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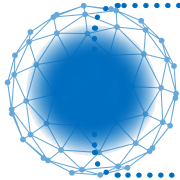
Corporate Governance, Smart Innovation

Corporate Governance
Ethical Management
Innovation Management and Patents
Sustainability Committee
Stakeholder Identification, Communication, and Responsibilities
Scope of Material Issues and Materiality Analysis

Key stakeholders :

Employees	Media
Clients	NGOs
Shareholders/investors	
Suppliers/Contractors	
Government agencies	





Management Guidelines for Material Topics

Financial Performance, Information Security and Customer 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.



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 61,489 global patents and ranks at #17 in the world in terms of patent numbers.
- Rapidly launched two more self-developed EV models and our first self-developed, mass-produced EV with our trademark efficiency.
- Provided intellectual property incentives to encourage innovative development from our colleagues, distributed 16.34 million NTD in incentives to 4,561 people, and utilized our patent innovation program authorizing patents and collaborations with two start-up companies.



Evaluation Mechanisms

- Hosted annual shareholders meeting and quarterly investor conferences to share ESG governance performance with external stakeholders.
- 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.

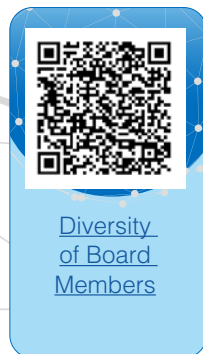


Corporate Governance

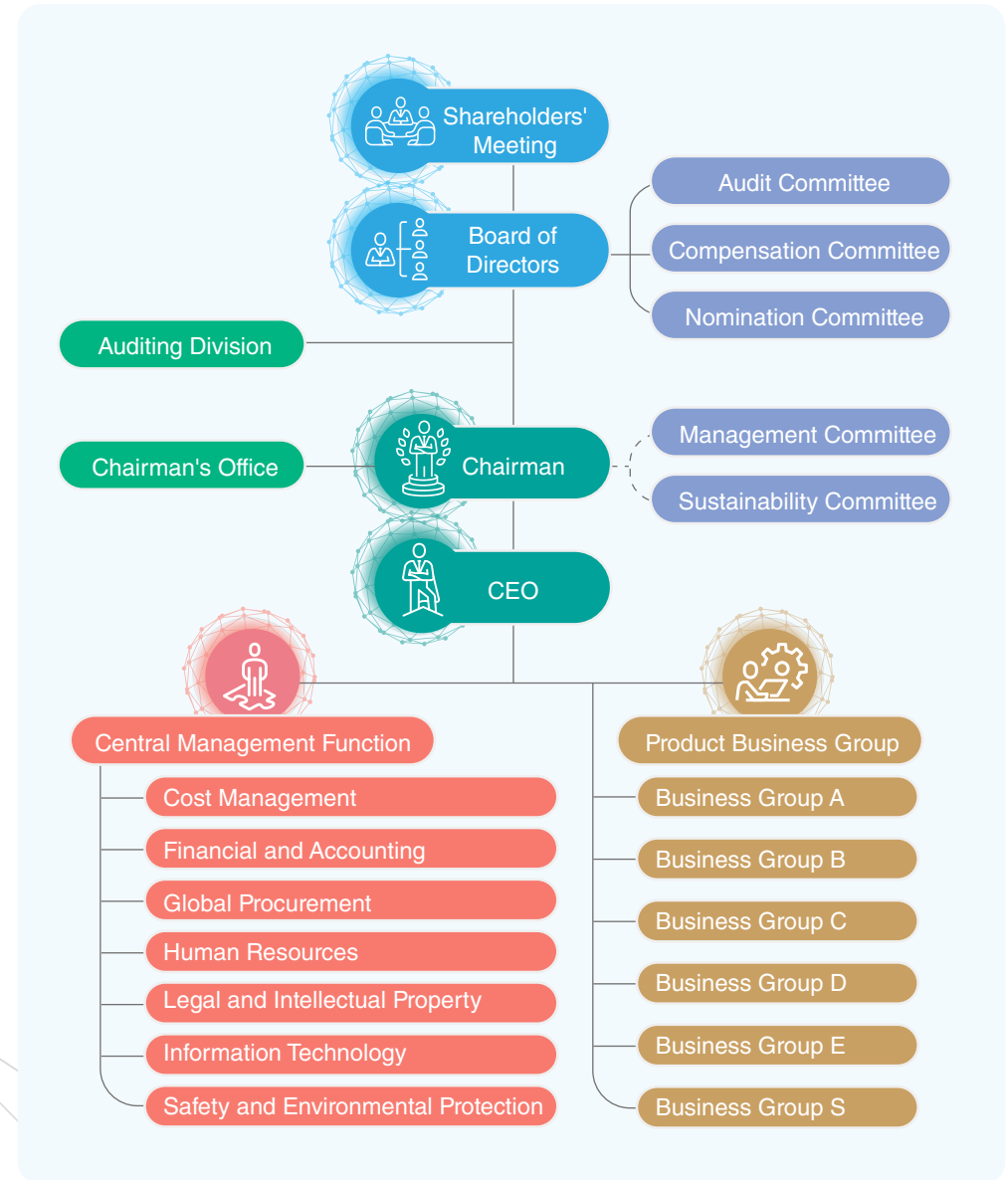
Group Structure and the Board of Directors

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 non-governmental 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. 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 directors is directly derived from the relevant remuneration for the management positions held at 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 company externally and also serves as Group President, is responsible for the supervision of all important affairs.



Company Organizational



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 future, we will continue to enhance director knowledge of sustainable developments. The Group hosts mandatory training for directors each year. Please refer to our 2022 Annual Report for more information on director training. Key events within the Group are disclosed at annual shareholders meetings and investor conferences.

Additionally, 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 2022, the Group ranked in the top 6% to 20% of companies in the 9th Corporate Governance Evaluations.


