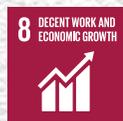


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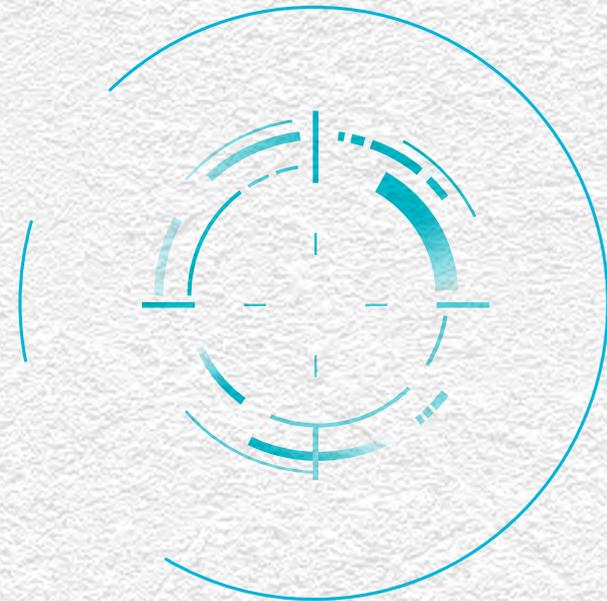
## Corporate Governance, Smart Innovation

Corporate Governance	P21
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Stakeholder Identification, Communication, and Responsibilities	P41



### Key Response Stakeholders :

- Employees
- Clients
- Shareholders / Investors
- Suppliers / Contractors
- Government
- Media
- Non-government Organizations



# Corporate Governance, Smart Innovation

## Management approach for issues

Financial performance, information security and client privacy, corporate governance and risk management, ethical management and legal compliance, innovative development and low-carbon technologies



### Meaning to the Group

Establishment of sound corporate governance and a culture of corporate integrity which effectively safeguards the rights of all stakeholders and demonstrates our corporate values. 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 is also working to consolidate its leadership in the technology industry and continues to invest in research and development of advanced technologies.



### Policies and Commitments

The Group complies with all domestic and overseas regulatory requirements and strives to protect shareholder interests, strengthen Board functions, empower functional committees, respect stakeholder interests, and enhance information transparency. Additionally, in order to achieve our F3.0 goal of transformation to new industries, the Group focuses on the “3+3” development strategy and works to lead all industries toward a future smart society.



### Grievance Mechanism

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



### Evaluation of the Management Approach

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



### Specific Actions

- Continue to improve corporate governance performance, protect shareholder and stakeholder interests, strengthen Board function, and enhance information transparency.
- The Group has accumulated a total of 159,710 global patent applications and received approval for 92,414 patents.
- Published three self-developed EV models with our trademark efficiency.
- We provide intellectual property incentives to encourage innovative development from our colleagues and have distributed 9.2 million NTD in incentives to 2,017 people.



### Goals and Targets

#### Short-term goals

- Continue to refine ISO 27001 Information Security Management System and assist our businesses in establishing information security systems.
- Conduct 10 major system penetration tests every year to ensure zero impacts from significant information security incidents.
- Use the Group app to publicly announce incidents of corruption, illegal behaviors, and violations, and increase the number of disclosed incidents by 10% each year.



#### Mid- to long-term goals

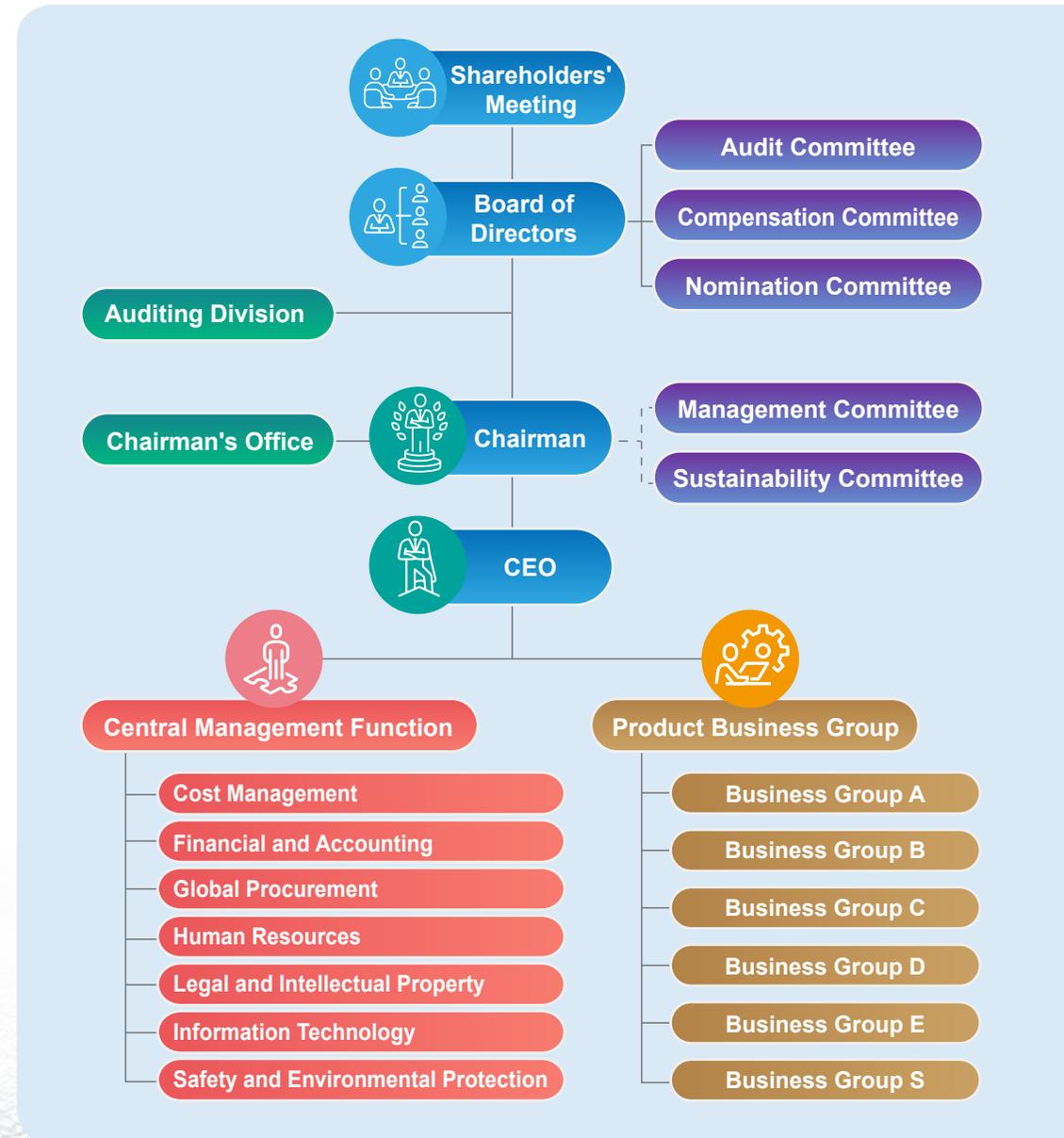
- Establish a principle where fewer than half of Board directors cannot be concurrently serving as Group employees or managers.
- Increase the proportion of female Board directors from the current 11% to 30%.
- Raise average performance evaluation scores for the Board, Audit Committee, and Compensation Committee to 4.8, and commission external professional teams to conduct performance evaluations of the Board and functional committees once every three years.
- Publicly disclose Group tax policies.

# Corporate Governance

## Group 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 nongovernmental organizations. The general managers of each business group adhere to the guiding principles of the Board of Directors in directing the operations of each business 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. The remuneration of the board of directors is directly derived from the relevant remuneration for the management positions held by the listed companies of the group.

The Group's Board of Directors currently comprises nine directors, including five independent directors and two female directors. We have also established an Audit Committee and Compensation Committee, and the establishment of a Nomination Committee was approved by the Board on March 16, 2022. Each director has extensive academic backgrounds and work experience in engineering, finance, and other fields, 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.



[Directors Biographies](#)

[Board Resolutions](#)

[Independence of Independent Directors](#)

[Diversity of Board Members](#)

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 Sustainability Committee reports annually to the Board of Directors regarding execution of ESG 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.” In 2021, the Group ranked in the top 6% to 20% of the 8th Corporate Governance Evaluations.

2021 Annual Report

[For more information on our Corporate Governance Code of Practice and remuneration \(including salary, bonuses, retirement pension, and education and training hours\) for directors \(and independent directors\), general managers, and vice presidents, please refer to our 2021 annual report.](#)



### Audit Committee

The Group 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 16 times in 2021.

### Remuneration 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 “Organizational Charter of the Compensation Committee” requires the Committee to convene at least twice a year. The Committee convened twice in 2021.

### Shareholder Rights and Equality

The Group encourages shareholders to participate in corporate governance. Apart from our shareholders’ meetings, we have also established more effective ways to contact our shareholders so that our managers and independent directors can receive shareholder feedback, understand shareholder issues of concern, and provide clear explanations for corporate policies to gain shareholder support.

The Group has commissioned a professional stock agency to handle shareholder affairs so that shareholders’ meetings can be convened legally, effectively, and safely. We have also established an Investor Relations Office for dedicated handling of shareholder suggestions and disputes.



[Corporate Governance Code of Practice](#)



## Financial Performance

Under the leadership of Chairman Young Liu, the Group's revenues for 2021 reached 5.99 trillion NTD. Gross profits increased by 20%, reaching 362.1 billion NTD; net operating profits increased by 34%, reaching 149 billion NTD; net profits increased by 37%, reaching 139.3 billion NTD. All three indicators rose over the year. Our EPS was 10.05 NTD, marking a 14-year high since our establishment in 2008.

