



2012 SER

Annual Report

This Report is compiled by Foxconn Global SER Committee

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Art Design by the Foxconn Bridgeworkers.



Preface

About this Report

This is the 5th Report published by Foxconn Technology Group regarding its corporate social responsibility.

Report Principles

The Report is edited pursuant to the guideline of the Global Reporting Initiative (GRI) 3.1, the annex shows the indicators that have reported in the Report.

Boundary and Limitation

The Report covers a summary of the actions taken by Foxconn from January 1, 2012 to December 31, 2012 as they relate to economic, social, and environmental matters in Hon Hai Taiwan, Foxconn China, and other locations worldwide. Due to the magnitude of the Foxconn Group, not all locations will be outlined. The Report is based solely on the legal entities that are actually controlled by the Foxconn Group and its boundary in this Report is the same as that of the 2011 Report.

Data Source and Measurement

The figures released in this Report are provided by the various legal entities that are actually controlled by the Foxconn Group. The data were compiled by the Investment Relationship Department, Human Resources Department, the Safety Department, the Procurement Department, the Group's Labor Union, the Party Council, and the Taiwan Yonglin Foundation. The data were analyzed and edited by the Group's Global SER Committee in accordance with the Global Reporting Initiative (GRI) 3.1 standards.

Assurance

Upon completion of the data by the Global SER Committee, the Report was independently verified by the Longan Law Firm to ensure proper disclosure in accordance with the GRI 3.1 standards.



CONTENT



CONTENT

1	-----	Message from the Chairman
2	-----	1 About Foxconn Group
		Overview
		Awards and Accolades
		Corporate Governance
		Stakeholder Management
10	-----	2 Employees
		Employee Wages and Benefits
		Employee Communications
		Recreation
		Employee Career Development and Growth
18	-----	3 Health and Safety
		Occupational Safety
		Occupational Health and Safety
		Mental Health and Safety
		Food Safety
24	-----	4 Community Involvement and Development
		Community Activities in China
		Community Services in Taiwan
		Foxconn Community Services Overseas
48	-----	5 Green and Low-carbon Development
		Energy Management and Conservation
		Green Energy Development
		Water Conservation and Greening
		Green Products
56	-----	6 Supply Chain Management
		Suppliers SER Management
		Supply Chain Conflict Minerals Management
		Supplier Green Product Management
		Supplier' s GHG Management
		Conclusion
		Appendix

MESSAGE FROM THE FOXCONN GLOBAL SER COMMITTEE CHAIRMAN

This SER Report encapsulates the accomplishments by Foxconn Technology Group in carrying out corporate and social responsibility and its overall strategies in meeting future challenges. Foxconn is a socially responsible enterprise that manifests itself in self-development and social development with a tenacious pursuit for sustainable growth for companies and their stakeholders and the social contagion for the human good.

As the global electronics manufacturing services compete vigorously, the industrial structure being optimized, and the economic restructuring emerged, Foxconn sees itself in the midst of another wave of risks and challenges. In overcoming stiff competition in this market place, Foxconn continues spreading its wings to such areas as automation, energy conservation, and channel business is moving confidently in the direction of its dreams. Its occupation is to put in operation a roadmap well defined to take the enterprise to the next age of a new series in technological advancement that will forever change the way we live. On that score, it ascertains the causes for benefits with engaging candor enabling employees to excel in their careers through on-the-job training and continuing education. In an effort to harmonize corporations and communities, Foxconn supports the idea of employees returning to their cities so that they may enjoy work and family lives right in their own homestead.

In response to the increasing demand in deploying renewable energy by the government and the community, Foxconn is determined to go with the green concept, emphasizing “energy conservation enables changes and emission reduction brings green.” There have been many eco-projects aiming at reducing gas emission to decrease the negative impact on the environment and to increase Foxconn’s competitiveness in green energy. It has taken initiatives to heal the environment and save the earth and urges its suppliers to join in this important mission.

Learn from the past but look to the future. Foxconn lives the culture of innovation and is here to make a bold push – the turning out to the light the inner folds of the awareness of that spirit. Desiring for the cream of the crop, it marries corporate social responsibility with economic efficiency for state-of-the-art technology in a safe and healthy environment and that is the Foxconn way of making its contributions to the humankind.

Foxconn Global SER Committee Chairman
Jacob Chen







鴻海精密工業股份有限公司
HON HAI PRECISION IND. CO., LTD.

1.1 Overview

Name: Foxconn Technology Group ("Foxconn")

Establishment Date: February 20, 1974

Anchor Company: Hon Hai Precision Industry Co., Ltd. (Ticker Code 2317.TW)

Headquarters: No. 2 Tsu-yu Street, Tucheng District, New Taipei City

Total Employees: more than 1.3 million (as of December 31, 2012)

Turnover in 2012: NTD 3.22 trillion with a year-on-year increase of 16.09%

Foxconn is an EMS and a high-tech group of companies specialized in computers, communications, consumer electronics, new energy resource, new raw material, with cloud computing that integrate resources in its research and development and channel business. In the process of advancing from "manufacturing" to "technology", Foxconn places great emphasis on nanotechnology, heat transfer, nanoscale measuring and testing technology, wireless technology, ecology, green technology, CAD/CAE technology, optical coating technology, precision in process nanotechnology, SMT technology, LAN, etc. Through Foxconn's efforts in integrating all resources in mechanical optical electronics, it has become the market leader in areas like precision machinery and modules, semiconductors, computers, liquid crystal display, telecommunications, e-supply chain management, biochemical technology, and new energy resources.

Global Footprint

Over the years, Foxconn has actualized its expansion plan of "China Rooted, Global Footprint" by way of setting up more than 200 subsidiaries and branch offices in Asia, the Americas, and Europe. It has successfully carried out its global centralization of having "two R&D Clusters, three Design and Manufacturing Zones, and Worldwide Delivery".

China Footprint

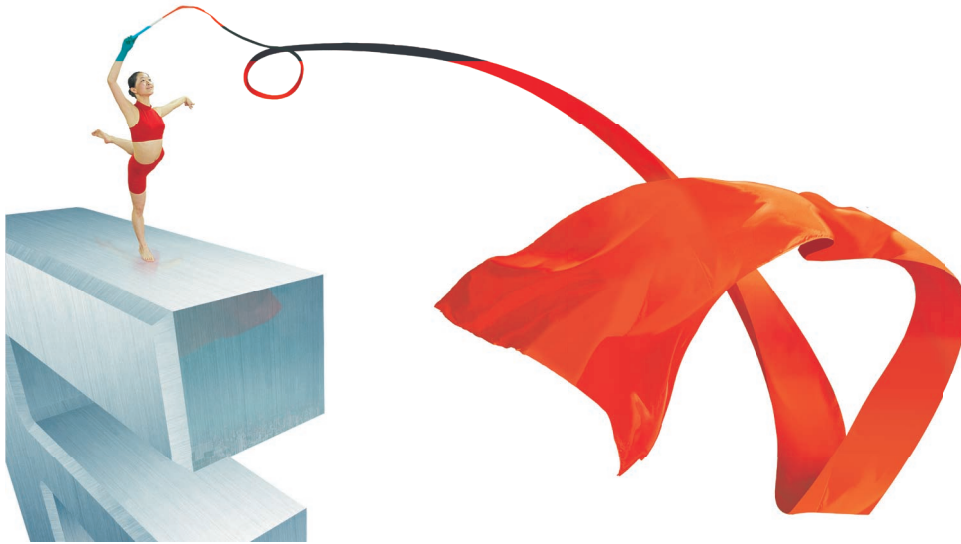
Since Foxconn's China investment in 1988, it has rapidly grown by leaps and bounds on a large scale. Today, there are more than thirty industrial parks and production sites in various locations like Huanan, Huadong, Huazhong, Huabei, Dongbei, and Xinan.

Future Prospects

By way of revolutionizing its business from **“Commerce → Technology → Industry”** to **“Industry → Technology → Commerce,”** Foxconn will integrate channel business into its operations. In order for the transformation to take place, the Group undertakes major restructuring from the upstream core components to the downstream sales channels to start up 3C business chains.

As was committed in the past, Foxconn intends to build a lively and dignified workplace with a sense of accomplishment that combines the wisdom of tech experts worldwide. It aims to challenge innovation and leverage technology so as to promote industrial transformation for the Group as the ultimate goal is to have a sustainable enterprise that is “long-lasting, stable, technologically viable, and internationally exposed” .