[2022 Annual Report](#)

For more information on our Corporate Governance Code of Practice and remuneration (including salaries, bonuses, retirement pensions, and education and training hours) for directors (including independent directors), general managers, and vice presidents, please refer to our 2022 Annual Report.


[Annual Shareholders Meeting](#)

[Investor Conferences](#)

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 Committee convened three times in 2022.

Compensation Committee

A Compensation Committee was established in September 2011 in accordance with corporate governance principles to strengthen salary and remuneration systems 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 regarding the sustainable development objectives set out by the Group, as well as review of policies, systems, standards, and structures for Compensation. Independent Director James Wang currently serves as Committee convener. The Committee convened twice in 2022.

Nomination Committee

To strengthen director selection mechanisms and build a Board with diverse and professional members, the Board approved the establishment of a Nomination Committee in March 2022. The Nomination Committee is composed of three directors elected by the Board, and more than half of Committee members must be independent directors. All Committee members possess professional capabilities and expertise in diverse fields such as business management, operations and manufacturing, engineering technologies, finance and accounting, financial investment, brand channels, and marketing. The main responsibilities of the Committee include nominating and reviewing director candidate qualifications, reviewing Board operations, formulating and amending functional committee charters, and reviewing the Group's Corporate Governance Best Practice Principles. The Committee convened twice in 2022.

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 Best Practice Principles](#)

Financial Performance

The Group's revenues for 2022 reached 6.627 trillion NTD, a record high, and achieved annual growth of 10.47%. Our four main product lines (cloud and networking products, computing products, smart consumer electronics, components and other products) all maintained positive growth.

		2020	2021	2022
Revenues	Billion NTD	5,358	5,994	6,627
Operating costs	Billion NTD	5,055	5,632	6,226
Employee compensation and benefits	Billion NTD	281	303	333
Income tax	Billion NTD	26	29	31
Net profits	Billion NTD	102	139	141
Earnings (losses) per share	NTD	7.34	10.05	10.21

Tax Policies

The Group strives to achieve sustainable management and innovative transformation while fulfilling social responsibilities, promoting local economic development, ensuring legal compliance, and implementing tax governance and risk controls. All subsidiaries included in our consolidated financial statements adhere to our "Tax Policies and Management Regulations," which were established following Board approval. The Board is the highest authority for tax management and is responsible for approving tax policies, supervising tax management mechanisms, and ensuring that said mechanisms are operating effectively.

I. Legal compliance

Comply with relevant tax laws and regulations for each operating site

II. Avoid inappropriate tax schemes

Carefully evaluate all investment schemes and transaction models to ensure that they adhere to economic and reasonable business targets, avoid use of tax havens to evade taxes, and do not deliberately transfer profits to countries or regions with low tax rates

III. Transactions with affiliated parties

Adhere to the Transfer Pricing Guidelines released by the Organization for Economic Cooperation and Development (OECD) to ensure that transactions with affiliated parties comply with conventional practices and transfer pricing regulations

IV. Assess tax risks

All important corporate decisions should consider tax issues and assess tax risks and impacts

V. Information disclosures

Disclosure of tax information should adhere to related laws, regulations, and standards

VI. Relations with tax authorities

Build mutual respect and interactions with tax authorities based on mutual trust, transparent information disclosures, and legal compliance



[2022 Annual Report](#)



[Group Financial Summary](#)

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 and 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." We employ 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), product risks, and operational 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 must be closely analyzed, and the recommendations, implementations, and processes stemming from such analyses 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 currencies. 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 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 currencies. 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 global economic strategies, 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 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. We have since obtained ISO 22301 certification.
 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.

Notes :

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

Taoyuan Namkam Campus obtained ISO 22301 Business Continuity Management System Certification



Our Taoyuan Namkam Campus obtained ISO 22301 Certification in 2022, indicating successfully implementation of the Business Continuity Management (BCM) System. During the verification process, the E business group at our Namkam Campus piloted the BCM system within wireless router and related component assembly and manufacturing units. It took a year to conduct analysis of operational impacts, establish risk assessment and identification systems, and formulate corresponding strategies and options. We enhanced organizational and personnel response and recovery capabilities through continued testing and drills to strengthen the effectiveness of our management mechanisms.

The Group aims to use this certification process as an example for continued promotion of the ISO 22301 Business Continuity Management System in other business groups to prevent risks, improve current systems, ensure product and service stability, and continue optimization to achieve sustainable management goals. We also consider this an important indicator of ESG and corporate governance.

Information Security Management

Information Security Policy

To ensure effective information security management by our information security organizations, we convene monthly meetings and review information security tasks such as relevant plans, implementations, audits, and actions using the PDCA management cycle. The Group has adopted the ISO 27001 Information Security Management System framework, implemented the Information Security Management System (ISMS), and continued to maintain validity of ISO 27001 Information Security Management System certification.

We continue to strengthen information security protections and implement digital transformation. We have established information security targets and strategies, personal information protections, and network segmentation principles and standards, systemic monitoring measures for information security, information security for cloud services, identity authentication, access management, and other multi-layered information security protections. We also protect the confidentiality, integrity, and availability of important corporate assets through regular cyberattack simulations, penetration tests, and other drills.

The Group has formulated regulations to manage control of organizations, personnel, entities, and technologies. We regularly review and implement information security measures, education and training, promotions, and other improvements based on the results of performance indicators, risk management, and information audits to ensure that important and confidential information is not leaked.