Item	Unit	2019	2020	2021
Operating revenue	Billion NTD	5,343	5,358	5,994
Operating costs	Billion NTD	5,027	5,055	5,632
Employee compensation and benefits	Billion NTD	306	281	303
Income tax	Billion NTD	44	26	29
Net profits	Billion NTD	115	102	139
Earnings (losses) per share	NTD	8.32	7.34	10.05

### NO.1

Taiwan's largest enterprise terms of revenue

All three indicators rose over the year



## Risk Management

Risk and opportunity are two sides of the same coin. If risks can be prevented and impacts minimized in advance, risks can be transformed into opportunities. Faced with rapidly evolving external environments, identification of risks and enhancement of response capabilities has become a key aspect of operational management for the Group, allowing us to keep abreast of future opportunities to realize our vision of sustainable development.

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. Regarding external and internal risks, the Group has established appropriate risk management mechanisms and firewalls according to internal organizational procedures such as the "Operational Procedures for Work and Financial Transactions Involving Special Companies and Other Companies Within the Group," "Operating Procedures for Business and Financial Transactions," "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

1. The overall risk management policy for the Group is focused on the unpredictability of financial markets and operational aspects, and seeks to reduce any hidden negative effects stemming from the financial status and operational performance of the Group.
2. 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 our management goal is to reduce such risks to zero.
3. 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 effects of market fluctuations into account as appropriate, then adjust overall operations to achieve optimal benefit.

## Management Systems

1. 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.
2. The Board of Directors has listed risk management principles in writing and has provided written policies for specific areas and items.



## Scope of Risk Management and Response Strategies

Financial Considerations	Market Risks	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 are affected by exchange rates for functional currency. A feature of contract manufacturers is that both revenues and expenditures are calculated 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.
	Credit Risks	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.
	Liquidity Risks	The Group only works with mature financial products that are simple in structure, simply 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.
Operational Considerations	Procurement and Sales Consolidation	The Group cooperates with like-minded high-quality suppliers to manage our global economic strategy, which not only reduces our procurement and sales risks in single markets, but also assists our suppliers in reducing possible risks from independent responses to risks stemming from industrial changes. We continue to establish strategic bases in important global markets and advantageous regions so as to fulfill the global delivery needs of our clients.
	Information Security	We have established risk assessment guidelines relating to information security risks. We implement risk controls and continued improvements at the organizational and technical levels to reduce corporate information security risks, formulating protection mechanisms for confidential information that adhere to legal regulations, client needs, and corporate management while also conducting regular reviews of information security risks for effective information security management.
	R&D and Technology	The Group focuses on establishing leadership in high-tech products by effectively gathering outstanding R&D talents and investing the best R&D resources to achieve continued development and mass production of advanced technologies and processes. We also actively submit patent applications.
	Corporate Image	The Group focuses on balanced expansion of all global businesses, assists our strategic partners and clients in avoiding risks, and also facilitates global promotion of corporate, social, and environmental responsibilities. The Group has established a global crisis management plan and will continue to run simulations for major emergencies in the foreseeable future while formulating relevant plans to ensure protection of shareholder rights and customer interests.
	Operational Interruption Risks	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. The Group implemented the ISO 22301 business continuity management system in 2021 to manage operational risks through active responses to emergency events, thus ensuring continued operations and rapid recovery during crisis periods. Additionally, the Group invited third-party institutes to conduct seed training courses in 2021. A total of 30 people have completed training.
Strategic Considerations	Operational Risks	To prevent risks stemming from losses due to unintentional mistakes, 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.
	Technological Changes	In recent years, the Group has actively committed to development of strategic technologies and is attentive of industrial changes. In future, we will continue to implement research and development aligned with market trends and client needs.
	R&D and Technology	The Group focuses on establishing leadership in high-tech products by effectively gathering outstanding R&D talents and investing the best R&D resources to achieve continued development and mass production of advanced technologies and processes. We also actively submit patent applications.

Note:

1. For information on occupational health and safety risks, please refer to the chapter "[Safety Audits and Risk Identification.](#)"
2. For information on supply chain risks, please refer to the chapter "[Policies for Sustainable Management of Suppliers.](#)"
3. For information on climate change risks and opportunities, as well as TCFD recommendations and analysis results, please refer to the chapter "[Climate Change.](#)"

## Information Security Management

### Information Security Unit

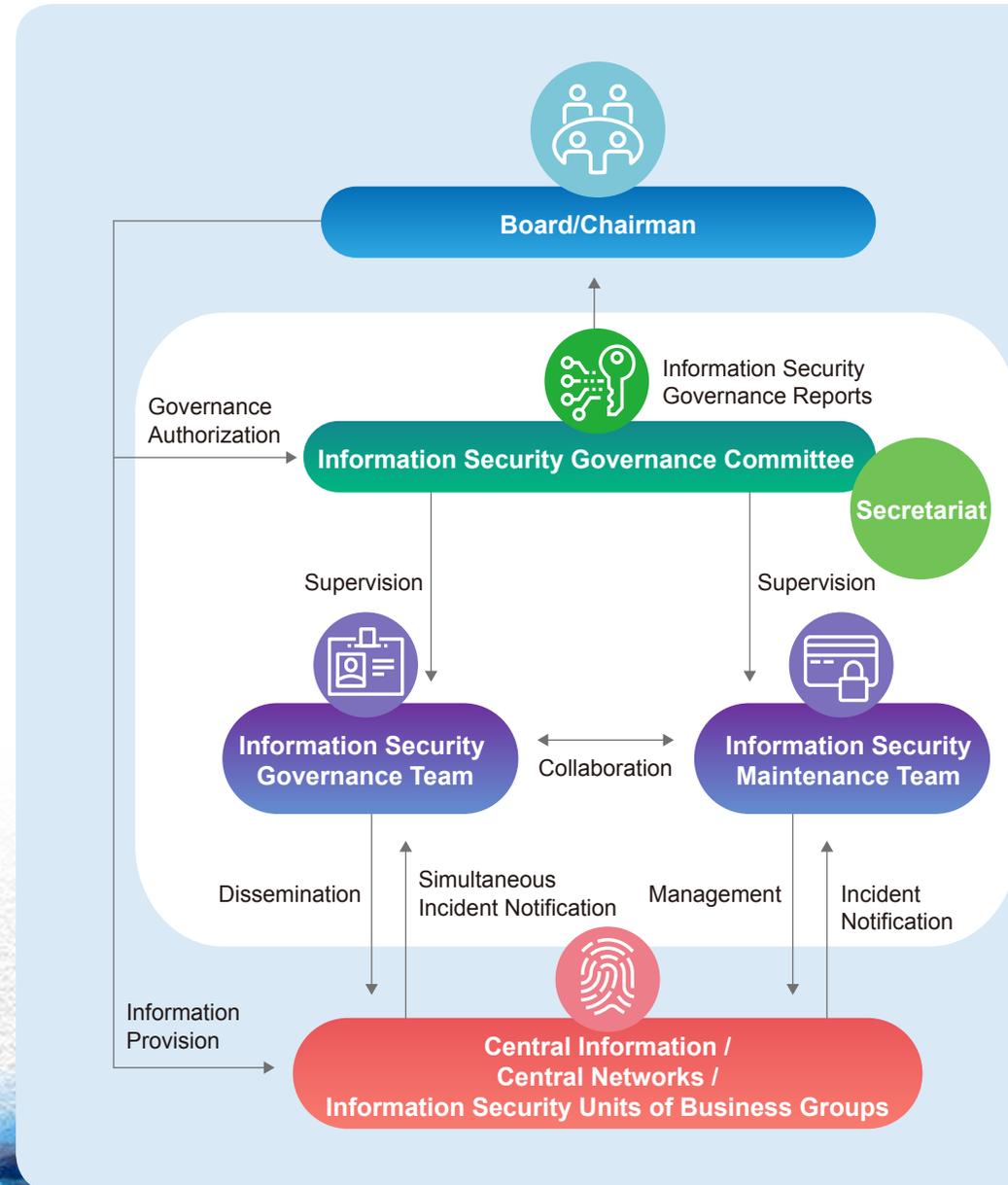
In order to satisfy the information security needs of clients and safeguard client privacy and intellectual property rights, the Group has established an Information Security Committee headed by our Chairman, with members composed of the highest authorities and highest corporate information and network managers at our subsidiaries, as well as the highest authority at the Hon Hai Research Institute. The highest finance, human resources, legal, and audit managers of each company attend meetings as necessary according to project content. The Committee assigns leaders of information security projects, provides necessary project support, reviews project results, and regularly reports on information security governance issues, directions, and governance results to the Board. The Hon Hai Research Institute informs the Committee of information security risks and helps to assess and verify new information security technologies on behalf of the Committee in its capacity as Committee secretariat. An Information Security Governance Team and Information Security Maintenance Team have been established under the Committee and have been tasked with the following responsibilities:

#### Information Security Governance Team:

Formulation of information security governance strategies, guidelines, information security policies, and related procedures to ensure legal compliance.

#### Information Security Maintenance Team:

Construction and maintenance of information security frameworks, equipment, protection mechanisms, and risk assessment mechanisms to ensure effectiveness of information security actions.