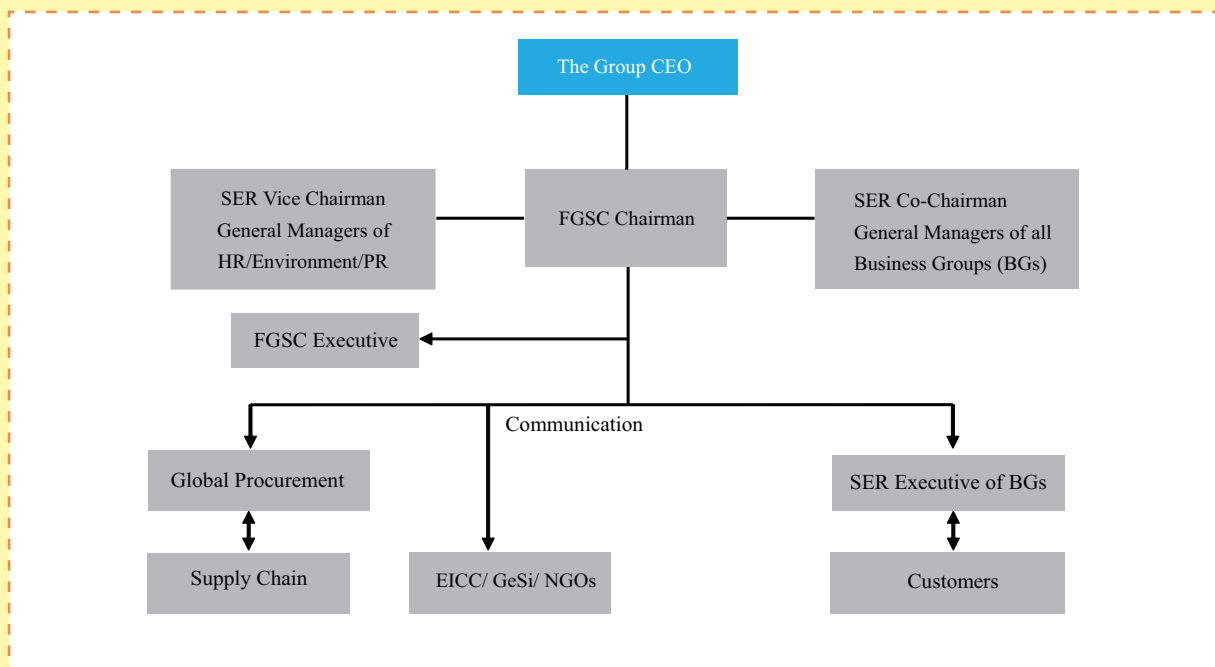
Awards and Accolades

- 1996 Awarded Second Place in the Taiwan' s Fifth Annual Award for Innovation
- 1998 Ranked No. 25 in U.S. "Business Week" for the top IT100 companies, ranked No. 23 in China Foreign Investment Fortune 500 (ranked No. 1 for Taiwanese enterprises)
- 1999 Ranked No. 33 in U.S. "Business Week" for the top IT100 companies
- 2000 Ranked No. 27 in U.S. "Business Week" for the top IT100 companies
- 2001 Ranked No. 16 in U.S. "Business Week" for the top IT100 companies, became the largest Privately-owned companies in Taiwan (leading company since then)
- 2002 Ranked No. 3 in U.S. "Business Week" for the top IT100 companies, ranked No. 1 among the top 200 exporters in China (leading company since them)
- 2003 Ranked No. 8 in U.S. "Business Week" for the top IT100 companies
- 2004 Ranked No. 4 in U.S. "Business Week" for the top IT100 companies, ranked No. 478 For the first time in U.K. "Financial Times"
- 2005 Ranked No. 371 in "Fortune Global 500" , ranked No. 2 in U.S. "Business Week" For the top IT100 companies
- 2006 Ranked No. 206 in "Fortune Global 500" , ranked No. 2 in U.S. "Business Week"
- 2007 Ranked No. 154 in "Fortune Global 500"
- 2008 Ranked No. 132 in "Fortune Global 500"
- 2009 Ranked No. 109 in "Fortune Global 500"
- 2010 Ranked No. 112 in "Fortune Global 500"
- 2011 Ranked No. 60 in "Fortune Global 500"
- 2012 Ranked No. 43 in "Fortune Global 500"

1.3 Corporate Governance

Corporate Organization and Board of Directors

Foxconn sets up its Board of Directors that comprises of members responsible for corporate governance. In addition to protecting the shareholders’ interests, the Board adheres to the guiding principles of going hand-in-hand with Foxconn’ s employees, customers, supplies, local communities, and government agencies. The General Managers at the business group level are responsible for carrying out the instructions from the Board to ensure that business is run smoothly and efficiently. Board members receive no compensation for serving on the Board and they recuse themselves if a conflict should arise. The members derive compensation from bonuses that are in direct proportion to Foxconn’ s performance. Hon Hai Precision Industry Co., Ltd. is the largest listed company in the Group. Hon Hai has two independent directors and two statutory auditors on the Board. Terry Gou is Chairman of the Board and also CEO of the Group. Foxconn’ s operations are publicly funded. There are no significant shares held by or financial assistance received from any government.





FOXCONN®
富 士 康 科 技 集 团

Foxconn Global SER Committee

Since March 2005, Foxconn has been a member of the Electronic Industry Citizenship Coalition ("EICC") to promote social and environmental responsibility ("SER"). In March 2007, Foxconn established its Global SER Committee ("FGSC") with Chen, Zhen Kuo as the Chairman of the Committee. The SER teams of the various business groups were set up to fulfill the implementation of the SER policy and are monitored by the FGSC.

Each FGSC conducts cross-checks and audits among the various business groups. This is to ensure that SER policy is implemented fully and completely at every manufacturing site. On February 22, 2012, led by Foxconn' s Labor Union, FGSC collaborates with the Human Resources Department, the Industrial Safety Department, and the Central Fire Prevention Department performed SER audits at more than thirty sites. The audited items included employee rights and health, industrial safety, and environmental and management systems. The audited locations included the production lines, the service departments, employee canteens, and dormitories. Methods for the audits included on-site checks, document review, and employee interviews. The results were then compiled into reports with comments and requests for improvement. Since November 6, 2012, FGSC again conducted a second walk-through with the business teams to ensure that all issues were addressed and improvements made.

In addition, FGSC interacts closely with customers, the government, and the community to improve transparency in the implementation of SER policies within the Group. Since February 2012, the Fair Labor Association ("FLA") conducted multiple audits at Foxconn' s sites, including the workplace, rest place, recreational areas, and training centers. Through the investigation, the issues concerning employee recruitment, work hours, trainee recruitment, and labor unions were improved, and complied with the FLA' s requirements.

1.4 Stakeholder Management

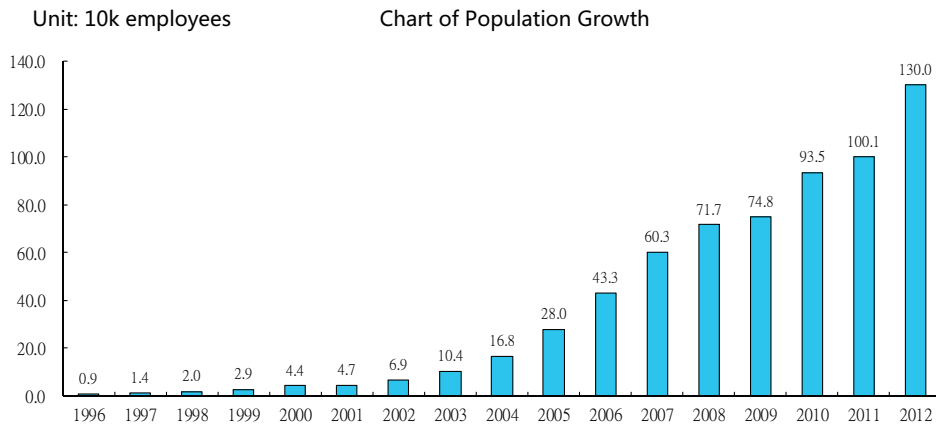
In order to better implement SER policies, Foxconn establishes various methods of communications with its employees, customers, supplies, the community, its investors, and non-government organizations. This enables Foxconn to listen to voices from different groups and to understand their expectations of the Group. The following chart illustrates how Foxconn communicates with its stakeholders on pivotal issues to ensure that they benefit to the fullest extent:

Stakeholders	Selection Standards	Communication Channels and Frequency	Focused Issues	Efforts and Outcomes
Employees	All employees are treated equally	Communications include employee hotline, forum, letter box, satisfaction survey, and counseling. Other programs include employee assistance funds and employee family assistance funds.	Living environment Working environment Labor relations Mental health	The goals are to ensure that voices from employees can be heard and their emotions expressed so that they feel rewarded and happy at work. In addition to the regular communication channels, Foxconn is dedicated to an effective communication procedure that provides 24-hour service to employees who need help, counseling, or other services to enhance employees' health and mental well-being.
Customers	With customers' goals in mind	SER quarterly and annual in-action conferences Customers' random visits and audits Telephone conferences Quarterly and annual audits	EICC CoC implementation on downstream suppliers Green products Greenhouse gas reduction Energy saving and carbon footprint	Foxconn maintains effective communication with customers, facilitates their on-site inspections, and is prepared to brief them on the status of SER compliance and statuses of their suppliers. The goal is to provide customers with speed, quality, technology, flexibility, innovation, and cost efficiency. It is also to provide customers with peace of mind, knowing Foxconn's vigorous efforts to reduce carbon emissions in manufacturing its products.
Suppliers	Numerous suppliers with an 80/20 guideline to determine priority	Annual suppliers' meeting SER audits	Suppliers' code of conduct standards Legal compliance	The goal is to demand that suppliers achieve Foxconn's standards in SER compliance by conducting an annual suppliers' meeting and unscheduled SER audits and by setting up an SER website so that suppliers may learn EICC requirements and Foxconn's standards.
Community	From local community at each country's site to sites worldwide	Month, quarterly, and annual activities	Environmental protection Health life Juvenile education Assistance for the needy	Each site is devoted to the environmental mission of "energy saving, emission reduction, going green, and recycling" and employees are required to contribute their fair share in protecting the environment. Foxconn encourages the recruitment of the physically impaired, provides financial assistance towards their education, and collaborates with the China Youth Foundation in setting up the AIKANG Hope Hospital. Foxconn will continue its efforts in educating the youth.
Investors	Investors worldwide, including entities and individuals	Monthly report and quarterly financial statement One-on-one investor meeting Investor telephone conference Annual stockholder meeting	Company outlook, revenues, and SER compliance updates	Foxconn has in place a spokesperson system, investor conferences, and road show activities. It publishes the 2011 SER Report for investors' review.
NGOs	Regular communication with NGOs on important issues	Unscheduled telephone conferences Annual SER activities and competition	Green products Environmental protection Employee care	Attend annual SER forums and conferences with NGOs on SER topics. Attend NGO and SER activities, such as CDP. Collaborates with NGOs in promoting specific environmental projects (such as RoHS, HF, etc.).

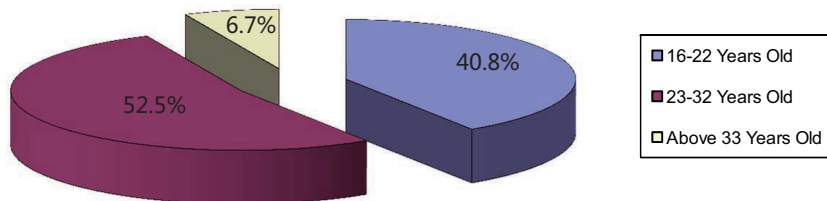




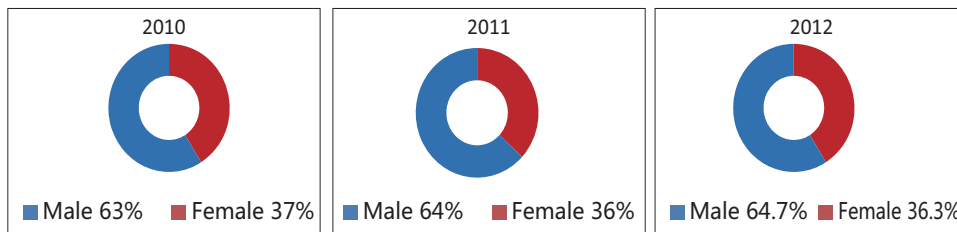
Foxconn’s employment policies require that the recruitment, promotion, wages, training opportunities, and retirement must be people-oriented, non-discriminatory, lawful, fair regardless of one’s gender, age, nationality, religion, political affiliation, birth place, national origin, and language. Foxconn recruits through two channels – community and educational institutions where it operates in an unbiased, with a respect of human rights and diversified practice. Foxconn prohibits employment of under-aged workers and forced labor. Until December 31, 2012, Foxconn has a population of 1.3 million workers and localized its workforce; take mainland China as an example, 99% of the workforce are mainland Chinese citizens.