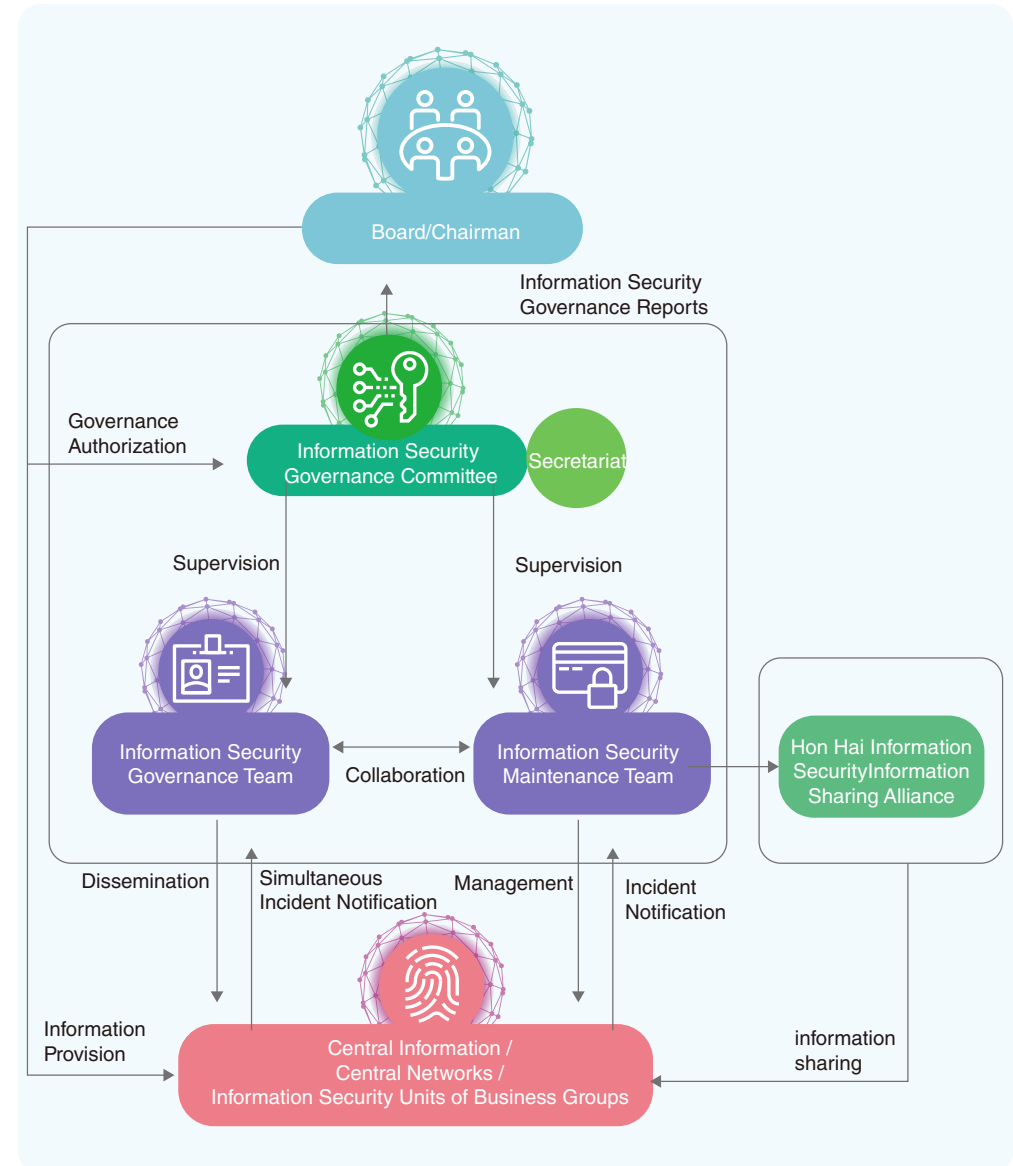
Information Security Unit

In order to satisfy the information security needs of clients and safeguard client privacy and intellectual property rights, we have established an Information Security Committee under the Board which is headed by our chairman; members are composed of the highest authorities, highest-ranking corporate information managers, and highest-ranking network managers at specific subsidiaries, as well as the highest authority at the Hon Hai Research Institute. The highest-ranking finance, human resources, legal, and audit managers attend meetings as necessary according to project content. The Committee assigns leaders for 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.

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 Organizational Chart



Information Security Risk Management

We have established risk assessment guidelines relating to information security risks. We implement risk controls by assessing impact severity and probability of occurrence for risks from important information assets and core systems at the organizational level in terms of value, vulnerability, and threats. At the technical level, we conduct reviews of information security technologies for system and software architecture, vulnerability scanning and reviews, and settings and maintenance. We lower threats to corporate information security through risk management and continued improvements and have formulated protection mechanisms for confidential information that adhere to legal regulations, client needs, and corporate management.

We have established relevant regulations stipulating corresponding measures for major information security incidents to serve as a basis for handling information security incidents. To strengthen employee understanding of information security risks, we conduct regular audits of information security risks to ensure the effectiveness of information security management measures. No major cyberattacks impacting corporate operations or involving infringements of privacy occurred in 2022.

Specific Management Plans

1. Cybersecurity

- Utilize network segmentation principles and standards which prevent computer viruses and malicious attacks from spreading to different campuses.
- Design cyberattacks simulations and drills, techniques, and management of red, blue, and purple teams.
- Continue to strengthen intelligence systems, next-generation firewalls, application system firewalls, intrusion detection systems, DDoS defenses, network detection and response systems, and online behavior monitoring solutions for exception reporting and handling.

2. Endpoint security

- Update patches for external devices, mobile devices, and other endpoint operating systems; install anti-virus software; and implement scans.
- Establish endpoint detection and response mechanisms for important computers and core systems to strengthen monitoring of malware behaviors.

3. Application security

- Continue to strengthen application security controls, management of open source software, and integration with development processes and platforms.
- Establish single sign-on (SSO) platforms and require multi-factor authentication (MFA) for important application systems.

4. Information security and protections

- Use data annotations to add encryptions and appropriate controls for data based on confidentiality levels, and utilize platforms to implement effective tracking of audit trails.
- Anti-virus and anti-spam email controls, and flexible adjustments on policy based on the content of external malicious emails.

5. Information security notification and awareness enhancements

- Strengthen monitoring of internal threats, external threats, and software vulnerabilities, and implement immediate information security notification and handling procedures.
- Regularly organize training and promotion to strengthen employee awareness.
- Strengthen employee vigilance against social engineering attacks and phishing websites.