## 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 could affect corporate operations or harm corporate interests.” The Group has implemented the ISO 27001 Information Security Management System, which 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, intrusion detection systems, email security systems, auto-detect updates for operating systems, anti-virus systems, Internet authorization systems, security monitoring systems, and vulnerability scanning systems. The Group has established key business continuity management procedures and implementation plans in accordance with Business Impact Analysis (BIA) results to ensure that our executives can protect employee safety and restore business operations as soon as possible when operational interruptions occur. The Group has formulated a targeted and effective business continuity plan, conducts investigations of key businesses, and has established internal Business Continuity Planning (BCP) based on consolidated consideration of Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs). We also conduct drills at least once a year for continued enhancement of our business continuity capabilities. No major incidents that impacted corporate operations or infringed upon client privacy occurred in 2021.

## 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. The Group has established notification mechanisms on our internal information platforms to ensure that our colleagues can report discovered or encountered incidents. Our human resources department provides appropriate rewards to incident informants. Employees who provide timely reports of substantiated violations or incidents that damage our corporate reputation are rewarded with a commendation in accordance with the employee handbook. We organized 494 information security training courses for our managers, IT personnel, general employees, and external personnel in 2021.



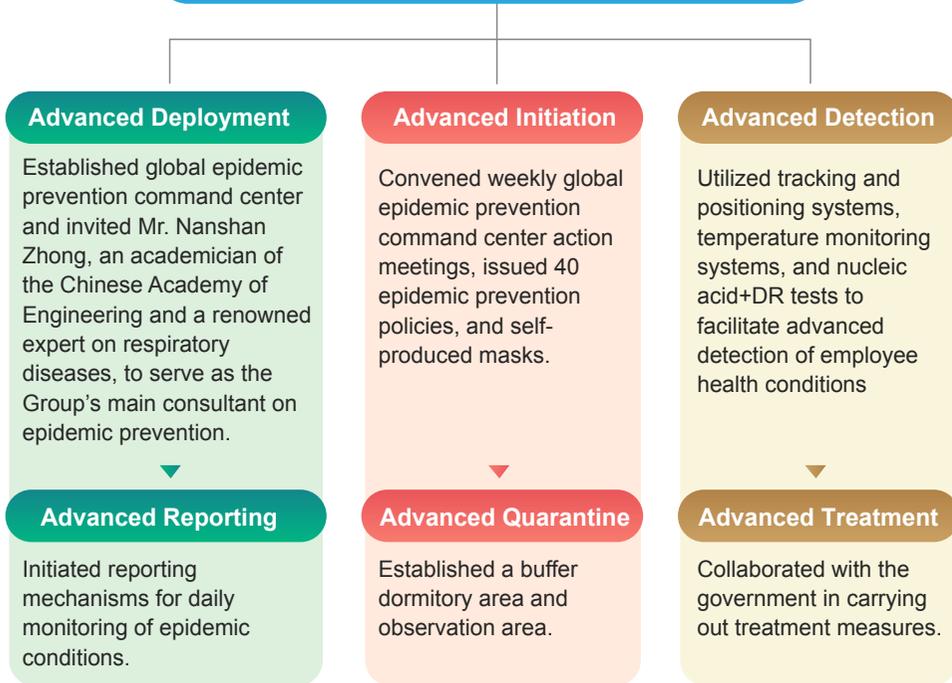
## COVID-19 Epidemic Prevention Measures

In response to the COVID-19 pandemic, we set the health and safety of employees and their families as our highest guiding principle and initiated the internal Business Continuity Planning (BCP) project. Chairman Young Liu personally supervised the epidemic prevention command center and headed weekly epidemic prevention meetings where responsible personnel reported directly to the Chairman and Group epidemic prevention strategies were determined.

Under the leadership of our Chairman, we minimized epidemic impacts on our labor losses through a comprehensive control mechanism which delivered epidemic information, distributed epidemic prevention materials, and implemented dynamic management measures. We therefore received a GCSA Special Award for Pandemic Response in 2021.



### The Group's Six Advanced Strategies



### The Group's Seven Epidemic Prevention Measures

- 1 Epidemic Prevention Measures**

  - Establishment of epidemic prevention organizational structures
  - Establishment of epidemic prevention command center meetings
  - Establishment of processes for handling confirmed cases
- 2 Epidemic Prevention Resources**

  - Inventory management of epidemic prevention resources
  - Establishment of body temperature monitoring equipment
- 3 Cleaning and Disinfection Resources**

  - Disinfection and management of public areas
  - Disinfection and management of shared surfaces and objects
  - Management of campus air conditioning, ventilation, and sanitation
- 4 Employee Checks**

  - Daily health management through the iCivet platform
  - Monitoring of abnormal body temperatures and health conditions
  - Monitoring of key targets (employees returning from epidemic areas)
  - Monitoring, management, and notification
- 5 Internal Management**

  - Campus entry management systems
  - Logistics management procedures for Group vehicles
  - Management of external personnel
  - Establishment of epidemic prevention
- 6 Education and Training**

  - Epidemic prevention education and training courses
  - Conducted epidemic prevention quizzes for all campus employees
  - Online and offline announcement of epidemic prevention
- 7 Employee Care**

  - Active care for employees through managers
  - Health management
  - Epidemic prevention



We organized 89 remote audits for 28 campuses relating to 8 items and discovered 212 deficits, 212 of which were tracked and rectified, achieving a rectification rate of 100%. Voluntary audits conducted at 28 campuses revealed 2712 deficits, 2712 of which were rectified, achieving a rectification rate of 100%.



## Epidemic Prevention Audits

<b>1. Audit organization</b>	Campus unions
<b>2. Audit personnel</b>	Full-time and part-time committee members
<b>3. Audit method</b>	Regular audits focusing on peak traffic periods conducted from Monday to Saturday
<b>4. Audit scope</b>	First-line/third-line gates, observation areas, buffer dormitory (apartment) areas, canteens, production lines, smoking areas/commercial areas, and other public areas
<b>5. Audit standards</b>	The Group's "Campus Epidemic Prevention Audit Procedures and Standards" has listed 160 items under 10 main categories

The Group has continually adhered to a path of sustainable development which facilitates harmonious coexistence with the environment and mutual prosperity with society. As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise. At the beginning of the COVID-19 epidemic, we knew that enterprises would play an essential role in building a complete epidemic prevention network. Enterprises must participate in national and social epidemic prevention teams and systems to guarantee the safety of every community and family, and to overcome associated challenges.

An epidemic outbreak occurred in Taiwan in May 2021, and the local government imposed a Level 3 alert. However, the situation was aggravated by Taiwan's vaccine shortage. To resolve Taiwan's vaccine crisis, the Group immediately assessed the situation and actively participated in negotiations to purchase and donate vaccines. Founder Terry Gou voluntarily submitted a BNT vaccine donation plan to relevant authorities which received unanimous support from all Board directors, and official application documents for donation of BNT vaccines were submitted to the Ministry of Health and Welfare on June 1, with all vaccines provided to the Ministry of Health and Welfare. Following discussion with the Taiwanese government, the Group was officially authorized to purchase 5 million BNT vaccines on June 18, and relevant contracts were successfully signed. A total of 15 million vaccines were purchased in collaboration with TSMC and Tzu Chi Foundation.

Vaccine delivery commenced in September 2021 and final delivery was completed on January 27, 2022, effectively solving Taiwan's vaccine crisis and increasing single-dose coverage from 42.6% in September to more than 80%;

Seven weeks have passed from proposal of our BNT vaccine donation plan to the competent authority on May 23, submission of relevant documents to the Food and Drug Administration on June 1, and official authorization by the Executive Yuan on June 18. During this time, I understood that I shouldered heavy responsibilities and would run into many challenges. However, I and my vaccine procurement team held on to hope and worked to complete legal procurement and donation procedures in the shortest time possible. My team and I share the public's anticipation and anxiety regarding vaccines. Today, we are delighted to finally have a response to public expectations, but we will not relax as we still need to continue tracking vaccine arrival times and amounts. We believe that this batch of vaccines delivered directly from the original German manufacturers can help the general public in Taiwan increase confidence and gain respite during the pandemic. Pandemic conditions overseas are still severe, and it is possible that we will experience a second and third wave of infections in Taiwan, so we should all continue to adhere to epidemic prevention regulations. Unity is the antidote to adversity. Godspeed to Taiwan, and I look forward to ending this pandemic.

— Founder Terry Gou

What Taiwan needs most right now is vaccines. We place full trust in our founder Terry Gou and actively negotiated vaccine imports through the Yonglin Foundation to provide resources needed for Taiwan's epidemic prevention system and fulfill our social responsibilities. The Group knows that enterprises must be involved in the construction of complete epidemic prevention networks in Taiwan, and must participate in community epidemic prevention teams and systems to guarantee the safety of every community and family so as overcome these challenges.

— Chairman Young Liu



Image source: Taiwan Central Epidemic Command Center

# Ethical Management

The Group upholds a corporate culture of integrity and ethical management, adopts a zero-tolerance policy toward any behaviors and activities violating these regulations, and is committed to full compliance of international and domestic anti-corruption and anti-bribery regulatory requirements. All employees must sign the “Honesty, Integrity & IP Protection Agreement,” “Confidentiality Agreement,” and “IP Confidentiality Agreement” when entering the company. The Group also provides new employees with training in employee guidelines, management policies, corporate ethics, and codes of conduct on their first day to clearly communicate employee rights and obligations. We also require our suppliers and other collaborators to sign “Partner Commitment Statements” and rigorously implement the strictest anti-corruption policies for all partners, it is a prerequisite for cooperation.

