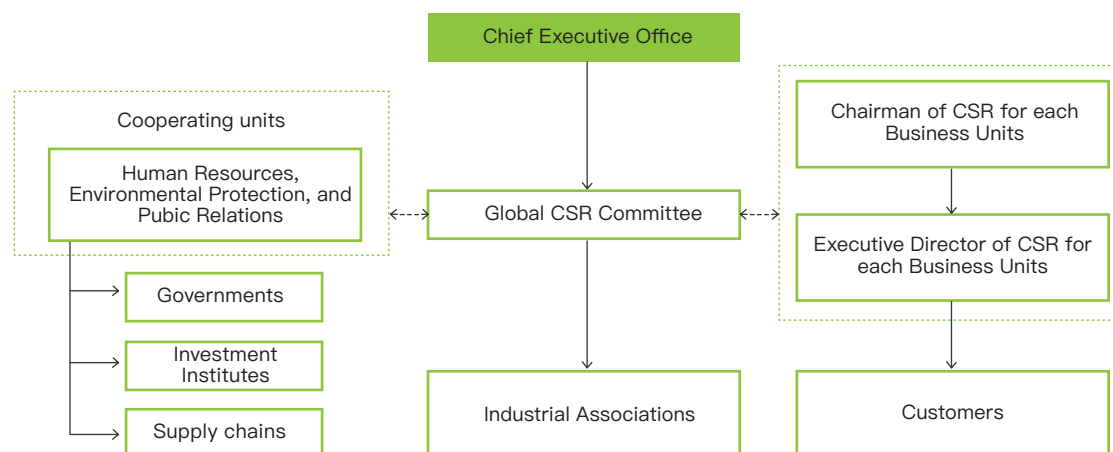
Global CSR Committee

The Group strives to be a good corporate citizen and promote the development of CSR even as we pursue profits, drive our operations, build our competitiveness, and realize our goal of sustainable management. The Group Global CSR Committee was established in March 2007 and the Committee chair was appointed by the Group Chairman.

The CSR Committee has a dedicated staff responsible for compilation of CSR systems and regulations, monitoring of CSR policies and plans, regular follow-up and evaluation of CSR execution and performance, and review of CSR reports, as well as promotion and internalization of corporate social and environmental duties within the Group's corporate culture. The CSR Committee reports CSR implementation results to the Board every year and has established the Group CSR Policies and Code of Conduct to serve as the highest principle for promoting the Group's CSR. We hope that raising the management level of CSR duties and the objective professionalism provided by our directors can solidify the Group's CSR spirit, strengthen CSR decision-making and promotion, expand CSR coverage, strengthen supervisory

mechanisms that assess whether action plans can be carried out.

Additionally, all business groups within the Group have established their own CSR committees (hereinafter referred to as branch CSR committees) to fully implement the Group's CSR policies. Branch CSR committees are supervised by the Group's CSR Committee. The CSR Committee organizes internal audit activities each year and convenes personnel from dedicated units including human resources, safety management, hygiene management, environmental management, and administrative affairs. Internal audits for labor, ethics, health and safety, environment, and management systems are conducted at each plant in accordance with RBA standards to ensure compliance with CSR policies and guidelines. As of 2019, The Group has established a full-time CSR team composed of 1,000 people from our plants all around the world to interact closely with our clients, the government, and all sectors of society, which helps to enhance corporate transparency as part of our comprehensive commitment to promotion of our social and environmental duties.



Global CSR Committee

Formulates corporate CSR development systems, reviews and continues to improve upon the Group CSR regulations and processes in accordance with company operations and strategic needs, and periodically reports to the Group Board and Chairman.

Collaborative units

Effectively integrates resources, coordinates CSR procedures from all fields, and provides responses and exchanges with the government, investing entities, and our supply chain in compliance with Group policies and regulations.

Branch CSR committees for business groups

The highest authority or head of each business group chairs each branch's CSR committee and establishes dedicated units to gain in-depth understanding of the CSR matters in each business group and provide services that meet the needs of Group clients.

Technology and Social Responsibility

The Group has integrated its trading channels due to the strategic needs of “e-trade, technology, and industry.” We have not only expanded into our upstream core components industries, but also into our downstream sales and industry ecosystem, achieving comprehensive integration of design, production, sales, and after-sale services. We use our rich experiences in production and management to stand at the forefront of the technology industry in this era of knowledge economics and closely link knowledge economics with the pulse of the network economy to create a harmonious and sustainable technology environment as we strive to build a technology-services-oriented enterprise.

The Group did not incur any violations relating to anti-competition, anti-trust, or monopolistic laws in 2019. With regard to international issues of concern such as forced labor and child labor, The Group has established a comprehensive management system in accordance with our “Regulations for Management of Group Personnel Recruitment Pro-

cedures” and “Management Procedures for Prohibition of Child Labor.” All recruitment processes must go through the Group's human resource department or the local business group in charge of plant affairs which are responsible for inspecting relevant procedures, including data selection, data registration, identity verification, communication through interviews, and other items relating to comprehensive evaluations. Our recruitment brochures and promotional materials are required to carry age requirements, and we have also established relevant reporting mechanisms and non-periodic personnel audits. We have conveyed our relevant policies to our suppliers and conduct periodic supplier audits using these policy items as necessary conditions for supplier evaluation. Through a variety of mechanisms for safeguarding rights and interests, we protect the rights of employees (including freedom of association and group negotiation rights) within the Group and our supply chain, and we continued to incur zero human rights violations this year.

Recruitment Considerations of the Group

Principles for recruitment	<ul style="list-style-type: none"> Non-discrimination: We do not discriminate against employees based on gender, age, nationality, place of birth, ethnic background, language, disability, marriage, pregnancy, sexual orientation, religion, political views, or union membership. Prohibited seizures of identification documents: We prohibit seizure of identification and other types of documents from job candidates. Prohibited requests for guarantees and collateral: We prohibit requests for guarantees and collateral from job candidates.
Data screening	<ul style="list-style-type: none"> Children who are legally underage are prohibited from entering into subsequent recruitment processes. Strict data comparisons are required to prevent errors in judgment.
Identity verification	<ul style="list-style-type: none"> Certain regions may work with local governments to verify identities via an electronic system. To prevent the use of false identification or the identities of others, personnel in charge of verification are required to undergo professional training to ensure that the identities of hired candidates are genuine, that their documentation is valid, and that they are the person represented by such documentation.
Personnel audits	<ul style="list-style-type: none"> Dedicated personnel management units are required to conduct regular (monthly) comparisons and audits with our personnel systems.
Reporting measures	<ul style="list-style-type: none"> If recruiters intentionally employ child laborers, they will be penalized in accordance with Group regulations and will be responsible for legal damages. If this is the result of negligence, the Group will immediately report this matter to the local government, and, with its assistance, arrange for said child laborer to be sent back to their place of residence and legal guardian. We will also provide subsidies that allow the child to complete their compulsory education.

1.5 Stakeholder Identification, Communication, and Responsibilities

Stakeholder Identification and Communication

The Group identified stakeholders and material issues in accordance with the AA1000 Stakeholder Engagement Standards (AA1000 SES) and determined the environmental, economic, and social material issues of concern to our stakeholders so we could respond to their demands and expectations. Members of CSR Committee assessment team identified stakeholders based on their dependence on the Group, impacts, levels of concern, responsibilities, and diverse perspectives, confirming our stakeholders

to be employees, clients, suppliers/contractors, shareholders/investors, government, NGOs, and media. In order to strengthen communication with all stakeholders, the Group has established various communication channels with our stakeholders to listen to their feedback, understand their expectations toward the Group, and learn from their strengths. Selection of stakeholders, communication frequencies, issues of concern, and responses from the Group are shown in the table below.

	Employees	Clients	Suppliers/ Contractors
Meaning to the Group	<ul style="list-style-type: none"> Competitive and talented employees are key to the Group's business progress. 	<ul style="list-style-type: none"> The Group is committed to meeting client needs and providing the best products and services. 	<ul style="list-style-type: none"> Suppliers provide important raw materials for products developed by the Group; we work with our suppliers to facilitate mutual growth and to build a sustainable supply chain.
Communication channels and frequency	<ul style="list-style-type: none"> We communicate non-periodically with our employees through channels including employee hotlines, seminars, mailboxes, satisfaction surveys, and counseling 	<ul style="list-style-type: none"> Quarterly and annual CSR activities Non-periodic client visits and audits Conference calls Quarterly and annual audits 	<ul style="list-style-type: none"> Annual supplier conferences Supplier management platform
Issues of concern	<ul style="list-style-type: none"> Talent attraction and retention Occupational health and safety Hazardous substances management Employee rights and diverse equality 	<ul style="list-style-type: none"> Corporate governance and operational performance Innovative research and development Occupational health and safety Client privacy 	<ul style="list-style-type: none"> Ethical management and legal compliance Corporate governance and operational performance Client privacy Supplier management
Responses and results	<ul style="list-style-type: none"> We employ those with mental and physical disabilities and expend our best efforts to help disadvantaged groups. We have also established an employee emergency fund, employee mutual assistance fund, and employee condolence fund to help employees in need. Apart from general communication channels, The Group has established an accessible communication system. We have established a 24-hour helpline that allows our employees to express their opinions and provide suggestions, and we have also set up a counseling center and employee care center to provide mental support and promote healthy growth for our employees. 	<ul style="list-style-type: none"> We keep in close contact with our clients, protect their privacy, and are open to client reviews at all times. We report the management of Group, supplier, and CSR matters to our clients. We continuously strengthen our client services and provide fast, convenient, highly efficient, excellent, economic, and innovative products and services. We also implement energy-saving and carbon-reducing actions in response to current trends and provide our clients with products for reducing carbon emissions. 	<ul style="list-style-type: none"> We host annual supplier conferences and conduct non-periodic CSR audits to convey our supply chain requirements to our suppliers. We have also established a CSR management platform which allows our suppliers to learn about RBA regulations and Group CSR requirements.



	Shareholders /Investors	Government	NGOs	Media
Meaning to the Group	<ul style="list-style-type: none"> Any party (including legal entities or individuals) that has invested in or has an interest in investing in the Group. 	<ul style="list-style-type: none"> The Group prohibits legal violations in all forms and our operating bases actively adhere to all local governmental regulations. 	<ul style="list-style-type: none"> In-depth exchanges with non-government organizations enable communication regarding issues of concern within the local community. 	<ul style="list-style-type: none"> The Group maintains good relations with all media outlets to facilitate communication of Group information.
Communication channels and frequency	<ul style="list-style-type: none"> Annual shareholders' meetings Annual investor conferences We issue annual reports and CSR reports each year Establishment of spokesperson platform Non-periodic investor conferences/investor forums 	<ul style="list-style-type: none"> Non-periodic correspondence via official documents, email, and telephone communications Participation in policy forums, seminars, and public hearings Communications for drafting industry standards 	<ul style="list-style-type: none"> Non-periodic conference calls Annual CSR activities and evaluations 	<ul style="list-style-type: none"> Timely transmission of press releases Non-periodic press conferences
Issues of concern	<ul style="list-style-type: none"> Corporate governance and operational performance Ethical management and legal compliance Client privacy Innovative research and development 	<ul style="list-style-type: none"> Employee rights and diverse equality Client privacy Ethical management and legal compliance Talent attraction and retention 	<ul style="list-style-type: none"> Occupational health and safety Ethical management and legal compliance Energy and greenhouse gas management 	<ul style="list-style-type: none"> Occupational health and safety Client privacy Talent attraction and retention Innovative research and development
Responses and results	<ul style="list-style-type: none"> The Group shares our prospects, profitability information, and CSR implementation through shareholders' meetings, investor conferences, and other meetings. 	<ul style="list-style-type: none"> We communicate with local governmental institutes through visits, meetings, and official documents to convey the impacts caused by policy changes and propose suggestions. 	<ul style="list-style-type: none"> Participation in international CSR forums and discussion of CSR issues with NGOs; participation in NGO activities such as CDP and Climate Action 100+. We work with NGOs to promote environmental issues (such as RoHS and WEEE). 	<ul style="list-style-type: none"> We use non-periodic media interviews and press releases to convey information on Group operations and future developments, and also publish our press releases on our official website. We compile issues of concern to the media and news items in our reports for the Group's management team, and these are used as references for enhancing Group operations.

Scope of Material Issues and Materiality Analysis

The Group communicates with stakeholders through a variety of channels and compiles their focuses for initial identification of important issues based on sustainability, importance, comprehensiveness, and stakeholder tolerance. We then conduct assessments based around the two axes of “level of impact on the Group” and “level of concern for stakeholders” in accordance with AA1000 Materiality Test criteria. We then rank these issues by level of importance to generate a materiality matrix.

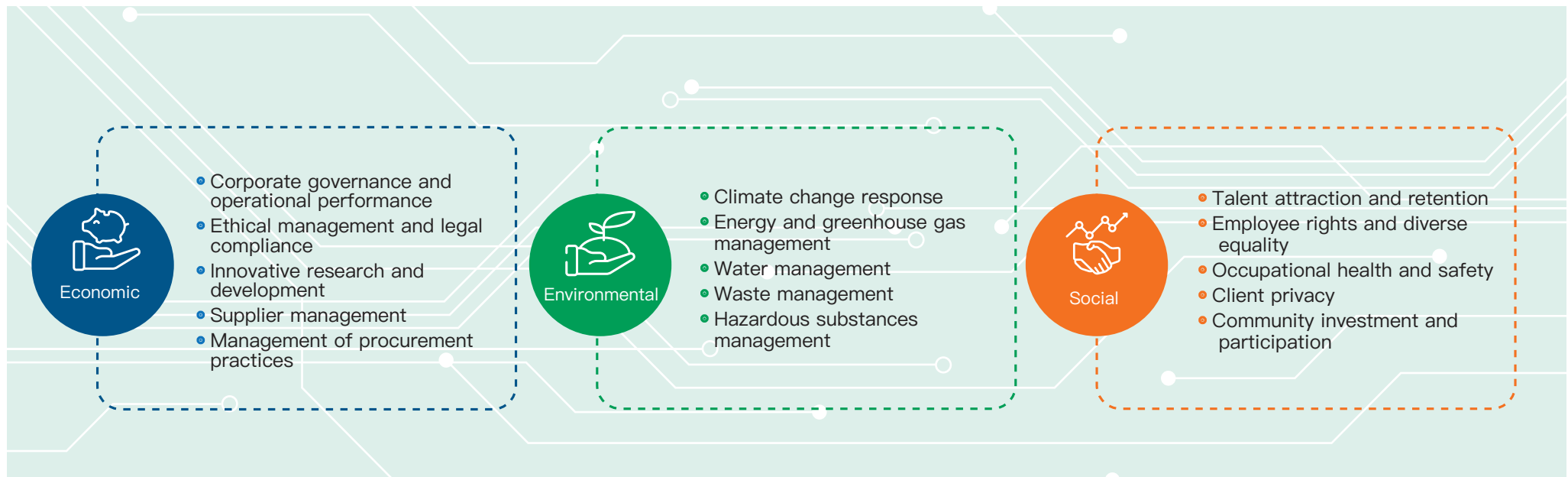
Step 1 Identification

1. Stakeholder identification–7 major stakeholders

We used the five principles of the AA1000 SES (Stakeholder Engagement Standard 2015) to identify stakeholders, which include seven groups: employees, clients, suppliers/contractors, shareholders/investors, government, NGOs, and media.

2. Compilation of issues of concern–15 issues of concern

The Group compiled issues relating to international regulations and standards, industrial regulations and standards, industry peers, and the Group's annual targets. These were narrowed down to 15 issues.



Step 2 Ranking of material issues

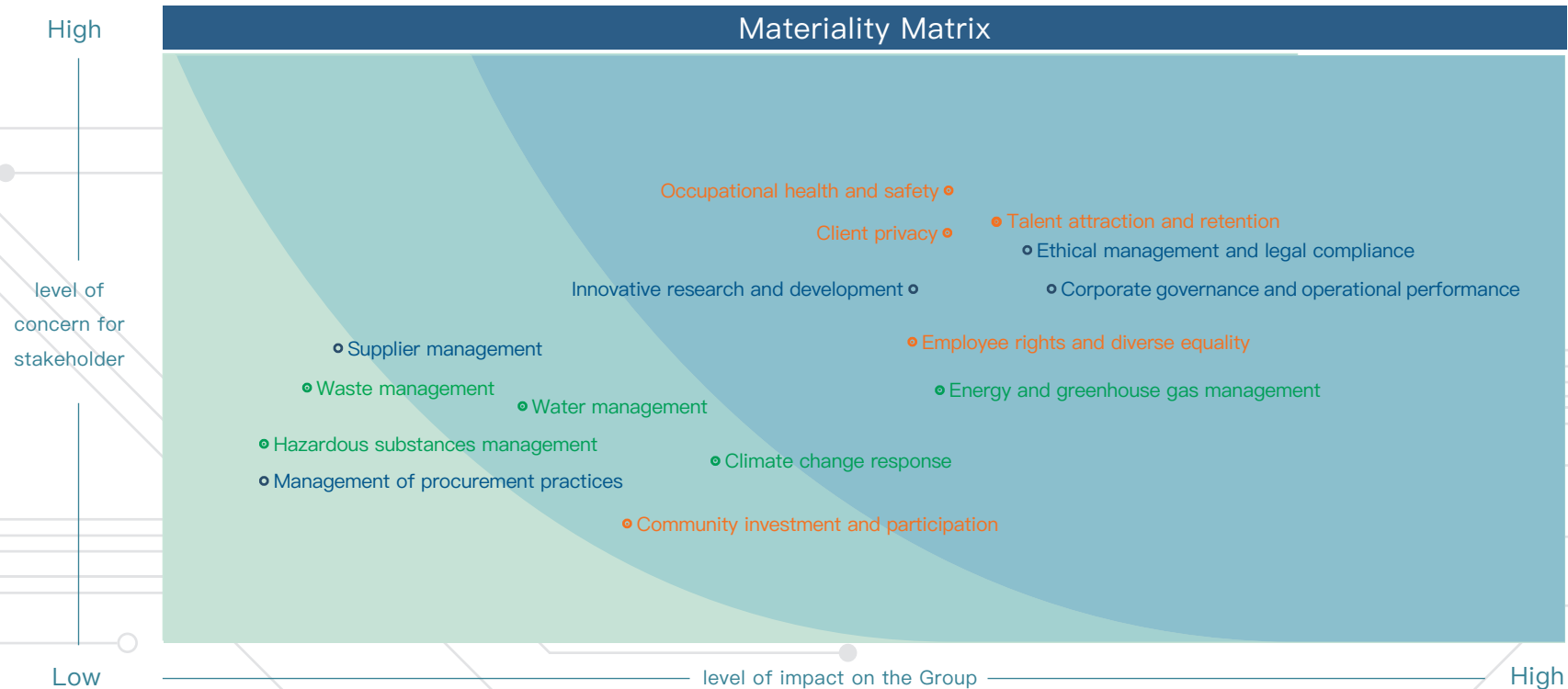
3. Analyze levels of impact on internal and external stakeholders for the 15 issues–202 questionnaires

The Group surveyed levels of concern toward these issues through distribution of questionnaires to our seven major stakeholder groups and evaluations of levels of impacts on the Group conducted by internal management. Impact levels were ranked on a scale of 1 to 5 from lowest to highest. We collected a total of 202 questionnaires in 2019.

4. Confirmation of material issues–8 material issues

We analyzed “levels of concern for stakeholders” and “levels of impact on the Group” for all issues to generate a materiality matrix.

Following identification and analysis, our material issues were determined to be: corporate governance and operational performance, ethical management and legal compliance, talent attraction and retention, occupational health and safety, client privacy, innovative research and development, employee rights and diverse equality, and energy and greenhouse gas management. These were the CSR-related issues for Group communication and disclosure.



Step 3 Defining material issues for 2019

5. Confirmation and review of material issues

Following rigorous identification processes, the material issues for 2019 were determined to be those at the top right of the matrix. These were the 8 material issues with higher levels of concern for stakeholders and higher levels of impact on the Group. The boundaries for these material issues are as follows:

Material issues	Themes from GRI standards	Corresponding sections	Impact boundary on value chain						
			The Group	Clients	Suppliers/ Contractors	Shareholders /Investors	Government	NGOs	Media
Corporate governance and operational performance	GRI 201	1.2 Corporate Governance	●			○	○		○
Ethical management and legal compliance	GRI 205 GRI 206 GRI 307	1.3 Ethical Management	●			○	○		
Talent attraction and retention	GRI 401	2.4 Remuneration and Benefits	●						
Occupational health and safety	GRI 403	3.1 Occupational Health and Safety	●		○				
Client privacy	GRI 418	1.2 Corporate Governance	●	○					
Innovative research and development	Self-defined issue	1.2 Corporate Governance	●	▲		▲			
Employee rights and diverse equality	GRI 412	CH2 Employees	●				▲		
Energy and greenhouse gas management	GRI 302 GRI 305	5.2 Energy Management 5.3.2 Greenhouse gas emissions	●					▲	

● : The organization has caused the impact ○ : Contributed toward creating an impact ▲ : Directly linked to the impact through business relationships

Note: A comparison of the material issues for 2018 and 2019 shows that “Innovative research and development” has newly emerged, and there has been some integration and narrowing down of the remaining issues for effective management. Material issues for 2018 that were not included in material issues for 2019 include “environmental management,” “supplier management,” and “community participation.”



2

Employees

4

QUALITY
EDUCATION



8

DECENT WORK AND
ECONOMIC GROWTH



16

PEACE AND JUSTICE
STRONG INSTITUTIONS



Employee
Overview



Distribution of
New Employees
in 2019



Distribution of
Resigned Employees
in 2019



Wages and
Benefits



Communication and Protection
of Employee Rights



Employee
Care



Employee
Development

Management approach for Material Issues: Talent Attraction and Retention, Employee Rights and Diverse Equality



Meaning to the Group:

- The Group emphasizes the performance of its human capital. We strengthen employee competitiveness and encourage self-realization in our colleagues through establishment of effective incentive mechanisms and adaption of a forward-looking approach for employee management. We provide the best workplace environments and competitive remuneration to our employees in hopes that they can enhance our core competitiveness.

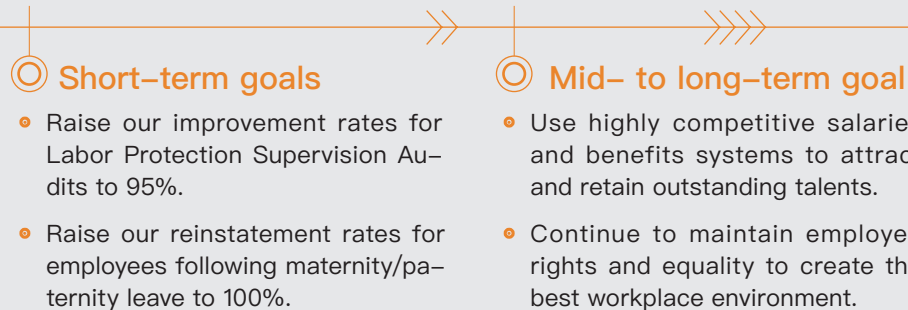


Policies and Commitments:

- The Group adheres to principles of legality, fairness, impartiality, equality, voluntary actions, honesty, and credibility. We actively comply with the UN Declaration of Human Rights and RBA and national regulations, and enhance our human resource policies, protect legal rights of our employees, and provide healthy and safe work environments in accordance with local regulatory requirements.



Goals and Targets



Grievance Mechanism

- Please see [Section 1.5 Stakeholder Identification, Communication, and Responsibilities](#) for details.



Specific Actions

- We participated in employer brand selection activities hosted by major job search companies and received seven awards.
- We established annual bonus, dividend, and time-based incentive systems linked to performance and distributed NTD 7.662 billion in employee compensation.
- In 2019, our Labor Union convened a labor delegates meeting to vote on issues relating to employee rights and obligations.
- In 2019, our Employee Care Center handled more than 200,000 counseling sessions relating to employee work and lives, and achieved a case closure rate of 93%.
- We organized a total of 1,179 employee club events for a total of 260,000 participants.