Most Foxconn workers are of the younger generation who were born in the 1980s. The following chart illustrates a breakdown of the population by age.



The following chart illustrates a breakdown of the population by gender.





the Lottery

2.1 Employee Wages and Benefits

Foxconn has always attached great importance to employee welfare. The wages paid to employees have been maintained above average among its peers in the manufacturing industry. Each year, Foxconn works closely with the Labor Union to arrive at a package that guarantees employee rights. On December 18, 2012, thirty-five entities in Shenzhen signed an agreement with the Labor Union on: In 2013, those workers who have reached their one-year employment and who have a satisfactory performance will receive a raise of at least 3%. Other entities at various sites have also followed Shenzhen's footsteps and signed the 2012 standard agreement with the local labor unions of the respective sites.

At Foxconn, employee benefits are given full attention and respect. Foxconn has accepted terms that are favorable to employees in their employment contracts with a goal to establish "the five assurances": (a) guarantee the enrollment of the social insurance required by law (including the standard social security insurance, the standard medical insurance, the work-related injury insurance, maternity insurance, and unemployment insurance); (b) establish a self-insurance fund (commercial insurance) as a supplement to the other insurances required by law; (c) establish a fund for employees who require financial assistance or medical attention; (d) establish a self-help fund "where there is a need, there is help"; and (e) establish a subsidy for employees' next of kin. "The five assurances" is a comprehensive program that provides for 100% of the coverage so that employees may "enjoy their retirement, receive medical help where needed, and receive support when warranted. In 2012, 203 needed employees received financial assistance in the amount of 3,357,959 CNY and 579 employees' next of kin received in the amount of 2,949,000 CNY. In addition, Foxconn has a policy that offers regular visits to employees who are in-patients, those who are injured. Those visited amounted to 301 person times with consolation money amounts to 86,287 CNY.

In addition, employees may work overtime during the week, over the weekend, and during the holiday at their own free will. They are paid overtime the amounts as required by law. Employees are rewarded for their hard work and those who have outstanding performances may be rewarded through stock options and housing. On May 5, 2012, Foxconn's Yantai Industrial Park hosted the "1-3-8" housing campaign, 57 apartments were distributed to those employees who duly deserved.



2.2 Employee Communications

In 2007, Foxconn formed the Foxconn Labor Union ("Labor Union"). After five years of operations, the Labor Union has expanded from four representatives to 23,000 representatives and members. There are 20,000 plus members at various teams providing numerous services to members. Membership has now reached 92.94% of the total population.

Foxconn' s Labor Union sets up a centralized hotline and department help line for employee support. Through various channels of communications such as the Labor Union mailbox, Chairman' s mailbox, Chairman' s hotline, rights hotline, support hotline, and the Labor Union website, employees are given immediate attention to their needs. In addition, in order to receive more comments from employees and to allow employees to voice their thoughts, Foxconn has maximized its resources in having an Employee Care Center that provides a 24-hour service platform so that Foxconn may reach out to those in need. In 2012, the Center received about 60000 cases with 100% efficiency.

2.3 Recreation

Foxconn’s “Tender Loving Care” Program makes things happen from word to action. It has successfully built a comprehensive training program with four essences “Foxconn Star”, “Foxconn Dependent”, “Foxconn Date”, and “Foxconn Soul Date”.

“Foxconn Star” is manifested through “compete, learn, captivate, support, and excel” in its learning environment that provides employees to be the best that they can be. In 2012, after the 15 committees on talent development conducted assessment for six months, 99 talent performers were chosen from the 810,000 workers for their achievements in the fifteen major skills, including fifteen outstanding talent performers and eighty-four excellent performers. On December 29, the award ceremony for the talent shows was hosted at the Chengzhou Industrial Park Airline Harbor Campus. Attendees included more than 2,220 employees, 155 family members from the talent performers, and forty reporters witnessed the ceremony. In addition to receiving awards and recognition, these workers enjoyed a trip to Taiwan. In 2012, 418 outstanding workers went on a one-week trip to Taiwan on a tour to twenty tourist attractions, including Alishan, Sun and Moon Lake, Taipei 101 Building, and the Shilin Night Market.

“Foxconn Dependent” aims to provide educational assistance to employees’ children and to organize family activities. Each year for the past five years, Foxconn has helped employees in dealing with the challenges of returning home during the New Year holidays by establishing group train ticket purchase so

that they may go home to their families. The efforts have turned out to be extremely successful – 200,000 tickets and twenty-five trips to cross-districts in China. In addition, Foxconn encourages employees to refer their families and friends to join the Group; to date, this campaign has attracted 80,000 applicants and 12,000,000 CNY worth of referral fees.

“Foxconn Date” is a match-making service set up for employees to make friends. By the end of 2012, “Foxconn Date” has organized fifty-two various activities for more than 100,000 employees to find their mates, to strengthen their courtship, and to join them in matrimony. In addition, Foxconn has hosted twenty-three major group weddings.

“Foxconn Soul Date” provides food for a healthy soul that includes eight major programs: (a) the soul station (mental health broadcasting); (b) the soul garden (mental health guidance televising); (c) the soul media (mental health knowledge through advertising); (d) the voice within (mental health training); (e) the soul website (mental health social platform); (f) the soul window (mental health workshop at various business groups); and (g) the soul hotline; and (h) the soul bay (mental health work space). There are 500 psychological counselors and professional volunteers who stand ready to render mental health counseling.



Foxconn Star enjoyed a trip to Taiwan



Group Weddings

2.4 Employee Career Development and Growth

Foxconn encourages all employees to “learn at work, work and learn” . It is only through proper training and education that employees may improve their personal intellect and skills and thereby improve performance. In January 2002, Foxconn established an IE institution with a focus to nurture the concepts of innovation and entrepreneurship to employees. Only then can there be a chain of reactions to form Impactability Engineering that amalgamates advanced manufacturing skills with research and development and management philosophy.

Employee Training

In 2012, the IE institution offered courses in management, general education, technology, IE, etc. The institution offered 380,000 training hours to approximately 210,000 employees.

Type of Course	Number of Attendees	Number of Training Hours
Management Knowledge	3,439	29,571
Common Knowledge	6,997	32,325
Technical Training	8,048	31,982
Industrial Engineering	184,559	183,550
Others	8,234	79,612
Total	211,277	357,040

In addition to the above courses, the institution offers training sessions, lectures on employee care, mental health training, employee care training sessions for team leaders, employee development training, management training, and other types of training as may be deemed appropriate.

Employee Education

The IE institution was approved by the Department of Education in 2001 and has collaborated with fifty-three various universities such as Tsinghua University, Beijing University, Zhejiang University, Xian

Jiaotong University, and Harbin Institute of Technology. Through these efforts, Foxconn has been able to schedule 410 vocational course, pre-college course, college course, courses for bachelor' s degrees, courses for master' s degrees, and all the way to doctorate degrees. There were a total of twenty-five specialties and sixteen campuses. The institution has proudly trained 21,773 employees and 9,495 of them have completed the curricula and received their diplomas.

In 2012, the Institution recruited 3,680 members, of whom ten were those with doctorate degrees, 488 were master degree holders, and 2,718 were college graduates. To further encourage employees in registering for courses, Foxconn offers many forms of incentives: grants, scholarships (given at each quarters and the highest award may be equivalent to the tuition amounts), committee-sponsored scholarships (three funding stages after graduation and the highest award may be equivalent to the tuition amounts). In 2012, Foxconn awarded eight types of awards such as scholarships to pre-college students, research accomplishment scholarships, scholarships for the highly-motivated and outstanding academic performance, and others achievements totaling 6,050,000 CNY to 1,773 students at thirteen campuses.

In addition, to ensure there is impartiality in receiving continuing education, Foxconn and Customers have jointly sponsored higher education. Customers will pay for 100% of the expenses during the first year. For the second year onward, Foxconn pays 45%, the employee pays 10%. Between 2008 and 2012, More than 2,127 employees have benefitted from these funds.



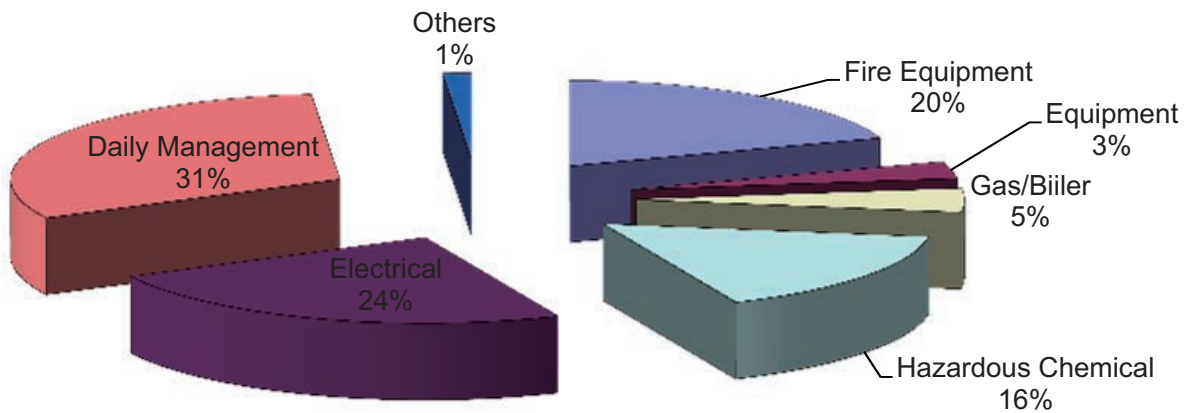
the Opening Ceremony





3.1 Occupational Safety

Production safety is a pre-requisite and is Foxconn's goal to foster a safe and healthy work environment. In April 2012, Foxconn revised the reporting award provisions in the "Foxconn Firefighting and Industrial Safety and Reporting Award Guidelines". Since the adoption of the revisions, employees made great use of the guidelines and reported and prevented some thirty incidents of disasters. In 2012, the Corporate Safety Department conducted daily inspections and itemized safety audits at various sites. The audits resulted in 16,175 items of hidden disasters, corrected 15,104 of them and the efficiency for corrective measures reached 99.75%. The following chart illustrates the types of hidden disasters:



In dealing with the preventive measures and the immediate disposal of potential fire hazards, in 2012, Foxconn's upper management instructed the Corporate firefighting teams to hold the Safety Conference twice that year and 115 meetings on safety policies. Foxconn also organized various 64 safety educational training sessions with an attendance of more than 100,000 employees.