In order to thoroughly implement corporate integrity and ethical management, the Group has established effective internal control systems and organizes annual training for employees. Training relating to ethical management issues in 2021 included courses on insider trading, the Trade Secrets Act and general legal information, operating procedures for communications networks, and introduction to corporate information security policies. A total of 1,316 people participated in these courses, which allowed our employees to constantly keep abreast of the latest regulatory changes, thereby preventing them from violating laws or making similar mistakes. The Group did not incur any legal violations relating to anti-competition, anti-trust and monopolization, or corruption in 2021.

## 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 sustainability regulations, and audits relevant suppliers to ensure that they also comply with the Group’s sustainability 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 [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 Campuses worldwide. As an 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 sustainability. The Group’s Sustainability 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, which encompasses eight main aspects: ethics, labor and human rights, health and safety, environment, management systems, responsible sourcing of minerals, anti-corruption policies, and anti-slavery policies. The Group’s top executives signed off on and began fully implementing the revised Code of the Conduct, actively fulfilling the Group’s corporate social responsibilities. Our Code of Conduct training course is mandatory for all recruits that enter the company each year, and we continue to promote Code of Conduct compliance to existing employees.



[Group Code of Conduct](#)



### Responsible Sourcing of Minerals

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 any 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. 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. We require all our downstream suppliers to comply with legal regulations prohibiting use of conflict minerals, and violators are excluded from the Group's list of suppliers.

**Conflict minerals**

Au

Ta

Sn

W



### Anti-Corruption Policies

The Group upholds a corporate culture of integrity and is committed to full compliance with local and international anti-corruption and anti-bribery laws and regulations. The Group has a zero-tolerance policy towards activities or behaviors that are in violation of anti-corruption policies. Corruption, bribery, embezzlement, and improper activities are strictly prohibited. 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 our anti-corruption policy. The Group implements anti-corruption actions every year while also 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:  
 External mailboxes: [renrenjubao@163.com](mailto:renrenjubao@163.com) ; [jubaofoxconn@gmail.com](mailto:jubaofoxconn@gmail.com)  
 Internal mailbox: [HF.J.Justice@foxconn.com](mailto:HF.J.Justice@foxconn.com)  
 External hotlines: +86-183-1699-4246 (China); +886-906-586-086 (Taiwan)

If we discover 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 encourages reporting of any illegal behaviors, protects the confidentiality of informants, and allows for anonymous reporting to ensure that the identities of whistle-blowing suppliers and employees are kept confidential. The Group's point of contact immediately notifies dedicated units upon receiving reports and organizes a special team to investigate the suspected malpractice described in said report. The Group keeps informant identities and report contents confidential, and provides the results of its investigations via email.  
 Address: No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan  
 Phone: +886-2-2268-3466 ext.560-117  
 Email: [hf.justice@foxconn.com](mailto:hf.justice@foxconn.com)

## Internal Controls and Audits

### 1 Professional Certifications

**CIA, CEAP, CPA, CCSA, CISA**

### 2 Internal Audit Training

**2,115** hours

### 3 Total Number of Internal Control Self-Assessment Activities

**20,022** activities

## 4 Digital Transformation

- **Quick-screening for subsidiaries:** Set specific financial indicators for different subsidiaries, automatically monitor abnormal indicators through our system, and allow auditors to track subsidiary financial risks and strengths through cloud technology.
- **Continued auditing platform:** Conduct continued auditing and analysis procedures through computers to quickly and accurately convey data analysis results to auditors for enhancement of auditing efficiency.
- **Process automation:** Reduce routine inspection times by more than 50% through the use of robots that conduct repetitive and tedious tasks, and utilize the surplus time to increase inspection frequency and inspection scope, thereby enhancing audit quality.

## Internal Audit Organizations

The internal audit unit of the Group is subordinate to the Board and is dedicated to internal audit tasks. In accordance with company size, business conditions, management needs, and other relevant regulations, the Group has appointed an audit officer and an appropriate number of competent internal auditors. The appointment and dismissal of internal audit managers must be approved by the Audit Committee and be submitted to the Board for resolution. Additionally, to ensure that the qualifications of internal auditors adhere to regulatory criteria and enhance personnel functions, the Group requires internal auditors to undergo continued training for a specific number of hours.

## Internal Audit Operations

Internal auditors adhere to principles of independence and adopt an objective and fair viewpoint when implementing their duties and ensuring that they complete due diligence procedures. Audit managers regularly report audit matters to the Audit Committee and the Board.

Internal audit units periodically conduct risk assessments and formulate audit plans which clearly specify audit items, times, processes, and methods. Relevant audits are implemented in accordance with these plans. Additionally, auditors conduct routine audits and planned audits on both a regular and irregular basis while urging all internal units and subsidiaries to conduct regular self-assessments regarding the effectiveness of internal control systems. Audit results are attached to working papers and related materials for compilation of audit reports to ensure that our internal control systems continue to be effectively implemented.

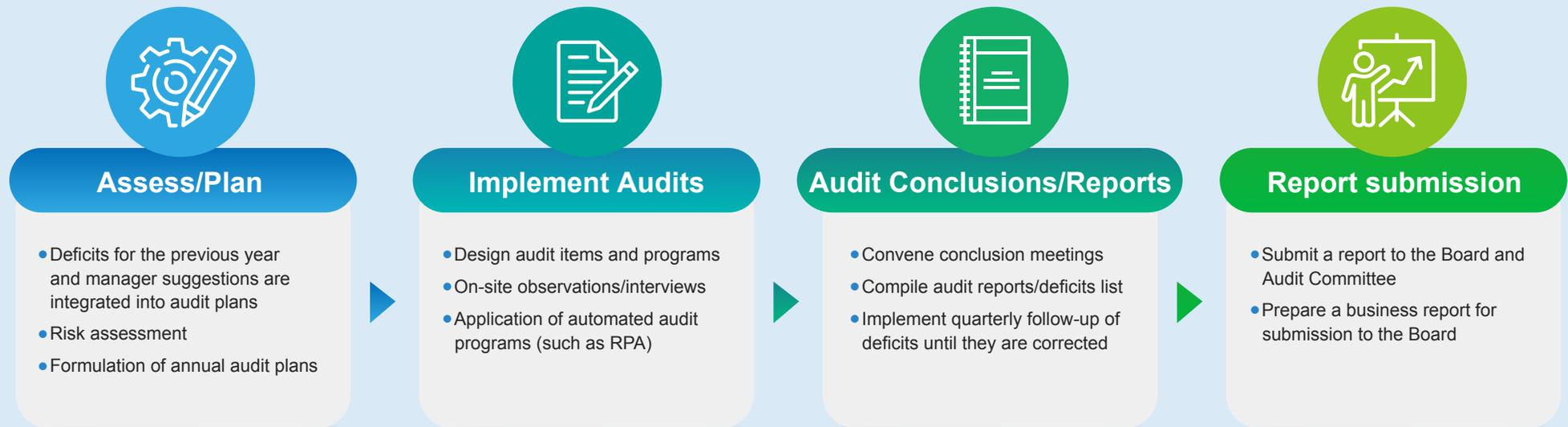
The Group's internal self-assessment procedures are conducted using digital platforms. The self-assessment managers in each unit assess design and effective implementation of internal control systems based on internal control risk databases. Internal audit units review self-assessment reports from all units and subsidiaries, as well as improvements of internal control defects and abnormal items discovered by audit units, to provide a reference for the Board and the CEO when evaluating the effectiveness of internal control systems and issuing statements on internal control.

Internal control deficits and abnormal items discovered by internal auditors during internal audit procedures, listed in statements on internal control, discovered during self-assessments, or discovered through CPA review should be disclosed in audit reports. Following submission of said reports, relevant items should be tracked through quarterly follow-up reports to ensure that associated units have adopted appropriate improvement measures, and the results of follow-up should also be listed as important performance indicators for all units. Following submission of audit reports and follow-up reports, completed audit items should be submitted to the Audit Committee for review before the end of the following month. If internal auditors discover major violations or find the company to be at risk of serious damage, they should immediately prepare and submit a report, as well as notify the Board and Audit Committee.

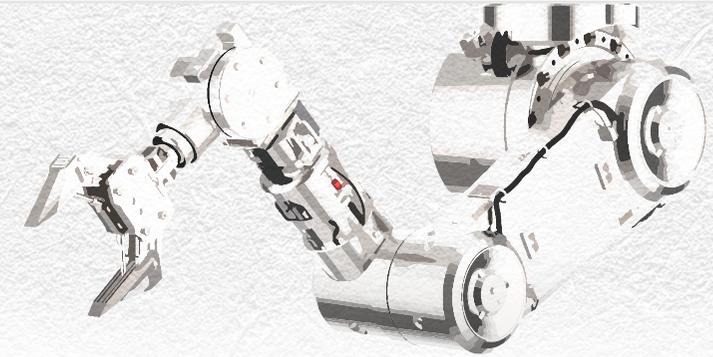
Additionally, the Group plans to implement the ISO 37001:2016 Anti-Bribery Management System and use the PDCA framework to consolidate our anti-bribery policies, executive responsibilities, risk assessments, disclosures of gifting information, personnel training, management of business partners, cross-functional audits, and corrections and continued improvements in financial and non-financial mechanisms to realize internal controls of corporate operations and ethical management as well as enhance awareness of anti-bribery and anti-corruption concepts in our employees.



The Group's Chief Audit Executive attends the "Internal Audits and Responses to ESG Trends" seminar, which enhanced ESG awareness in internal audit units. The Chief Audit Executive helped to organize this event.