Evaluation of the Management Approach

- We hold management review meetings each year to discuss and track our target achievement rates.
- We convened personnel from our human resources, safety management, hygiene management, environmental management, and administrative affairs units to conduct Labor Protection Supervision Audits relating to labor, ethics, health and safety, environment, and management systems.

The Group complies with the UN Declaration of Human Rights, RBA and national regulations in enhancing our human resource policies and protecting the legal rights of our employees. For matters relating to recruitment, promotion, performance evaluations, salaries, and training opportunities, we do not discriminate on the basis of gender, age, nationality, birthplace, ethnicity, language, disabilities, marital status, pregnancy, sexual orientation, religion, political affiliation, or union membership. We also prohibit child laborers from engaging in work. The Group strives to provide a fair working environment where all employees are treated fairly. We provide equal salaries and promotion opportunities based on employee merits.

We organized fire drills and training for new factory recruits in accordance with local regulatory requirements. We also provide our new employees with health and safety knowledge, and conduct inspections of factory environments, lighting, and drinking fountains to build healthy and safe work environments.

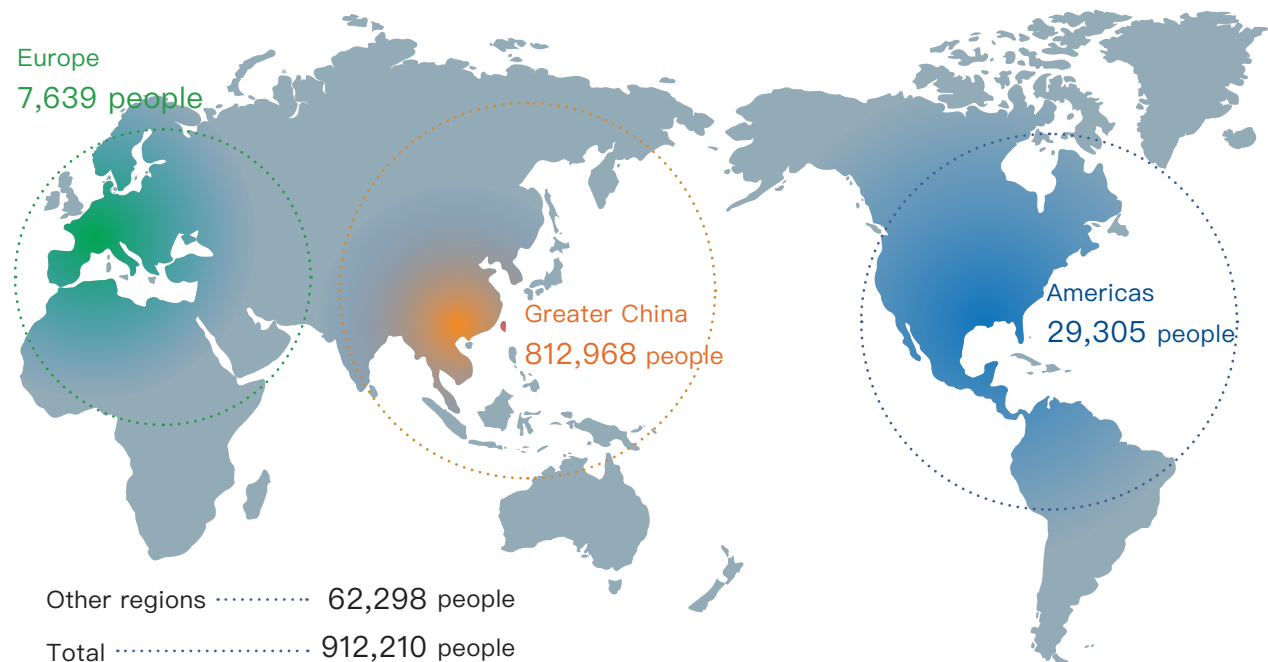
Human Rights Policy

The Group has established work rules based on relevant labor and human resource regulations to protect the legal rights of our employees. As an RBA member, The Group referenced the RBA Code of Conduct, the Universal Declaration of Human Rights (UDHR), and the standards of the International Labour Organization (ILO) when formulating our Principle of Social and Environmentally Responsible Code of Conduct. It discloses our human rights policies for labor protection that safeguard employee rights and provide them with dignity and respect. The Group conducts annual risk assessments and audits based on law and Group policies, and we also require relevant units to implement timely improvements to ensure the rights and benefits of our employees.

2.1 Employee Overview

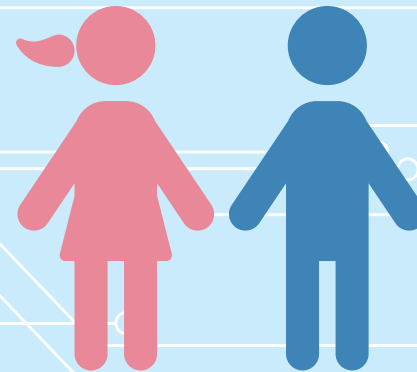
Employee recruitment at the Group is conducted through open recruitment and on-campus recruitment channels. Concepts relating to equal opportunities, respect for human rights, and workplace diversity have been integrated into our talent recruitment principles and processes. We prohibit the use of child labor and forced labor. As of 2019, the Group has a total of 912,210 full-time and part-time employees, including 6,220 people with disabilities and 49,600 people of ethnic minorities. In terms of education levels, 60% of our employees hold degrees from high schools, technical secondary schools, or higher educational institutes. In terms of gender distribution, 63% of our employees are male and 37% are female. Most of our employees are younger than 30 years old.

The Group upholds principles of talent localization, so employees at our factories are mostly composed of local residents. The proportion of senior management personnel (ranked at director level or above) who are Chinese nationals are approximately 20% at our factories in China. No incidents involving discrimination, use of child labor, or forced labor occurred in our factories in 2019.



Number of Greater China Employees in 2019

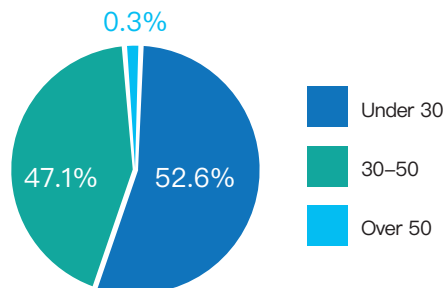
	Full-Time Employees	Part-Time Employees	Subtotal
Number of people	296,991	2,041	299,032
Ratio	36.5%	0.3%	36.8%



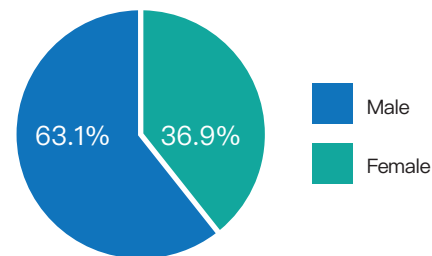
	Full-Time Employees	Part-Time Employees	Subtotal
Number of people	509,281	4,655	513,936
Ratio	62.6%	0.6%	63.2%

Total — 812,968 people

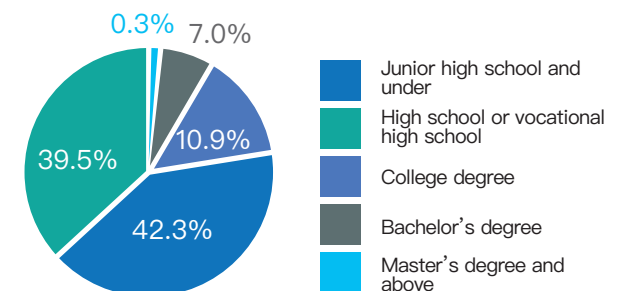
Distribution of Age



Distribution of Gender



Distribution of Education

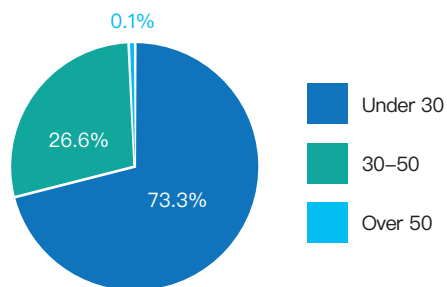




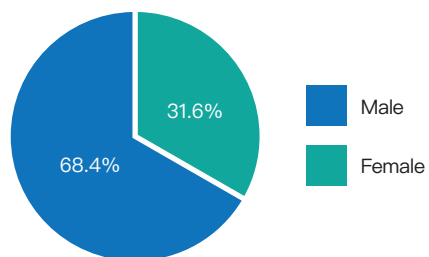
2.2 Distribution of New Employees in 2019

In 2019, our average monthly recruitment rates were 3.7% in the Greater China region, and 73.3% of new recruits were younger than 30 years of age. In terms of gender distribution, 68.4% of new employees were male and 31.6% were female. In terms of regional distribution, most new recruits were from Southern China, Southwest China, or Central China.

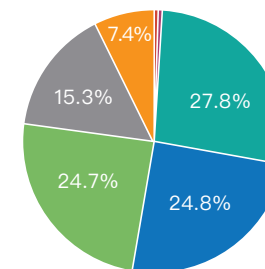
Distribution of Age



Distribution of Gender



Distribution of New Employees in the Greater China Region in 2019



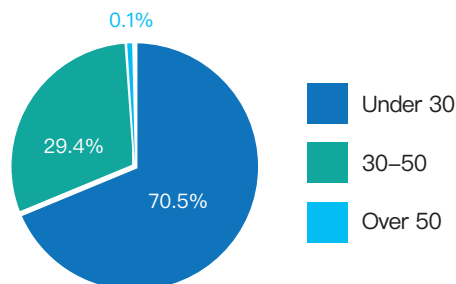
Southern China	Southwest China	Central China	Northern China	Eastern China	Taiwan	Northeastern China
27.8%	24.8%	24.7%	15.3%	7.4%	0.1%	0.02%



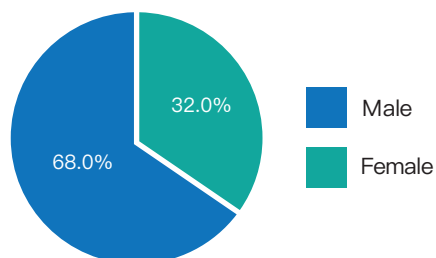
2.3 Distribution of Exited Employees in 2019

In 2019, our average monthly turnover rates were 5.6% in the Greater China region, and 70.5% of exited employees were younger than 30 years of age. In terms of gender distribution, 68% of exited employees were male and 32% were female. In terms of regional distribution, most exited employees were from Southern China, Central China, or Southwest China.

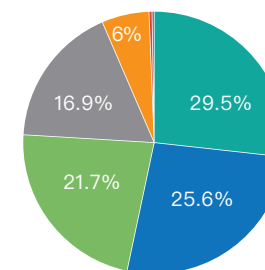
Distribution of Age



Distribution of Gender



Distribution of Exited Employees in the Greater China Region in 2019



Southern China	Central China	Southwest China	Northern China	Eastern China	Northeastern China	Taiwan
29.5%	25.6%	21.7%	16.9%	6.0%	0.2%	0.1%

2.4 Remuneration and Benefits

The Group adheres to principles of legality, fairness, impartiality, equality, voluntary actions, honesty, and credibility. We provide our employees with the best workplace environments and competitive remuneration. The Group's salary systems adhere to local regulatory requirements and reference industry salary standards. In 2019, The Group's human resource department invited key universities in China (including Shandong University, Dalian University of Technology, Harbin Institute of Technology, and Northeastern University) to visit our factories. We also participated in employer brand selection activities hosted by major job search companies in China (for example Zha-

opin's Top 30 Shenzhen Employers Award, 51job's Outstanding Human Resource Management Award, and the Overseas Chinese Returnees Association's Top Ten Enterprise Employer Brand of Shenzhen Overseas Chinese Returnees Award) and received seven awards. In Taiwan, we ranked fifth out of the Top 100 Most Attractive Employers for the New Generation in 2019, and we received 5,000 votes from office workers who considered us to be the happiest enterprise out of 300 technology companies short-listed for 1111's 2019 Happy Enterprise Awards, indicating that our remuneration levels exceed industry standards.

7 Awards

Employer brand selection activities hosted by major job search companies

No.5

Out of the Top 100 Most Attractive Employers for the New Generation in 2019

The Happiest Enterprise

Out of 300 technology companies shortlisted



The Top Ten Enterprise Employer Brand of Shenzhen Overseas Chinese Returnees Award from the Overseas Chinese Returnees Association



Outstanding Human Resource Management Award from NASDAQ: JOBS



Top 30 Shenzhen Employers Award from Zhaopin



Most Attractive Employers for the New Generation



2019 Happy Enterprise Award





Item	2018	2019	Differences between 2018 and 2019
Number of non-supervisor full-time employees	4,166 *	3,590 *	-14%
"Average salary" for non-supervisor full-time employees	2,255,000 NTD	2,402,000 NTD	7%
"Median salary" for non-supervisor full-time employees	1,396,000 NTD	1,538,000 NTD	10%

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

Employee compensation

7.662
billion NTD

In order to establish effective incentive mechanisms and adapt a forward-looking approach for employee management, the Group formulated the "Regulations Governing Annual Promotion Procedures for Group Employees," which evaluates employee performance, work abilities, potential, teamwork capabilities, and training and development, and ties these to annual bonuses, dividends, and time-based incentives. In 2019, the Group's Board of Directors approved distributions of 7.662 billion NTD in employee compensation.

purchased a house locally, received subsidies for house purchases, or received overlapping benefits under local preferential housing policies were able to apply for these units. Employees with families could submit applications for family units. Employees paid around 50% of local rent for these units. There are currently 81 employees who have applied for and moved into these units. These policies are applicable for all employees regardless of gender.

The basic salaries of our male and female employees

1:1

We begin payments of social insurance and provident funds according to local government regulations for Chinese employees who have signed formal employment contracts with the Group on the day they start working with the company. All insurance benefits at our factories comply with local social insurance regulations. In Taiwan, we provide our employees with labor insurance, health insurance, and group insurance in accordance with government regulations. Our employees at overseas factories are all insured according to local government regulations.

As part of our concern for employee health and safety, we also provide added protection from business insurance for our Chinese employees. Our latest "Group Collective Agreement (2019 version)" protects employee rights and states that employees should be notified 30 working days in advance of major decisions related to their vital interests. Relevant articles on consultations and negotiations are stipulated in the "Summary of the Collective Consultation Letter" and the "Reply on the Collective Bargaining of the Trade Unions Association of the Company." The Group also provides a variety of benefits related to health promotion and care for employees in the Greater China region and their family members, including the aforementioned social insurance, group insurance, pensions, benefits and subsidies for personal occasions, travel allowance, and raffle events at year-end parties. In 2019, the Group's employee benefit expenditures for the Taiwan region were approximately 12.2 billion NTD.

the Group's employee benefit expenditures

12.2
billion NTD

Starting salaries for entry-level employees at all our factories are 10–25% higher than local minimum wage requirements. There are no differences between the basic salaries of our male and female employees. In 2019, our new recruits who had completed their probation periods and our formal employees were all subjects to annual performance appraisals and evaluations; 100% of our employees underwent evaluations. The Group has initiated a talent retention program in Taiwan where employees who have worked with us for more than one year receive average salary raises of 7%. We obtained 550 public housing units for our employees at key factories in China, and any employee who had not

Additionally, the Group provides childcare subsidies to employees in Taiwan. We not only provide subsidies of 70,000 NTD at the birth of each child, but also pay a comprehensive range of other subsidies to expectant mothers before, during, and after pregnancy, including monthly subsidies of 15,000 NTD for the two months before expected delivery dates.

In 2019, we paid out a total of 17.95 million NTD in childbirth and childcare subsidies to provide care for 484 babies aged 0–3 years old who were born to Group employees. Pregnant female employees in China can enjoy benefits such as our “Little Hut for Mums” and “Maternity Lounge”; these benefits have brought our employee reinstatement rates following maternity/paternity leave to almost 100%. To further enhance retention rates, we have strengthened implementation of exit interviews and timely



Maternity Lounge



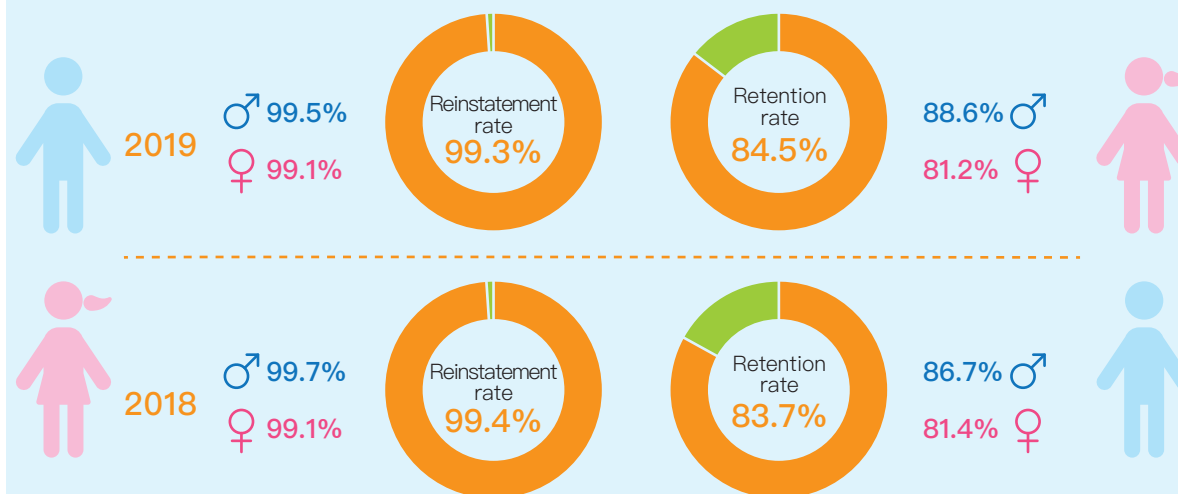
Collaborating childcare institutes

tracking of actual reasons for employee exits to deepen our understanding of entry-level needs, aid our establishment of sound communication mechanisms, and help us propose effective retention policies. We also provide humanistic care and comprehensive infrastructures and facilities to improve workplace environments. Furthermore, we work with all units and departments to organize various activities for enhancing employee relations.

Provide care for pregnant
female employees and childcare
subsidies

17.95
million NTD

Reinstatement Rates Following Parental Leave and Retention Rates in the Greater China Region



Note: The Group provides employee with parental leave in accordance with local laws such as the Labor Law of the People's Republic of China or the Regulations for Implementing Unpaid Parental Leave for Raising Children in Taiwan.

The Group's retirement system, including employee retirement applications, pension payments, and employee pension reserves, adheres to local laws and regulations. We have also established a Supervisory Committee of Labor Retirement Reserve in Taiwan. Designated banks take custody of and invest pension fund assets in domestic and overseas listed, over-the-counter, and private equity securities or real estate securities following the entrusted ratios and amounts set by the fund's annual investment plans and the Regulations for Revenues, Expendi-

tures, Safeguard and Utilization of the Labor Retirement Fund. Fund utilization is monitored by the Supervisory Committee of Labor Retirement Reserve. To ensure the rights of Group employees, Committee members are re-elected every three years and are responsible for reviewing pension reserves, savings, expenditures, and pension payments.

[\(For more information on the distribution of employee pensions in 2019, please refer to our 2019 annual financial report:\)](#)



2019 annual financial report
for the Group

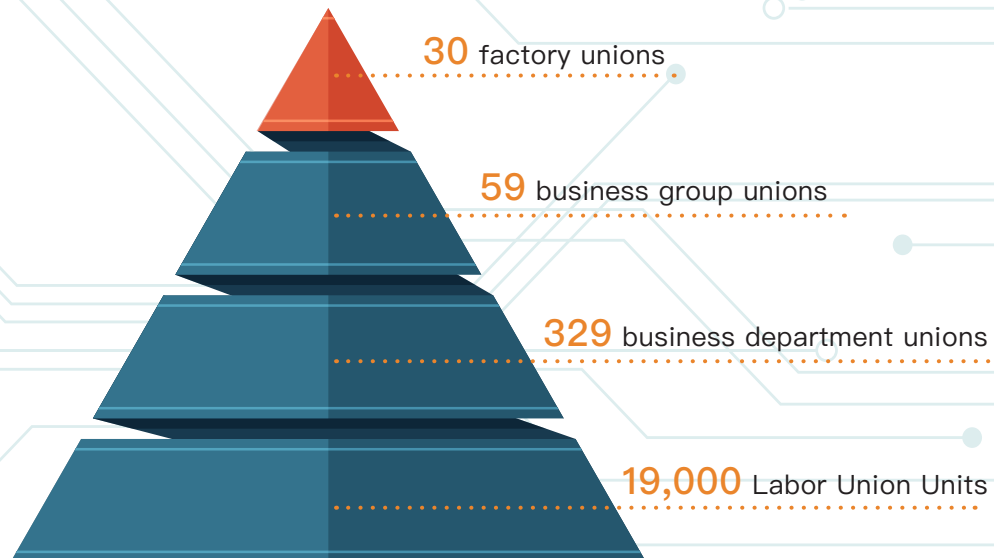
2.5 Communication and Protection of Employee Rights

The Labor Union in China (hereinafter referred to as the Labor Union) was established in 2007 in accordance with local regulations and currently encompasses four levels of employee unions: 30 factory unions, 59 business group unions, 329 business department unions, and around 19,000 Labor Union Units. Labor Union Unit leaders are elected by union members from voluntary candidates and union representatives at all levels are elected at member representative conferences. The chair, vice-chair, and head of the Fund Review Committee are elected at member representative conferences or by union representatives. Approximately 90% of our employees have joined unions. In 2019, the Labor Union signed the “Foxconn Technology Group Collective Agreement (2019 version),” which covers the 131 legal entities of the Group and provides basic protection of employee rights. As of this year, the Labor Union has con-

vened a cumulative total of 15 labor delegates meetings. A labor delegates meeting was convened once in 2019 to vote on issues relating to employee rights and obligations, including discussions related to “Work Report of Group Administrations,” “Work Report of Factory Unions,” the signing of the “Foxconn Technology Group Collective Agreement (2019 version),” and future union prospects.

The Labor Union has established 26 appeals channels over six categories to serve the needs of all employees. These channels protect the rights of employees in the workplace and in their daily lives, and include the caring hotline, union chairman hotline, rights protection hotline, counseling, rights protection mailbox, seminars, legal aid, labor dispute mediation, Labor Union network, and corporate lawyers.

The Group's four levels of employee unions and its right protection channels



Dispute Mediation

- Committee on labor dispute mediation

Seminars and Visits

- Seminars
- Grassroots communities (restaurants, dormitories, production lines)

Mailboxes

- Mailboxes for feedback to CEO, political parties, labor union and chairman

Telephone Hotlines

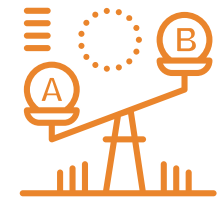
- Caring hotline
- Protection rights hotline
- Chairman hotline

Legal Aid

- Corporate lawyers

Site Visits

- Union network
- Staff care center



In 2019, the Group convened personnel from the human resources, safety management, hygiene management, environmental management, and administrative affairs units to conduct Labor Protection Supervision Audits relating to labor, ethics, health and safety, environment, and management systems. We discovered 186 deficits and our improvement rate was 90.1%. In terms of supervision for daily living needs, the Group General Affairs Department conducted joint audits on employee apartments managed by external units. These audits revealed 5,195 issues, 5,081 of which were improved, achieving an improve-

ment rate of 97.8%. The Group will continue to monitor and track the remaining items until they have been fully improved. Additionally, we organized experiential training for occupational hazards for 750 participants and established a reward system for reporting hidden safety issues to encourage all employees to monitor, manage, and communicate safety problems. We also strengthened review of supplier qualifications, established a dynamic elimination system, and carried out non-periodic audits.