The Safety Responsibility Signing Ceremony



Safety Inspection



2012 Pressure water mist fire extinguisher operation training site



Fire evacuation drills



Chemical spill emergency drills



"11.9" Fire Day series of events in Foxconn



"Health & Safety Cup" Safety Quiz in Chengdu



In 2012, members of Foxconn's fire prevention system conducted inspections and regular maintenance of the system twelve times that year, corrected 4,180 items, contacted the police station 265 times, and conducted fire drills 120 times with the various business groups. In addition, Foxconn installed high pressure water mist fire extinguishing system and hosted operations training so that firefighters become more knowledgeable of the usage and to achieve the goals of "fire prevention for all". In November 2012 and before the "November 9 Fire Prevention Day", Foxconn hosted a series of safety messages and other fire prevention activities to promote safety awareness at work.

3.2 Occupational Health and Safety

To be caring about employees is to be caring about their health and therefore a company's primary mission is to prevent occupational diseases. In 2012, Foxconn's health department worked hand-in-hand with the various business groups on eight different projects in evaluating the effective methods of preventing occupational diseases. Foxconn distributed 1,600 self-evaluation cards, conducted tests of occupational diseases 1,550 times, and provided physical examination of 100,000 employees. Among those workers, 800 of them were radiation-exposed and 100% of them were provided the adequate training. To ensure a safe work environment, Foxconn mandated disinfection of factory space totaling 5,880,00 square meters, canteen space of 10,400,000 square meters, and other open space of 25,000,000 square meters.



The Taiyuan Campus hosted its Third Annual Contest in Women's Health and Maintenance

To further promote health awareness of occupational diseases, in 2012, Foxconn organized five sessions of physical examinations covering approximately 6,000 employees, seventeen training sessions of sanitary health training of more than 1,000 employees.

3.3 Mental Health and Safety

In February 2012, Foxconn established an on-site service line with a goal to communicate effectively with employees so that each of them may find the support channels for their personal needs. Throughout the 20,000 production lines, there are bulletin boards updated with the latest information. Each piece of message clearly identifies the source of the information, the contact person, and the hotline they may call for inquiries. In addition, Foxconn distributed 1,000,000 guide books of "We are on your Side" and 50,000 copies of "Foxconn Women's Handbook" to reach out to employees at every corner of the workplace.

To foster employee mental health awareness, Foxconn provides psychological counseling hotline and mailboxes. In January 2012, Foxconn centralized the help line to one for all campuses to enhance the

service channels to employees. In February of that year, Foxconn installed 132 mailboxes at twenty-six campuses in Shenzhen, Chengzhou, Chengdu, Wuhan, and Yantai. All issues were categorized and transferred to the respective units to address and resolve them swiftly and efficiently.

3.4 Food Safety

Foxconn places great emphasis in food safety because “for a country, people come first; for people, food comes first; for food-consumption, safety comes first.” It masterminds food safety in ensuring food quality and canteen services for all employees by way of synchronizing source management and on-site management. All procurements of food and ingredients are centralized and random inspections are done at the food providers. To further provide for better quality and services, Foxconn engages the services of three to four food providers at each canteen so that employees make score by virtue of their performances. This is done through a PK system assessing the efficiency of their work and the quality of their production. Each week, employees are to evaluate their performances for each line and provide their comments. The prices for the meals are pre-approved by Foxconn at no more than a 2% profit margin. The providers make their profit through volume.

Foxconn established a food control committee for employee meals. This arrangement allows the committee to scrutinize food production. The committee members inspect at the food preparation site, from the procurement of raw material, to the flow of food production, disinfection of utensils, and tidiness of the eating space. Having all aspects of monitoring the process, Foxconn is committed to a safe and healthy workplace in which employees may enjoy during their breaks.



110 members from the control unit attended the conference



**Community Involvement
and Development**





Foxconn donated 5,000,000 CNY to the Shenzhen Project Care Foundation

4.1 Community Activities in China

Foxconn organizes Party Councils and Labor Unions at each of its campuses. The goal is to promote charitable activities at the regions where the campuses are located. In 2012, Foxconn's Central Party Committee organized several more than 200 field trips for twenty-two campuses with seven major themes to "assist the weak", "assist the disabled", "assist the elderly", "promote sanitation", "promote education", "assist the physically impaired", and "donate blood". There were more than 20,000 participants who travelled to various districts. The donations were as high as 858,000 CNY in financial assistance and building projects.

Foxconn joins Shenzhen Project Care Foundation in Charity

Foxconn has integrated philanthropy in its corporate culture. In 2012, Foxconn donated 5,000,000 CNY to the Shenzhen Project Care Foundation. This is the largest sum ever donated from the private sector. The Group will dedicate to the Foundation in helping the weak so that they can receive sunshine from the land of love.

Give Love and Hope to the Disabled

In 2012, Foxconn recruited approximately 2,000 workers with disability. It has and will continue to improve its policy on employment of disabled workers. To facilitate their daily lives, Foxconn will set up the Disabled Service Committee to ensure that services are accessible to them and that they are accommodated. In academic advancement, Foxconn will include a comprehensive educational environment and training program that provide disabled workers with the opportunity to better themselves. At the workplace, Foxconn started a project in 2012 specifically tailored to the disabled workers' needs, the positions that go with their skills, and the locations where they carry out their duties so that they may be assigned to functions that fit their abilities.



The site where people with disabilities are recruited



Activities organized for disabled employees



Attended the 22nd National Disability Day Sponsored by the Zhanjiang City and donated 500,000 CNY towards purchase of wheelchairs and prosthesis limbs.



Worked with the Guangdong Province Employment Center for the Disabled and trained the "Double Special" (outstanding/ improvised) for the Guangdong School of Technology and provided academic grants to 39 students of that category

In 2012, Foxconn hosted a tea party for the disabled and sent regards to thirty of them at the Cheng City campus. The purpose of the tea party was to encourage them to have a healthy life and positive outlook on life.



Respect the Elderly, Love the Young, and Care for the Weak

Foxconn hosted a volunteer team who visited the nursery home from time to time. The team brought various gifts to the elderly such as rice, oil, eggs, fruits, sugar, and other daily supplies, nutritious foods, and consolation money. The team also helped them on house chores and got to know more about their lives at the nursery home. Some of the team members organized dances and other artistic performances in which the elderly participated and had a lot of fun.



The team members played games with the elderly

Foxconn sent its warmest regards to the employees, the elderly, and children at the Welfare Center in the hope that they can lead a healthy and happy life.



The volunteer team brought gifts to the Welfare Center



The volunteer team helped the disabled elderly back to the nursery home

On June 1 "the International Children' s Day" , Foxconn sponsored many activities for the children. At the Tianjin campus, the volunteer team organized a trip to the Children Medical Center and celebrated the holiday with the kids with gifts and games.



The volunteers gave the children gifts



The volunteers had photos with the children



The volunteers played games with the children

Love the Community and Protect the Environment

Foxconn organized a fun day at the Huiji District of the Zhengzhou City Garden and the Yellow River with a theme on “Protecting the River Day– Foxconn in Motion” . The 200 volunteers from that trip cleaned up the debris along the River.



Rating the volunteers on the field trip to the Yellow River with a theme to protect the river

When the Shenzhen City Government called upon the citizens to relieve traffic congestion, to have a low-carbon living environment, and to create a safe habitat in which to live and work, Foxconn responded. It took steps to summon all workers to partake in community services and in building a “green Foxconn” so that everyone may enjoy a good life in a community of which they are a part.



Photos showing Volunteers Promoting “I Love Shenzhen and Go Green”

Medical Assistance, Live Life

In 2012, Shenzhen sponsored its 9th ceremony on “Life Inspiring Card” . Foxconn participated in the event and donated 1,000,000 CNY to help local needy children who require blood cell transfusion as their life-saving treatment.

Local needy children belong to a special interest group and that is a group that is of great interest to Mr. Gou. Since 2004 when Foxconn participated in the 4th “Life Inspiring Events” , it has donated up to 5,000,000 CNY to needy children to preserve life and spread love to their very homes. In addition, Foxconn also assembled a group of fellow workers from the Party Council to extend a helping hand to this group and their families. They even went beyond spreading love to include assistance and comfort from which these children may somehow ease off the stress from life and their mental burden.

Since 2012, Foxconn has made great efforts in giving back to the community. It has donated to date an amount totaling 4,000,000 CNY to the Red Cross, and an additional 3,000,000 CNY to children of the “Smile Project” that provides free surgery to 313 children with cleft lip and palate. On August 26, 2012, at the major evening event of star concert embracing “Love Others and Thanksgiving” , Mr. Gou donated 14,450,000 CNY to the Prevention Re-engineering Care Program, the employee caring fund and the needy and disabled children fund, the local needy children fund, the elderly fund, the Smiling Project fund, the tuition assistance fund that benefit many provinces and districts.



- 01 | 02 01 Foxconn donated 1,000,000 CNY to needy children to preserve life
- 01 | 02 02 Foxconn showered the needy children with love at functions
- 01 | 03 03 In 2012, the Shenzhen City Red Cross named Foxconn the “2010-2011 Charitable Giving Company”



Foxconn donated to "the Little School Desks Project" for children in mountainous regions

Tuition Assistance, Dreams Come True

Foxconn Brings School Desks to Needy Children in Mountainous Regions

To date, Foxconn has set up more than thirty Hope Elementary Schools in Quzhou Province, Ningxia, Tibet, Shanxi Province, Hunan Province, and Hubei Province. Since 2011, Foxconn has sponsored "the Little School Desks Project". Since 2011, citizens and enterprises alike have supported the project and last year alone, they donated more than 300,000 CNY. These funds were disbursed three times with 3,000 little school desks to needy children at Guizhou and Jiangxi and that was like their dreams come true. In March 2012, "the Little School Desks Project" went to its second mission and collected 700,000 CNY in donations. The funds collected were such an inspiration to the children at rural mountainous regions that became the breaking point for those who never had the opportunity to learn but for the donations.