# Innovation Management and Patents



## Innovative R&D Policies and Strategies

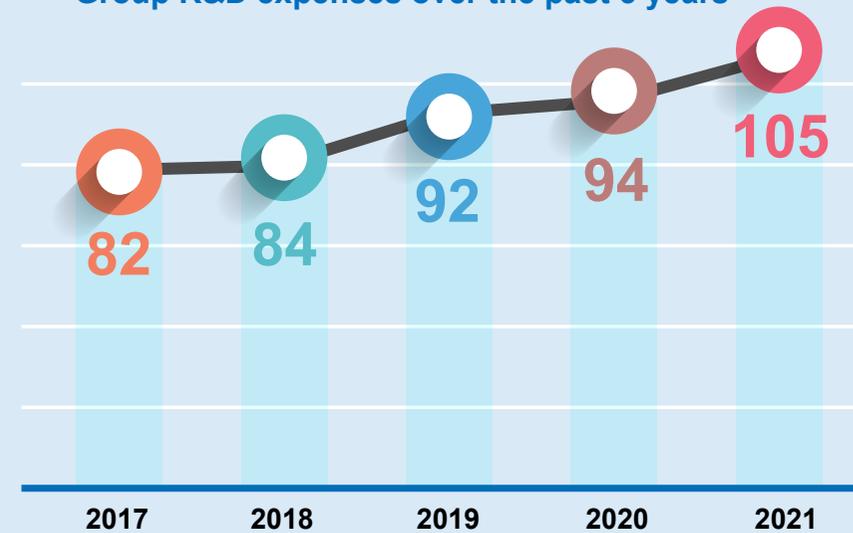
The Group continues to focus on delivery of smart technology solutions through Innovative Integrated Design and Manufacturing (IIDM) services, and is committed to creation of smart manufacturing solutions that provide our supply chain with integrated software and hardware options for our global customers. Under our F3.0 transformation to new industries goal, the Group actively invests in three emerging industries (“electric vehicles, digital health, and robotics industries”) and three technologies (“artificial intelligence, semiconductors and next-generation communication technologies”), setting “3+3” as a long-term development strategy while supplying solutions to our clients and serving as a comprehensive provider of smart life products

In recent years, the Group has invested a large number of resources in R&D. A total of 105 billion NTD was invested in R&D in 2021 (1.75% of revenues in 2021). 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.

In 2021, the Group became the only private enterprise in Taiwan to receive the “Clarivate Top 100 Global Innovators” award for five consecutive years. We are also the only enterprise in the world to receive four World Economic Forum (WEF) Global Lighthouse certifications. The Group once again verified its leading position in the global technology manufacturing industry.

Looking to the future, the Group will continue to promote a corporate culture of innovation to create synergies, reduce repetitive R&D efforts, activate intellectual property assets, and strengthen strategies for new technologies, while formulating and implementing new measures (including new IP incentive measures) in response to the latest industrial trends and Group development policies, so as to build our R&D capabilities, enhance IP quality, and maximize the impacts of our R&D achievements.

Group R&D expenses over the past 5 years



Unit: Billion NTD

## Hon Hai Technology Day (HHTD)

Hon Hai published three self-developed EV models on the second HHTD hosted on October 18, 2021: the Model C SUV, the Model E sedan, and the Model T electric bus, thereby displaying our determination to become a global force in the new automobile manufacturing industry. Attending guests were amazed by the official unveiling of these vehicles and recognized the Group's transformation to new industries, R&D capabilities, and speed of development.

[For more information on the Group's electric vehicles, please refer to the section on Achievements in Low-Carbon Technologies](#)

During the HHTD 21 session, we explained the progress of our “3+3” platform and the Group's plans to become a software-driven enterprise in the future. We also unveiled collaboration plans for our smart automotive gateway devices, smart cockpits, autonomous driving technology, and other software applications.

In consideration of the overwhelming response to our vehicles and products displayed on HHTD, we launched a virtual reality on our GOXR app to align with current metaverse trends and bring a different exhibition experience to our users. Users entered GOXR on their phones or tablets to experience online tours that offered a better understanding of our latest developments in EV software and hardware.



[Watch the full video for the HHTD event](#)



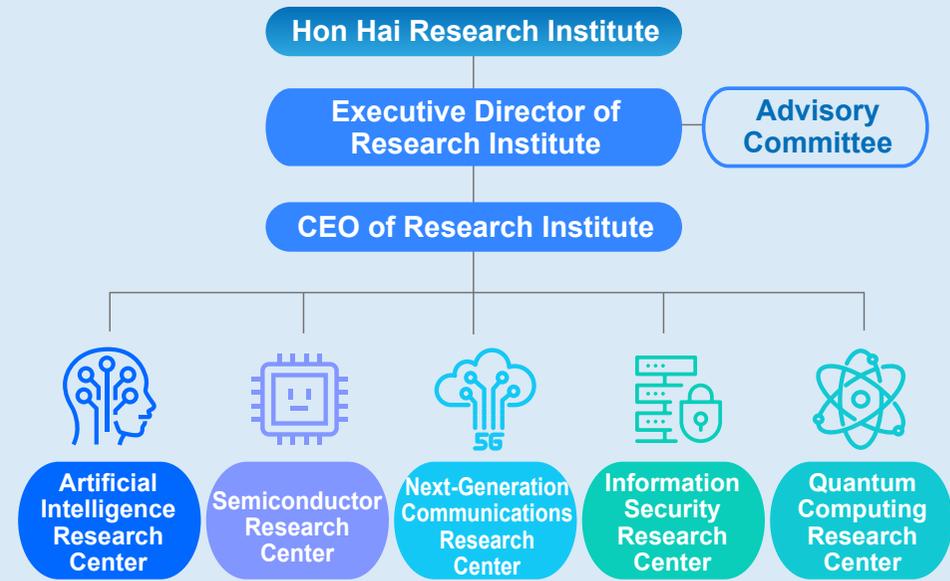
[Download link for GOXR app](#)



## Hon Hai Research Institute

The establishment of the Hon Hai Research Institute is an important step in the Group's development strategy, moving us closer to our F3.0 transformation to new industries goal. The Group established the Hon Hai Research Institute in 2020 to focus on development of prospective technologies over the next 3–7 years, thereby strengthening the Group's technological and product innovations, supporting enhancements in core competitiveness, and moving us from “brawn” to “brains” while acting as a cradle for cultivating new technologies and patents within the Group, thus supplying the Group with competitive innovative capabilities and serving as a foundation for sustainable development and growth. Each research center has average of 40 R&D professionals as well as top experts in artificial intelligence, semiconductors, next-generation communications, information security, and quantum computing, who serve as advisory members for the Hon Hai Research Institute.

In 2021, the five research centers of the Hon Hai Research Institute published 40 academic papers, 26 popular science articles, and submitted applications for 8 patents. Our advisory committee selected and awarded millions in award money to the top three academic papers focusing on type III semiconductors, quantum computing, and smart automotive IoT to strengthen the Group's grasp on prospective technologies and product innovation capabilities, thereby attracting more scientific talents to join Hon Hai Research Institute.



## Patents

As a primary holder of numerous patents and commercial partner of other patent holders, the Group is actively engaged in protecting the novel technologies and intellectual property used in its global operations. The Group currently holds more than 40,000 global patents encompassing computer components, 5G communications, semiconductors, robotics, and other domains, making it possible for us to meet the rigorous requirements of different clients. More than 20% of patents obtained over the past two years are associated with “3+3” technologies.

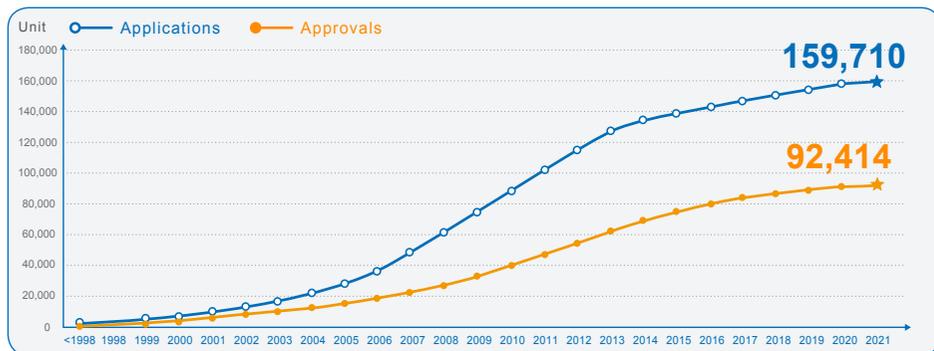
The Group has received recognition over the four key domains of the “Top 100 Global Innovators Award” for five consecutive years. Our patent approval rate was ranked in the first quartile of the Top 100 Global Innovators in 2021. In the past five years, the Group has submitted applications for more than 25,000 patents and more than 10,000 patents have been approved. Over the past three years, the Group has obtained more than 200 patents simultaneously held in China, America, Japan, and Europe, the four main markets in the

world. In addition to continuous efforts in our existing domains of consumer electronics, cloud technologies, and data, we also focus on transformation to other industries and our 3+3 industries and technologies, which serve as important progress indicators for relevant institutes.

The Group accumulated a total of 159,710 global patent applications and received approval for 92,414 patents in 2021. We were ranked at 18th place in the “Top 100 Global Patent Holders for 2021” by IFI Claims. Our patent application and approval numbers have been at the forefront of Taiwan industries for 19 consecutive years (from 2003 to 2021). We obtained 560 patents worldwide in 2021 and were ranked at 3rd place.