Reward system for reporting hidden safety issues



Experiential training for occupational hazards



legal aid cases for our employee

111 cases

Support 10,435 employees with dire needs

120 million NTD

To facilitate widespread adoption of employee feedback and suggestions, the Group established an Employee Care Center to provide 24-hour employee services. In 2019, the Center handled more than 200,000 counseling sessions relating to employee work and lives, and achieved a case closure rate of 93%. We conduct follow-up management of common issues by carrying out source prevention measures for each case. Additionally, our Shenzhen Plant in China was the first in Shenzhen to establish a marriage mediation unit (the "Teacher Tan Hotline"), a unit which also provided training for 54 part-time marriage mediators. This year, we provided counseling for 836 people and 72 employee families, and also provided marriage mediation for 38 couples. Mediation was successful for 28 couples, making our success rate 73.7%. Furthermore, we also handled 111 legal aid cases for our employee and introduced the "Working Together Against Fraud" initiative to enhance employee awareness of fraud prevention. With regard to living security, the Labor Union visited 26 towns and 29 villages, and provided 120 million NTD to support 10,435 employees with dire needs.

Personal growth

19%

Career choice 4%

Career development 21%

Adaptability 49%

Marriage and family

21%

Relationships with family members 9%

Parent-child relationships 33%

Spousal relationships 47%

Work problems

11%

Labor disputes 8%

Work adjustments 8%

Remuneration management 9%

Other 16%

Management communication 47%

2.6 Employee Care

To promote work-life balance for employees, all our factories have been fitted with integrated sports stadiums, basketball courts, swimming pools, libraries, banks, retail shop-
ping areas, bookshops, gymnasiums, and other recreational facilities.



Provided activity subsidies

250 million NTD

We protect our employees' freedom of association. Our employee manual lists employee rights, and we have established employee complaint mailboxes, hotlines, and counseling hotlines to collect employee opinions, suggestions, and complaints which are handled by dedicated personnel promptly.

Group employees can freely participate in the activities of nearly 250 employee clubs. We organized a total of 1,179 employee club events for a total of 260,000 participants and provided activity subsidies of 250 million NTD in 2019. The company also organizes various dinner parties, birthday parties, carnivals, and talent show to enrich employees' lives outside of the work.



Orientation for
new employees

Bonuses for three
major holidays



Tug-of-war
competitions

Sports day
events



Cooking
competition

Singing
competition



Speech
competition

Mixers



Mid-Autumn
evening gala

Parent-child
activities



The Group also actively supports employee families and disadvantaged members of society. In 2019, the Group hosted nine outdoor exchange activities and fun sports activities for employees with disabilities. A total of 860 people participated in these events. We also provided on-job care for 1,325 employees. For our female employees, the Group collaborated with the Shenzhen Social Work Service Center to initiate the “Sunshine Workshop” project, which created workplaces oriented around the needs of and care for female employees through “Sunshine Classes” and “Sunshine Manuals.” The project received high praise

from our female employees. In 2019, we provided 30 hours of training for 62 case managers in Taiwan. We hosted two 2-hour training sessions for 2,180 entry-level employees; 89 etiquette training sessions, lectures for female workers, and trivia competitions for 16,000 people at our China factories; and 46 classes for female workers with 13,000 participants.

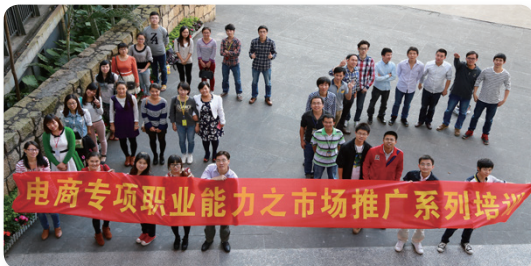




2.7 Employee Development

The Group established Foxconn University to cultivate talent, integrate theory with practical experience, promote knowledge application and lifelong learning, and enhance mutual learning. The University serves as our incubator for talent cultivation, bears the important responsibility of enhancing human capital development within the Group, and provides training relating to academic education, management knowledge, management techniques, general education, on-job training, professional technical skills, and industry dynamics. To encourage employee learning, the Group links employee training credits with annual performance appraisals and references this information when considering employee promotions and bonus distributions.

3,724 employees
obtained diplomas in 2019



In terms of academic education, the Group provides employees with convenient on-job further education channels to enhance overall employee capabilities and professional skills. The Group collaborates with renowned domestic and overseas universities (such as Stanford University, University of Houston, Tsinghua University, and Peking University) and institutes (such as the Shenzhen Institute of Information Technology) to nurture our requisite professional talent at all factories. Our further education channels provide courses from vocational high schools, technical colleges, universities, and graduate schools. In 2019, 11,746 employees in the Greater China region were undergoing further education, and 2,591 employees had enrolled in schools (135 in vocational high schools, 1,408 in technical colleges, 1,008 in universities, and 40 in graduate schools). Furthermore, 3,724 employees obtained diplomas in 2019, achieving a win-win for Group prospects and their own career development.

Training sessions for new employees

Taiwan Area

We hosted 40 training sessions for new employees in 2019, providing a total of 320 training hours to 2,293 participants. We also hosted 5 training sessions for internal lecturers to 173 participants. Additionally, in response to employee demand, we also organized 65 hours of training for 388 management personnel and 21 hours of general education training for 534 participants. We have also initiated academia-industry collaboration projects with Tsing Hua University and China Medical University in Taiwan.



Training for new management trainees



Training for new management trainees

China Area

We hosted 34 training sessions for 1,449 new management trainees and organized training for 2,087 elite management personnel. We also organized training for internal lecturers, PMP certification training, and Employee Assistance Program (EAP) courses in management and general education. We provided a total of 4.89 million training hours to a total of 29.8 million employees.



Training for New Employees



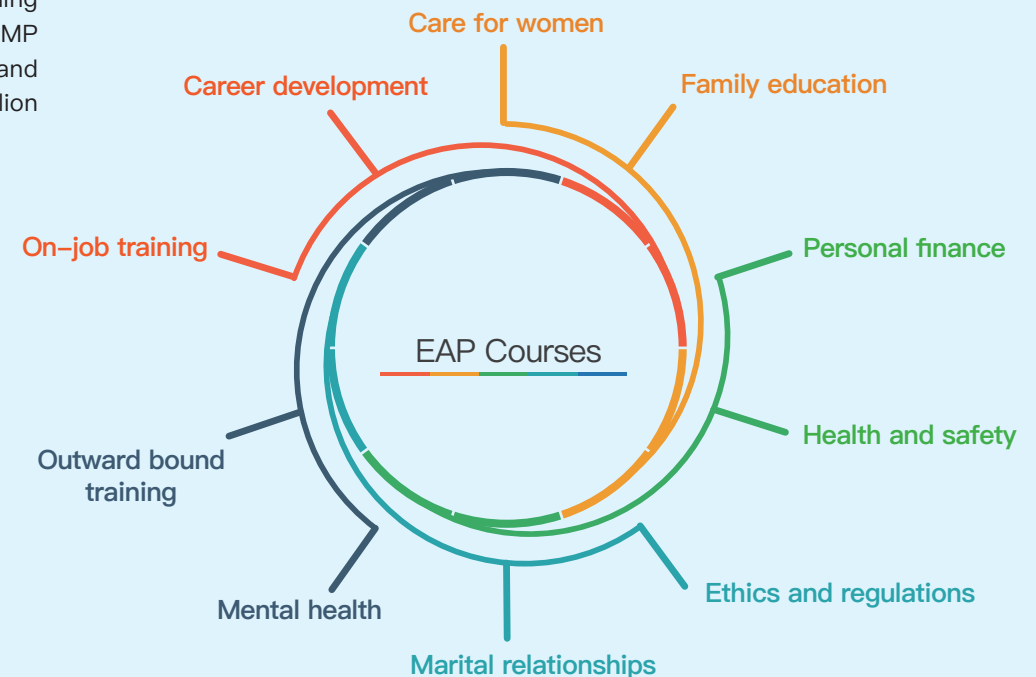
Management Training



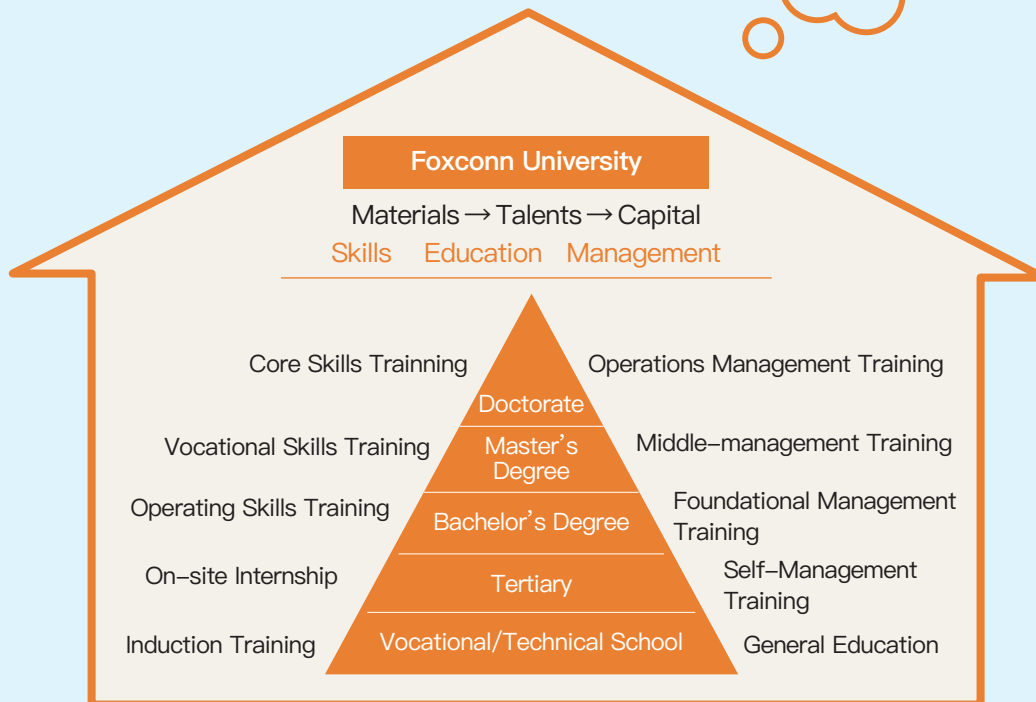
General Education Training



Occupational Health Training



Courses	Hours	Number of participants
General Education	2,985,603	8,956,809
Management	108,896	3,343,107
Technical	1,538,267	8,798,887
On-job Training	38,962	3,896,205
Industrial Networks	4,517	243,918
Academic Education	217,644	4,570,524
Total	4,893,889	29,809,450



Training sessions for management employees

We hosted multiple themed lectures for our management personnel in 2019 relating to rapid application of competencies, trends and challenges in talent management, organizational transformation and innovation, and distributed intelligent manufacturing. We also invited employees who had studied at renowned schools overseas to share their experiences in advanced talent training involving industrial networks and data analytics; this facilitated technical exchanges and knowhow extraction processes between managers, and showed how industrial networks could be applied in practice.

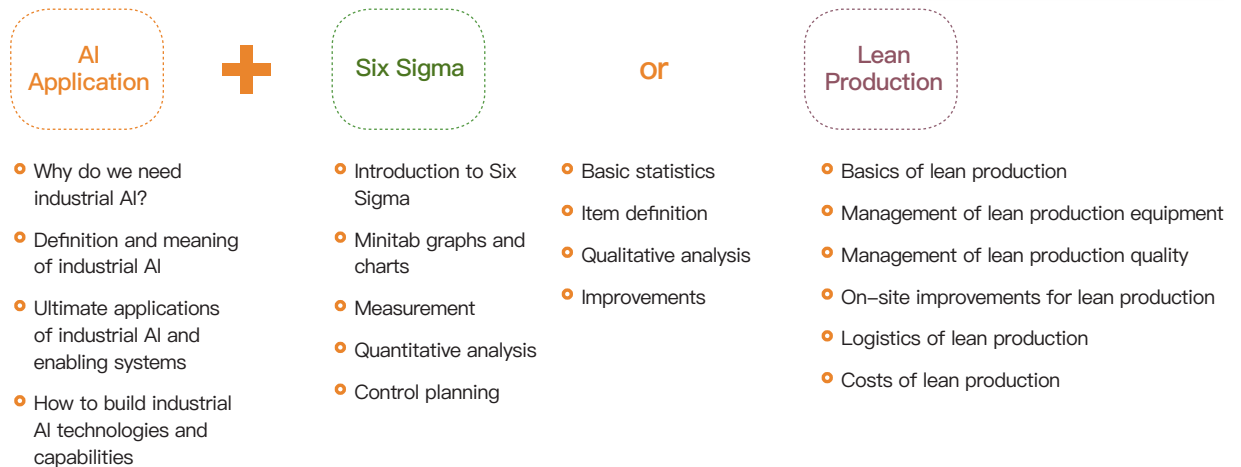


In terms of education and training, we provided training for 800 entry-level team leaders in 2019 to enhance the capabilities, management skills, and improvement techniques of entry-level production line leaders and increase production efficiency. We organized three training series relating to role awareness, management skills, and improvement techniques.



For entry-level management personnel

we focused our training on building industrial networks, enhancing capabilities for quality improvement, and the advancement of improvement techniques. We organized courses relating to smart applications of AI, six sigma, and lean production for 429 participants.



For mid- to top-level management personnel

We trained a total of 189 mid- to top-level management personnel through our Management Training Program (MTP) camp for mid-level managers, Carnegie training camp, and courses covering Enneagram of Personality, coaching leadership, dialogue dynamics, and workplace dynamics.



We hosted training for new management trainees for 64 participants in Taiwan according to the Group's policies for training talent skilled in industrial networks and AI, which focus on internationalization, technology, and youth. We hosted four industrial networks/AI talent training sessions for 122 people. We also offered various industrial network training at our China factories, including basic knowledge training (1,062 participants), professional talent cultivation (551 participants), and technical talent

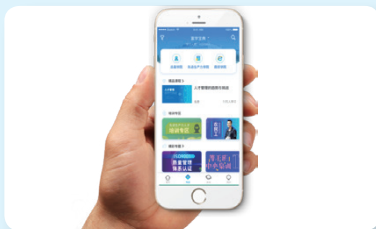
cultivation (1,001 participants). We hosted 6 lectures and 3 trivia competitions, and placed the Group's 156 courses themed around various topics on our proprietary mobile training and learning platform app under our O2O (Online to Offline) cloud training model. A total of 210,000 people participated in online learning in 2019 and were provided with offline guidance for better learning performance.



AI Talent Training Course



AI Talent Training Course

Presentations at the
Group's professional cloud
technologies competitionMobile learning platform for the
Group education and training

First Industrial AI Data Analysis and Application Competition

In 2019, the Group's Industrial Big Data Office and Foxconn University organized our first industrial AI data analysis and application competition to encourage and discover AI talent, and enrich the algorithm database, app, and talent of our BEACON platform. Competition categories included innovative application, computer vision recognition, time series analysis, and algorithms. Senior executives served as competition judges. We hoped that this competition would promote mutual learning and exchanges between employees, and in turn help the Group achieve its smart manufacturing goals.

The industrial AI data analysis and application competition lasted for three months. Our employees were highly engaged and more than a thousand people came to observe competition proceedings. A total of 202 teams participated in the competition, and presentations from nine teams were considered to be outstanding. The Group subsequently developed AI talent deployment programs for the aforementioned outstanding personnel.





3

Health and Safety

3 GOOD HEALTH
AND WELL-BEING



8 DECENT WORK AND
ECONOMIC GROWTH



Occupational
Health and Safety



Employee
Health
Promotion

Management approach for material issues: Occupational health and safety



Meaning to the Group:

- We provide a safe and healthy workplace environment which enables our employees to be relaxed and comfortable. As this also helps to improve operational performance, the Group has always been committed to compliance with international occupational health and safety management systems and standards in our realization of corporate social responsibilities.



Policies and Commitments:

- The Group pursues a goal of zero accidents, injuries, and occupational diseases under a principle of respect and cares for employee health and safety. We continue to improve upon these goals to create the best workplace environment for all employees.



Goals and Targets



Short-term goals

- Our Huyue Factory accumulated more than 10,000,000 working hours with no significant operational incidents, and our Dingpu Factory accumulated more than 2,000,000 working hours with no significant operational incidents.



Mid- to long-term goals

- Zero accidents, injuries, and occupational diseases.



Grievance Mechanism

- [Please see Section 1.5 Stakeholder Identification, Communication, and Responsibilities for details.](#)



Evaluation of the Management Approach

- Our factories implement daily, monthly, and specific safety audits.
- We have passed external audits and implemented management systems such as ISO 45001.
- We hold management review meetings each year to discuss and review our occupational health and safety performance.



Specific Actions

- We built industrial safety clouds and other modules to ensure that all our factories have sufficient security hardware, software, and management mechanisms.
- We inspected factory electric distributors and other electrical equipment using infrared thermal scanners, and established an infrared thermal imaging promotion team with a total of 14 seed personnel who regularly compile inspection reports.
- In 2019, we commenced investigations and discovered 22,689 hidden hazards. Of these, 22,008 issues were improved within scheduled periods, achieving an improvement rate of 97%.
- We carried out various process safety and waste disposal improvement measures to enhance our safety technologies and management standards.
- In 2019, we organized 21 safety, hygiene, and health activities for 12,546 participants at our factories in Taiwan and hosted 8 charity events related to occupational health.

The Group complied with international occupational health and safety management systems and local laws in formulating our occupational health and safety policies, and we are committed to a goal of zero accidents, injuries, and occupational as we work to build the best workplace environment for all employees. To fully implement our occupational health and safety policies, we established a fire safety unit, labor safety unit, health and hygiene unit, and other functional units. Additionally, the collective agreement signed by our Labor Union also covers issues relating to health and safety, protection of employee health and safety rights, and enhancement of health and safety management at all factories. We established quantifiable goals; implemented management plans; introduced advanced detection and monitoring systems; executed

source prevention and control systems; heightened employee drills, awareness, and emergency response capabilities; and carried out a variety of safety inspections to improve upon hidden hazards and create the best workplace environment for all employees.

The Group continues to invest in resource planning and creation of a safe and healthy working environment by using our cloud computing advantages, food safety cloud services, and healthcare cloud services to build a healthcare network that aims to combine smart technology with precision healthcare. We seek to protect Group employees and their families all around the world through food safety and physical health monitoring capabilities.



3.1 Occupational Health and Safety

In 2019, we completed upgrades of all occupational health and safety management systems at our factories in Taiwan, and received third-party accreditation in the form of ISO 45001 and CNS 45001 certification. Our Huyue Factory participated in the zero hazard working hours challenge following the “Implementation Guidelines for Zero Hazard Work Hours in Business Institutes” and accumulated 9,609,317 hours with no significant operational incidents by the end of 2019, while our Dingpu Factory accumulated 1,615,398 hours with no significant operational incidents by the end of 2019. We planned and implemented factory health and safety measures, for which we were awarded the “2018 Occupational Health and Safety Personnel Merit Award” and “2018 Occupational Health and Safety Unit Excellence Award” by the Ministry of Labor in 2019. We also received the “New Taipei City Industrial Safety Award: Excellent Unit Award” and “New Taipei City Industrial Safety Award: Individual Dedication and Commitment Award” from the New Taipei City government.



New Taipei City
Industrial Safety Award:
Individual Dedication and
Commitment Award



New Taipei City Industrial
Safety Award: Excellent
Unit Award

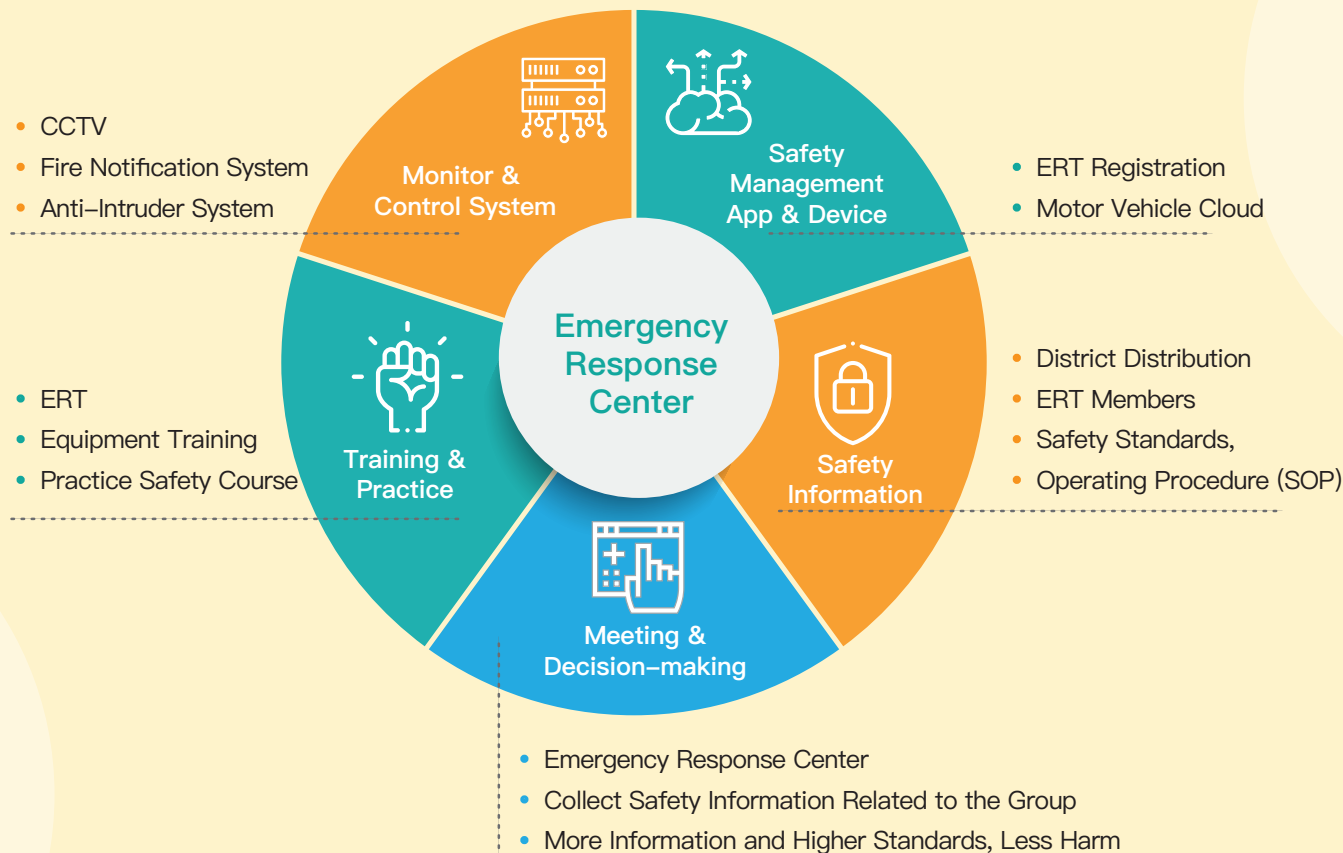


3.1.1 Safety and Hazard Prevention Center

The Group has established a Safety and Hazard Prevention Center in Taiwan which collects safety information from all factories in real time. We have also set up typhoon response and epidemic prevention teams to provide relevant timely information regarding typhoons, epidemics, and other natural disasters; and training is provided for response personnel to strengthen our disaster and epidemic prevention systems. We manage safety equipment at our factories through the establishment of industrial safety clouds and other modules which ensure that all factories have sufficient secu-

urity hardware, software, and management mechanisms.