Foxconn's Charitable Activity -- "Colorful Youth and Flying Dreams"

In celebrating June 1 the International Children's Day, Foxconn participated in Taiyuan City's "Colorful Youth and Flying Dreams" Activity at Nine One School of the City's Economic and Technology Development District. Foxconn donated twenty computers and more than 1,000 picture books to encourage students to read and improve so that they too can become valuable members of society.

Helping Children at the Disaster Regions

In conjunction with the Chinghai Council for the Youth and the Chinghai Youth Development Foundation, Foxconn donated 500,000 CNY worth of picture books to ten schools. In addition, Foxconn helped set up the Hope Library for the elementary schools in that area to improve the quality in learning as a token from Foxconn back to the community.



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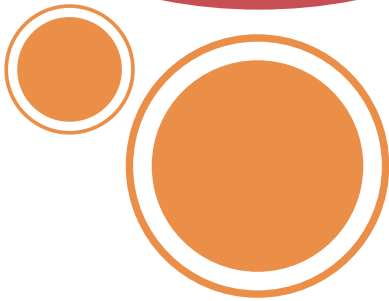
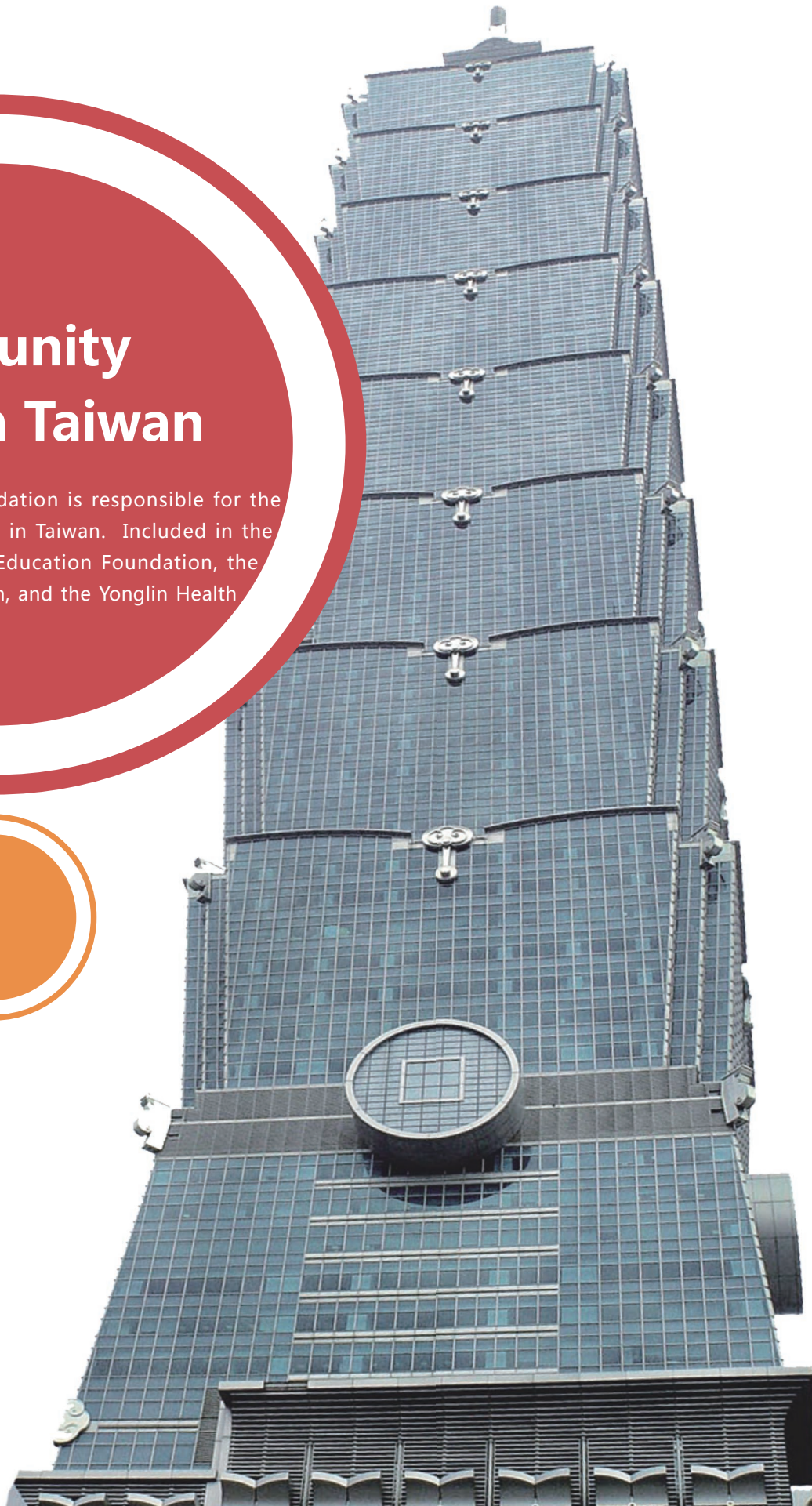
1 -2 Foxconn sent gifts to children

3 The smiley faces from children upon receipt of new school supplies

4 Book Donation Ceremony

4.2 Community Services in Taiwan

The Taiwan Yonglin Foundation is responsible for the Group's charitable activities in Taiwan. Included in the Foundation is the Yonglin Education Foundation, the Yonglin Charity Foundation, and the Yonglin Health Foundation.





Yonglin Foundation Founder Mr. Gou and his wife received the award at a ceremony

Yonglin Education Foundation

Yonglin Hope Elementary School – Tutoring Services for Needy Children

The Hope Elementary Schools have continued to grow during the past six years. With the support from fifteen colleges and two non-profit organizations, the schools have engaged 1,500 tutors serving 5,000 students from 280 schools.

“Summer Idol” provides the stage to have fun in various activities -- English contest, spelling bee, reading and entertainment contests.



The Yonglin Foundation has flourished to having an e-learning environment with its materials through cloud computing. This new technology has improved learning for 2,500 students of 220 classes at 120 elementary schools. Students can now learn using state-of-the-art technology. And that is the way it should be because “giving children hope is giving Taiwan a future” .

The Research Center of the National Chung Cheng University of Teaching has a unique set of teaching materials on “Play the Magic Number Game” . This is an innovative game with path finding techniques so that students may find math learning fun and interesting.

Yonglin Charitable Foundation

The “Assistance from Yourselves and Others” Project

Since 2011, the Project has sponsored eighty-six charitable events and in 2012, they were implemented successfully. More than 10,000 nutritious meals were provided to 751 elders and to show respect. 335 children received health education. 361 juveniles received counseling to set themselves on the right path. 5,517 victims of domestic violence found refuge and the right to live independently. The Project also provided therapeutic services so that they can return to work and care for their families.

In 2012, the “Assistance from Yourselves and Other” Project received 207 cases – the materials of which were submitted to experts for evaluation. 103 cases were deemed qualified and the beneficiaries include a broad age range, such as juveniles, women, elderly, mentally impaired, and the sick. The Project covers a plethora of services depending on the needs of each individual.



Yonglin Benevolence— an Order full of Love

On March 9, 2012, Ms. Zeng, Hsinyin, the founder of the Yonglin Foundation, went on a field trip in school uniform with the students from Chungshan School and their teachers at the Kaohsiung Association for the Physically Impaired. In addition to presenting the award to the Association for its accomplishments on the 2011 “Assistance from Yourselves and Others” Project, Yonglin also delivered a purchase order for summer uniforms. Each purchase is an order full of love and an opportunity to be financially independent.



Yonglin Health Foundation

Radiation-Induced Biological Effects and Repairs – Radiation Science International Forum

To bolster public awareness of radiation, on November 13 and 14, 2012, the National Taiwan University--Graduate Institute of Biomedical Engineering, the National Taiwan University—Graduate Institute of Biomedical Electronics, and the Yonglin Health Foundation jointly hosted the 2012 Radiation Science International Forum on Radiation-Induced Biological Effects and Repairs at the University. The forum invited twelve renowned specialists from the United States, mainland China, and Taiwan to lecture on the importance of the effects from radiation. The topics covered an in-depth discussion of the research results of cells (such as stem cells, marrow cells, neoplastic cells), animals, clinical study, and small group research. The forum was organized for the exchange of ideas among biomedical scholars and lay persons so that they may take the research on radiation to the next level, nationally and globally.

The National Taiwan University Center for Cancer Care Simulation and Prototype Design Work Station

The Yonglin Medicare, Intelligence and Transform (MIT) did an experiment on what a future hospital should be and conducted planning analysis. After completing the second stage for the simulation and prototype design, on June 1, 2012, the MIT hosted an opening ceremony on the 5D simulation and prototype and shared the experience with the guests on its work station for the first and second stages of the project. The MIT also expressed determination in the simulation design and further lay out its plan on “services and management directives” for the next two years.



During the third stage of the simulation design, Yonglin MIT intends to build the most desirable hospital environment that best serves the hospital needs through the “schematic design work station” and “digital procedure revolution” . On July 3, at the National Taiwan University Environmental Research Building was the first exhibition of the “schematic design work station” . Participants of the exhibition included the



University’ s Center for Cancer Care, J.J. Pan and Partners, Architects and Planners, Hon Hai Human Engineering FieC, and Professor Hsu, Sang-hua’ s team. The exhibition was a collection of what these experts’ proposed plans for a future hospital equipped with modern technology. Considerations were also given to the level of difficulty if there is a need for alterations to the plans after the hospital has been built; thus, accurate planning at the early stages is crucial to avoid re-engineering and to ensure humanization and efficiency.

Yonglin MIT will continue to incorporate users’ experience in its design, makes it way to the “digital process revolution” , and takes the lead in designing a future hospital.

Updates on the Biomedical Engineering Center

Subsequent to the ground-breaking ceremony in November 2011 at a plot not too far from the National Taiwan University Center for Cancer Care, on November 17, 2011, construction also began at the Biomedical Engineering Center. This edifice will consist of nine floors and two additional floors in the basement for a floor area of 8,550 pin. By end of 2012, the first three floors and those in the basement were basically completed. The rest of it is expected to complete by end of 2013. The edifice when done will be occupied by the University Biomedical Engineering major and the Yonglin Health Foundation. In the future, the Yonglin Biomedical Engineering Center, established by the University and the Yonglin Health, will also make its appearance to facilitate the installation of the Center' s software and hardware.