Additionally, we provide intellectual property training to our new employees and organize irregular training activities each year to enhance awareness of intellectual properties in our R&D personnel across all levels. We hosted a total of 36 activities in 2021.

## Cumulative patent application and approval numbers



### Intellectual Property Incentives

The Group provides specific rewards for invention patents, utility model patents, IC designs, trade secrets, and software copyrights. Bonuses are given at the proposal and approval stages in accordance with legal regulations. Additionally, we select outstanding patents from patents approved each year and provide higher bonuses to associated inventors to encourage active innovation in our R&D personnel. In 2021, we distributed 9.2 million NTD in incentives to 2,017 people.

### Patent Support and Innovation Plan

Many start-up companies possess a considerable amount of creative energies but often overlook infringement risks, establishment of appropriate intellectual property management mechanisms, and correct presentation of R&D results for patent applications due to limits in manpower and funds, resulting in extensive R&D efforts without good use of patent systems, thereby putting themselves at risk. The Group selected over 1,000 high-quality patents and authorized these for free use at start-up companies for specified periods of time, lowering initial development costs. We also provided free consultation to collaborating start-ups based on our expertise in patent application and management. We hope this sharing mechanism enables the Group to support start-up companies and promote a culture of friendly patent sharing, thereby generating more value for the industry.



[Plan Description](#)



[List of Patents](#)

## Patents for Low-Carbon and Clean Technologies

	Number of patents approved in 2021	Cumulative number of active patents
Energy-saving and energy management patents	81	754
Industrial automation patents	267	1,064
Process/procedure optimization patents	54	315
Pollution control and environmental protection patents	29	305



[Management Plan for Intellectual Properties](#)

## Achievements in Low-Carbon Technologies

### Electric Vehicles

The International Energy Agency (IEA) stated that EVs hold advantages over traditional vehicles in terms of zero emission, higher internal combustion efficiency, and major carbon-reducing potential combined with use of low-carbon electricity (or renewable energies), and therefore all countries are actively developing EVs in line with national carbon reduction policies and goals. Although mass production processes of EVs are still in the initial stages, the number of EVs in the world have grown from 17,000 in 2010 to 6.6 million in 2021, and many Western countries have announced bans on petrol cars starting from 2030, so the number of EVs are expected to grow over the next three to five years.

The Group understands the huge market and carbon reduction potential of EVs, and has therefore incorporated EVs in our “3+3=∞” development strategy. Future EV growth opportunities are also highly integrated with our industrial experience and advantages. The Group discovered three major challenges facing the traditional automotive industry: high development costs, long lead times, and insufficient resources. In order to promote development of electric vehicles, the Group built an open Electric Vehicle (EV) platform (MIH) with technical specifications available to all partners to form an EV ecosystem with hardware and software components, thereby resolving the issue of insufficient EV resources in various countries. The Group and Yulon jointly formed Foxtron to integrate Yulon’s automobile development platform with our global supply chain and advantages in technological manufacturing, design, and development, thereby providing a total solution to target clients around the world.



[MIH Platform](#)



[Foxtron Website](#)

The Group published three self-developed EV models on the second HHTD hosted on October 18, 2021: the Model C SUV, the Model E sedan, and the Model T electric bus. We put together ten years of R&D in Taiwan's automobile industry in the space of one year, and displayed our determination to become a global force in the new automobile manufacturing industry.

The Group believes that over the next five years, EVs have the potential to become the next

trillion-dollar industry. We have established development plans and schedules which include establishment of an industrial fund for alternative fuel vehicles, as well as development and manufacturing of lithium iron phosphate batteries, and seek to establish global strategies, adapt to local conditions, utilize local resources, and work with local governments and corporate partners to adopt BOL (Build, Operate, and Localize) models for continued expansion and to increase our influence in the global EV industry.



**Model T**

The Model T E-Bus is an intelligent and stylish urban bus positioned as a smart transportation tool. The high-rigidity bus body is equipped with safety designs and offers sound protection.



**Model E**

The Model E, jointly developed by the Group and Italian design company Pininfarina, is a technologically innovative and luxurious flagship car which fulfills the needs of middle and high-class consumers.



**Model C**

The Model C is equipped with 0.27 low wind resistant designs, takes 3.8 seconds to accelerate from 0 to 100 kilometers per hour, and has a range of 700 km.

**Make all buses in Taiwan fully electric by 2030**

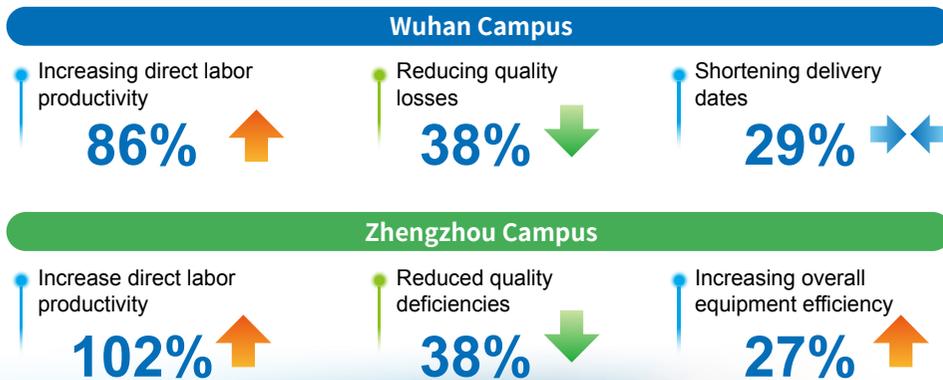
In July 2021, the Group signed a MOU with SanDi Group and used MIH as a foundation to develop the first electric bus (E-bus), which was integrated with SanDi passenger transportation systems and charging facilities. More than 600 vehicles belonging to SanDi are gradually being replaced with E-buses. We officially launched the Model T E-bus in March 2022. In future, we plan to use automotive IoT as a basis for transforming Model T E-buses into public service platforms, fulfilling various needs related to smart transportation, daily life, and entertainment to create an indispensable public transportation tool for smart cities. We plan to deliver E-buses to transportation companies in Tainan in May 2022 so that the Model T can provide bus services in Tainan.



## Global Lighthouse

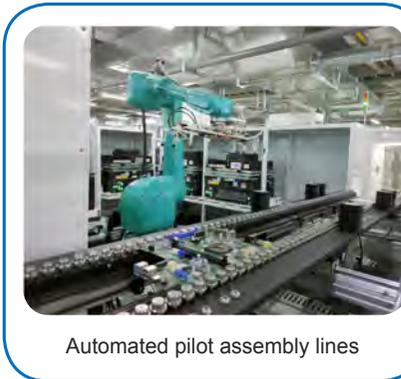
The “Global Lighthouse” project is an initiative launched by the WEF in collaboration with McKinsey & Company to select leading global enterprises that made have impressive progress in consolidated applications of advanced Fourth Industrial Revolution technologies. Currently, there are a total of 90 WEF global lighthouses around the world. The Group is a leading global provider of electronics manufacturing services, and is the only enterprise in the world which holds 4 WEF Global Lighthouse certifications, demonstrating our solid capabilities and ability to lead the industry.

In this round of evaluations, the WEF selected our Wuhan Campus mainly as it was able to fulfill client needs for greater customization and facilitate faster product delivery times. The campus used cutting-edge advanced analysis technologies and flexible automation technologies to redesign our manufacturing systems, increasing direct labor productivity by 86%, reducing quality losses by 38%, and shortening delivery dates by 29% to enable delivery within 48 hours.



In response to shortages in technical personnel, stabilization of industrial quality, and uncertain needs, the Zhengzhou Campus adopted automation systems to increase direct labor productivity by 102% and reduced quality deficiencies by 38% through use of digital and AI technologies, while also increasing overall equipment efficiency by 27%.

Chairman Young Liu stated: “Digital transformation is an important stage in the Group’s transition from ‘brawn’ to ‘brains.’ The most important part of digital transformation is to be ‘people-oriented.’” The Group cultivates digital transformation talent through a series of internal training to adjust employee thinking at different levels. Apart from building “people-oriented” core values, the Group has also enhanced R&D capabilities and implemented digital transformation cases. Our Global Lighthouse certifications are an example of our significant achievements and implements in digital transformation.