6. Standard guidelines for ransomware responses

- Formulate emergency response regulations for ransomware.
- Established stakeholder communication and collaboration agreements in response to information security incidents.
- Established information security indicators to measure effectiveness of Group responses.
- Promoted team responses, communications, and collaborations to strengthen ransomware response capabilities.

Resources invested in information security management

- Management personnel participated in more than 429 information security meetings throughout the year.
- Completed risk assessments and information security technical audits for 248 items related to core systems.
- A total of eight units and business groups within the Group completed annual information security audits and information security maturity assessments.
- Added and amended 244 information security regulations.
- A total of 6 units and business groups within the Group encompassing 15 campuses obtained ISO 27001 Information Security Management System certification.
- Joined the TWCERT/CC Taiwan information security alliance and the Taiwan Chief Information Security Officer Alliance.
- Hon Hai Research Institute worked with National Taiwan University of Science and Technology to provide special training for Group IT personnel, transforming them into information security professionals. A total of 20 people completed training in 2022 and we plan to continue this collaboration to meet our talent training needs.



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" prior to initiation of all collaborations and rigorously implement the strictest anti-corruption policies for all partners.

In order to thoroughly implement corporate integrity and ethical management, the Group has established effective internal control systems and organizes annual training for employees. The Group did not incur any legal violations relating to anti-competition, anti-trust and monopolization, or corruption in 2022.

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 the section on 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 Group 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. 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.



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 undergo 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 report grievances through the following channels:
Email for external communications: renrenjubao@163.com; jubaofoxconn@gmail.com
Email for internal communications: hfj.justice@foxconn.com
Phone number for external communications: +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 we 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, Zhiyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City
Phone: +886-2-2268-3466 ext.560-117
Email: hfj.justice@foxconn.com

Internal Controls and Audits

Professional Certifications	Internal Audit Training
CIA (Certified Internal Auditors), CEAP (Certified ERP Audit Professional), CPA (American Institute of Certified Public Accountants), CCSA (Certification in Control Self-Assessment), CISA (Certified Information System Auditors)	2,401 hours

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 appoints 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.



Assess/Plan

- Deficits for the previous year and manager suggestions are integrated into audit plans
- Risk assessment
- Formulation of annual audit plans



Implement Audits

- Design audit items and programs
- On-site observations/interviews
- Application of automated audit programs (such as RPA)



Audit Conclusions/Reports

- Convene conclusion meetings
- Compile audit reports/deficits list
- Implement quarterly follow-up of deficits until they are corrected



Report submission

- Submit a report to the Board and Audit Committee
- Prepare a business report for submission to the Board

Internal control defects and abnormalities 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 has obtained the ISO 37001 : 2016 Anti-Bribery Management System certification and uses the PDCA framework to consolidate 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.



▲ ISO 37001 certification ceremony



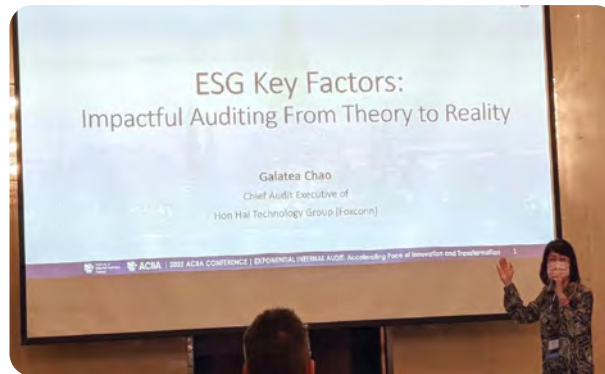
▲ New Taipei City Government Ethics Department-Corporate Governance Information Exchange and Sharing Seminar



▲ New Taipei City Smart City Integrity Platform Enterprise Services Cross-Domain Forum



▲ Executive Yuan Directorate General of Budget, Accounting and Statistics-Promotion and Development of ESG and Internal Audits Event



▲ Invited to be the keynote speaker at the 2022 Asian Confederation of Institutes of Internal Auditors Annual Conference



▲ 2022 IIA International Conference-Chicago



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 amount of resources in R&D. A total of 114.2 billion NTD was invested in R&D in 2022 (1.7% of revenues in 2022). 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 2022, the Group became the only private enterprise in Taiwan to receive the "Clarivate Top 100 Global Innovators" award for six consecutive years. We are also the only enterprise in the world to receive five 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

2018	2019	2020	2021	2022
84	92	94	105	114



Hon Hai Technology Day (HHTD)

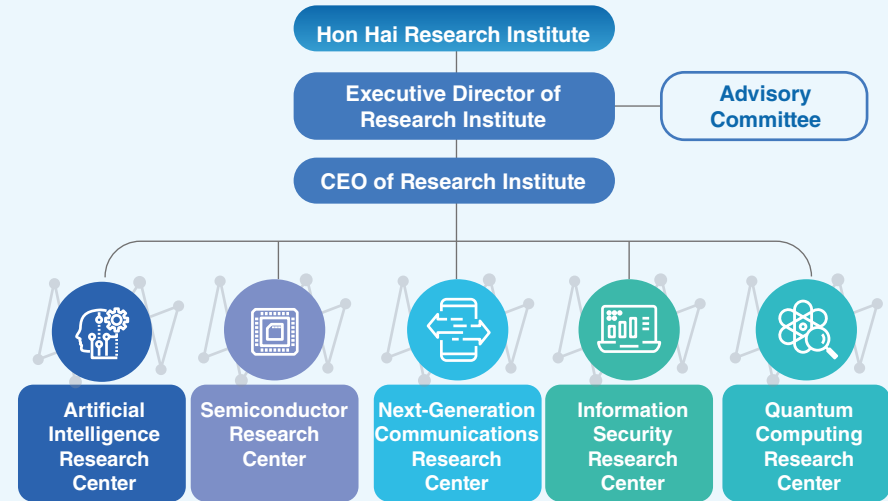
On Hon Hai Tech Day (HHTD) in 2022, we publicly launched two new self-developed EVs : The Model B crossover SUV and the Model V all-terrain electric pickup, demonstrating our commitment to development of electric vehicles. We also displayed the Model C, which has gone into mass production and is expected to be delivered to customers in 2023 by our brand clients in Taiwan. The Group exhibited EPS electric power steering systems, solid-state batteries, and key semiconductor components, and further announced that we would adopt the contract design and manufacturing services (CDMS) business model for the EV industry over the next ten years.