The Biomedical Engineering Center is close to the National Taiwan University and its College of Bioresources and Agriculture. Once construction of the edifice is completed, the Center will be able to leverage the resources from the College of Electrical Engineering and Computer Science, College of Engineering, and the College of Life Science. This represents the full integration of medical resources and the focal point for Taiwan' s research of medical science.



Hon Hai Technology Group – Love Train

Hon Hai' s One Acre of Land Warms the Cocksles of my Heart

In 2012, Hon Hai Technology Group treated its workers and their families to the rice field as part of the experience of Hon Hai' s One Acre of Land Project. On their bare feet under the scorching sun, they exposed themselves to life as farmers who dreamed the dreams of harvest that crowned them with their bounty. Down in the fields in the outskirts with feet in the soil, employees lived the moments with a sense of recognition how hard farmers had to work to be rewarded with the harvest of crops.

The 30 metric tons of area where employees from Hon Hai Technology Group harvested was donated to the province for the welfare of the local people, including the youngsters, the disabled, women, and the elderly. A total of 191 families benefitted from this event and HH has shared the common mission of alleviate poverty.



Happy Heaven – Charity Carnival

The Charity Carnival on January 15, 2012 was organized with “Ecological Conservation and Global Sustainability” as the theme in furtherance of Foxconn’s long-term commitment to implementation of its SER policy and to echo the Taipei City Zoo’s motto for the public to adopt animals. The Charity Carnival was set up in the spirit of “Assistance from Yourselves and Others” and part of a series of events for “the Giving Market” after the “2010 Thanksgiving, Happiness, Health, and Charity Carnival” and the “2011 Love at the International Flora Charity Carnival”. These efforts were made by the various charitable organizations with every intention to bring a good year of wealth and health, to encourage employees to participate in charitable events, and to honor those who have taken on social responsibilities.

Hon Hai Technology Group CEO Mr. Gou presented the “Yonglin Charity Award” to representative of charitable organizations for their contributions to Taiwan



Hon Hai Education Foundation

People are the most valuable asset of Hon Hai Technology Group and they are the cornerstones of the company’s competitiveness. The Hon Hai Education Foundation has long committed to providing adequate professional training to employees. In 2012, a number of significant events included:

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1. “Edison Takes Off” by the National Taiwan Science Education Center. The program was designed to take the children from rural areas forward and into the world of science.
2. The “Hakka Culture and Economics Summit” sponsored by the Council for Hakka Affairs, Executive Yuan. The Summit brought together intellectuals from all walks of life to share their experiences with the Hakka people on a myriad of topics.
3. The “Global Engineer Program” by the Tsinghua University and the Beijing University.
4. Co-sponsored the program and provided overseas education scholarships, research scholarships, and dual-degree scholarships.

4.3 Foxconn Community Services Overseas

Sponsorship of Nursery Homes and Orphanages

Each year, Foxconn organized numerous events to nursery homes and orphanages, bringing them daily supplies and moral support. Employees frequently visit the elderly and orphans at these institutions to send their regards and respect.



Support Welfare Organizations and Impoverished Areas

Foxconn's overseas campuses supported, financially and otherwise, various schools and welfare agencies. They offered their services to the weak and the poor.



Employee Charitable Activities and Entertainment

Foxconn instigated a project that helped the residents of Chihuahua on ways to balance their nutrition. At least 200 employees benefitted from this program and improved their health.





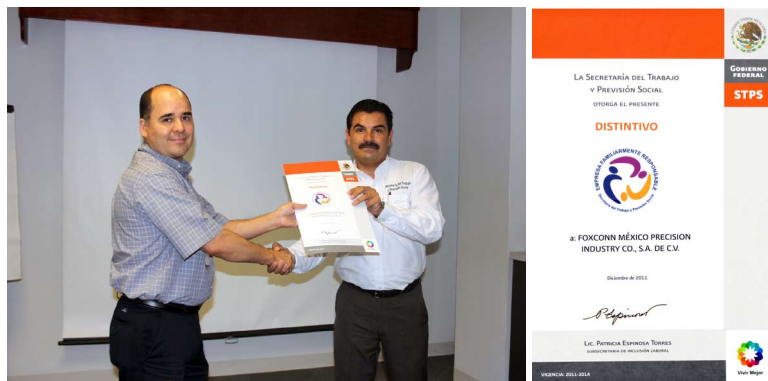


Foxconn has long recognized the importance of employees in a business organization. It not only gives great care to their lives, but also to their families. That is why Foxconn is very keen on having family events, so that employees may spend quality time with their family members.



“Family Friendly Organization” Award

In 2012, the Chihuahua District presented an award to Foxconn for being a “Family Friendly Organization” .





**Green and Low-carbon
Development**



Save the earth by maintaining an eco-friendly and low-carbon environment has been one of the hottest topics of discussion these days. Foxconn has incorporated green and low-carbon into its management of social responsibility, putting in practice and continuing its implementation its policy on “energy saving, carbon reduction, go green, and recycle” . To take on its responsibilities to benefit society at large and to protect the community, Foxconn will enhance the implementation in this area by expanding the development of green development and water reduction engineering, the design of green products, and the reduction of carbon emission.





5.1 Energy Management and Conservation

Foxconn has established an energy-saving development committee to foster a framework that analyses energy usage, strengthen the management of measuring instruments of energy and the inspection of processes, and increase energy efficiency. Foxconn has also conducted performance evaluation of energy usage, increased energy auditing, and reduced energy waste.

In 2012, Foxconn set a goal to lower energy usage by 6.0% than the previous year and by the end of the year, it effectively reduced by 74%. Foxconn also promoted a project for energy technology improvement. Upon audit of energy in production, Foxconn was able to reduce by 317.36 million KWH reducing carbon emission by 6,316,326 tons. At the Foxconn Shenzhen campuses, the objective is to reduce by 5.46% each year in compliance with the Government' s "the 12th Five-Year Plan" . The accumulation percentage of reduction in 2011 and 2012 was 42.3%. In 2008, the Shenzhen Longhua campus has a greenhouse gas emission of 1,601,784 tons of CO₂, but that was reduced to 1,055,408 of CO₂ by 2012 at a reduction of 34.1% after a series of improvements. In addition, in 2012, Foxconn was widely recognized as "Shenzhen City' s Pioneer



光电建筑应用一体化示范项目
ING ATTACHED PHOTOVOLTAIC DEMONSTRATION PROJECT

for Energy Conservation” , “Shenzhen City’ s Model Enterprise in Energy Conservation” , “Guangdong Province’ s Pioneer in Energy Conservation” .

In 2012, in compliance with the Shenzhen City Government’ s requirements for auditing the first 100 enterprises for carbon emission, Foxconn successfully completed statistics of carbon emission and preparation of bill of quantity and auditing work to set the stage for carbon exchange.

5.2 Green Energy Development

In 2012, Foxconn was awarded the 2012 National “Golden Sun Project” 27MW, reported on the 2013 “Golden Sun” and “Optical Electromechanical Integration” 26.7MW, and reported on the nationally designated energy-model district project 42MW. To date, Shenzhen and Chengzhou 17.288MW photovoltaic plant have generated 10,330,000 KWH worth of power, greatly reducing greenhouse gas emission.



Environment Control Center

5.3 Water Conservation and Greening

Foxconn adopts environmental protection technology in its green management principles for the purpose of enhancing the efficiency of reusing resources. Foxconn applies MBR (Membrane BioReactor) in waste water treatment so that waste water may be safely reused and effectively reduce the use of natural resources. In addition, Foxconn is in the process of building an environment control center by way of data collected from laboratory to monitor waste water management, reclaimed water treatment, and emissions treatment. These efforts aim to centralize all phases of environmental safety so that the environmental responsibilities may be implemented in a systematic and standardized way.



"June 5" International Earth Day Activities

In 2012, Foxconn's water usage was approximately 89.152 million tons. In order to further reduce water waste, Foxconn vigorously promoted various activities in support of this project. By 2012, it accomplished twenty-one items that required improvement resulting in the reduction of 477,772 tons of water use.

5.4 Green Products

Environmentally Protected Products Professional and Training

2012 is a prosperous year for Foxconn. The campuses outside of Shenzhen experienced a rapid growth due to the expansion of the various business groups. In order to boost the managing members' professional ability in green products, Foxconn scheduled a variety of training sessions on how to manufacture environmentally protected products. The curriculum covered areas including environmental law (RoHS/REACH/WEEE/ErP), knowledge in testing hazardous material (XRF operating procedures, sample treatment, chemical testing, equipment repair and maintenance), production environmentally-certified (Der Blaue Engle Certification/China Environmental Labeling/EPEAT/TCO) types of training to bolster awareness of managers so as to meet customer demands and societal needs.

Strengthening the knowledge and skills in environmental protection has always been Foxconn's motto. Since 2006, Foxconn has added environmental-related courses into its internal training curriculum for its employees across the globe. These courses have increased substantially due to the demand and the rapid changes in this area. Until 2012, Foxconn has scheduled fifty courses with more than 800,000 attendees.

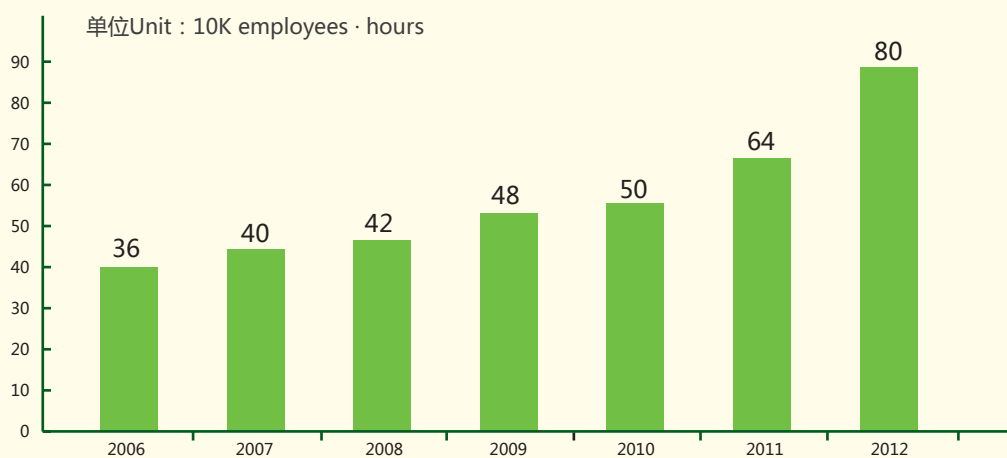


Chart Depicting Training Hours on Green Products



CESI Presentation of Award the certification to Foxconn



Internal Training Sessions on Conflict Minerals

Product Carbon Footprint Testing Project

Foxconn embraces the grace of innovation. As Foxconn continues to thrive in product quality and quantity, it takes an active role in implementing social responsibilities and reducing carbon emission. In 2011, CESI invited Foxconn to participate in the National “12th Five-Year Plan” Product Carbon Footprint Testing Project. To assist CESI in carrying out its mission for the Project and to provide low-carbon products to suppliers, Foxconn casted the cloud service server in becoming a member of the Project. During the Project, Foxconn collaborated with CESI’s experts on carbon footprint, conducted an inventory of raw materials and carbon emission through internal control system. By 2012, Foxconn completed all the criteria required by carbon footprint certification and was the first to be awarded the carbon footprint certification using the cloud service server.