We use infrared thermal scanners to inspect electric distributors and other electrical equipment at our factories, and established an infrared thermal imaging promotion team composed of 14 seed personnel who regularly compile inspection reports, uncover problems, and improve upon them to effectively reduce fire hazard risks in our factories.





3.1.2 Safety Audits and Risk Identification

The Group hired employees with expertise in safety management who hold safety engineer licenses to establish professional audit teams that conduct daily, monthly, and specific safety audits for electrical safety, management of combustible materials, maintenance of information technology systems and precision equipment, and management of hazardous chemicals. We carried out investigations in 2019 and discovered 22,689 hidden hazards. Of these, 22,008 issues were improved within scheduled periods, achieving an improvement rate of 97%, and the remaining hidden hazards will be completely improved within stipulated times. The Labor Protection Supervision Committee of our Labor Union exerts its supervisory duties and regularly monitors and audits all factories to implement our occupational health and safety policies and commitments.



Risk categories	Item description	Items identified in 2019	Items improved in 2019
Industrial safety	Includes safety management, stamping and decompression equipment, industrial robots, machining tools, and molding equipment.	3,405	3,303
Class C warehouses and information security	Includes storage safety of Class C materials and control of information servers.	272	264
Hazardous items and safety of flammable gases	Including storage safety of hazardous materials, transportation safety, usage safety, and waste handling.	1,822	1,767
Process safety	Including management of polishing, grinding, cutting, drilling processes that may involve flammable dust, paint, covered processes, SMT processes, and washing of flammable and explosive solvents.	2,723	2,641
Fire safety	Including requirements for use of fire-resistance construction materials, construction safety requirements, maximum fire resistance of construction components, and fire prevention segments.	9,983	9,684
Fire equipment	Including management of firefighting control rooms, firefighting power sources, automated warning systems, firefighting pools and pumps, and automated firefighting systems.	454	440
Electrical safety	Safety management and requirements for all sites using electricity and specific sites within the Group.	4,016	3,895
Management and training	Management of training and emergency responses.	14	14



3.1.3 Safety Innovations and Improvement Projects

To reduce potential safety issues in operational sites and prevent the occurrence of safety incidents, the Group continues to introduce technology transformations that facilitate safety optimization through improved processes, material substitution, foolproof equipment, and other safety technologies and mechanisms. In 2019, we improved safety and waste disposal measures for various production flows through safety guides and training courses for five highly hazardous production processes, and implemented safety innovation and improvement projects. Our safety technologies and management standards were significantly increased.

Improvement project category	Item description	Items improved in 2019
CNC oil mist improvements in Shenzhen Factory	On October 25th, 2019, Chairman Liu met with our iLBVG labor representative who conveyed that employees had complained of an overpowering smell caused by CNC oil mist in E7-1F. The fire safety department communicated several times with Marsh Consultant Lin and occupational disease prevention expert Dr. Chu, and also conducted multiple on-site surveys and reviews with engineers from Funan Corporation and iLBVG industrial safety/production/equipment/automation engineers	We formed four major response strategies and ten items and measures for improvement, all of which were fully implemented. We have obtained significant results following a month of reviews and improvements
Removal of peripheral shipping containers at Shenzhen Factory	On October 16th, 2019, the fire safety department issued a notice to clear peripheral shipping containers, convened an implementation meeting, and sent documents to the contacts for all business units to promote safety management requirements	We cleared 203 shipping containers from our Shenzhen Factory 2019
Clearance of on-pier waste metal materials at Chengdu Factory	Due to product upgrades, scrapped production line equipment and tools, and winding and complex outbound delivery processes, our production units illegally placed scrapped equipment and tools at piers. To reduce the number of flammable objects around our factory site and prevent obstruction of firefighting procedures, the fire safety department continues to promote clearance of waste materials at all units	We improved 58 hidden defects and cleared 900 tons of waste metal materials

Dust accumulated during laser marking processes may cause explosions if wind speeds of dust collectors are too low. However, we are unable to install centralized dust collection systems at most factories as laser marking machines are dispersedly placed and production lines tend to be located on lower floors, which heightens potential occurrence of fires (as shown in the figure on the left).

To prevent the occurrence of fires, we implemented localized source improvement plans following comprehensive evaluations and installed small, customized dust and fume collectors with wind speeds higher than 18m/s (as shown in the figure on the right). On-site personnel provided positive feedback following trials; we have currently installed more than 500 high-speed dust and fume collectors on the laser marking units of various factories.

No fire incidents have occurred since we implemented these improvements.



Case I

The heat generated during Computer Numerical Control (CNC) processes often trigger fires due to long periods of dry milling caused by loosening or misalignment of cooling spray systems (as shown in the figure on the left).

To prevent such incidents without interrupting operational processes, we installed brackets to hold cooling spray systems in place following comprehensive evaluations. On-site personnel provided positive feedback following trials, and we have since rolled out these improvements to CNC processing units at various factories.



Case II

3.1.4 Statistics on Disabling Injuries

The Group sets “100% safety and zero hidden dangers” as its safety target. We have formulated and strictly implement our management systems for safety incidents. Upon the occurrence of any incident, we require on-site personnel and unit managers to file an immediate report and record said incident in our “Industrial Accidents Declaration System,” following which the incident investigation team responsible for the investigation, handling, and compilation of incident reports is instantly established. In 2019, the Group identified 407 work-related injuries, including 17 more than minor injuries, 2 severe injuries, and 1 death. Our annual work-related injury rate per thousand persons was 0.676‰, and male to female injury ratios were 335 to 72.

Injury level	Definition	Description and handling	2019	2018
Death	Work injuries that resulted in on-site death or death after one month of treatment (7 days for traffic accidents and fires)	In July 2019, one employee died from mechanical injuries at our Songjung Factory. Five people were held responsible and we withheld bonuses of 1 million RMB	1	1
Severe injury	Work injuries that resulted in physical disabilities, facial disfigurements, loss of hearing, loss of vision, loss of other organ functions, or other major physical injuries, including first and second degree major injuries	In 2019, one employee suffered second degree burns and one employee suffered first degree mechanical injuries at our Shenzhen (Longhua) Factory. Six people were held responsible and we withheld bonuses of 0.5*2=1 million RMB	2	0
Minor injuries	Work injuries that resulted in physical or facial damage; minor loss of hearing, vision, other organ functions; or other first and second degree minor injuries	In 2019, there were 14 minor injuries at our factories in China. A total of 49 people were held responsible and we withheld bonuses 50*14=700 thousand RMB	14	20
Slight injuries	Injuries that resulted in primary damage and caused slight damage or impaired function of tissue and organ structures	BG spearheaded investigations and improvements	387	464
Total	In 2019, 407 accidents occurred at our factories in China, including 17 more than minor injuries and 387 slight injuries. We withheld bonuses of 2.7 million RMB		407	486

Occupational injuries in 2019

- Mechanical injuries : 208
- Burns : 9
- Falls from high altitudes : 8
- Object impacts : 45
- Vehicle injuries : 6
- Crane injuries : 2
- Other injuries : 125
- Electrocution : 4



3.1.5 Occupational Health Checks for Employees

The Group conducted physical and chemical hazard checks at all units following our annual safety and health management plan, and we also compiled a plan for inspecting operational environments which included sampling strategies. All inspection results adhered to applicable regulations and standards. The Group has established an employee health check center that provides complimentary annual health checks for employees. In addition to regular health checks, personnel responsible for monitoring occupational hazards also undergo pre- and post-employment medical examinations. In 2019, 56,874 employees who work in occupational hazards positoin received health check and 100% of personnel exposed to occupational hazards underwent health checks. As a result of these health checks, 236 employees with occupational hazards were transferred to other positions, but their basic compensations were unaffected. Additionally, we tested more than 560 production environments, checked individual radiation doses for more than 12,000 employees exposed to radiation, and organized 8 charity events relating to occupational health.

occupational health checks

100%

Total

56,874

employees who work in
occupational hazards positoin



3.1.6 Health and Safety Training and Drills

The Group strives to build a harmonious factory environment where all personnel is focused on safety, and we have established three educational systems at the factory, process, and production team levels to provide various types of safety training. We conduct all types of health and safety training, including fire and earthquake simulations, at the Group level each year. Our training covers fire safety, industrial safety, and general safety aspects, and helps to enhance safety awareness in our employees. Additionally, we also carry out special safety training sessions for fire response teams, occupational health and safety, external personnel, maintenance and management of dust, and management of hazardous chemicals. In 2019, we hosted 187 training sessions for 14,282 participants in the Greater China region.



Food safety training



Fire safety training



Collaborator meetings

3.1.7 Occupational Health and Safety of Contractors

The Group convenes collaborator meetings each quarter to inform our contractors of Group requirements. Contractors have to undergo training and testing procedures before they can enter our factories, and we also check relevant information such as the preparation of personal protective equipment and information on company supervisors. Contractors are required to swipe access cards when entering and exiting factories. The Group conducts irregular inspections of contractor safety procedures. Issues are reported to our supervisors monthly, and our system will deliver notifications and request improvements from responsible units. In 2019, we discovered 61 deficits and hidden hazards during contractor audits and required our contractors to improve upon these within specified time limits. All items were successfully improved.

3.2 Employee Health Promotion

3.2.1 Health Lectures

In 2019, the Group organized 21 safety, hygiene, and health activities at our factories in Taiwan for 12,546 participants, including activities to increase positive energy, experiential activities, and themed lectures. We also handled a total of 55 health and safety proposals encompassing occupational health and safety, employee healthcare, food safety, and factory environments to strengthen health and safety in our work environments.

organized **21** health Lectures for
12,546 participants



Health promotion activities	Participants	Activity description
Promotion of health notices	282	The Group delivered health and safety notices every week during health and safety month to increase employee awareness of health and safety knowledge. We sent out a total of 8 notices
Competition for improvement proposals	55	We used Google Forms as a platform for hosting improvement proposal competitions, allowing employees to share their opinions on health and safety. Our general affairs platform also has a section for employee feedback
Experiential activities	1,754	We hosted fire safety and health station activities including handling of fire extinguishers, handling of hoses, and health competitions which helped our employees become familiar with equipment usage
Evacuation drills	4,513	We simulated evacuation procedures under disaster events, established employee exit mechanisms and response capabilities, and made sure employees were familiar with assembly points
Training for unit leaders	55	Professional lecturers taught senior executives at factories and units how to enhance emergency response capabilities and knowledge
Training for emergency response team	60	Professional lecturers taught employees how to use firefighting equipment and firefighting techniques, so that hazards could be stopped as soon as possible
Training for first-aid personnel	42	Strengthened response and self-defense capabilities of factory first-aid personnel, and trained employees in correct AED usage and CPR
Contractor training	49	Trained contractors in use of AEDs, CPR, fire extinguishers, and fire hoses to strengthen response and self-defense capabilities
Traffic safety lectures	159	We invited a teacher from New Taipei Industrial Vocational High School, teacher Chen, to speak on analysis of traffic accidents and on-site handling procedures to enhance employee awareness of safe driving
Health lectures	285	The health and safety department hosted 8 health lectures around different themes to enhance employee health knowledge
Food safety week	3,367	The food safety department hosted food safety interactions, Q&A sessions, food safety lectures, and daily online quizzes each week at factory sites to test awareness of food safety. We hosted 6 factory patrols, 4 lectures, and an online trivia quiz
H2U Life online health points	419	Participants had an opportunity to receive prizes if they downloaded the H2U Life app and complete certain tasks
Health trivia surveys	488	Complete all health and safety surveys within given time limits
Blood drives	275	Blood drive vans drove to factories to facilitate blood donations
CPR+AED training	193	Explained AED principles and allowed for actual operation of AEDs and CPR
H2U health bank activity	550	Participants had an opportunity to receive prizes if they downloaded the H2U health bank app and complete certain tasks

3.2.2 Health Promotion Activities

We are fully committed to development of our “smart health management platform” and “H2U health management platform,” which integrate health information of our employees and their family members, allowing our health consultation team to provide comprehensive and personalized recommendations, health management plans, and disease management plans to our employees and their families at all times. “Use the Group resources on the Group personnel” is our most thoroughly implemented principle when developing healthcare for employees.

Unlike conventional health checks, the Group's biotech subsidiary Healthconn (established and founded by the Group in 2009) delivers a dedicated personal health management solution for employees. Upon joining the Group, our employees can establish personal healthcare bank accounts to receive health management services, obtain professional guidance from nurses and nutritionists, keep abreast of health promotion activities within the Group, receive health information and health education services, and attain personalized solutions for health promotion from a professional medical team.

3.2.3 Healthcare Cloud Services

We launched the H2U (Health to You) Health Management Platform by combining our advantages in cloud technologies with humanistic care to build a comprehensive healthcare program for our employees and provide around-the-clock for their families. The H2U Health Management Platform can operate at any time and any place with zero time delays. Starting in 2013, we installed H2U Health ATMs with health monitoring devices in all stairwells of the Group offices and factories. We are currently on the fifth generation of these devices. Employees can use these ATMs to measure, understand, and manage their health indicators. The H2U platform is backed by a large team of professional health managers who provide customized care and information (including appropriate health consultations, nutritional guidance, and health education) based on relevant data within the system.

In 2019, we added handheld body fat analyzers that used Bioelectrical Impedance Analysis (BIA) to estimate body fat ratios, body shapes, muscle mass ratios, and basic metabolic rates to our ATMs. These analyzers allowed our employees to understand their basic metabolic rates and daily calorie consumption for more effective diet control.



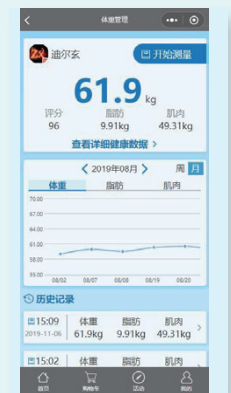
Homepage of Personal Health Bank Website



H2U health management platform



Employees using H2U ATMs



Screenshots from H2U Life APP

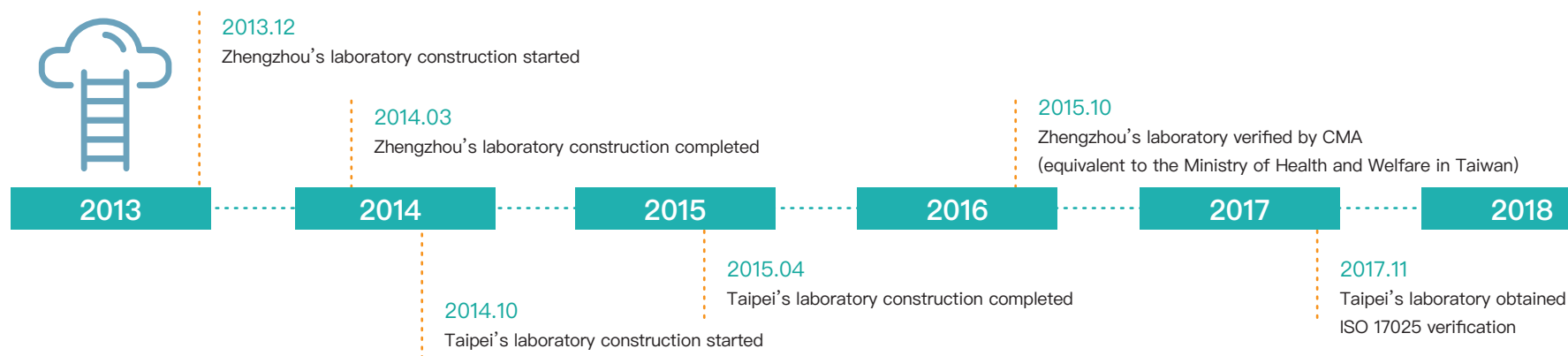
Additionally, the Group's healthcare business group has established a special medical and healthcare team composed of physicians, pharmacists, nurses, and health managers who support the emergency medical needs of our employees and their families. The team provides a variety of healthcare assistance to employees at all our factories around the world, including emergency medical assistance for expatriates, visits to overseas factories by health consultation teams, support for International SOS medical evacuations to Taiwan, and continued care for returned employees.

3.2.4 Food Safety Cloud Services

To ensure that our employees can enjoy clean and safe foods, the Group implements thorough traceability management systems and requires all on-campus food suppliers to provide production history for ingredients. We also invested more than a hundred million NTD to establish a food safety lab and hire professional food safety personnel to monitor inspection items and carry out inspections that ensure food safety for our employees.

The Group is also the first technology/non-food company in China, Taiwan, and Hong Kong to establish a food safety inspection institute that conducts daily checks of canteen food, monitors catering environments, provides guidance for external caterers, and acts as an all-encompassing gatekeeper for food safety.

Milestones in Food Safety Cloud Management System



Implementation Guidelines for Food Safety Management Cloud System



The Group has built a comprehensive and reliable food supply chain that connects inspections, audits, and source traceability. Our lab continues to expand its testing capabilities and has also established a professional food safety audit team to conduct health and safety audits on kitchen and dining environments. We have also built a food safety database that collects and analyzes inspection targets and results for ingredients, foods, and audits to identify high-quality suppliers and foods, enforce food safety measures, and enhance food safety standards for all.

富士康科技集团机构采购总处2019年供应商大会

三. 採購目標

宗旨：透明公開、興利除弊、供需雙贏。

指導原則：歸零管理、競爭導向、共治共享。

專案目標：

易：採購成本降低30% (降本)
主流匯聚：中少數：供應商數量精實30% (提質)
戰略合作：數據平台：採購效率提升30% (增效)

三. 採購目標

宗旨：透明公開、興利除弊、供需雙贏。

指導原則：歸零管理、競爭導向、共治共享。

專案目標：

優質優價、誠信合作：採購成本降低30% (降本)
主流匯聚、中少數：供應商數量精實30% (提質)
戰略合作、數據平台：採購效率提升30% (增效)

Supply Chain Management



Policies for Sustainable Management of Suppliers



Implementation of Responsible Supply Chain Management



Sustainable Supply Chain Impact



Promotion of Mutual Growth

Management approach for issues: Supply Chain Management



Meaning to the Group:

- The Group is actively engaged in implementation of supply chain management practices to develop efficient long-term collaborative relationships with suppliers, as well as economic, environmental, and social risk assessments and audit verifications which allow joint fulfilment of corporate social responsibilities by suppliers. This serves to strengthen the resilience of our supply chain, reduce operational risk, and ensure sustainable the Group operations.



Policies and Commitments:

- The Group requires suppliers to comply with local laws and regulations and the Group's Supplier Social and Environmental Responsibility Code of Conduct. Furthermore, the Group fully considers social responsibilities and environmental benefits, and gives priority to environmentally friendly products and services, seeking to balance both economic and environmental benefits. The Group continuously optimizes and improves green procurement standards and management systems, and works with upstream and downstream manufacturers to implement corporate social responsibilities such as environmental protection, energy conservation, and carbon reduction to create a sustainable supply chain.



Goals and Targets

Short-term goals

- Encourage suppliers to submit compliance information on our RoHS-REACH intelligent management platform to achieve 100% compliance with client requirements.
- Achieve survey response rates regarding use of conflict minerals from more than 99% of suppliers.
- Continuous supervision of suppliers through on-site audits to ensure implementation of the Supplier Social and Environmental Responsibility Code of Conduct.
- Continuous optimization and implementation of supplier reward and punishment mechanisms to generate RSL (Restricted List of Suppliers) and PSL (Preferred List of Suppliers).

Mid- to long-term goals

- Continue to strengthen resilience of suppliers and initiate mutual growth projects to build a sustainable supply chain.



Grievance Mechanism

- [Please see Section 1.5 Stakeholder Identification, Communication, and Responsibilities for details.](#)



Evaluation of the Management Approach

- We host management review meetings every year to discuss how to continuously strengthen the management performance of suppliers and track the objective achievement to continuously improve performance.



Specific Actions

- In 2019, we audited a total of 46 major suppliers. Following encouragement and improvement of deficits, all on-site audit results were aligned with the Supplier Social and Environmental Responsibility Code of Conduct.
- A total of 4,836 supplier conflict mineral usage surveys were completed in 2018-2019, achieving a supplier response rate of over 98%.
- We increased supervision of 113 supplier manufacturing plants considered to be at high environmental risk, encouraging them to pass third-party or Group environmental audits, and also providing guidance for improvement. A total of 19 factory audits were completed in 2019.
- To establish quantitative carbon reduction targets, suppliers were required to conduct internal greenhouse gas emission surveys in accordance with ISO 14064-1 standards. At year-end 2019, more than 90% of suppliers had completed ISO 14064-1 carbon inventories.
- We acted in concert with our clients and invited the RBA to conduct training for suppliers and improve capabilities of personnel responsible for CSR.
- We actively responded to the European Union's Restriction of Hazardous Substances Directive (RoHS2.0) on electrical and electronic products and required suppliers to build their own RoHS 10 restricted substance detection capabilities while also developing a RoHS-REACH intelligent management platform for material management.

4.1 Policies for Sustainable Management of Suppliers

The Group is committed to promoting virtuous cycles in its industry and supply chain, and actively collaborates with suppliers to build sustainable development in supply chains. We require suppliers to comply with local regulations and our Supplier Social and Environmental Responsibility Code of Conduct to ensure compliance with ethical standards and implementation of these regulations in corporate operations and environmental protection.

The Group fully considers social responsibility and environmental benefits and prioritizes environmentally friendly, energy-saving, low-carbon, and easy-to-reuse supply chain products to create products and services that balance both economic and environmental benefits. The Group continuously conducts sustainable risk control and green supply chain management, and also guides suppliers in continuous consideration and improvement of social, environmental, and economic aspects. We strive to expand our influence to achieve sustainable development goals.