Additionally, to lower EV market entry barriers, we publicly launched the HHEV.OS to simplify software creation and shorten development times. HHEV.OS possesses excellent scalability, conforms to automotive safety regulations, and ensures instant and reliable transmissions. The HHEV.OS software platform allows EV designers to focus on the most valuable aspects of software development and accelerate product time to market. The Group will submit a request to MIH asking for HHEV.OS to be included in MIH open platform standards.


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

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 2021 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.



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 60,000 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 was awarded the "Top 100 Global Innovators Award" for six consecutive years. Our performance in various indicators have improved over the previous year, particularly in terms of "influence indicators," demonstrating that our R&D and patent strategies have been recognized by external parties.



The Group has accumulated a total of 61,489 global patent applications as of 2022, and was ranked at #17 in the "Top 100 Global Patent Holders for 2022" by IFI Claims. 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 over 50 activities in 2022 which were attended by more than 25,000 people (in person and online).



61,489

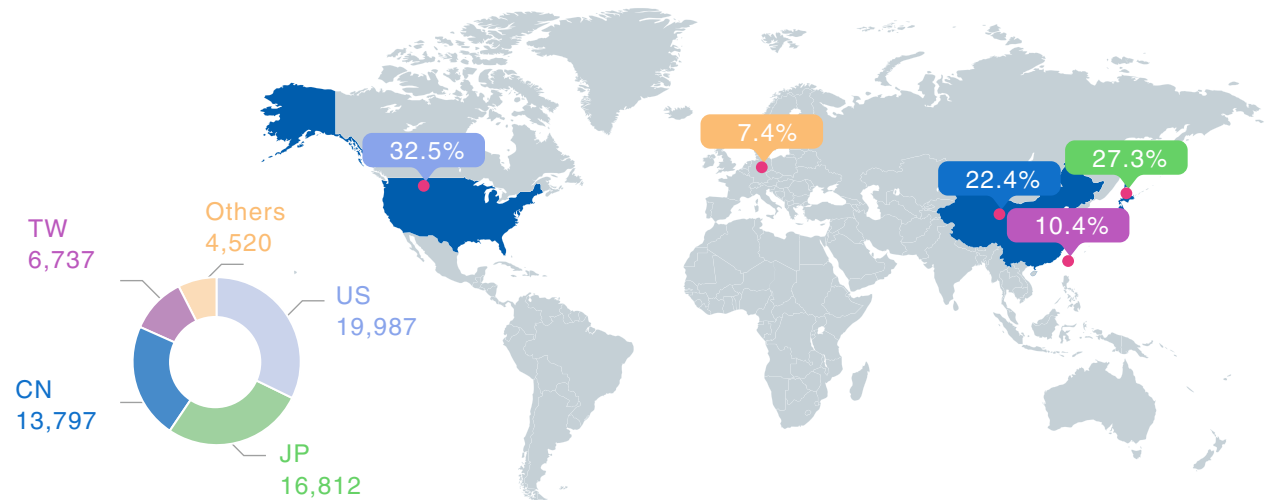
Valid patents owned by Hon Hai Technology Group

Patents for Low-Carbon and Clean Technologies

	Number of patents approved in 2022	Cumulative number of active patents
Energy-saving and energy management patents	60	746
Industrial automation patents	284	1,404
Process/procedure optimization patents	58	392
Pollution control and environmental protection patents	21	398



[Management Plan for Intellectual Properties](#)



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 2022, we distributed 16.34 million NTD in incentives to 4,561 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 authorized free patent 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. This sharing mechanism enables the Group to support start-up companies and promote a culture of friendly patent sharing, generating more value for the industry.

In 2022, we compiled 1,400 high-quality patents and signed collaboration contracts to aid developments of two start-up companies, respectively authorizing them to use our artificial intelligence patents and air purifying design patents.



[Plan Description](#)



[List of Patents](#)

Achievements in Low-Carbon Technologies

Electric Vehicles

The International Energy Agency (IEA) stated that EVs hold advantages over traditional vehicles in terms of zero emissions, 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 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.



- ▲ We continue to implement sustainable actions related to carbon reductions, and our Model T shuttle bus has commenced operations at our headquarters

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



New EVs launched on 2022 Hon Hai Tech Day



- ▲ Model B is an urban crossover vehicle that combines aesthetics with handling performance



- ▲ Model C is the first self-developed electric vehicle in Taiwan which has commenced mass production



- ▲ Model V is the first self-developed electric pickup in Taiwan



MIH Platformv



Foxtron Website



The Group organized the first EV forum to accelerate cultivation of industry talents and talent recruitment

The Group hosted the "New Species. New Talent. Creating the Future | 2023 Electric Vehicle Industry Intercollegiate Talent Exchange Forum" in December 2022, inviting representatives from industry, government, and academic institutes to discuss EV industry prospects in Taiwan, accelerate cultivation of industry talents, and further create more future opportunities for the EV industry in Taiwan.

The Group organized an "EV joint recruitment zone" booth at the event for joint talent recruitment and consultations so those interested in joining or learning about the EV manufacturing industry could quickly understand the job vacancies of different units and submit their resumes. The popular and futuristic-looking Model T electric bus provided shuttle services from the Xindian MRT station to the venue on the day of the event. We hope that these promotions increase interest and investment in Taiwan's EV industry and create infinite possibilities.