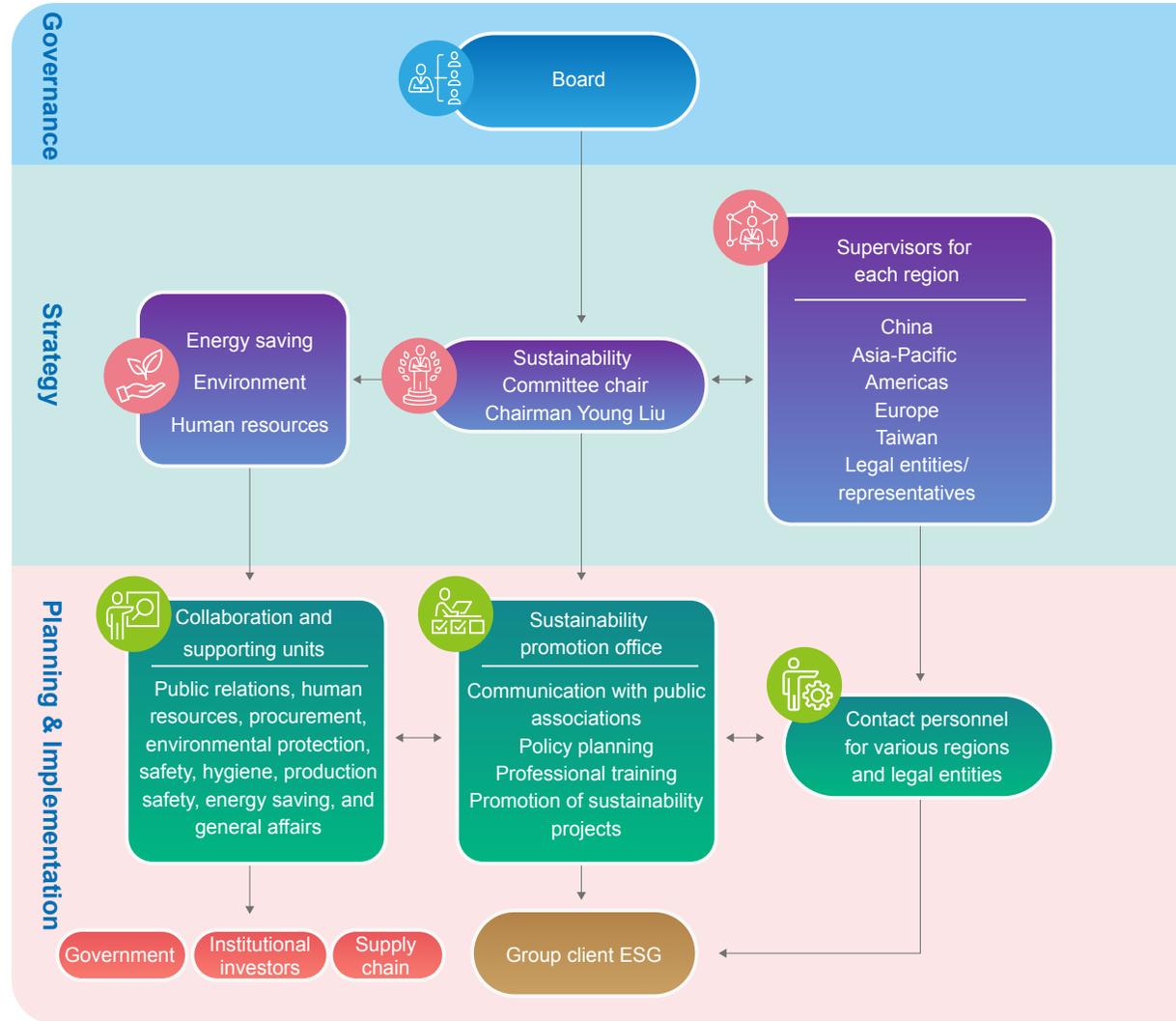


# Sustainability Committee

As an ethical and responsible enterprise, the Group strives to be a good corporate citizen and promote development of sustainability 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 was renamed the Sustainability Committee in 2022. The Committee is headed by Group Chairman Young Liu, and has established a promotion office staffed with a dedicated team responsible for compilation of sustainability systems and regulations, monitoring of sustainability policies and plans, regular follow-up and evaluation of sustainability execution and performance, and review of sustainability reports, as well as promotion and internalization of sustainable development within the Group's corporate culture. Additionally, each business group under the Group has established promotion sub-committees as well as a dedicated ESG team composed of more than 1,000 people from Campuses all around the world to interact closely with clients, the government, and all sectors of society, enhancing corporate transparency as part of our comprehensive commitment to implementation of Group sustainability policies which are monitored by the Sustainability Committee. The Sustainability Committee reports periodically to the Chairman and implementation results of corporate sustainability items are reported to the Board at least once a year.

The Group has established the Group sustainability Policies and Code of Conduct to serve as the highest principle for promoting corporate sustainability. We hope that raising the management level and the objective professionalism provided by our directors can solidify the Group's spirit of sustainability, strengthen decision-making and promotion, expand associated coverage, and strengthen supervisory mechanisms that assess whether action plans can be carried out.

The Sustainability 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 campus in accordance with RBA standards to ensure compliance with sustainability policies and guidelines. We conduct internal campus audits each year to ensure that the Group's sustainability policies and guidelines are implemented and executed at all Campuses.



# 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 the Sustainability Committee assessment team identified stakeholders based on their importance and relevance to Group operations, confirming our seven stakeholder groups to be employees, clients, shareholders/investors,

suppliers/contractors, government institutes, NGOs, and the 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
Importance to the Group	Employees are the most important Group assets and help to enhance Group competitiveness.	Clients are our main revenue source. The Group provides the best products and services based on client needs.	Suppliers provide the raw materials needed for production; we work to grow alongside our suppliers and jointly build sustainable supply chains.
Communication channels and frequency	We communicate non-periodically with our employees through channels including employee hotlines, seminars, mailboxes, satisfaction surveys, and counseling	<ul style="list-style-type: none"> <li>• Quarterly and annual ESG activities</li> <li>• Non-periodic client visits and audits</li> <li>• Conference calls</li> <li>• Quarterly and annual audits</li> </ul>	<ul style="list-style-type: none"> <li>• Annual supplier conferences</li> <li>• Supplier management platform</li> <li>• External grievance channels</li> </ul>
Issues of concern	<ul style="list-style-type: none"> <li>• Employee rights and diverse equality</li> <li>• Ethical management and legal compliance</li> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Information security and customer privacy</li> <li>• Innovative development and low-carbon technologies</li> <li>• Employee rights and diverse equality</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Procurement practices and management</li> <li>• Ethical management and legal compliance</li> </ul>
Responses and results	<ul style="list-style-type: none"> <li>• We employ those with mental and physical disabilities and expend our best efforts to help disadvantaged groups.</li> <li>• We have also established an employee emergency fund, employee mutual assistance fund, and employee condolence fund to help employees in need.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• We keep in close contact with our clients, protect their privacy, and are open to client reviews at all times.</li> <li>• We report the management of Group, supplier, and ESG matters to our clients.</li> <li>• We continuously strengthen our client services and provide fast, convenient, highly efficient, excellent, economical, and innovative products and services.</li> <li>• We also implement energy-saving and carbon-reducing actions in response to current trends and provide our clients with products for reducing carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• We host annual supplier conferences and conduct non-periodic ESG audits to convey our supply chain requirements to our suppliers.</li> <li>• We have also established a ESG management platform which allows our suppliers to learn about RBA regulations and Group ESG requirements.</li> </ul>

	Shareholders/investors	Government agencies	NGOs	Media
Importance to the Group	Any party (including legal entities or individuals) that has invested in or has an interest in investing in the Group.	The Group's operating bases actively adhere to all local governmental regulations, and we prohibit legal violations in all forms.	In-depth exchanges with non-government organizations that enable communication regarding issues of concern within the local community.	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"> <li>• Annual shareholders' meetings</li> <li>• Quarterly investor conferences</li> <li>• Annual release of Group annual reports and sustainability reports</li> <li>• Establishment of spokesperson platform</li> <li>• Non-periodic investor conferences/ investor forums</li> </ul>	<ul style="list-style-type: none"> <li>• Non-periodic correspondence via official documents, email, and telephone communications</li> <li>• Participation in policy forums, seminars, and public hearings</li> <li>• Communications for drafting industry standards</li> <li>• Non-periodic on-site inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Non-periodic conference calls</li> <li>• Annual ESG activities and evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Timely transmission of press releases</li> <li>• Non-periodic press conferences</li> </ul>
Issues of concern	<ul style="list-style-type: none"> <li>• Corporate governance and risk management</li> <li>• Financial performance</li> <li>• Innovative development and low-carbon technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical management and legal compliance</li> <li>• Corporate governance and risk management</li> <li>• Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical management and legal compliance</li> <li>• Occupational health and safety</li> <li>• Climate change responses</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Innovative development and low-carbon technologies</li> <li>• Ethical management and legal compliance</li> </ul>
Responses and results	<ul style="list-style-type: none"> <li>• The Group shares company prospects, market trends, growth strategies and profitability information, and ESG implementation through shareholders' meetings, investor conferences, and other meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• We communicate with local governmental institutes through visits, meetings, and official documents, and actively propose suggestions in response to government policies.</li> <li>• We regularly provide relevant reports or responses in accordance with local regulatory requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in international ESG forums and discussion of ESG issues with NGOs.</li> <li>• Participation in NGO activities such as CDP and Climate Action 100+.</li> <li>• We work with NGOs to promote environmental issues (such as RoHS and WEEE).</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• We compile issues of concern to the media and news items in our reports to the Group's management team, and these are used as references for enhancing Group operations.</li> </ul>



[Contact information for stakeholder communications personnel](#)

## Key Engagement Results and Responses

The Group attaches great importance to all stakeholder feedback, which is used as a reference for operational plans. We continue to make advances in ESG and other aspects and have proposed corresponding actions and projects. A brief excerpt of engagement results is provided below. Stakeholders with other suggestions and feedback are welcome to contact our team.



**Diverse communication channels to encourage feedback from our employees**

We provide 26 communication mechanisms in 6 categories to enable employees and their family members to contact and communicate with the Group in a timely manner

We encourage active proposal of outstanding projects by our employees:

- E: Energy-saving incentive mechanisms that offer financial incentives to teams and individuals that submit outstanding projects which enhance energy efficiency.
- S: Implement safety innovations and improvements, and publicly commend employees who propose occupational health and safety projects
- G: Intellectual property incentive mechanisms that offer financial incentives for patents, designs, and inventions.



**Host quarterly investor conferences to share future prospects**

The Group organizes regular investor conferences presided over by our Chairman, who personally shares current operating conditions and information on future profitability.