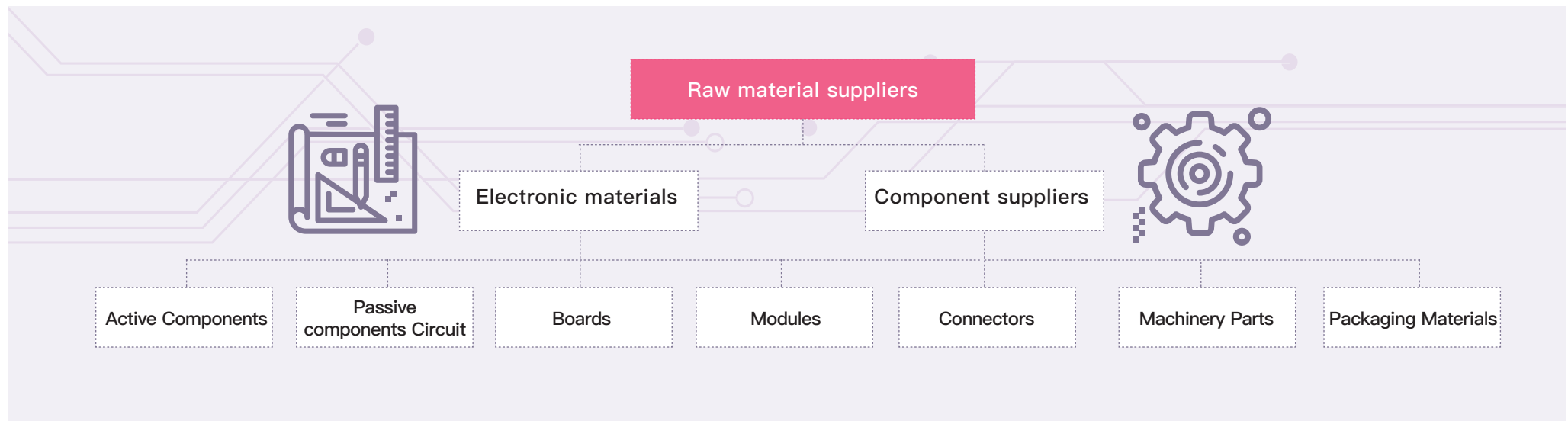
4.1.1 Supplier Management System

As part of Responsible Supply-Chain Management (RSM) procedures, the Group actively participates in discussion of issues relating to social and environmental responsibilities of its supply chains. Regardless of geographic locality, all Group suppliers must

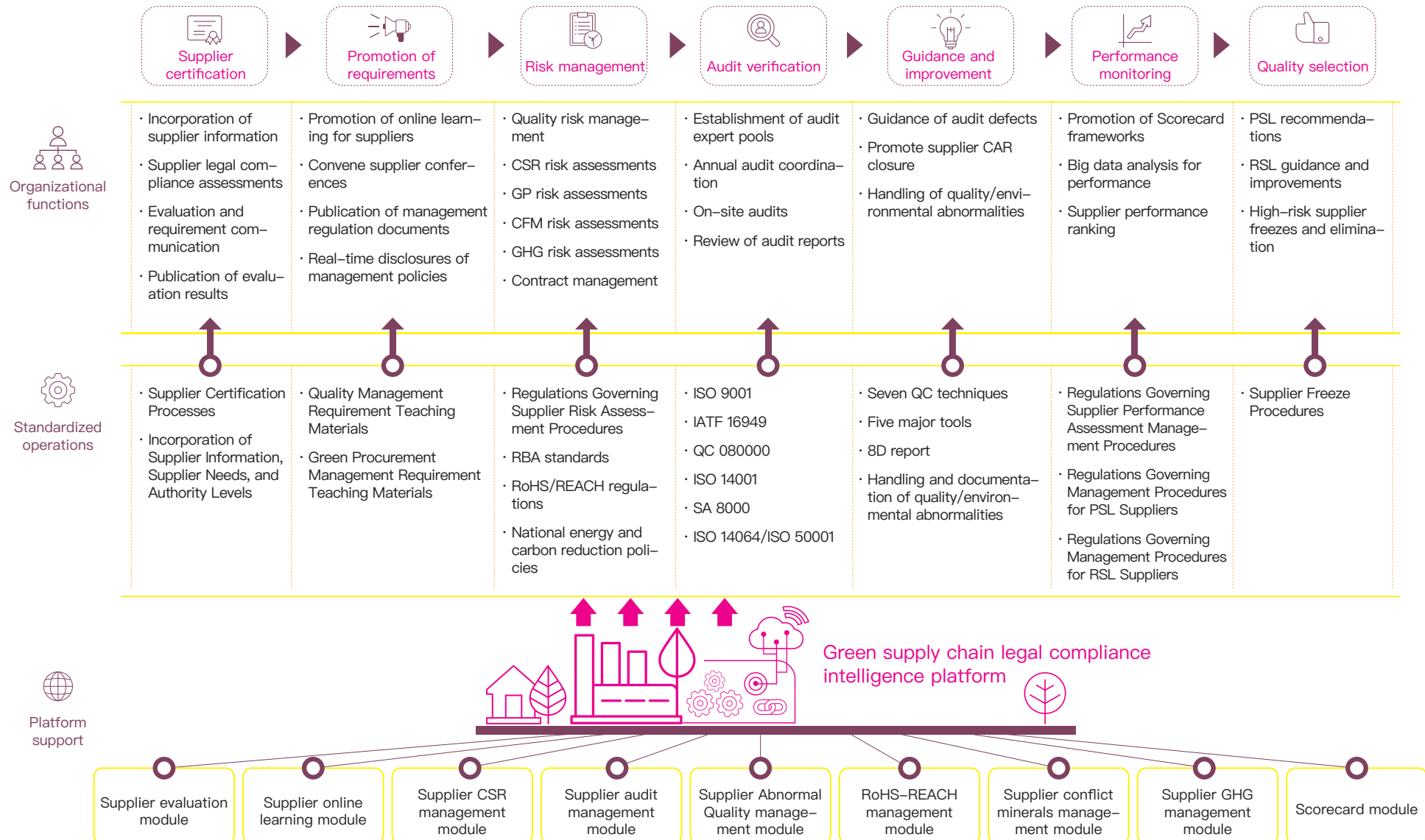
comply with local regulations and the Supplier Social and Environmental Responsibility Code of Conduct.

The Group is the largest electronics manufacturer in the world, with many suppliers and clients from all over the world. 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. All suppliers are required to abide by the Supplier Social and Environmental Responsibility Code of Conduct, and the fulfilment of social responsibilities by suppliers is viewed as a basic screening criterion. The Group's purchasing unit conducts annual audits of suppliers to understand supplier implementation of our Supplier Social and Environmental Responsibility Code of Conduct, and may request improvements based on audit results.

The Group and its suppliers work together to enhance capabilities in sustainability issues, and a comprehensive and systematic supplier management system has been established to achieve digital management and internal data sharing. Each stage of supplier development, qualification assessment, performance evaluation, and elimination of under-performers is managed and controlled to ensure that suppliers meet the requirements of the Group. The management system structure is shown in the figure below.

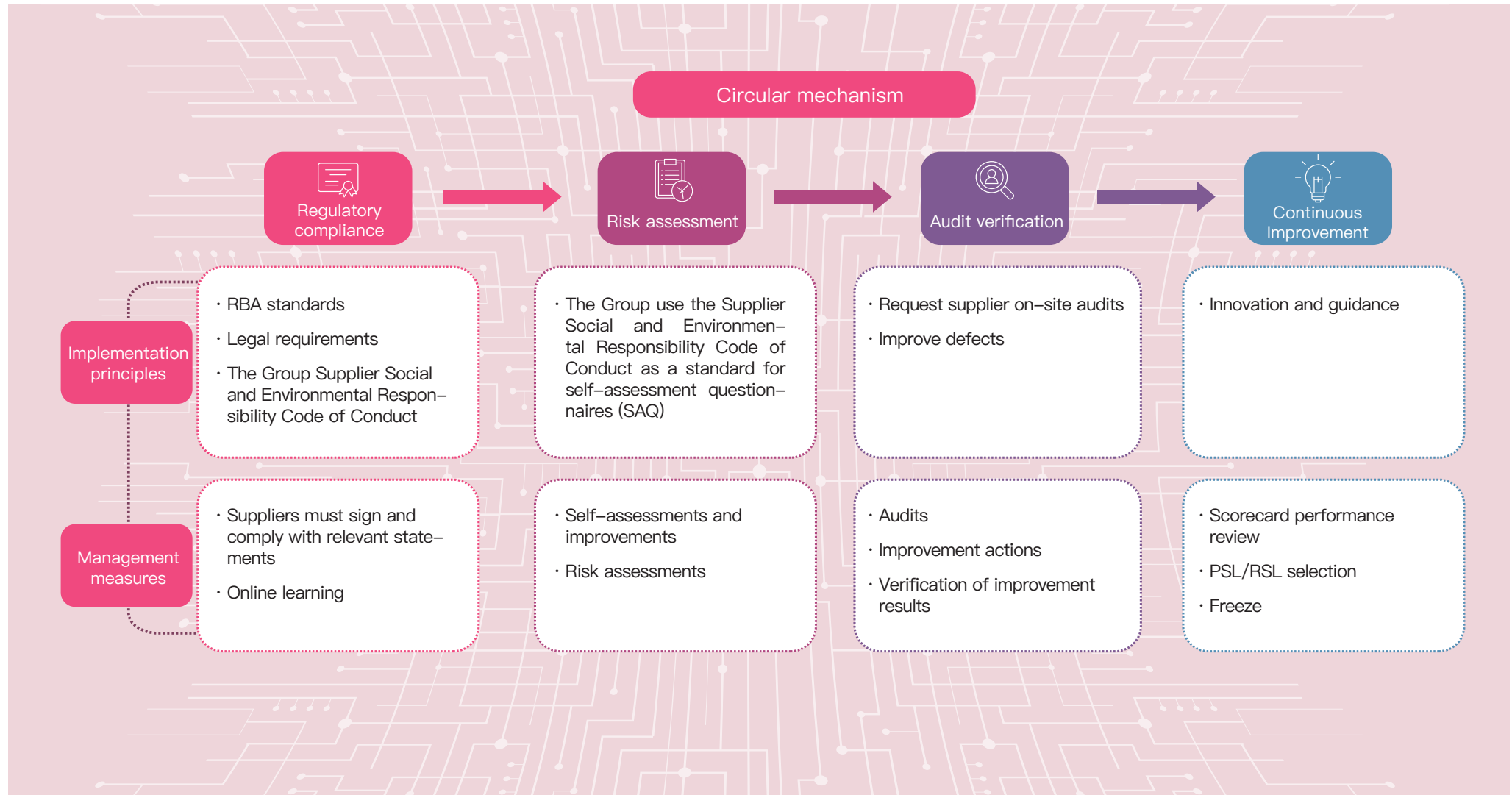


Supplier Management System Structure



4.1.2 Supply Chain Management Policies and Procedures

The Group has established social and environmental management standards for suppliers and divides supplier social and environmental management processes into four stages: regulatory compliance, risk assessment, audit verification, and continued improvement. These four primary management policies are adhered to throughout the process and diverse forms of communication and guidance for suppliers are adopted to improve actions and drive virtuous cycles in responsible supply chains for the electronics industry.





4.2 Implementation of Responsible Supply Chain Management

The Group has introduced the social and environmental responsibility management framework into the supplier management process. Through our supplier CSR management system, data analysis regarding supplier compliance with social and environmental responsibilities can be conducted to assist improvement of weak.



4.2.1 Regulatory Compliance

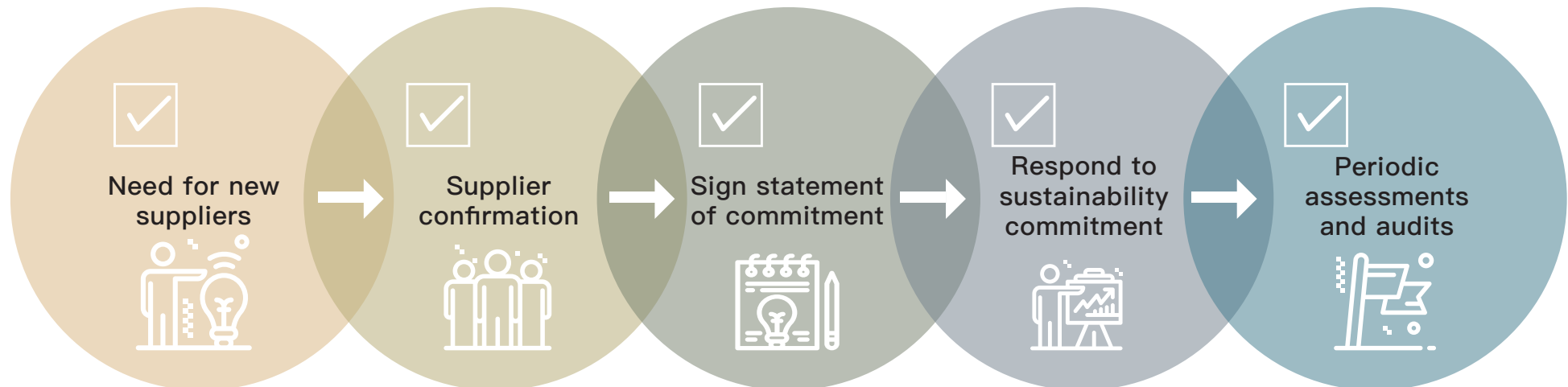
The Group has compiled its “Green Procurement Management Manual” and “Supplier Management Manual” to serve as basic guidelines for supplier management at Group units. New suppliers must pass risk assessments for social and environmental responsibilities, and sign a statement of compliance with the Group Code of Conduct and Vendor Commitment to confirm that they can meet the various specifications of our supply chain, and understand and comply with specific the Group requirements regarding responsible supply chain management.



4.2.2 Risk Assessment

New supplier evaluations are an important part of our management system. Through environmentally and socially oriented risk assessment, sample recognition, and supplier audits, production capacities of new suppliers and their enthusiasm for transactions with the Company can be identified to develop a solid basis for effective long-term collaborative relationships and sustainable operations for the Group.

The Group collects the following information from new suppliers through our “Supplier Evaluation System”: basic information cards, component recognition certificates, environmental protection and social responsibility commitments, and due diligence for conflict minerals. We also conduct risk assessments for individual items such as supplier quality, green products, social and environmental responsibility, and product environmental impact. In 2019, all 18 of our new suppliers passed environmental and social selection standards.



4.2.3 Audit Verification

The Group conducts quality assessments, process assessments, and greenhouse gas (GHG) audits for medium- and high-risk suppliers; audit or post-audit improvement results must meet the requirements of the Group before suppliers can be included in our list of qualified suppliers. The Group also increases management oversight for suppliers that account for 85% of procurement values for supplied materials or those provide key components. Regular online surveys and on-site audits of suppliers are conducted through our supplier management platform. If zero-tolerance deficits are found during audits, suppliers will lose the right to be selected for new cases; for non-zero-tolerance deficits, suppliers will be allowed to provide improvement plans and measures within a stipulated deadline based on the severity of the deficit. Reviews are carried out for serious issues. Suppliers who do not complete improvements within allotted times will be included in our list of suppliers restricted for poor performance.

In 2019, we conducted audits on a total of 46 major suppliers, including at the Vietnamese factory for a supplier that had transferred production lines to Southeast Asia in response to changes in international conditions; we also conducted a CSR audit review. Audit results for these 46 suppliers only contained non-zero-tolerance deficits, and improvement plans and measures were required within a time limit. The Group will continue to track and improve upon these supplier deficits.

Results of supplier economic, environmental, and social audit assessments in 2019

Aspects and Standards		2019	
		Audited Suppliers	Pass Rate
GPD Supplier Audit Items	QPA & QSA & SCM (Involving ISO 9000, IATF 16949)	25	88%
	GP (Involving QC 080000, RoHS, REACH)	26	92%
	GHG (Involving ISO 14064)	7	100%
	CSR (Involving RBA, ISO 14001, ISO 45001)	44	91%

Note:

GPD: Global Procurement Division
 QPA: Commodity Quality Process Assessment
 QSA: Quality System Assessment
 SCM: Supplier Chain Management Assessment
 GP: Green Product Assessment
 GHG: Greenhouse Gas
 CSR: Corporate Social Responsibility

Suppliers are strictly prohibited from conducting any of the following zero-tolerance actions:

- 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

CSR-Related Basic Requirements for New Suppliers

Management System

Passed ISO 14001, ISO 45001, ISO 14064, and QC 080000 system certification

CSR Risk Assessment

Working hours, salary and benefits, environmental assessment approval, environmental violations, dangerous procedures, and management systems

CSR Audit

We use the RBA VAP Audit Checklist when conducting audits



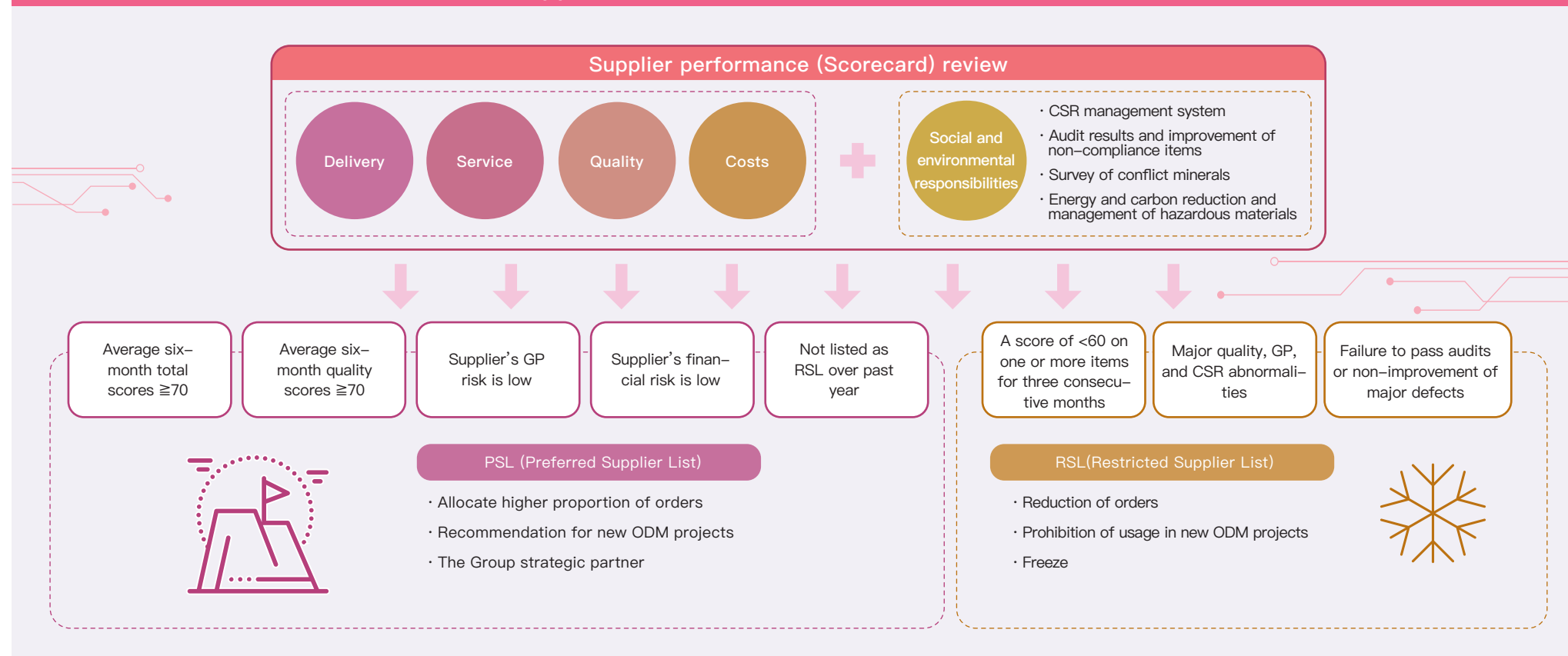
4.2.4 Continuous Improvement

Supplier performance evaluations are a particularly important component of the supplier management system. We use the Scorecard system to monitor performance from five major aspects: supplier quality, cost, service, delivery, and corporate social environmental responsibility, and encourage suppliers to engage in continuous improvement.

For RSL suppliers, the Group will continue to encourage implementation of improvements through a series of measures, such as repeated deductions from perfor-

mance 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 client 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 use of the supplier for new cases, and may even cancel the collaborative relationship.

Supplier Performance Evaluation Framework



4.3 Sustainable Supply Chain Impact

The Group conducts specialized management for supply chain green materials, environmentally friendly products, environmental protection, conflict minerals, greenhouse gases, and energy and carbon reduction. The Group has proposed and complies with the two strategies of “local optimization” and “sustainable management” to comprehensively improve the performance of supply chain management, and strives to continuously strengthen its sustainable influences on supply chain social responsibility.

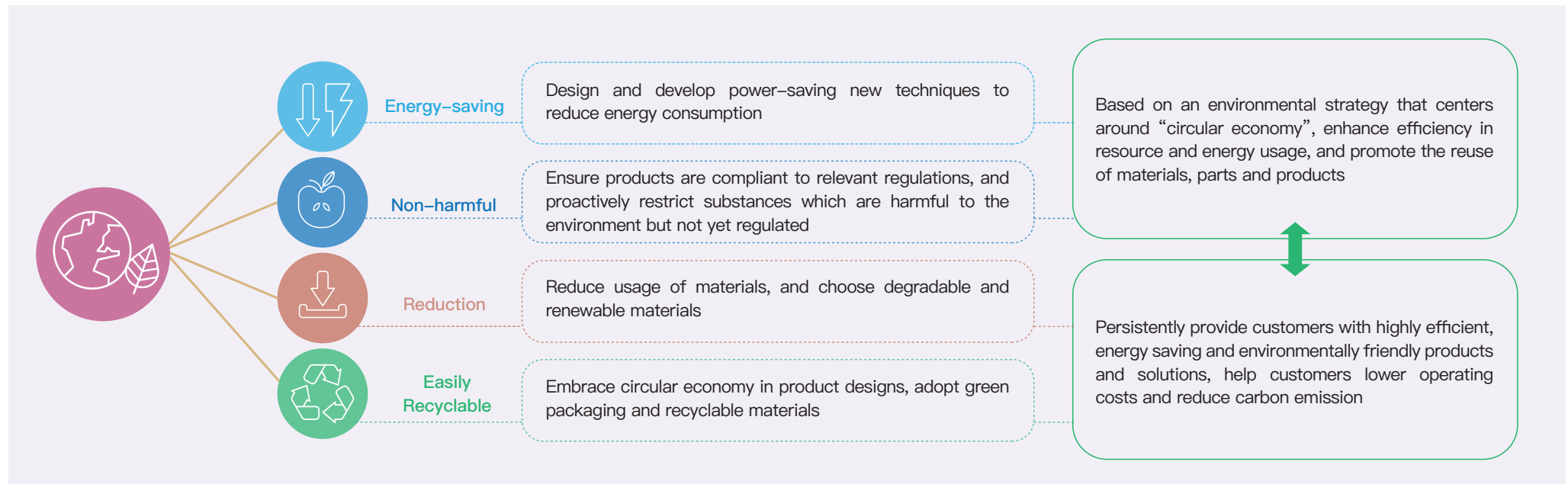
4.3.1 Local Optimization

As the largest electronics manufacturer in the industry, the Group actively promotes a green supply chain and has established a dedicated unit and relevant management policies. We have also appointed dedicated personnel to collect and research various environmental requirements (RoHS, REACH, and HF) from existing legislation, clients, industry, and society, with a mandate to convert these into action initiatives and measures that can be executed internally.

4.3.1.1 Environmental Protection Design and Green Procurement

“Energy-saving, non-harmful, reduction, and easily recyclable” have been designated as the four main axes for research and formulation of realizable environmental product designs based on relevant environmental requirement indicators and product environmental life cycle specifications.

Green environmental design concepts are integrated at the start of product design processes, with strict controls maintained over the raw materials of suppliers. Environmental factors and pollution prevention measures are also incorporated during various product design stages. Environmental protection performance is considered to be a core design concept in our products, and our main objective is to exert the lowest environmental impact.



On July 22nd, 2019, the EU officially implemented the RoHS 2.0. In addition to control of six hazardous substances [lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr(VI)), polybrominated biphenyl (PBB), polybrominated diphenyl ether (PBDE)], four new phthalates were added [diisobutyl phthalate (DIBP), diethylhexyl phthalate (DEHP), dibutyl phthalate (DBP), and butyl benzyl phthalate (BBP)]. The Group manages its entire supply chain in accordance with the regulations of the EU and requires suppliers to cooperate with procedures for disclosing hazardous substances in products to end customers.

The Group adheres to principles of green product risk management and procedures preventing illegal electronic and electrical products from entering the market. We actively respond to the requirements of EU RoHS 2.0 regulations and uphold the following response principles which have been modified in response to regulation changes.



RoHS-REACH Intelligent Management Platform



Rule 1.

Suppliers are required to exercise control over newly added hazardous substances in the EU RoHS and submit compliance information in accordance with the EU RoHS 2.0 control limit of 1000 PPM. In addition, suppliers are required to update the compliance information every year.



Rule 2.

Suppliers are required to improve and establish independent detection capabilities for the EU RoHS and its ten hazardous substances.



Rule 3.

The Group has developed a RoHS-REACH intelligent management platform to achieve effective automatic monitoring of compliance data. The system automatically connects to third-party databases and obtains third-party test reports of supplier raw materials to ensure data authenticity and validity.