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. As of 2022, there are a total of 132 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 5 WEF Global Lighthouse certifications, the highest number of certifications held by a single enterprise, demonstrating our solid capabilities and ability to lead the industry.

The Group received a new Lighthouse Factory certification in 2022 for the Shenzhen Guanlan Campus, which received great acclaim from WEF for "large-scale deployments of 37 Fourth Industrial Revolution cases enabling agile new product incorporations, accelerated capacity enhancements, and smart production in response to demand for rapid releases of new smartphones and rigorous quality standards." We increased incorporation times for new products by 29% and capacity enhancements in mass production by 50% while also lowering defect rates by 56% and manufacturing costs by 30%.

Introduction of innovative technologies improved quality and efficiency, reduced costs and storage needs, and also realized digital transformations enabling achievement of carbon reductions and material recycling, reducing environmental impacts and providing innovative solutions for green manufacturing.

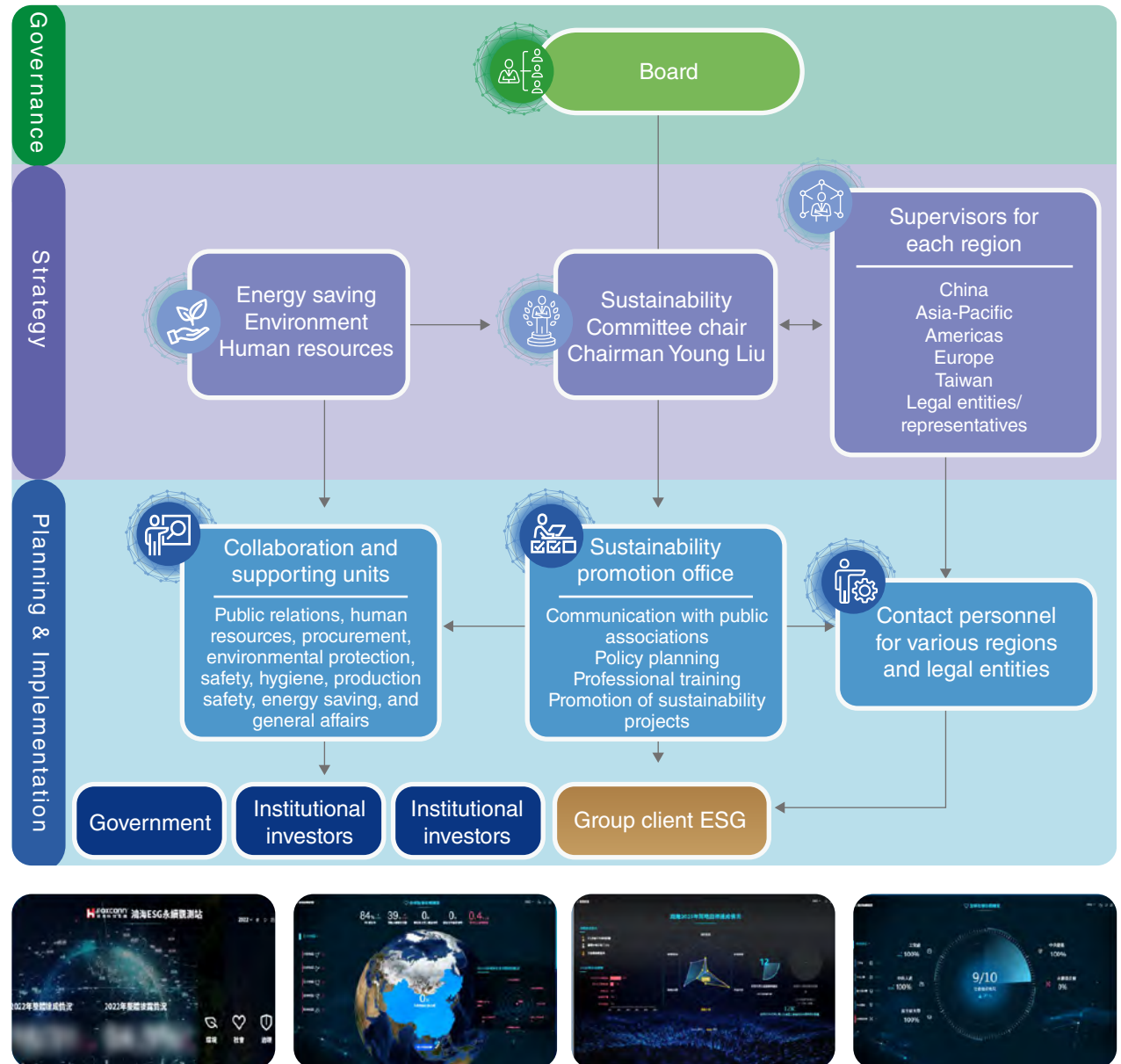


Sustainability Committee

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, starting from 2023, reports implementation results of corporate sustainability items to the Board at least once every quarter.

The Group 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.










▲ The Group has established an ESG sustainability monitoring system to manage ESG performance



Stakeholder Identification, Communication, and Responsibilities


The Group identified stakeholders and material topics in accordance with the AA1000 Stakeholder Engagement Standards (AA1000 SES) and determined the environmental, economic, and social material topics 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"> Quarterly and annual ESG 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 External grievance channels
Issues of Concern	<ul style="list-style-type: none"> Employee rights and diversity and equality Ethical management and legal compliance Occupational health and safety 	<ul style="list-style-type: none"> Information security and customer privacy Innovative development and low-carbon technologies Employee rights and diversity and equality 	<ul style="list-style-type: none"> Supply chain management Procurement practices and management Ethical management and legal compliance
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. 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 ESG matters to our clients. We continuously strengthen our client services and provide fast, convenient, highly efficient, excellent, economical, 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 ESG audits to convey our supply chain requirements to our suppliers. We have also established a ESG management platform which allows our suppliers to learn about RBA regulations and Group ESG requirements.