Restricted Use of Conflict Minerals

Foxconn has since 2011 established a team that oversees suppliers’ responsibilities in conflict minerals. In strictly complying with the regulations restricting use of four kinds of minerals in components, Foxconn did an analysis and categorized the different types of minerals to determine the high-risk suppliers and their products. Foxconn further demanded that suppliers incorporate green product management in their supplier chain and demanded that they uphold the same rules in writing. For employees, Foxconn organized internal training sessions so that they can in turn be speakers to other colleagues on this topic and to supplies with whom Foxconn does business.

Foxconn solemnly abides by the regulations set out by the various governments and public organizations. It does not use or employ “conflict minerals” that come from the Democratic Republic of the Congo and its adjoining countries and those that are in armed conflicts. Foxconn suppliers are mandated to trace the origins of the minerals, including Ta, W, SN, and AU, to ensure that they are not conflict minerals or “blood-ore” related.

In the future, Foxconn will work closely with customers and suppliers to conduct surveys on the use of conflict minerals. It will also promote plans on having upstream suppliers obtain certifications from EICC and GeSI so as to take more effective measures on the restricted use of conflict minerals.





Foxconn' s suppliers are required to follow its social responsibility policy. Foxconn demands that its Procurement Division and suppliers meet the following criteria:

- Put an end to acts of corruption, discriminatory or unfair practices, impose in the "Supplier' s Undertaking" that all suppliers abide by the principles of fair competition, impartiality, and openness.

- Prohibit discrimination against suppliers with respect to their regions, tribes, culture, or political background in the selection of qualified suppliers.

Foxconn also requires that suppliers adhere to the guidelines in undertaking social and environmental responsibilities and that must be the fundamental principle in their business operations.



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6.1 Suppliers SER Management

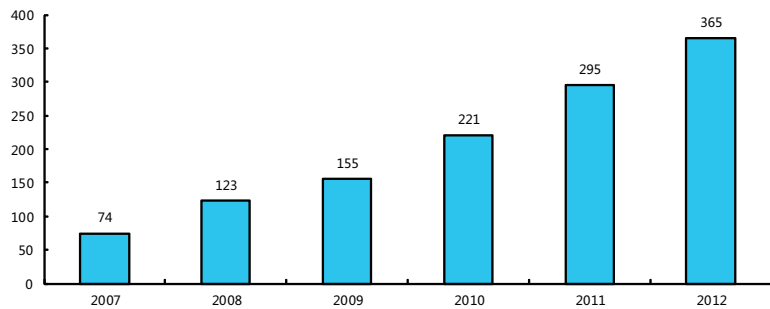
As an EICC member, Foxconn not only demands that suppliers undertake their social responsibilities, but also demands that they comply with national and local laws and regulations on ethics. In 2012, Foxconn amended the "Guidelines on Suppliers' Social Responsibilities" in accordance with the latest publication of the "Electronic Industry Code of Conduct" (EICC 4.0). The amendment includes additional provisions requiring suppliers to incorporate in its management policy the restricted use of conflict minerals, privacy protection, and no retaliation.

Supplier SER Management Development

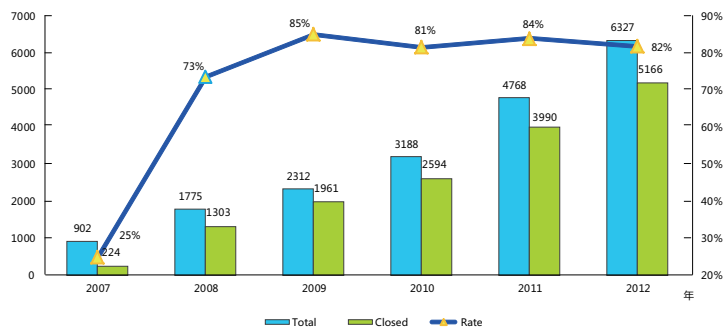
Foxconn has included SER requirements in its selection and management suppliers and a professional team to monitor and oversee the suppliers' SER performance. In 2012, Foxconn conducted risk assessment on 200 companies and conducted on-site audits on high-risk suppliers. There were 140 companies that signed Foxconn's standard SER Undertaking and the remaining sixty companies Foxconn's standard SER Undertaking for customers.

In addition, in 2012, for qualified suppliers, Foxconn conducted on-site audits on seventy companies of high-risk and medium-risk. The results of the audits revealed a total of 705 items that contained defects and the suppliers were told to correct them accordingly. By end of 2012, Foxconn conducted audits of 365 companies and found 6,327 items containing defects, after which the suppliers corrected 5,166 of those items.

Foxconn Supplier SER Audit Progress



Improvement of Supplier SER Non-conformance



High Contamination Suppliers

In 2009, Foxconn began the set up of an environmental management system on high contamination suppliers. By end of 2012, 99% of these suppliers have established their own environmental management systems and have been awarded ISO140001 certifications. Because environmental protection is a subject that garners a great deal of attention, by the end of 2011 Foxconn successfully completed an environmental management system with the following functions:

- Established a supplier environmental assessment system for the purpose of conducting on-site audits of high-risk suppliers and monitoring status of corrections.
- Checked on the supplier' s environmental protection performance through the water contamination database from The Institute of Public and Environmental Affairs (IPE); if there is record of violation by a supplier, a request is then directed to that supplier to improve and submit the correction to IPE.
- Signed the "Shenzhen City Enterprise Green Procurement Agreement" to provide the agency with information concerning enterprises that are highly contaminated, enterprises that have lived up to their commitments in their social responsibility, and those that perform poorly in their social responsibility. Foxconn has made it a point to do business with companies with environmentally friendly products and services, refrained from doing business with those are in violation of environmental laws and regulations, and insisted that the violators improve their performance before business may be resumed.

In 2012, in order to have an effective management system on highly contaminated companies, Foxconn' s supply chain management team conducted risk assessment on some 68 PCB, thermal module factories that are in the business of plating process, etching, and cleansing. Foxconn did on-site audits on twenty-three risk companies and found 112 defects after which Foxconn demanded corrections of all of them. In addition, Foxconn team checked on IPE website each quarter on a regular basis on violation records of enterprises. During these searches, Foxconn found seven suppliers that were put on record. Foxconn then followed-up on the status of improvement and urged three of them report their improvement status to IPE.

6.2 Supply Chain Conflict Minerals Management

Conflict Minerals Policy and Statement

Foxconn' s Statement on "Conflict Minerals"

The conflict minerals in the Democratic Republic of Congo and neighboring countries have aroused much attention from many sides. Many organizations have taken an active role in resolving the negative impact

this has brought. Foxconn has always and will continue to be socially responsible and will work closely with customers and various organizations in resolving issues arising from conflict minerals.

Upon learning more of the management in conflict minerals, Foxconn raises the bar in managing supply chain conflict minerals and announces the following statements to suppliers: (the detailed statement can be found at the website ser.foxconn.com)

1. All suppliers must uphold the standards of social and environmental responsibilities in their operations.
2. Foxconn will not accept products that originate from conflict minerals in Congo or its neighboring countries.
3. All suppliers must set up a conflict minerals management system to ensure that their products do not include Au, Ta, Sn, or W originating from conflict minerals regions.
4. All suppliers should impose the same standards on their upstream suppliers.

Conflict Minerals Management Development

In accordance with the relevant law and customer needs, Foxconn requires that suppliers submit their reports on social responsibilities. In 2012, Foxconn used the standard survey form from the EICC and GeSI to investigate suppliers' compliance on conflict minerals. By the end of 2012, after sending a survey form to 2,616 suppliers, 1,948 responded which is a return of 74.5%. The survey does not reveal use of conflict minerals in any of the suppliers. In 2013, Foxconn will continue its efforts with its customers and other organizations in tracking the origins of Au, Ta, Sn, W, and other underlying conflict minerals.

Foxconn attaches great importance to conflict minerals issues. In addition to having suppliers' workshops on conflict minerals issues and demanding their participation in conflict minerals management, the mandate is now on posted a pilot program on the Supplier Webinar. Suppliers are required to sign onto the site to learn from and be tested about the program to ensure awareness of the subject matter.



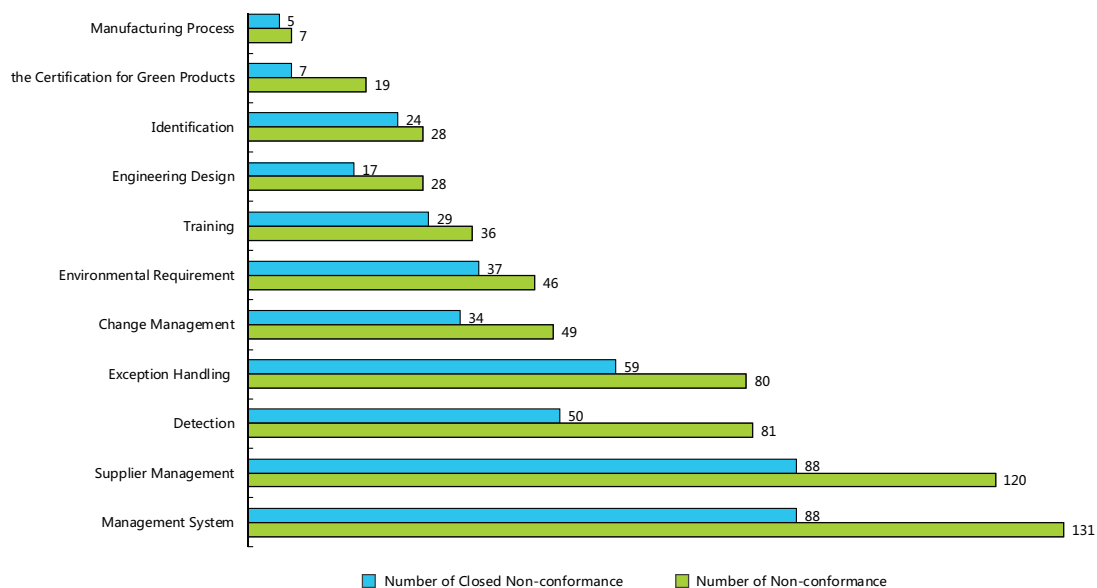
Webpage of the Supplier Webinar

6.3 Supplier Green Product Management

In furtherance of the efforts in implementing social and environmental responsibilities, Foxconn is working its way towards having an effective GP management. Foxconn proactively promotes suppliers' awareness in GP management and their commitment in implementing social and environmental responsibilities and in acquiring third-party certification of those responsibilities. Foxconn also upgrades its testing equipment of harmful substances in products as a way to strengthen its abilities in green product management.