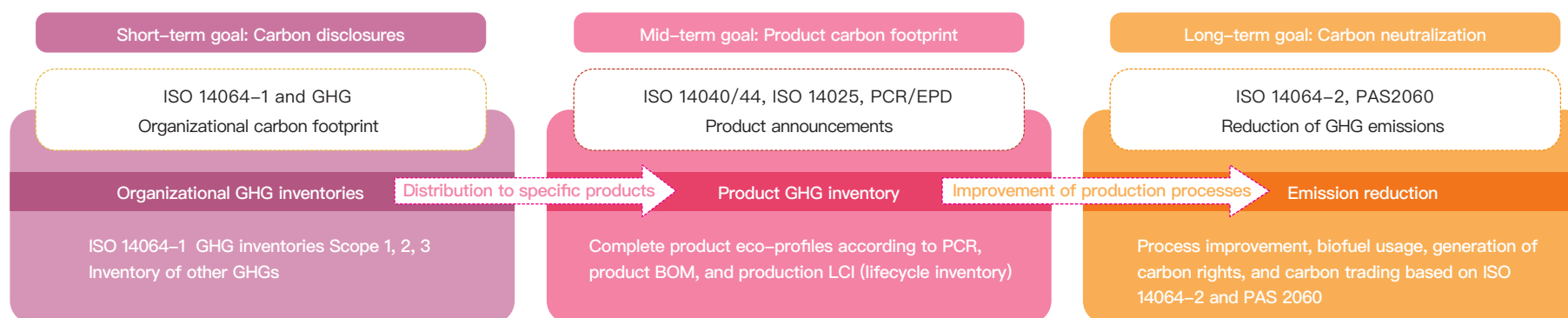
4.3.1.2 Energy and Carbon Reduction Measures

The Group continues to refine manufacturing processes and improve quality to ensure sustainable corporate operations. We provide guidance to effectively resolve or reduce supplier problems caused by environmental changes, climate change, and resource depletion, and we require suppliers to jointly promote energy conservation in our supply chain. Environmental protection actions to reduce waste and carbon emissions can help to strengthen the resilience of suppliers in the face of change.

To achieve this goal, the Group refers to the government's carbon reduction policy, and combines industry experience and client requirements to evaluate the status of its supply chain and formulate short-, mid- and long-term carbon reduction targets for suppliers in accordance with carbon reduction plans. We implement quantitative target management for GHG inventories and carbon reduction measures. Suppliers are required to conduct internal greenhouse gas emission evaluations in accordance with ISO 14064-1. A review of achievement rates for carbon reduction targets is conducted prior to the first quarter of each year.



The Group GHG Evaluation and Emissions Reduction Management Strategy



Group GHG Evaluation and Emissions Reduction Management Strategy

Supplier Implementation

Suppliers are classified by commodity, and those with large annual transaction values and high carbon emissions are required to formulate emissions control programs.

Collection of Carbon Emissions Information

The Group conducts e-management of supplier greenhouse gas emissions, and can conduct processes such as collecting, calculating, managing, and sharing information on supplier carbon emissions through the platform.

Evaluation and Verification

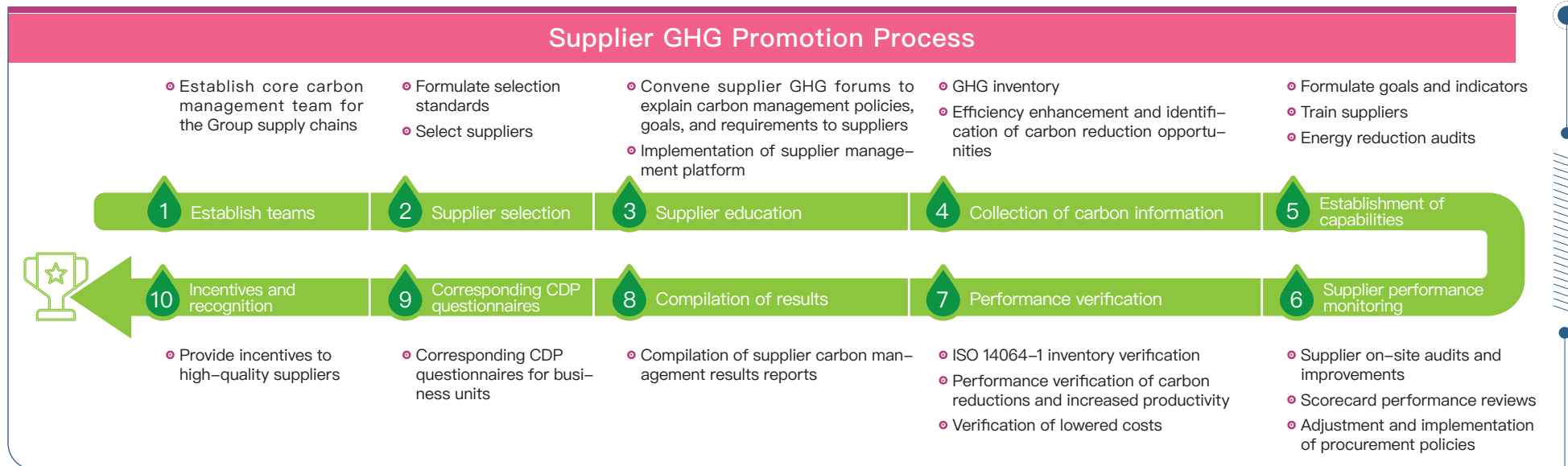
To ensure accuracy of carbon inventory data, the Group has established a carbon information assessment and verification mechanism:

- Encourage suppliers to conduct third-party verification;
- Evaluate and verify supplier carbon information through on-site audits.

Carbon Emissions Disclosure

The Group makes carbon disclosures to clients and stakeholders through CDP questionnaires and annual reports.

We have encouraged 165 suppliers to carry out energy and carbon reduction actions so that we can meet the government's energy-saving and carbon reduction target management requirements. This brings direct economic benefits to the companies involved and enhances their corporate image as a green company. In June 2019, our supplier management unit launched the "Supply Chain Energy Saving and Carbon Reduction Project," which included 77 suppliers from a portion of the Group's business units. Joint collaborations were formed with these suppliers to conduct ISO 14064-1 carbon inventory.



More than 90% of our key suppliers had completed ISO 14064-1 carbon inventories by the end of 2019. In future, the Group will continue to optimize and improve green procurement standards and management systems, maintain green procurement management, and cooperate with more clients to fulfill social responsibilities such as environmental protection, energy conservation, and carbon reduction, thus building a green supply chain for the electronics industry.

On September 20th, 2019, we hosted a "Green Manufacturing and Quality and Efficiency Enhancement Supplier Conference" attended by Green manufacturing Committee Chairman Huang and other external experts. Participants included 2,148 people from 25 the Group factories. The Conference promoted awareness of RoHS 2.0 requirements and communicated the government's green development requirements to ensure comprehensive understanding by suppliers and the business units of the Group.



Chairmen Huang Interprets The Policy



4.3.2 Sustainable Management

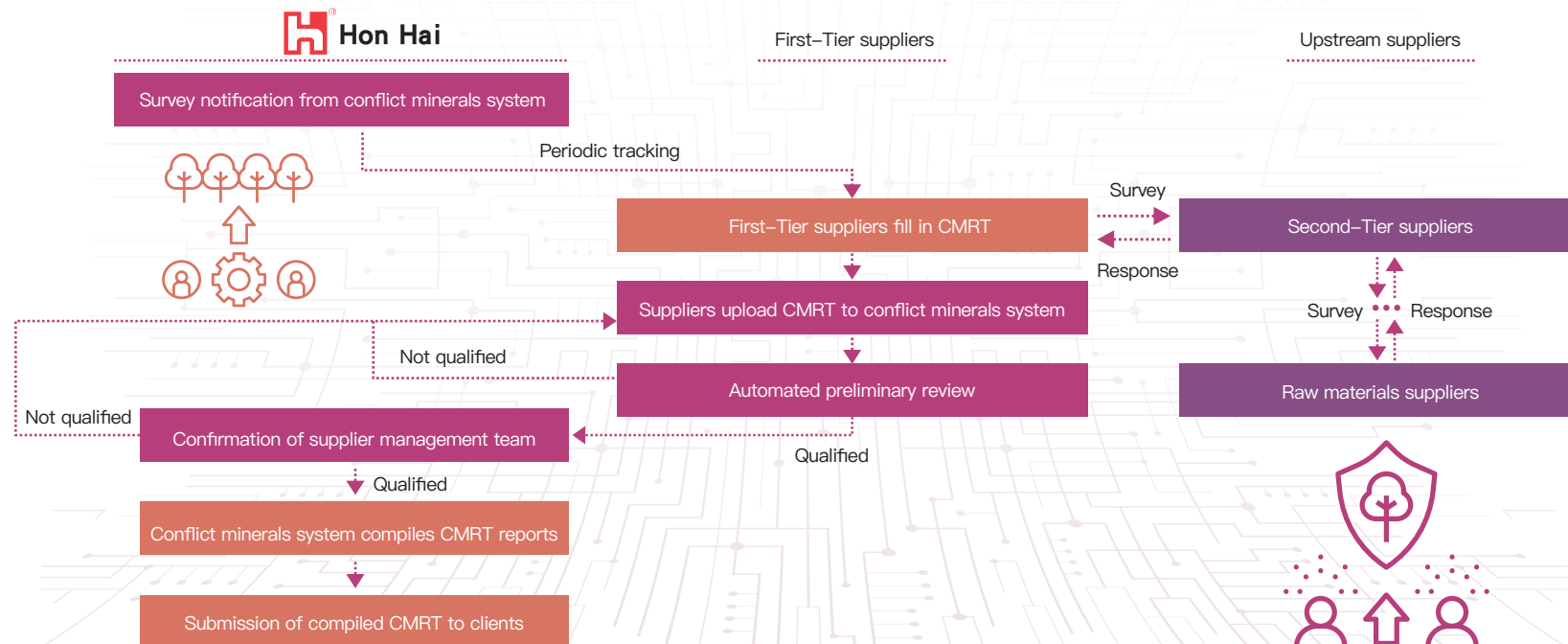
The Group looks forward to growing alongside suppliers and working together to build a dignified workplace environment by managing working hours, safety, and hygiene for employees, and focusing on labor rights. The Group also conducts responsible management of conflict minerals and works with suppliers to pursue sustainable corporate development.



4.3.2.1 Conflict Mineral Management

The Group continues to collect due diligence reports on conflict minerals from suppliers through our Conflict Minerals Management System platform. We have adopted the Conflict Minerals Research Template (CMRT) developed by the RMI (Responsible Mineral Initiative). Over the past two years, a total of 4,836 surveys relating to supplier use of conflict minerals have been completed, achieving a supplier response rate of over 98%. In order to meet the requirements of customers for “conflict-free” products, the Group actively encourages upstream suppliers to use Conflict-Free Smelters (CFS). Suppliers using non-CFS smelters should encourage their smelters to gain certification or remove said smelters from their supply chains.

Flowchart of Management Operations for Conflict Minerals



4.3.2.2 Environmental Management

In order to fulfill its social and environmental responsibilities and manage supply chain risks, the Group has established a supplier CSR abnormal incident handling process to identify and handle environmental violations, industrial safety accidents, labor disputes, and other abnormal CSR incidents in our supply chain in a timely manner. In 2019, we identified and handled 66 supplier CSR abnormal incidents, including 62 environmental violations.

When engaging a new supplier, the Group will assess the environmental risk of its manufacturing plants and review relevant legal certification documents for supplier manufacturing environments also requiring said supplier to ensure environmental

compliance. If the supplier is found to have incurred zero-tolerance violations, or if environmental violations are not improved upon, the supplier will lose its status as a qualified supplier.

For existing suppliers, the Group checks whether suppliers undergo manufacturing processes at risk of causing environmental pollution, including electroplating, etching, printing, and spraying, among others, and whether said suppliers had any previous environmental violations. We identified and increased monitoring at a total of 113 environmentally high-risk supplier plants. Monitoring measures included.

Delivery of a formal letter conveying the “Supplier Environmental Management Requirements”

Promotion for establishment of an effective environmental management system with ISO 14001 certification, with a pass rate of over

95%

Encouragement to pass third-party or Group environmental audits, with guidance provided for improvement;

audits were completed for **19** suppliers in 2019

The Group actively cooperates with the China Institute of Public and Environmental Affairs (IPE). We encourage suppliers with high environmental risk to file reports through the IPE platform and disclose annual pollutant emission transfer data. In 2019, 91 suppliers successfully completed their reports.

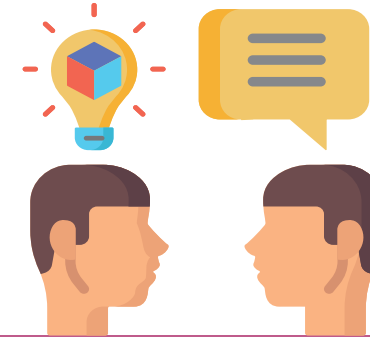
Ranked **4** in the IT industry

In October 2019, the IPE "Green Supply Chain 2019 — CITI Evaluation Annual Report" announced the CITI index score and ranking for the Group. We were ranked at 14 out of 382 brands.



4.3.2.3 RBA Training

In order to help suppliers improve their CSR management capabilities, the Group worked with clients and invited the RBA to provide training for suppliers on August 7th–9th, 2019. The training covered audit verification procedures (VAP Preparation Workshop) and RBA Code Training, and helped to enhance the supplier CSR personnel capabilities.



4.4 Promotion of Mutual Growth

The Group has hosted various supplier sustainability seminars and conveyed the latest CSR development trends in annual CSR communication meetings with suppliers. We continue to work with suppliers to implement sustainable management for environmental, social, and economic aspects, so as to maximize sustainable influence for a responsible supply chain.

4.4.1 Participation in the Demonstration Project of Green Supply Chain Management

The Group has paid close attention to the Green Manufacturing Projects through timely studies of legislative matters and corresponding formulation of corporate initiatives. The Group seek to become a leader that guides development of the electronics industry, with an emphasis on implementing core items of the policies.

Since December 2016, the Group has continuously participated in green manufacturing projects in China, and fully promotes the “Green Supply Chain Management and Implementation for Mobile Phones and Routers” system integration project, with pilot programs initiated for each of the five stages of raw material procurement, assembly processing, logistics distribution, recycling, and internet sales. As the first pilot enterprise in Shenzhen, the Group combined the experience and innovative expertise of all units to pioneer this mission in green manufacturing.



Breakdown of Green Manufacturing Projects in China

4.4.2 Organized Supplier Training and Environmental Management Seminars

On March 28th, 2019, the Group invited Cisco and Dell to jointly organize a “Supplier Environmental Management Seminar.” Through exchanges and dialogue with stakeholders, attendees gained a deeper understanding of current environmental issues, and knowledge of environmental management and pollution prevention was enhanced among stakeholders. Exemplary case studies from top companies were presented, and the development of environmental risk control and environmental management was discussed. A total of 223 people from 178 businesses participated in this seminar, including senior managers and persons responsible for CSR at supplier companies.



Supplier Environmental Management Seminar (Shenzhen; March 28th, 2019)

4.4.3 Supplier Seminar on Soil Environment Prevention

On January 1st, 2019, the Soil Pollution Prevention and Control Law officially came into force in China, enforcing supervision of companies deemed to be at high risk for soil environments. To fulfill corporate social responsibilities and build a green supply chain, the Group held a Supplier Soil Pollution Seminar on March 29th, 2019, and 15 suppliers from Guangdong deemed to be at high risk to soil environments were invited to participate.



5

Environment



Environmental
Management



Energy
Management



Climate
Change

富士康光电建筑应用一体化示范项目
FOXCONN BUILDING ATTACHED PHOTOVOLTAIC DEMONSTRATION PROJECT

Management approach for material issues: Energy and greenhouse gas management



Meaning to the Group:

- Following the UN's adoption of the Paris Agreement, governments and enterprises in various countries have begun to lay increasing emphasis on environmental sustainability. As a leading global enterprise, the Group also attaches great importance to this issue, and we have proposed various projects to minimize our operational impacts on the Earth and the environment.



Policies and Commitments:

- We have given priority to environmental protection principles since our establishment, not only striving for compliance with international and local environmental laws, but also setting environmental sustainability as our long-term goal to fulfill our responsibilities in protecting the environment and caring for our Earth.



Goals and Targets

Short-term goals

- Comply with international and local environmental protection laws and incur zero violations.
- Continue to meet maximum limits of 100% waste conversion rates and 10% incineration rates.
- Base on the base year (2015), reduce energy consumption 22% in 2020, equivalent to about 1,723 million kWh in energy-savings.
- Reduce carbon emissions by 24.0% for 2020 than base year (2015).

Mid- to long-term goals

- Continue to promote and support energy and carbon reduction measures for sustainable operations and fulfillment of corporate responsibilities.



Specific Actions

- We recycled 4,470 thousand tons of sewage water in 2019, amounting to 4.58% of our total water consumption.
- In 2019, we invested 900 million NTD in 2,014 energy-saving projects, 90% of which have been completed; our total energy savings were 514.7 million kWh and we saved nearly 1.4 billion NTD in energy expenditures.
- We installed clean energy generators and purchased other clean energies in 2019. Our clean energy consumption amounted to 952.02 million kWh, making up 9.93% of total power consumption.



Evaluation of Management Approach

- Our Energy Resource Management Committees conduct annual audits and review all projects to ensure achievement of energy and carbon reduction goals.
- We conduct external audits for management systems such as ISO 14001, ISO 50001, and ISO 14064-1.
- We hold management review meetings each year to discuss and track our energy and carbon reduction targets.



Grievance Mechanism

- [Please see Section 1.5 Stakeholder Identification, Communication, and Responsibilities for details.](#)

The Group has set environmental sustainability as its long-term goal. We integrate green and environmentally friendly concepts in our product designs and manage our use of hazardous substances. We strive to ensure that our daily operations adhere to international and local environmental laws, and we have established energy and carbon reduction goals to minimize our impacts on the environment. These principles are disclosed in our management strategies and implemented through daily environmental management procedures.

5.1 Environmental Management

We have given priority to environmental protection principles since our establishment and simultaneously operate environmental treatment facilities and factory production processes to ensure that our wastewater, exhaust emissions, and waste materials comply with local regulatory requirements. In 2019, vehicles transporting materials to and from our Langfang Factory were found to violate of vehicle control requirements under the Heavy Air Pollution Contingency Plan, and we have since reviewed this incident to prevent recurrence. Apart from this incident, there have been no other violations of environmental regulations within the Group.

5.1.1 Environmental Management System

The Group has implemented and completed verification of ISO 14001 Environmental Management Systems at all its factories starting from the construction phases, and we also use the “Plan, Do, Check, and Action (P-D-C-A) model” to promote continuous improvements. We confirmed environmental considerations arising from our production processes, activities, and services; assessed all environmental considerations and their impacts on the environment; and compared their severity and other factors through comprehensive evaluations to ensure prior identification of major potential factors, then formulated improved measures and operating processes that reduced and prevented the impacts from these factors.

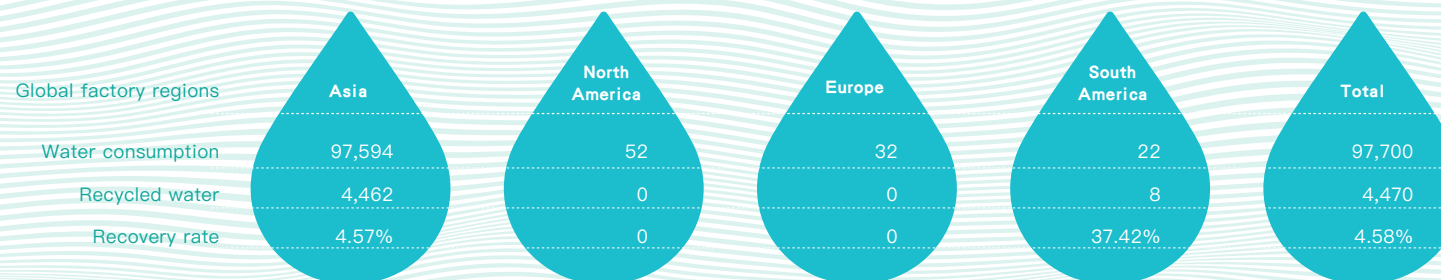


5.1.2 Water Resource Management

Total Water Consumption

Municipal water is the main water source used in all our factories. We do not use groundwater, stored rainwater, or surface water, and therefore have no impact on surrounding water sources. Our factories conduct reviews of water-saving plans and water facilities each year to reduce water consumption. In 2019, the total water consumption of our factories around the world was 97.7 million tons. We expanded our investments in wastewater recycling and recycled 4,470 thousand tons of wastewater, amounting to 4.58% of our total water consumption.

Global water consumption by factory region in 2019 (unit: thousand tons)



Notes: *1 Factory regions are defined by province or state. For example, our factories in Shenzhen, Zhongshan, and Huizhou all belong to the same factory region (ex. Guangdong factory).

*2 Global factory regions are comprised of our 30 factory regions in Asia (including 6 in Vietnam and 6 in Taiwan), 9 factory regions in North America, 4 factory regions in South America, and 4 factory areas in Europe.

Wastewater Recycling Case from Tianjin Factory:

In order to reduce wastewater discharge, increase wastewater recovery rates, and achieve our water-saving targets, our Tianjin Factory sends equipment washing water and circulation cooling water through sewage pipes into a wastewater stabilization pond for adjustment of pH values before discharge into the sewage treatment system together with domestic wastewater. The wastewater is treated until it meets discharge standards, after which it enters our reclaimed water system and is used for greening, circulation water systems, and toilet flushing following further treatment and disinfection.

In 2019, the total amount of reclaimed water at our Tianjin Factory was 192,915 tons, and our wastewater discharge reduction rate was 71.39%, amounting to economic benefits of 6.56 million NTD. We also reduced our chemical oxygen demand (COD) emissions by 4.62 tons, ammonia nitrogen emissions by 0.21 tons, and phosphorus emissions by 1.32 tons.



Wastewater Management

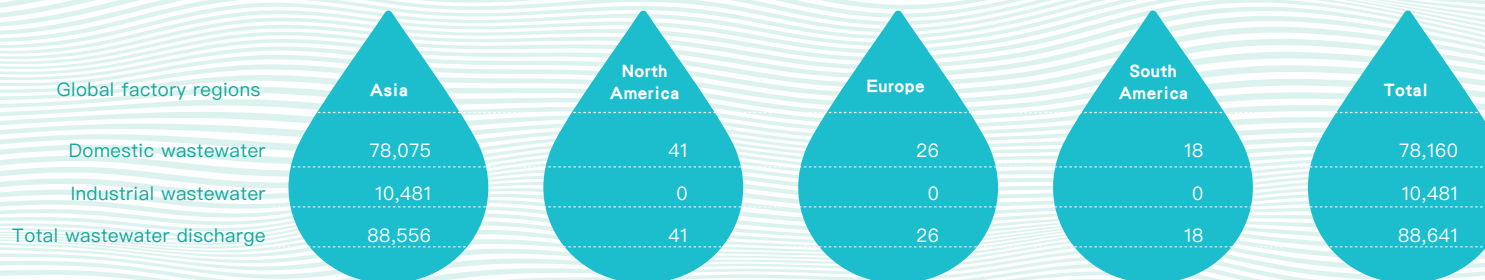
The Group works to optimize production processes to reduce water consumption at the source. We also actively implement wastewater recycling procedures and reuse treated domestic wastewater in production processes and environmental greening, greatly reducing our impact on external environments. Additionally, to ensure that our wastewater does not cause environmental pollution, all factories have wastewater treatment facilities that are regularly inspected and maintained by dedicated personnel. Discharged wastewater complies with sewage standards and is periodically inspected by qualified external institutes. In 2019, our factories worldwide discharged 88,641 thousand tons of wastewater (including domestic and industrial wastewater) and no incidents of leakage occurred.

Wastewater Treatment Case from Tucheng Factory:

We established a wastewater treatment plant and water quality analysis laboratory at our Tucheng Factory. Our wastewater is chemically treated to remove pollutants prior to discharge, and our water quality analysis laboratory possesses various instruments for measuring temperatures, pH values, chemical oxygen demands, suspended solids, and heavy metal content. We conduct daily inspections of discharge water to ensure optimal control.