	 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 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"> Annual shareholders meetings Quarterly investor conferences Annual release of Group annual reports and sustainability reports 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 Non-periodic on-site inspections 	<ul style="list-style-type: none"> Non-periodic conference calls Annual ESG 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 risk management Financial performance Innovative development and low-carbon technologies 	<ul style="list-style-type: none"> Ethical management and legal compliance Corporate governance and risk management Financial performance 	<ul style="list-style-type: none"> Ethical management and legal compliance Occupational health and safety Climate change responses 	<ul style="list-style-type: none"> Financial performance Innovative development and low-carbon technologies Ethical management and legal compliance
Responses and Results	The Group shares company prospects, market trends, growth strategies and profitability information, and ESG 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, and actively propose suggestions in response to government policies. We regularly provide relevant reports or responses in accordance with local regulatory requirements. 	<ul style="list-style-type: none"> Participation in international ESG forums and discussion of ESG 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 to the Group's management team, and these are used as references for enhancing Group operations.

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.

	Environmental	Social	Governance
Q	What is the group's strategy to achieve net-zero carbon emissions by 2050?	What is the group's definition of "forced labor" internally? MSCI has referred to human rights incidents of forced labor within the company. How does the company respond to this? What measures has the company taken? How will the company avoid similar allegations in the future?	The mechanism for board oversight of ESG implementation is not clear. When will a supervision mechanism be established? Does the board have a member dedicated to overseeing ESG or climate change-related issues?
A	The Group has already undergone verification of its recent targets by the Science Based Targets initiative (SBTi) and has made a commitment to achieve net-zero emissions through SBTi. The key strategic plans for energy conservation and carbon reduction include implementing energy-saving policies and regulations, promoting green manufacturing systems, conducting industrial energy audits, implementing vocational skill enhancement programs, achieving full coverage of energy management system certification, and implementing key energy-saving projects. For detailed information, please refer to Chapter 5 - Climate Change.	The Group places the highest priority on safeguarding employee rights, and therefore has established a code of conduct. Risk assessments and annual audits are conducted based on regulations and company policies, and responsible units are required to address identified issues promptly to ensure employee rights and welfare. Relevant regulations and guidelines are also in place for dispatched workers and interns to protect the rights of all employees. For detailed information, please refer to Chapter 2 - Human Rights Policies.	The Group has established a Sustainability Committee to manage ESG-related work across the organization, under the supervision and management of the board of directors and chairman. The Sustainability Committee reports its execution results to the board of directors on a quarterly basis. Additionally, the Sustainability Committee has an Environmental Subgroup responsible for climate change initiatives across the Group, also under the supervision of the board of directors and chairman. For detailed information, please refer to Chapter 1 - Sustainability Committee and Chapter 5 - Climate Change.
Q	As the supply chain is a major source of carbon emissions in the Hon Hai value chain, what is the next phase of planning after the carbon inventory? How will the supply chain be guided to reduce carbon emissions?	Regarding the Zhengzhou incident at the end of 2022, what does the company consider to be the main causes? What measures will be taken in the future to prevent similar incidents?	Is the compensation of the company's management linked to ESG key performance indicators?
A	The supplier's net-zero carbon pathway is divided into four stages : carbon inventory, carbon reduction, use of renewable energy, and comprehensive carbon neutrality. From 2021 to 2022, suppliers achieved a total reduction of 225,500 tons of CO ₂ e through the implementation of carbon reduction plans, self-built photovoltaic solar energy projects, and green energy procurement. For detailed information, please refer to Chapter 4 - Supplier Energy and Carbon Reduction Management.	The Group initiated immediate communication and response measures following the incident. For detailed information on the company's response and explanation, please refer to Chapter 2 - Protection of Employee Rights.	ESG key performance indicators have been incorporated into the compensation metrics for the company's management. The Compensation Committee assists in formulating and regularly reviewing the policies, systems, standards, and structures of director and executive compensation, as well as evaluating the performance of directors and executives in various aspects of sustainable development within the Group. For detailed information, please refer to Chapter 1 - Corporate Governance.
Q	What is the current progress of the Task Force on Climate-related Financial Disclosures (TCFD) project, and what is the expected timeline and content for disclosing the Net Zero Vision Report?		Is there a desire to enhance the expertise of board members in any particular aspect, or is the current composition considered sufficiently diverse?
A	The Group has adopted the recommendations of the TCFD and will issue an annual Net Zero Vision Report covering the four core areas of governance, strategy, risk management, and targets. For detailed information, please refer to Chapter 5 - Climate Change. 2022 HON HAI Technology Group (Foxconn) TCFD Net Zero Vision Report		The Group has established the "Corporate Governance Practice Guidelines" to guide board members in formulating diversification policies and ensuring their implementation. The Group also has a Nomination Committee responsible for nominating and reviewing the qualifications of board candidates. The current composition of the board is considered diverse, with backgrounds and work experience in science, technology, finance, and other relevant fields. Additionally, the Group conducts annual director education and training to continuously enhance directors' capabilities in various aspects of ESG.

Contact information for stakeholder
communications personnel

Scope of Material Issues and Materiality Analysis

The Group adheres to GRI guidelines and the four principles of inclusiveness, materiality, responsiveness, and impact in identifying and analyzing material economic, environmental, and social (including human rights) topics and their positive and negative impacts. These topics are 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.

Compiled topics of concern-17 topics of concern

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

Economic	Environmental	Social (including human rights)
<ul style="list-style-type: none"> Corporate governance and risk management Financial performance Ethical management and legal compliance Innovative development and low-carbon technologies Information security and customer privacy Supply chain management Procurement practices and management 	<ul style="list-style-type: none"> Climate change responses Energy and greenhouse gas management Water resource management Waste management Hazardous substances management 	<ul style="list-style-type: none"> Talent attraction and retention Employee rights and diversity and equality Employee training Occupational health and safety Community investment and participation

Quantified impact levels of the 17 topics

The Group adopted the expert evaluation method and distributed questionnaires to internal senior executives to survey the "economic, environmental, and social (including human rights)" impact levels of the 17 topics, including positive and negative impact levels and probabilities of occurrence, which were given ranks of 1 to 5 from low to high.