In 2012, Foxconn conducted audits of high-risk and medium-risk GP companies and recommended corrections of a number of defects. The corrections turned out to be 88% efficient. Among those companies that rectified their defects, sixteen companies set up their QC080000 management systems and nineteen companies purchased the necessary testing equipment allowing them to perform testing on their own.

The following chart illustrates the ten major defects occurred before audits and corrections after audits in 2012:



In 2012, as one of the initial experimental enterprises appointed by the Chinese Government for RoHS certification, Foxconn cooperated with the Ministry of Industry and Information Technology in imposing RoHS certification on suppliers. This was done by way of promoting awareness through Webinar and providing guidance to 730 suppliers and encouraging them to apply for certification. In 2012, fifty suppliers completed certification with success and a total of 102 companies were granted RoHS certification. This laid a major foundation for the customers' goals in cloud products and the Government's RoHS certification.

6.4 Supplier' s GHG Management

In addressing the impact on climate change, Foxconn demands that its tier-one suppliers incorporate carbon inventory and carbon reduction in their business operations and that they follow Foxconn' s steps in undertaking social environmental responsibilities.

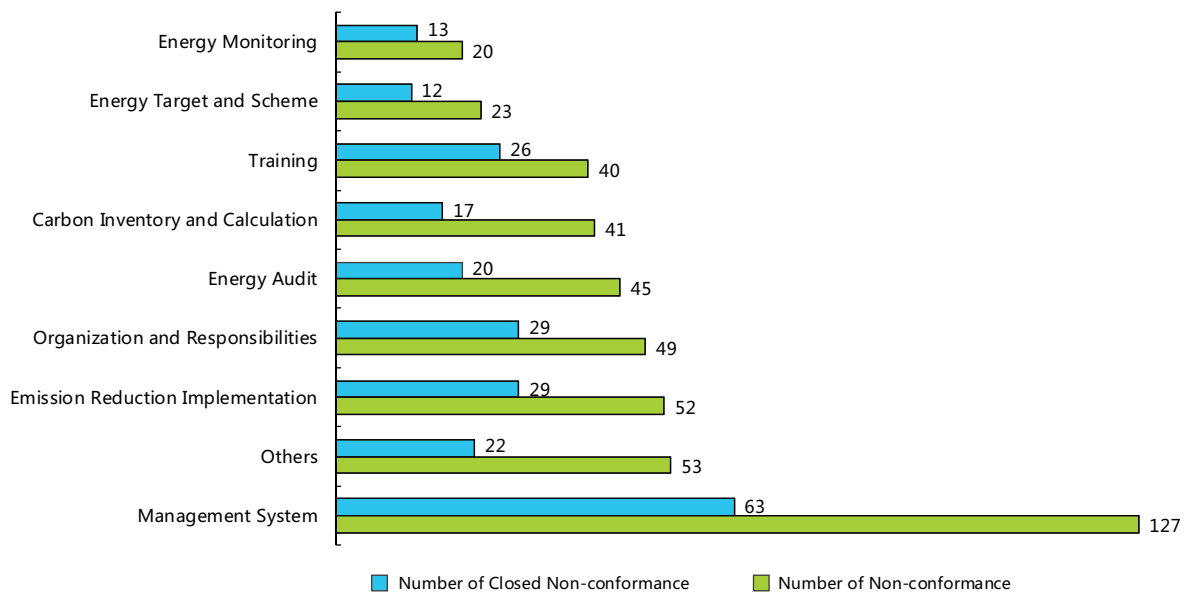
In 2008, Foxconn established the platform for GHG management. More than 300 companies signed up as members thereafter with the commitment to carry out e-management of carbon reduction. for customers By the end of 2012, there were a total of 250 companies that completed carbon inventory based on ISO1406 standards and 170 companies were awarded certification. The carbon emission for that year was 30,000,000 tons. In 2011, Foxconn set a definitive quantitative index for all suppliers and demanded that carbon emission reduction as per energy consumption per unit of output value must be at least 17% according to the Government' s "12th Five-Year Plan." As of 2012, the carbon emission as per energy consumption per unit of output value was at least 9%.



Year	2011	2012	2013	2014	2015
Reduction Standards	4%	9%	12%	15%	17%

2011 to 2015 Yearly Carbon Reduction Standards (as in energy consumption per unit of output value)

In 2012, in order to effectively monitor suppliers' performance in energy conservation, Foxconn's supply chain management team set up an auditing system and began its audits of various suppliers. 456 nonconforming items were found in the audits of twenty-nine companies were given instructions to correct. The following chart illustrates a comparison between nonconforming items found and those corrected. In addition, to ensure that suppliers continue the need to implement energy conservation, Foxconn directed its attention to high-risk suppliers to provide guidance, hosted contests in carbon reduction, developed the Supplier Energy Efficiency Program (EEP), and exchanged communications on carbon reduction technology. By the end of 2012, Foxconn provided training to fifty companies who subsequently reduced power energy by 24,000,000 Kwh per year and an annual reduction of carbon emission by CO2e.



Foxconn's Supply Chain Management Program

Conclusion

Thank you for reading Foxconn' s 2012 Social and Environmental Responsibility Report. In furthering its commitment to be a good corporate citizen, Foxconn together with all of its worldwide employees, will stand ready to meet new challenges ahead.

In weaving a culture of sustainability into its organizational fabric, Foxconn welcomes criticism from stakeholders of all fronts and will incorporate them as the cornerstone into its strategic plan. Social responsibility is a long-term commitment and must be assessed and evaluated by the public. With your input and feedback, we are confident that Foxconn will flourish as it emerges to be the market leader in the industry. If you have any comment or suggestion, please contact us via e-mail at FGSC-03@foxconn.com.

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Anticipated date for next report June 2014

GRI G3.1 Index Tabel

Profile Disclosures

Aspect	Description	Report Section
Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization.	Message from the chairman
1.2	Description of key impacts, risks, and opportunities.	Message from the chairman
Organizational Profile		
2.1	Name of the organization.	1.1
2.2	Primary brands, products, and/or services.	1.1
2.3	Operational structure of the organization.	1.3
2.4	Location of organization's headquarters.	1.1
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are relevant to the sustainability issues covered in the report.	1.1
2.6	Nature of ownership and legal form.	1.3
2.7	Markets served.	1.1
2.8	Scale of the reporting organization.	1.1
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Preface
2.10	Awards received in the reporting period.	1.2
Report Parameters		
Report Profile		
3.1	Reporting period for information provided.	Preface
3.2	Date of most recent previous report.	Conclusion
3.3	Reporting cycle.	Preface
3.4	Contact point for questions.	Conclusion
Report Scope and Boundary		
3.5	Process for defining report content.	Preface

Aspect	Description	Report Section
3.6	Boundary of the report.	Preface
3.7	State any specific limitations on the scope or boundary of the report.	Preface
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.	Preface
3.9	Data measurement techniques and the bases of calculations.	Preface
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Preface
3.11	Significant changes from previous reporting periods.	Preface
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	Appendix
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report.	Preface
Governance, Commitments, and Engagement Governance		
Governance		
4.1	Governance structure of the organization.	1.3
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	1.3
4.3	State the number and gender of members of the highest governance body that are independent and/or non-executive members.	1.3
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.4/2.2
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	1.3
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1.3
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	1.3
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1.3/5

Aspect	Description	Report Section
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	1.3/5
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1.3/5
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	1.3/6
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1.3
4.13	Memberships in associations and/or national/international advocacy organizations.	1.3/2.2
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	1.4
4.15	Basis for identification and selection of stakeholders with whom to engage.	1.4
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.4
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	1.4

Performance Indicators

Aspect		Description	Report Section
Economic Performance Indicators			
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	1.1/4
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	5.1
	EC3	Coverage of the organization's defined benefit plan obligations.	2.2
	EC4	Significant financial assistance received from government.	1.3
Market presence	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	6
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	2.1
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	4
Environmental			
Materials	EN2	Percentage of materials used that are recycled input materials.	5.3
Energy	EN4	Indirect energy consumption by primary source.	5.1
	EN5	Energy saved due to conservation and efficiency improvements.	5.1
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	5.1
Water	EN8	Total water withdrawal by source.	5.3
	EN10	Percentage and total volume of water recycled and reused.	5.3
Emissions, effluents and waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	5.1
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	5.1/5.2
	EN21	Total water discharge by quality and destination.	5.3
	EN22	Total weight of waste by type and disposal method.	5.3

Aspect		Description	Report Section
Products and services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	5.4
Social: Human Rights			
Investment and procurement practices	HR2	Total direct and indirect greenhouse gas emissions by weight.	6.1
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	5.4
Freedom of association and collective bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	2.1/2.2
Child labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	2
Forced and compulsory labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	2
Remediation	HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	2.2
Social: Labor Practices and Decent Work			
Employment	LA1	Total workforce by employment type, employment contract, and region broken down by gender.	2
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	2.1
Labor/management relations	LA4	Percentage of employees covered by collective bargaining agreements.	2.2
Occupational health and safety	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	3

Aspect		Description	Report Section
Occupational health and safety	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	2.5/3.2
Training and education	LA10	Average hours of training per year per employee by gender and by employee category.	2.5
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	2.6
	LA12	Percentage of employees receiving regular performance and career development reviews by gender.	2.6
Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	2
Environmental			
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	5.4
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	5.4
Environmental			
Corruption	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	1.3/6
Public policy	SO5	Public policy positions and participation in public policy development and lobbying.	1.3

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2012 SER Annual Report