Global wastewater discharge by factory region in 2019 (unit: thousand tons)



Note: Volume of domestic wastewater is calculated using the following formula: domestic wastewater=water consumption*0.8 (self-estimated domestic wastewater coefficient)

5.1.3 Waste Management

Rapid industrialization has generated large amounts of solid waste which enter the soil, water sources, and the air, causing pollution to the environment, and producing large amounts of waste that take a long time to decompose. Waste has become an environmental issue of increasing importance. Because of this, the implementation of a "zero waste" project that gradually reduces amounts of incinerated and landfill waste has become one of our most important strategies.

The Group implements a "zero waste" waste management policy at key factories in China to ensure compliance with maximum limits of 100% waste conversion rates and 10% incineration rates. This project minimizes generated waste through source reduction of raw materials; the Group is also actively engaged in recycling and reuse of inner and outer packaging materials, which enhance waste recycling and reuse rates. All our factories have waste management units that are responsible for routine management of various waste materials, compilation of data, and supporting other units in implementing waste reduction and recycling tasks.

The "zero waste" waste management policy

100% waste conversion rates and
10% incineration rates

Zero waste Case from Guanlan Factory:

Our Guanlan Factory commenced systematic recycling and handling of solid and hazardous waste to achieve our zero waste requirements and reduce waste since 2014.

The Guanlan Factory is certified by a third-party inspection institute (UL) each year and has received a platinum zero waste certificate. In 2019, the Guanlan Factory reused and recycled 18,988 tons of internal waste, recycled 9,063 tons of external waste, treated 32 tons of biomass waste, and incinerated 279 tons of waste, achieving a conversion rate of 99.02%.



To ensure that all waste is legally and effectively disposed of, all factories comply with internal waste management procedures to secure bids for waste handling. The legal qualifications of waste disposal companies are reviewed according to open, fair, and impartial principles. We use the above procedures to screen and select waste management vendors with the lowest level of risk to conduct appropriate waste disposal

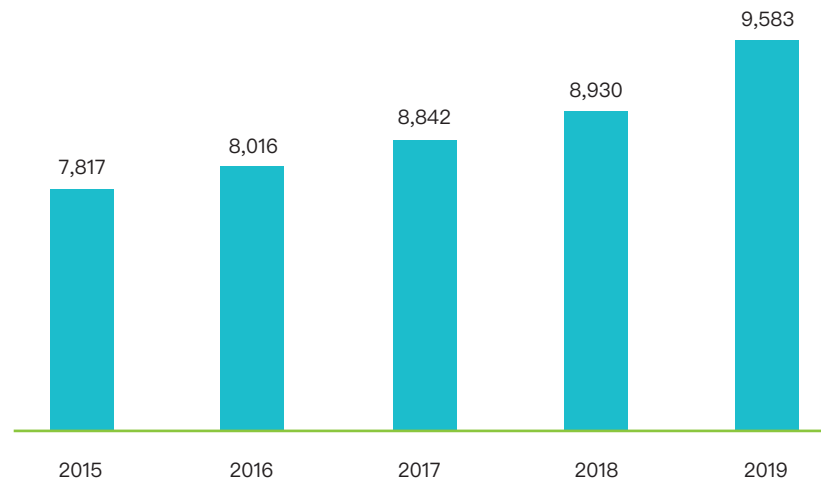
and recordkeeping. The Group periodically audits waste disposal vendors to ensure that our waste is handled in compliance with regulatory requirements. In 2019, our factories in China handled 5,040.16 thousand tons of waste (4,248.99 thousand tons of general production waste, 709.40 thousand tons of general domestic waste, and 81.77 thousand tons of hazardous waste).

5.2 Energy Management

The Group makes full use of its existing information technology advantages to integrating energy consumption and energy management with IoT capabilities. For example, the Group has established an Energy Management Center which monitors and analyzes internal energy usage for effective management of energy consumption. Additionally, the Group is also actively developing new energy and carbon reduction technologies, products, and business models, exploring our energy-saving potential, and promoting transformation and upgrades to increase benefits.

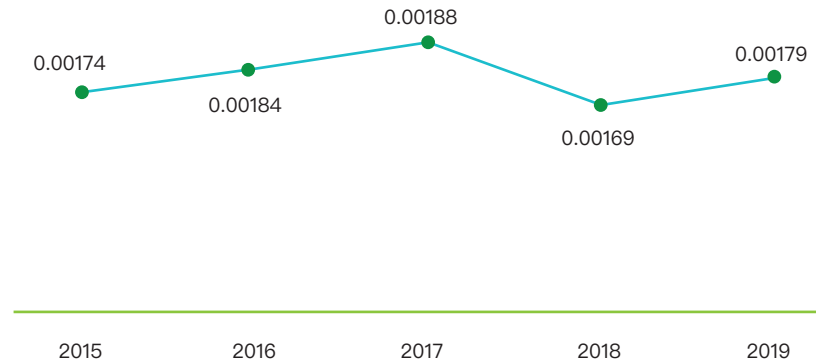
The Group's total power consumption in 2019 was approximately 9,583 million kWh, an increase of 7.31% compared with 2018. The main reason for this increase was the operational growth and inclusion of data from some newly constructed factories. However, the Group still proactively proposed energy-saving measures including energy-saving targets, energy management systems, transformation of energy-saving technologies, energy audits, and development and usage of clean energy. Our power consumption over the past five years is as follows.

Power consumption



Unit: million kWh

Energy intensity (power consumption/revenue)



Unit: million kWh/million NTD



All fuel within the Group is sourced from non-renewable energies, including petrol and diesel oil used in company cars, fuel oil, and natural gas used in boilers, liquefied petroleum gas used in employee canteens, diesel oil used in our emergency generators, and purchased electricity.



Global energy consumption by factory region in 2019

Energy source	Purchased electricity		Fuel										Energy consumption
	Power consumption		Natural gas		Petrol		Diesel		Liquefied petroleum gas		Fuel oil		
	million kWh	GJ	thousand m³	GJ	tons	GJ	tons	GJ	tons	GJ	tons	GJ	GJ
Asia	9,475	34,115,227	44,669	1,741,150	3,257	140,459	1,535	65,532	5	237	17	696	36,063,302
South America	53	189,700	535	20,837	28	1,217	429	18,331	4	213	0	0	230,299
North America	37	133,255	619	24,109	9	372	10	447	0	0	0	0	158,183
Europe	19	68,479	635	24,764	22	966	56	2,403	0	0	0	0	96,612
Total	9,583	34,506,661	46,457	1,810,860	3,316	143,014	2,031	86,714	9	451	17	696	36,548,395

Notes:

- Electricity heating value is calculated as 860 kcal/kWh
- Natural gas heating value is calculated as 9,310 kcal/cubic meters
- Petrol heating value is calculated as 10,300 kcal/kg
- Diesel oil heating value is calculated as 10,200 kcal/kg
- Liquefied petroleum gas heating value is calculated as 12,000 kcal/kg
- Fuel oil heating value is calculated as 10,000 kcal/kg
- The above heating values are taken from the Chinese national standards ("General Principles for Calculation of Comprehensive Energy Consumption")

Achievement of Energy-Saving Goals

Most of the Group's factories are concentrated in China. In order to meet the energy-saving goals of China's Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period, the Group has established a mid- to long-term energy-saving goal: "base on the base year(2015), reduce energy consumption 22% in 2020, equivalent to about 1,723 million kWh in energy-savings." At the beginning of each year, the Group formulates energy-saving goals for said year and communicates these to our business subgroups. Incentive measures are also implemented to enhance development of energy-saving technologies at each subgroup.

Reduce energy consumption in 2020

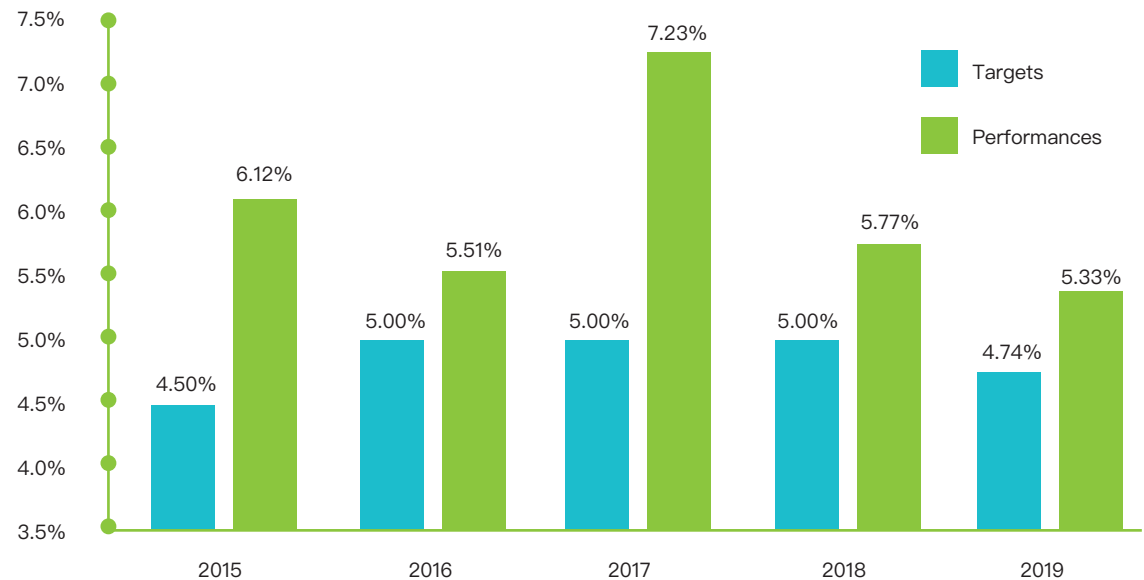
22%

Energy-Saving Incentive Mechanisms:

The Group formulates its "Appraisal Items and Scoring Guidelines for Energy Management" each year. Appraisal items include energy management, energy reduction systems, implementation of energy-saving measures, supervision of energy reduction measures, and energy-saving KPIs. Detailed quantitative scores are presented for each item; we award bonuses and incentives to those ranked within the top seven at the end of the year and provide group and individual cash rewards for outstanding energy-saving technological transformations that enhance energy efficiency.



Achievement of Energy-Saving Targets over the Past Five Years



Establishment of Energy Management Systems

The establishment of energy management systems ensures that our energy management and energy conservation policies can be effectively implemented. As of year-end 2019, 43 of the Group's legal entities have obtained ISO 50001 the continuous, and 22 of these entities have completed systematic certification renewals to ensure continuous and effective operation of energy management systems.

Energy-Saving Technological Transformations

In 2019, we invested almost 900 million NTD in 2,014 energy-saving projects, 90% of which have been completed. The projects encompassed transformation of energy-saving production processes, system inspections and equipment optimization, upgrading and substitution of lighting equipment, optimization of air-conditioning systems, and technological transformations of air compressor systems. Our total energy savings were 514.7 million kWh and our energy saving benefits were close to 1.4 billion NTD.

Specific transformation projects			
Indicator	Completed energy-saving projects	Investment (NTD)	Energy savings (kWh)
Transformation of energy-saving processes	862	367,216,042	267,107,927
System inspections and equipment optimization	268	144,823,357	40,107,595
Upgrading and substitution of lighting equipment	153	80,154,118	25,866,346
Optimization of air-conditioning systems	133	94,491,091	49,843,430
Technological transformations of air compressor systems	129	40,486,886	56,798,327
Other	263	155,287,184	74,945,027
Total	1,808	882,458,679	514,668,652



Note: Energy savings are calculated using estimated values.

Energy Reduction Audits

For effective implementation of energy and carbon reduction projects, the Group reviews actual performance and benefits, and our Energy Resource Management Committees conduct annual audits and review all projects to the achievement of energy and carbon reduction goals. In 2019, the Group found 2,115 projects in violation of regulatory requirements, mainly for the following three types of equipment: air compressors, air-conditioners, and lighting systems. We have completed 100% of all improvement measures, reduced power wastage by 1.27 million kWh, and decreased expenditures by 3.88 million NTD.

Development and Usage of Clean Energy

In 2019, the Group installed rooftop- and ground-mounted solar stations across China, achieving a total installed capacity of 224 MW and generating 252.02 million kWh each year. Additionally, we also purchased wind power, biomass energy, and other sources of clean energy amounting to 700 million kWh, resulting in a total of 952.02 million kWh of power from clean energy sources, accounting for 9.93% of our total power consumption.

	2017	2018	2019
Total clean energy	33MW	215 MW	224MW
Generated power	13.34 million kWh	110.29 million kWh	252.02 million kWh
Purchased clean energy (wind and biomass power)	–	400.00 million kWh	700.00 million kWh
Consumption of clean energy	–	510.29 million kWh	952.02 million kWh
Ratio of clean energy usage	–	5.71%	9.93%

5.3 Climate Change

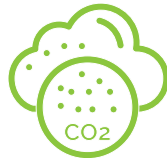
The Group is highly attentive to global trends and international responses relating to climate change. We have listed climate change as one of our biggest corporate risks, and we continue to analyze and monitor this issue, using internationally recognized guidelines as a basis for our management of carbon assets and the formulation of adaption and mitigation strategies. Our Energy Resource Management Committees are responsible for coordinating climate change issues and regularly provide implementation reports to our financial departments so that senior management within the Group can keep abreast of climate change impacts on corporate affairs and facilitate optimal decision-making. This not only reduces climate change

impacts on Group operations, but always helps us exert our influence on global industrial chains.

The Group has formulated energy and carbon reduction plans and guidelines, and the Energy Resource Management Committees at each factory promote measures to reduce carbon emissions and energy consumption. We continue to advance our energy and carbon reduction goals through participation in the Carbon Disclosure Plan (CDP) as we realize our responsibilities toward the environment and the Earth. Our goals include:



Adherence to environmental laws, client requirements, and other regulations



Using greenhouse gas (GHG) inventories to track emissions



Proposal of voluntary reduction plans and continued promotion of energy and carbon reduction measures based on GHG inventories

5.3.1 Risks and Opportunities

In order to respond to climate change impacts, we take stock of internal operations, legal regulations, client requirements and expectations, and international development trends and research reports; identify and assess climate change risks and opportunities; propose relevant response measures. We plan to implement the Task Force

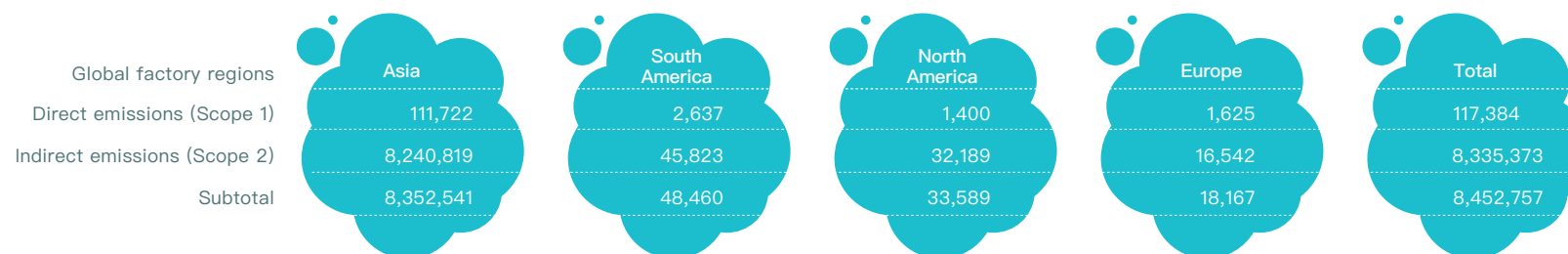
on Climate-Related Financial Disclosures (TCFD) framework in the second half of 2020 to build more comprehensive mechanisms for identifying and assessing climate change risks and opportunities and to establish a corporate culture of environmental sustainability.



Climate risks	Financial impacts	Climate opportunities	Financial impacts	Explanation	Group response measures
Increased GHG emission prices	Increased operational costs	Improved energy efficiency	Reduction of operational costs	The Group's operating bases are located all over the world, including some regions (such as China) which have already initiated carbon trading market mechanisms. If the Group is able to increase energy efficiency and clean energy usage, we will be able to reduce these operational costs.	Apart from formulating carbon-reducing goals, the Group has also established an Energy Management Center to promote key smart IoT energy projects; conduct assessments on green factory construction; and implement carbon-reducing projects, energy-saving technological transformations, and audits.
		Use of low-carbon energies	Reduced GHG emission risks and reduced sensitivity to changes in carbon trading prices		We installed clean energy generators and purchased other clean energies. In 2019, our clean energy consumption amounted to 952.02 million kWh, making up 9.93% of total power consumption.
Costs of developing low-carbon, energy-saving products	Capital investment in technical development	Changes in consumer preferences	Improved competitive positions that reflect changes in consumer preferences and increased income	As our customers and the general public grow increasingly attentive to carbon reduction and energy conservation, the Group moving towards low-carbon products to meet market requirements. We believe that this is an opportunity to expand our industrial influence and actively conserve energy. This positive image also helps to attract existing and potential clients, which will increase our order volumes and revenues.	The Group will increase product energy efficiency and strengthen energy management strategies by utilizing its technological R&D capabilities and existing technologies, and through investment in new technologies, innovations, and business models.
Typhoons, floods, droughts, and other extreme weather events	Decline or interruption of production, and loss or substitution of assets	Enhanced defense capabilities against extreme weather events	Reduced probability of production decline, interruption, or possible losses	Some of our factories are located in regions at risk from extreme weather events (such as coastal areas), which could cause decline or interruption of production or disruption of product delivery. However, strengthening our tolerance toward extreme weather events can help to reduce risks and facilitate continued operations.	The Group has already formulated emergency response plans and made relevant preparations. We are also promoting assessments for construction of green factories and green buildings to reduce impacts from extreme weather events.

5.3.2 GHG Emissions

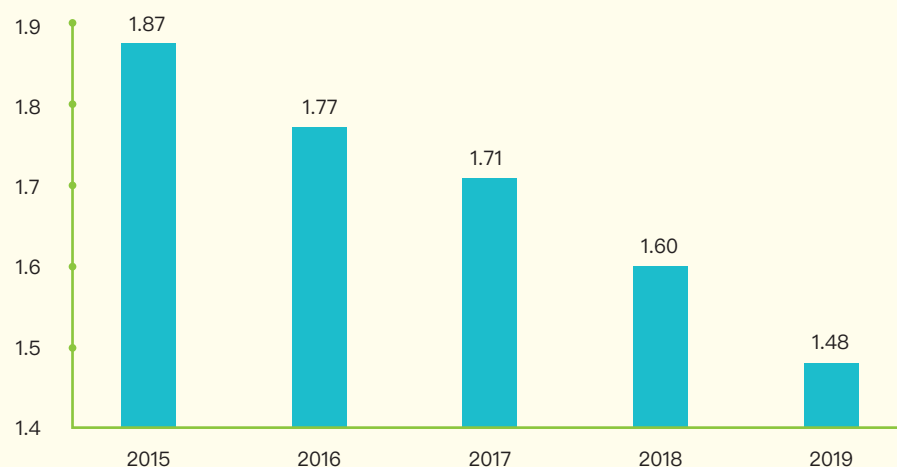
By the Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period in China, which requires carbon reduction goals of 18%, the Group has formulated goal that reduce carbon emissions by 24.0% for 2020 than base year (2015). In other words, carbon emissions per unit of revenue for our factories in China need to be reduced by 24.0% in 2020 compared with 2015. In 2019, our direct emissions (Scope 1) were 117,384 tons CO₂e, and indirect emissions (Scope 2) were 8,335,373 tons CO₂e.



Notes:

1. The Global Warming Potential (GWP) values used in this table were taken from the IPCC's Fourth Assessment Report (2007).
2. GHGs include nitrous oxide (N₂O), methane (CH₄), and carbon dioxide (CO₂).
3. We adopted the operational control approach when calculating GHGs.
4. GHG inventories at certain factories (such as our Jincheng Factory) have passed third-party verifications.

Carbon emissions per unit of revenue for 2015–2019



Unit: tons CO₂e/million NTD

6

Social Participation

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



Health
Promotion



Community
Care



Cultural
Development

Management approach for issues: Community investment and participation



Meaning to the Group:

- The Group believes in “caring for local communities to build a hopeful future” and the spirit of “giving back what we have taken from society.” We have participated in many social welfare activities to build a society for the common good where everyone can enjoy a safe and prosperous life, and work together to build a sustainable future.



Policies and Commitment:

- The Group’s core vision and goal for corporate social responsibility are “build and scale efforts to move society forward and make the impossible possible.” The Yonglin Foundation integrates Group resources and serves as its primary entity for the execution of social participation initiatives. We draw upon our core capabilities in the technology manufacturing industry to support social responsibility along three primary axes: Health Promotion, Care for Local Communities, and Fostering of Culture.



Goals and Targets



Short-term goals

- Continuous annual support for government-registered social welfare institutions and organizations.
- Continuous annual support for sports activities that foster local sports talent.



Mid- to long-term goals

- Integrate evidence-based research and advanced smart systems to build a S.M.A.R.T hospital.
- Become part of the social safety net by assisting socially disadvantaged populations in need of care and providing resources in a timely fashion.
- Promote and enhance development of local sports ecosystems.



Grievance Mechanism

- [Please see Section 1.5 Stakeholder Identification, Communication, and Responsibilities for details.](#)



Evaluation of the Management Approach

- We host annual management review meetings to discuss effective ways to deploy resources and expand our social influence.



Specific Actions

- We built the NTU Cancer Center which expanded the bone marrow transplant capabilities of NTU Hospital. By the end of 2019, a cumulative total of 465 bone marrow transplant cases had been conducted at the Tai Cheng Stem Cell Therapy Center.
- The Yonglin Foundation launched the YongLin Sino Cancer Alliance in 2019, bringing together all the important medical institutions in Taiwan to analyze genes in the Chinese population and identify pathogenetic mechanisms driven by oncogenes.
- We provide continuous support for health promotion programs such as the Yonglin X lab Clinical Innovation Center, the H. Spectrum Biomedical Startup Incubator Project, and the YongLin Chair Professor and YongLin Scholar programs.
- We use the Yonglin Farm as a base to provide care for local communities, promote social innovation, support disaster victims and first responders, and assist the disadvantaged.
- We support rural education, inject resources into sports activities, fund Foxconn Scholarships, and built the Taiwan Hope Primary School to achieve educational equality and build a sport-oriented culture, allowing future generations to tap their unlimited potential.

The Group's core vision and goal for corporate social responsibility is "build and scale efforts to move society forward and make the impossible possible." The Yonglin Foundation integrates Group resources and serves as its primary entity for the execution of social participation initiatives. We draw upon our core capabilities in the technology manufacturing industry to support social responsibility along three primary axes: Health Promotion, Care for Local Communities, and Fostering of Culture. We seek to prevent and cure cancer, support research and development while also

fostering talent, even as we provide aid and assistance for those in immediate need. The Group is also committed to ensuring learning equality for children and youth, especially those from disadvantaged and poor families. We hope to enhance learning motivation in children and youth by promoting diversity of learning and achievements, and encouraging them to take action and pursue their dreams. We believe that adherence to the spirit of giving back what we have taken from society can generate social influence to help people live valued lives and move toward a more hopeful future.



6.1 Health Promotion

In "wishing for a new world without disease," we are not just envisioning a future without the disease, pain, or fear, but a future of hope that allows healthy people to enjoy each second to the fullest through happy and healthful living. The Yonglin Foundation has brought together global talent from diverse industrial, academia, and research fields, harnessing the power of innovation to promote the "New Precision Healthcare Centennium" in Taiwan. This project focuses on medical data, liquid biopsies, genetic technology, and various advanced diagnostics; we hope that this project will eliminate threats from cancer, infectious disease, chronic disease, and aging within the next hundred years, and achieve our goals of early diagnosis and disease prevention.