Confirmed material topics

After internal senior executives filled out questionnaires, the Sustainability Committee analyzed the quantitative results of the 17 topics. Following weighted calculations and internal discussion, our 10 material topics were determined to be employee rights and diversity and equality, information security and customer privacy, climate change responses, occupational health and safety, financial performance, ethical management and legal compliance, corporate governance and risk management, energy and greenhouse gas management, innovative development and low-carbon technologies, and hazardous substances management. Compared with the previous year, one new material topic (hazardous substances management) was included.

Ranking	Aspect	Topic	Positive Impact Rank	Negative Impact Rank	Sum of Ranks
1	Social	Employee rights and diversity and equality	2	1	3
2	Governance	Information security and customer privacy	1	3	4
3	Environmental	Climate change responses	3	5	8
4	Social	Occupational health and safety	4	4	8
5	Governance	Financial performance	5	9	14
6	Governance	Ethical management and legal compliance	6	8	14
7	Governance	Corporate governance and risk management	13	2	15
8	Environmental	Energy and greenhouse gas management	9	7	16
9	Governance	Innovative development and low-carbon technologies	12	6	18
10	Environmental	Hazardous substances management	8	10	18
11	Environmental	Water resource management	10	12	22
12	Governance	Supply chain management	10	13	23
13	Social	Community investment and participation	7	16	23
14	Environmental	Waste management	15	11	26
15	Governance	Procurement practices and management	14	14	28
16	Social	Employee training	15	15	30
17	Social	Talent attraction and retention	17	17	34



Material Topic	GRI Disclosures	SASB Disclosures	Corresponding Sections	ESG Impact Description ^(Note)
Employee rights and diversity and equality	Self-defined topic	TC-ES-310a.1	Chapter Two : Communication and Protection of Employee Rights	Employee rights and diversity and equality mainly have positive and negative social impacts. Protection of employee rights enhances operational efficiency and lack of these protections may affect our corporate reputation, leading to other negative issues.
Information security and customer privacy	GRI 418	(Not SASB material topics)	Chapter One : Corporate Governance	Information security and customer privacy mainly have positive and negative governance impacts. If our information security measures meet with client approval, this can help to maintain our sales relationships, and lack of these measures may affect our corporate reputation, leading to other negative issues.
Climate change responses	Self-defined topic		Chapter Five : Climate Change	Climate change responses mainly have positive and negative environmental impacts. With increasing global emphasis on climate change issues, advance climate mitigation and adaption measures help to enhance operational competitiveness, and lack of these measures will result in non-compliance with government and client requirements, affecting our operations.
Occupational health and safety	GRI 403	TC-ES-320a.1	Chapter Three. Healthy Workplace, Safety Adherence	Occupational health and safety mainly has positive and negative social impacts. Protection of employee and contractor occupational health and safety enhances operational efficiency and lack of these protections may affect our corporate reputation, leading to other negative issues.
Financial performance	GRI 201	(Not SASB material topics)	Chapter One : Corporate Governance	Financial performance mainly has positive and negative governance impacts. Financial performance is the foundation of sustainable development, and therefore the Group must focus on this issue to meet stakeholder expectations.
Ethical management and legal compliance	GRI 205 GRI 206		Chapter One : Ethical Management	Ethical management and legal compliance mainly have positive and negative governance impacts. Ethical management and legal compliance are the Group's most fundamental corporate social responsibility, and therefore the Group must focus on this issue to ensure that operations meet stakeholder expectations.
Corporate governance and risk management	Self-defined topic		Chapter One : Corporate Governance	Corporate governance and risk management mainly have positive and negative governance impacts. Sound corporate governance and risk management aids promotion of ESG tasks, and lack of these systems may affect our corporate reputation, leading to other negative issues.
Energy and greenhouse gas management	GRI 302 GRI 305		Chapter Five : Climate Change	Energy and greenhouse gas management mainly have positive and negative environmental impacts. Energy and greenhouse gas management are priority tasks for climate mitigation, and all global stakeholders are required to achieve the 2050 net zero emissions target.
Innovative development and low-carbon technologies	Self-defined topic		Chapter One : Innovation Management and Patents	Innovative development and low-carbon technologies mainly have positive and negative governance impacts. Promotion of innovative development enhances operational efficiency and increases revenues.
Hazardous substances management	Self-defined topic		Chapter Five : Chemicals Management	Hazardous substances management mainly has positive and negative environmental impacts. Improper management and disposal of chemical used during operational processes may damage surrounding environments and societies, and therefore the Group must focus on this issue.
Supply chain management	(Not GRI material topics)	TC-ES-320a.2 TC-ES-320a.3	Chapter Four : Business Sustainability, Beneficial Partners	Supply chain management mainly has positive and negative environmental, social, and governance impacts. The Group has established ESG targets related to supplier management to demonstrate our industrial leadership while working on ESG tasks.
Procurement practices and management		TC-ES-440a.1	Chapter Four : Business Sustainability, Beneficial Partners	Procurement practices and management mainly have positive and negative environmental, social, and governance impacts. The Group prohibits use of conflict minerals and other restricted chemicals to ensure protection of human rights and compliance with other social issues.
Water resource management		TC-ES-140a.1	Chapter Five : Management of Water Resources	Water resource management mainly has positive and negative environmental impacts. Group operations mainly use municipal water and discharged wastewater. Improper management and disposal of water resources may affect our corporate reputation, leading to other negative issues.
Waste management		TC-ES-150a.1 TC-ES-410a.1	Chapter Five : Waste Management	Waste management mainly has positive and negative environmental impacts. Domestic and hazardous waste are generated during operational processes, and improper management and disposal may damage surrounding environments and societies, so the Group must focus on this issue.

Note : Impacts include both positive and negative impacts, as well as actual and potential impacts