**Enhance supplier ESG competitiveness to achieve mutual growth**

### Occupational safety training and promotion

Organized 1,631 occupational safety training and emergency drills for suppliers and contractors in 2021

### Guided greenhouse gas inventories and verifications

Assisted 98 suppliers in implementing greenhouse gas inventories and 51 suppliers in completing ISO 14064-1 verification in 2021.



**Respond to international initiatives and share ESG practices**



Harvard Business Review



Cathay Sustainable Finance and Climate Change Summit



Wealth Magazine ESG Forum



**Be attentive of social needs and create a better society**

### Foxconn Scholarship Program

The Group launched the Foxconn Scholarship Program in 2017 to provide economically disadvantaged students with opportunities for realizing their dreams.

**Student A:** He had a difficult upbringing but felt that others were more disadvantaged than him, so he often volunteered to teach children in rural areas to can give back to society.

### Cultivate Prospective Technological Talent in Rural Areas

In order to cultivate prospective talent, the Group compiled the first AI textbook and manga in Taiwan, providing learning opportunities for children in rural areas and helping them to grasp future trends.

The Group hosted AI camps in rural areas and taught students to manually build their own autonomous robot cars and write programs to control these cars. It was the first time these students had built robots and written code, which they felt was refreshing and highly enjoyable

## 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 inclusiveness, sustainability, importance, and comprehensiveness. We conducted assessments based around the two axes of “economic, environmental, and social impacts” and “level of concern for stakeholders” in accordance with AA1000 Materiality Test criteria. We then ranked these issues by level of importance to generate a materiality matrix which was used to review the Group’s sustainability conditions, calibrate strategies and long-term goals for sustainable management, and promote continued enhancement of all organizations to create shared value for society and the Group.

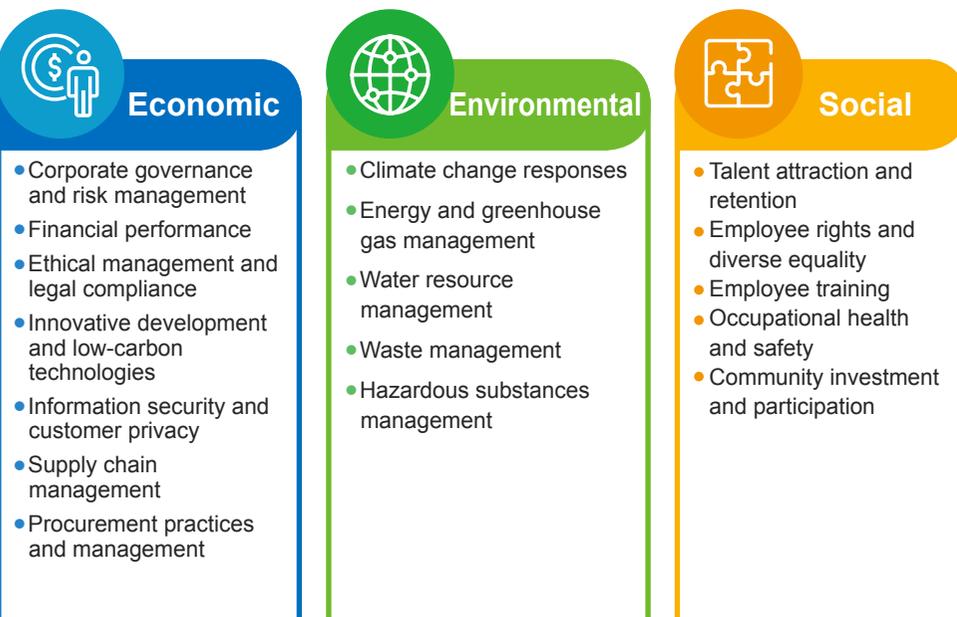
### Step 1 Identification

#### 1. Stakeholder identification - 7 stakeholder

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

#### 2. Compilation of issues of concern - 17 issues of concern

The Group compiled sustainability issues relating to international regulations and standards, industrial regulations and standards, industry peers, and the Group’s annual targets. These were narrowed down to 17 issues following internal discussion.



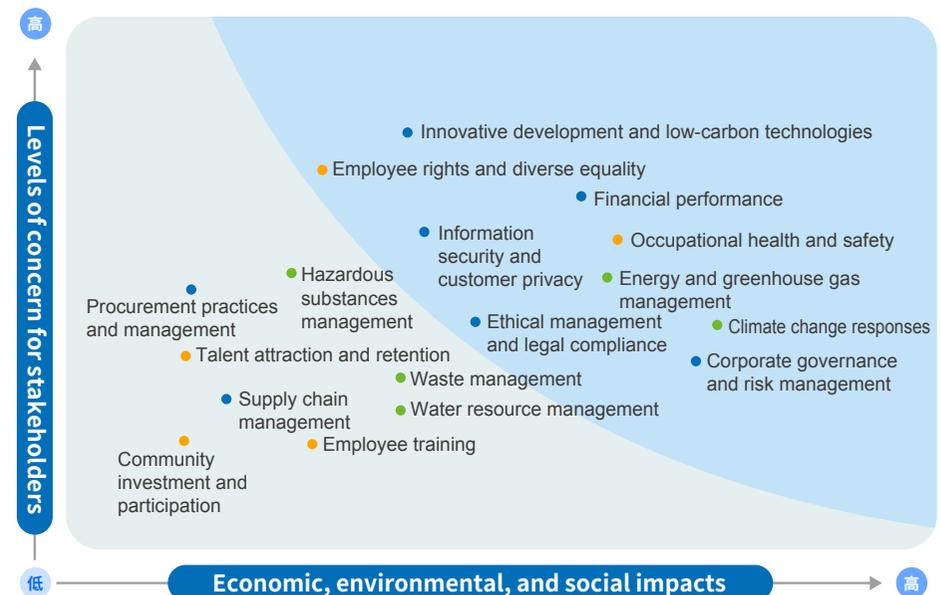
## Step 2 Ranking material issues

### 3. Analyzed levels of impact on internal and external stakeholders for the 17 issues - 114 questionnaires

The Group used surveys to conduct material analysis of “the issues of concern to our seven major stakeholders.” Additionally, senior executives within the Group assessed the “economic, environmental, and social impacts of the 17 issues,” which were ranked on a scale of 1 to 5 from lowest to highest. We collected a total of 114 questionnaires in 2021.

### 4. Confirmation of material issues - 13 major material issues

We analyzed “levels of concern for stakeholders” and “economic, environmental, and social impacts” for all issues to generate the Group’s materiality matrix. Following identification, analysis, and internal discussion and confirmation by our Sustainability Committee, our material issues were determined to be: financial performance, occupational health and safety, climate change responses, energy and greenhouse gas management, information security and client privacy, corporate governance and risk management, ethical management and legal compliance, innovative development and low-carbon technologies, employee rights and diverse equality, supplier management, procurement practices and management, water resource management, and waste management.



## Step 3 Defining material issues for 2021

### 5. Confirmation and review of material issues in 2021

Following rigorous identification processes, the material issues for 2021 were determined to be those at the top right of the matrix. These were the 13 material issues (4 of which were SASB material issues) with higher levels of concern for stakeholders and higher levels of economic, environmental, and social impacts. The boundaries for these material issues are as follows:

● : Direct impacts ○ : Generated impacts  
▲ : Directly linked to the impact through business relationships

Material issues	Themes from GRI Standards	SASB Disclosed Theme	Corresponding Sections	Scope							
				The Group	Clients	Suppliers/Contractors	Shareholders/Investors	Government Institutes	NGOs	Media	
Financial performance	GRI 201	(Not SASB material issue)	<a href="#">Ch1: Corporate Governance</a>	●	▲		○				
Occupational health and safety	GRI 403	TC-ES-320a.1	<a href="#">Ch3: Healthy Workplace, Safety Adherence</a>	●		○					
Climate change responses	Self-defined theme	(Not SASB material issue)	<a href="#">Ch5: Climate Change</a>	●					▲		
Energy and greenhouse gas management	GRI 302 GRI 305		<a href="#">Ch5: Climate Change</a>	●	▲			▲	▲		
Information security and client privacy	GRI 418		<a href="#">Ch1: Corporate Governance</a>	●	▲						
Corporate governance and risk management	Self-defined theme		<a href="#">Ch1: Corporate Governance</a>	●			○	○		○	
Ethical management and legal compliance	GRI 205 GRI 206 GRI 307		<a href="#">Ch1: Ethical Management</a> <a href="#">Ch5: Environmental Management System</a>	●			○	○			
Innovative development and low-carbon technologies	Self-defined theme		<a href="#">Ch1: Innovation Management and Patents</a>	●	▲			▲			
Employee rights and diverse equality	GRI 412		TC-ES-310a.1	<a href="#">Ch2: Communication and Protection of Employee Rights</a>	●					▲	
Supply chain management	(Not GRI material issue)	TC-ES-320a.2 TC-ES-320a.3	<a href="#">Ch4: Business Sustainability, Beneficial Partners</a>	●		○					
Procurement practices and management		TC-ES-440a.1	<a href="#">Ch4: Business Sustainability, Beneficial Partners</a>	●	▲	○					
Water resource management		TC-ES-140a.1	<a href="#">Ch5: Water Resource Management</a>	●				○			
Waste management		TC-ES-150a.1	<a href="#">Ch5: Waste Management</a>	●	▲				○		
		TC-ES-410a.1									

Note: A comparison of GRI and SASB material issues for 2021 and 2020 shows that newly emerged issues were “energy and greenhouse gas management,” “information security and client privacy,” “procurement practices and management,” “water resource management,” and “waste management.”