6.1.1 NTU Cancer Center—A Patient-Centered Hospital

In December 2008, the Group signed a donation memorandum of understanding with NTU for the establishment of a world-class cancer center to develop precision medicine and personalized treatment that safeguards the health of the Taiwanese people. After a decade of effort, the NTU Cancer Center opened its doors in July 2019 as the first public hospital built from private donations in Taiwan. The Center has 500 beds dedicated to cancer treatment and provides comprehensive services for medical research and care.

Comprehensive Medical Research and Care Capabilities of NTU Cancer Center



Building a S.M.A.R.T Hospital for the New Era at NTU Cancer

Following the official launch of the Tai Cheng Stem Cell Therapy Center, the NTU Hospital's bone marrow transplant capacity increased from 6 beds to 14 beds, and the number of transplants per year rose from 70–80 cases to 210–220 cases, with a cumulative total of 465 transplants completed as of December 2019. In future, the Center will combine evidence-based research and advanced smart systems to build a S.M.A.R.T hospital.



6.1.2 Genetic Testing and Clinical Research in Chinese Populations

Founded in 2017, the Yonglin Institute of Health marks an important step in the New Precision Healthcare Centennium promoted by Founder Terry Guo. The Institute comprises 11 research centers, and continuously draws on the latest medical technology from around the world. Former NTU President Dr. Pan-Chyr Yang was invited to serve as the Dean of the Institute. The Yonglin Foundation has initiated the New Precision Healthcare Centennium under the supervision of Founder Terry Guo; the NTU Cancer Center represents only the first step in this process. In the future, the NTU Cancer Center will serve as an important platform for medical development and related research on preventive medicine, and will provide the foundation with research findings that will serve as the basis for future industrialization.

Advances in medical technology have generated increasing research which indicates that the genetic profile of Asians differs from Europeans and Americans: treatments based on European and American research may not demonstrate the same level of efficacy in Asian populations, even for the same types of cancer. In 2019, the Yonglin Foundation launched the YongLin Sino Cancer Alliance, bringing together all the important medical institutions in Taiwan to further development of precision medicine starting from the analysis of genes in the Chinese population to identify pathogenetic mechanisms driven by oncogenes, which can be used to formulate prevention and treatment plans based on innovative clinical research, new drug development, cell therapy, and immunotherapy.



6.1.3 Incubation Platform

Yonglin X lab Clinical Innovation Center (CiC)

In 2007, the Founder of the Yonglin Foundation donated to support the construction of the NTU Cancer Center, and we learned much about futuristic hospital concepts through this experience, resulting in the development of the S.M.A.R.T. design model. The CiC stands at a historical turning point for medical reform and provides three types of services to serve, accompany, and foster innovators in connection, creation, and cultivation. Through innovative multidisciplinary courses, workshops, and creative project execution, experts from different backgrounds provide support and work together with different innovators on eclectic thinking, investigation of core problems, and collaborative solutions to clinical issues. We hope to change the DNA of the medical system and use these transformations to sustainably nurture the AIR (AI + Robotics) hospitals of tomorrow.



H. Spectrum Biomedical Startup Incubator Project

In terms of talent cultivation, the Foundation and NTU invited to top global talent in 2014, asking them to visit Taiwan and interact with local biomedical talent through the YongLin Chair Professor and YongLin Scholar programs. Since then, the Foundation has fostered many startup and entrepreneurial teams, and has become Asia's largest and sole startup accelerator with a focus on the biomedical field. The Foundation has become an important first stop for European and American biotech businesses exploring local innovation and talent in Asia.

YongLin Chair Professor and YongLin Scholar Programs

The YongLin Chair Professor and YongLin Scholar programs were set up to attract global elites in medicine and medical research (at least five Nobel-level scholars and hundreds of top-level talent) to research and development in Taiwan, and support the development of the NTU Cancer Center as a world-leading institution in global cancer medicine research and preventive medicine.

Talent is key, and multidisciplinary innovative talent constitutes the core of the New Precision Healthcare Centennial. NTU is a powerful cradle for talent with strong research and development capabilities. In addition, the Foundation continuously works with other biotech and medical institutions, as well as international top-level partners, as it strives to meet its goal of overcoming cancer. The cultivation of talent is an important task that Taiwan, the Chinese population, and the entire world should work together to achieve.



6.2 Community Care

We “care for local communities in order to build a hopeful future.” We believe that life is full of hope and that all people can find value in their lives. The Yonglin Foundation has long worked with and supported government-registered social welfare institutions and organizations in hopes of creating a better society that enables everyone to enjoy a safe and prosperous life and work together to build a sustainable future.

6.2.1 Yonglin Farm

During the August 8 typhoon in 2009, southern Taiwan was devastated by floods, and Xiaolin Village in Kaohsiung City was completely destroyed. Hundreds of people simultaneously lost their families and homes. In the utter destitution that followed, disaster victims urgently needed help to get back on their feet and get back on track with their lives. The Yonglin Foundation donated nearly NT\$ 800 million to build the Yonglin Farm, providing disaster victims with job opportunities and supporting them in becoming self-sufficient. Today, the Yonglin Farm is the largest organic farm in Taiwan, covering an area of 58 hectares, the size of nearly two-and-a-half Da'an Forest Parks, and cultivates more than 300 types of organic fruits and vegetables.

The Yonglin Farm was built from people, production, land, and other local resources oriented around a three-in-one blueprint of production, life, and ecology for sustainable development of organic agriculture. The Farm has become a place for disaster victims to rebuild their lives and also serves as an exemplary model of organic agriculture in Taiwan, a leader of local development that allows the local industry and economy of Taiwan to flourish anew and create sustainable prosperity for the local community.



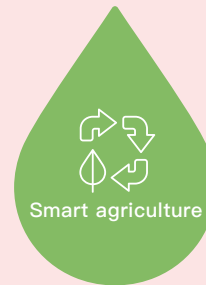


Three-in-One Model of Life

Years of land improvement have facilitated the cultivation of high-quality, diverse organic crops without pesticides or chemical fertilizers. The disaster victims were able to learn new agricultural technologies and techniques, allowing them to gain a sense of purpose in their lives while also receiving guaranteed income, thereby realizing our three-in-one model of production, life, and ecology at this example of city-industry integration.

Cradle for Young Farming Talent

Since 2015, the number of employees at the Yonglin Farm has increased from 107 to 147 people. Most new employees are young people aged 25 to 30 with agricultural science majors.



Simple Farming

We use science to enhance agricultural technologies, establish crop production models, and plan crop cultivation, soil improvement, seedling management, crop growth technology management, crop nutrition, and pest management.

Big Data and AI Application

Annual output increases year over year, with stable and diverse crop yields. The introduction of facility agriculture and technology management has enabled the development of a smart agriculture park, which actively conducts research and development into high-value organic processed products to help enhance the value of agricultural products. In addition, serial branding development is underway, and star product lines such as Yonglin Select, Yonglin Fresh Produce, and Miss Xia enrich our dining tables and meet the food culture demands of modern consumers.



Local Economic Prosperity

The Yonglin Farm was opened to the public for the first time in early 2019. In 5 days, the Farm was flooded with 200,000 tourists, which helped to drive the local tourism industry, including lodging and dining facilities.

Driving Local Industry

The transition from an intensive farm to a leisure farm.





6.2.2 Teach Them to Fish Rather than Giving Them a Fish

A passage in the ancient Chinese classic Laozi states, "Teaching people to fish is better than giving them a fish." Simply put, this means that rather than giving a person a fish, it is better to teach them how to fish, so that they can support themselves throughout the rest of their lives.

In 2009, Yonglin Farm was established to support the victims of the August 8 typhoon, and has since transitioned successfully to a smart agricultural farm, enabling farmers to build an organic ecological park through technology. The Yonglin Foundation was responsible for all planning and execution processes, from leasing Taiwan Sugar Corporation in the Shanlin District to commissioning a professional management team that guided disaster victims in learning new technologies, and building an organic agricultural park that enabled disaster victims to live in safety and sustainability. Through the efforts of all involved, the Farm obtained a Certificate of Organic Transition in 2010. In 2013, the entire Farm received organic certification and became the largest organic farm in Taiwan.



In 2011, the Yonglin Foundation launched the Help People Help Themselves Project and provided more than 120 million NTD to support a total of 86 social welfare groups in implementing innovative solutions proposed by different groups for children, youth, women, the elderly, the physically handicapped, and the sick. Over the past three years, more than NT\$ 500 million has been cumulatively sponsored.

From 2018 to 2019, the Yonglin Foundation supported the Sunshine Auto Beauty Center in developing quality employment training for people with physical or mental disabilities, enabling them to create social value through their efforts.

The Help People Help Themselves Project

provided more than **500** million NTD to
support a total of **86** social welfare groups

6.2.3 Immediate Mobilization for Disasters

▲ Providing timely support for disaster victims

Following the collapse of the cross-sea bridge at Nanfangao in Yilan, Founder Terry Gou, donated 10 million NTD to the Yilan County Government, stating that he was not only concerned for the injured, but also hoped that those still trapped could be quickly rescued. He further expressed his gratitude to the medical personnel, police, firefighters, and military members providing assistance and relief at the bridge, thanking them for always heading to the front lines when disasters occur in Taiwan.

▲ Providing support for heroic rescuers and seeking justice for police and firefighters

In July 2019, Founder Terry Gou was greatly saddened by the news concerning officer Lee, a railway police officer who had died in the course of his official duties. Founder Terry Gou, himself a family member of a police officer, went to pay tribute at the officer's altar, and forcefully advocated to safeguard the rights of the military, policemen, and firefighters.

In October 2019, a fire broke out at a factory constructed using sheet metal in Daya District of Taichung City. During the firefighting process, two firefighters were killed in the line of duty. As the chief consultant to the Association of Volunteer Firefighters, Founder Terry Gou actively provided aid to deceased and injured firefighting heroes upon hearing the news, and donated a total of 2 million NTD to the firefighters' families.



6.2.4 Care for the Disadvantaged, Support for the Elderly, and Assistance for the Young

▲ Community meals for elders

Aging, childless society is one of the main challenges facing Taiwan in recent years, and the Yonglin Foundation is committed to caring for the elderly, young children, and schoolchildren. We planned shared meals to encourage elders to walk out of their homes, make friends, and share their experiences, in hopes the happy atmospheres of these meals would enhance their appetites, absorption of nutrients, and general health. We launched a community meal plan for the elderly in the Dingpu and Peipo Communities at the Tucheng District of New Taipei City in January 2019 to build a better environment for the elderly.



▲ Support and care for children

In response to declining birth rates, the Foxconn Education Foundation has provided support for public childcare centers and parent-child services, and has paid 2 million NTD to various county and city governments for the renovation of public childcare and parent-child centers that provide children with a happy environment to learn and grow.

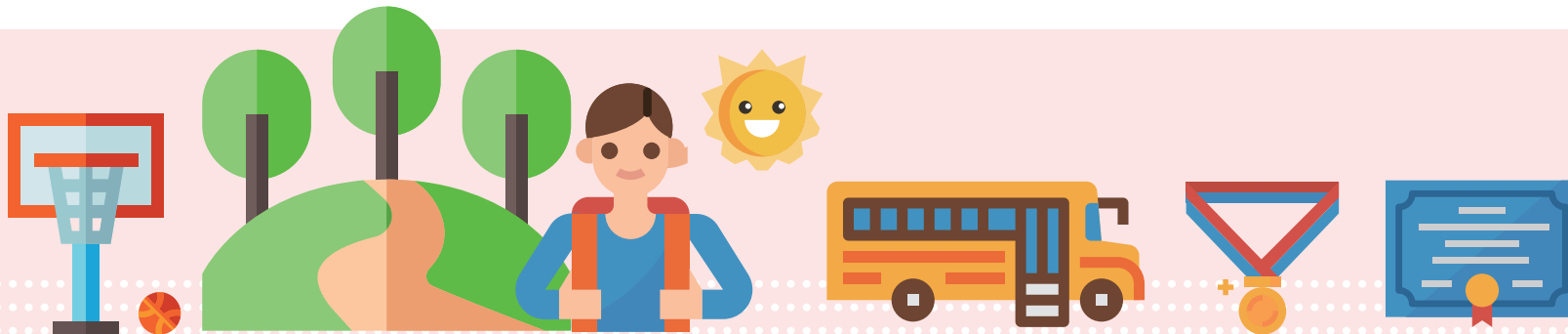


6.3 Cultural Development

“When you give children hope, you change a generation.” We believe that providing support to children allows them to tap their hidden potential and creates unlimited possibilities for future generations.

6.3.1 Supporting Schoolchildren from Rural Tribes in Pursuing Their Dreams on the World Stage

In July 2019, the Foundation donated 5 million NTD to participate in the “Tribal Children Participation in World Scout Jamboree Crowdfunding” project initiated by the Cultural Bridges Organization Transcending Boundaries, allowing 54 tribal boy scouts and IST international volunteers to attend the World Scout Jamboree (“Unlock a New World”), which was jointly hosted by the United States, Canada, and Mexico. This experience gave tribal children even more motivation to change their lives and also showcased the beauty of tribal culture to the world.



6.3.2 Relaying Love to Drive Life and the Future

The Yonglin Foundation has long paid attention to sports development and has actively provided support through sponsorships and organization of sporting competitions. The Foundation hopes to promote sports activities that enhance the robust development of local sports ecosystems.

Supporting golf activities for youth



The Yonglin Foundation sponsors the “Yani Tseng Golf Promotion Sports Project,” which allows young players with the potential to compete and learn from each other, and also organizes international invitation tournaments. To ensure alignment with international level of play, the Foundation has invited renowned foreign players from the Ladies Professional Golf Association (LPGA) and related international institutions to compete and interact with local Taiwanese players. The Foundation also sponsors the “Nine–Nine Project” for young players in the Golf Association of the Republic of China to build a path of growth and success for more young players with potential.

Cultivation of local baseball talent



The Yonglin Foundation donated 50 million NTD to the Nan-tou County Government in 2016 to build a county baseball stadium that serves as a space to cultivate local baseball talent. In June 2019, the Foundation sponsored a friendly game played by the Wenchang Primary School Baseball Team from Xiluo Township in Yunlin County and invited players to watch a professional baseball match in Tatebayashi City of Gunma Prefecture in Japan.

Providing football resources for rural campuses



The Yonglin Education Foundation has long been concerned about the educational development of Taiwanese children and has provided many learning resources for rural and disadvantaged children while also contributing long-term support to age-bracketed football tournaments hosted by the Taoyuan City Football Association so that rural areas in Greater Taoyuan can organize youth football activities and allow children to display their diverse talents in sports.



6.3.3 Foxconn Scholarship Program

Since 2017, the Group has provided 300 scholarships (each worth 100,000 NTD) every year to help students realize their dreams. In line with the characteristics of the first year this program was initiated, we did not apply any typical limitations for scholarship applications in 2018, and we continuously seek to help outstanding disadvantaged students who need urgent assistance but do not qualify for most scholarships. Our scholarships were further extended to those in tertiary education who were enrolled in undergraduate extension study programs. We received many inquiries from master's and doctorate students in 2019, so increased our total number of scholarships to 330 places, which were open to undergraduate, master's, and doctoral students. We hope that these scholarships can help disadvantaged young students breakthrough economic constraints and realize their dreams. A total of more than 10,000 students applied for Foxconn Scholarship Program from 2017 to 2019.

By the third year of the Foxconn Scholarship Program, we had obtained a deeper understanding of youth poverty in Taiwan and realized that many “new socially disadvantaged” youth are enmeshed in the challenges of economic and environmental realities even after completing their studies. To actively support diverse learning opportunities for disadvantaged youth, the Foxconn Scholarship Program hosted its first growth camp in 2019. Apart from providing economic relief, the Foundation has also established a Scholarship Alumni Society to foster future competitiveness in Scholarship recipients.



Foxconn Scholarship Program



First-year beneficiary

Student Chan from Chung Shan Medical University, was a student from a low- and middle-income household. She said that her classmates often believed that she received governmental subsidies due to her family's income status, though she enjoyed few benefits, received only partial exemptions for tuition fees and health insurance fees, and had to rely on herself for living expenses. Ms. Chan worked part-time jobs and also applied for scholarships which provided welcome supplements to her income. However, she was unable to meet basic qualifications for many scholarships open only to students from low-income households and therefore faced many challenges when subsidizing her expenses with scholarships. As a result, she even had to work during ten-minute recesses between classes. A scholarship of 100,000 NTD may not be enough to help students such as Ms. Chan achieve their dreams, but will allow them to move closer to and gain more courage to pursue their goals.

Second-year beneficiary

Student Fang from Taipei University, stated, “We are all like whales swimming in the sea. We hope that one day everyone can hear our voices, but we need to work hard to make ourselves heard.”



6.3.4 Taiwan Hope Elementary School

Founder Terry Gou, who was solely responsible for the establishment of the Taiwan Hope Elementary School project, believes that the advancement of technology and living has created major changes in the world; modern life, reading, driving, travel, and farming are all completely different from past times. Children are now facing a growing number of objective stresses, and thus feeling, imagination, execution, and sharing are four steps that are extraordinarily important for the future of children.

Children who are economically disadvantaged or who have weak family support systems are in urgent need of help to improve their future survival capabilities. Taiwan Hope Elementary School students are all from families that are not economically wealthy (30% of children have received government subsidies for low-income, low- and middle-income, or disadvantaged families). The Foundation hopes to support these children and allow them the opportunity to create unlimited possibilities for future generations through diverse innovations that allow them to tap their hidden potential.

Founder Terry Gou was one of the earliest to put this concept into practice by encouraging primary school children in the Eagles Want to Soar Program to change ecological conservation through their actions. The world is changing rapidly and drastically. We may not be able to determine the best curriculums or the best way of teaching in the future, but the Yonglin Foundation and the Foxconn Education Foundation believe that helping children build self-confidence and problem-solving abilities will be beneficial all throughout their lives. Giving children courage and strength during their upbringing, as well as an environment of happy learning, will give them lasting confidence to face various challenges.





Appendix I . GRI Standard Reference

General Disclosures

Disclosure Number	Disclosure	Chapter	Page
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)			
GRI 102: General Disclosure 2016			
Organizational profile			
102-1	Name of the organization	1.1 Company Overview	11
102-2	Activities, brands, products, and services	1.1 Company Overview	11
102-3	Location of headquarters	1.1 Company Overview	11
102-4	Location of operations	1.1 Company Overview	14
102-5	Ownership and legal form	1.1 Company Overview	11
102-6	Markets served	1.1 Company Overview	11
102-7	Scale of the organization	1.1 Company Overview	11
102-8	Information on employees and other workers	2.1 Employee Overview	38
102-9	Supply chain	4.1.1 Supplier Management System	66
102-10	Significant changes to the organization and its supply chain	No significant changes within the reporting scope	–
102-11	Precautionary Principle or approach	1.2 Corporate Governance	23
102-12	External initiatives	1.1 Company Overview	15
102-13	Membership of associations	1.1 Company Overview	15
Strategy			
102-14	Statement from senior decision-maker	Letter from our Chairman	3
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	1.3 Ethical Management	26
Governance			
102-18	Governance structure	1.2 Corporate Governance	18
		1.4 Social and Environmental Responsibilities	29



Disclosure Number	Disclosure	Chapter	Page
Stakeholder engagement			
102-40	List of stakeholder groups	1.5 Stakeholder Classification, Communications and Responsibilities	31
102-41	Collective bargaining agreements	2.5 Communication and Protection of Employee Rights	44
102-42	Identifying and selecting stakeholders	1.5 Stakeholder Classification, Communications and Responsibilities	31
102-43	Approach to stakeholder engagement	1.5 Stakeholder Classification, Communications and Responsibilities	31
102-44	Key topics and concerns raised	1.5 Stakeholder Classification, Communications and Responsibilities	31
Reporting practice			
102-45	Entities included in the consolidated financial statements	1.2 Corporate Governance 2019 Annual Report, Page 149	19 2019 Annual Report
102-46	Defining report content and topic Boundaries	About this Report 1.5 Stakeholder Classification, Communications and Responsibilities	2 35
102-47	List of material topics	1.5 Stakeholder Classification, Communications and Responsibilities	34
102-48	Restatements of information	No restatements of information	–
102-49	Changes in reporting	1.5 Stakeholder Classification, Communications and Responsibilities	35
102-50	Reporting period	About this Report	2
102-51	Date of most recent report	About this Report	2
102-52	Reporting cycle	About this Report	2
102-53	Contact point for questions regarding the report	About this Report	2
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	2
102-55	GRI content index	Appendix I. GRI Standard Reference	106
102-56	External assurance	Appendix II. Independent Verification Statement	110



8 Material Issues

Disclosure Number	Disclosure	Chapter	Page
Corporate governance and operational performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5 Stakeholder Classification, Communications and Responsibilities 35
	103-2	The management approach and its components	1.2 Corporate Governance 16
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Corporate Governance 19
Ethical management and legal compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5 Stakeholder Classification, Communications and Responsibilities 35
	103-2	The management approach and its components	1.2 Corporate Governance 16
	103-3	Evaluation of the management approach	
GRI 205 Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	1.3 Ethical Management 28
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4 Social and Environmental Responsibilities 30
GRI 307 Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	5.1 Environmental Management 82
Talent attraction and retention			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5 Stakeholder Classification, Communications and Responsibilities 35
	103-2	The management approach and its components	CH2 Employees 37
	103-3	Evaluation of the management approach	
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.4 Wages and Benefits 41
Occupational health and safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5 Stakeholder Classification, Communications and Responsibilities 35
	103-2	The management approach and its components	CH3 Health and Safety 54
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-4	Health and safety topics covered in formal agreements with trade unions	CH3 Health and Safety 55



Disclosure Number		Disclosure		Chapter	Page
Client privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5	Stakeholder Classification, Communications and Responsibilities	35
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach	1.2	Corporate Governance	16
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.2	Corporate Governance	22
Innovative research and development					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5	Stakeholder Classification, Communications and Responsibilities	35
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach	1.2	Corporate Governance	16
No applicable GRI topic					–
Employee rights and diverse equality					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5	Stakeholder Classification, Communications and Responsibilities	35
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach	CH2	Employees	37
GRI 412: Human Rights Assessment 2016	412-2	Operations that have been subject to human rights reviews or impact assessments	CH2	Employees	38
Energy and greenhouse gas management					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.5	Stakeholder Classification, Communications and Responsibilities	35
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach	CH5	Environment	81
GRI 302: Energy 2016	302-1	Energy consumption within the organization	5.2	Energy Management	86
	302-3	Energy intensity			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	5.3.2	GHG Emissions	92
	305-2	Energy indirect (Scope 2) GHG emissions			



INDEPENDENT ASSURANCE OPINION STATEMENT

2019 HON HAI Corporate Social Responsibility Report

The British Standards Institution is independent to Hon Hai Precision Industry Co., Ltd. (hereafter referred to as HON HAI in this statement) and has no financial interest in the operation of HON HAI other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of HON HAI only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by HON HAI. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to HON HAI only.

Scope

The scope of engagement agreed upon with HON HAI includes the following:

1. The assurance scope is consistent with the description of 2019 HON HAI Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the HON HAI's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000 Assurance Standard (2008) with 2018 Addendum assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2019 HON HAI Corporate Social Responsibility Report provides a fair view of the HON HAI CSR programmes and performances during 2019. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the HON HAI and the sample taken. We believe that the economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate HON HAI's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that HON HAI's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to HON HAI's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 10 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that HON HAI has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the HON HAI's inclusivity issues.

Materiality

HON HAI publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of HON HAI and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the HON HAI's management and performance. In our professional opinion the report covers the HON HAI's material issues.

Responsiveness

HON HAI has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for HON HAI is developed and provides the opportunity to further enhance HON HAI's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the HON HAI's responsiveness issues.

Impact

HON HAI has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. HON HAI has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the HON HAI's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

HON HAI provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the HON HAI's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the HON HAI's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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