

# FOXCONN®

## 2015 SOCIAL & ENVIRONMENTAL RESPONSIBILITY REPORT



# Preface

## About this Report

This annual Social and Environmental Responsibility (SER) Report issued by Foxconn Technology Group (hereinafter "Foxconn" or "Group" or "company") is part of Foxconn's commitment to good corporate citizenship and is intended to communicate developments over the past year regarding our efforts to promote sustainability throughout our operations.

Foxconn will continue to publish the SER Report in English and Chinese annually. This report is being released in June 2016, while the previous issue was released in June 2015.

Please visit: [www.foxconn.com](http://www.foxconn.com) for more information on this report.

## Reporting Principles

This report is prepared with reference to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Please refer to the Appendix for additional information on related standard disclosure on the guidelines.

## Reporting Period and Scope

This report covers the period from January 1 to December 31, 2015 and SER initiatives by the Foxconn Technology Group (also known as Hon Hai Precision Industry Co., Ltd) and its majority-owned subsidiary companies, controlled entities, and affiliates, hereinafter referred to as "Foxconn". The report is based solely on the activities of the legal entities that are controlled by the Foxconn Technology Group and the scope and parameters of this report are the same as those included in the 2014 report.

## Reporting Source

The data contained in this report includes information compiled by all relevant departments and units within Foxconn, including Investor Relations, Human Resources, Procurement, Health and Safety, Environmental Protection, Training and Development, the Foxconn University, the Taiwan Yonglin Foundation, and the Foxconn Labor Union, among others.

## Assurance

Prepared by the Global SER Committee at Foxconn, this report was independently reviewed by the Bureau Veritas Certification with reference to AA1000 stakeholder engagement standards. This report adheres to the G4 "Core" guidelines, as verified by Bureau Veritas Certification (Taiwan). The verification report is included in this report.

## Contact details

If you wish to provide feedback on the 2015 SER Report, please contact us at:

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# Letter from Founder and CEO

**AS** a global technology industry leader that manufactures products for some of the world's most iconic brands, technological innovation is integral to all aspects of our operations. That focus on innovation enables us to fulfil our commitments to being a trusted partner to our customers and our business partners, a responsible employer, and a good corporate citizen.

At Foxconn, we continuously invest in applying technology to support the realization of our sustainability goals. In 2015, we made significant progress in that process by effectively leveraging key areas of technological development. This will continue as we build on our Industry 4.0 vision where we are creating a platform for smart manufacturing. We are also exploring ways to harness the many possibilities presented by the Internet of Things and Big Data to drive social and environmental responsibility-related efforts across our Group. To further our commitment to sustainability, we are also leveraging the Internet of Things and Big Data to create products and solutions for smart homes and smart offices and to contribute to an ecosystem for smart lives.

While we are a company focused on technology, our one million employees across the globe are our most important asset. Throughout all our campuses, we continue to enhance the way in which we fulfil our obligation to our employees to provide them with a healthy, safe, and positive workplace. In addition to offering some of the highest wages in our industry and creating an environment that allows our employees to enjoy active lifestyles outside of work, we are also providing 24/7 healthcare services to our employees and applying ergonomics and other comprehensive measures to enhance working conditions and promote occupational health and safety.

We have also been investing in automation and other innovative manufacturing technologies to carry out repetitive tasks previously done by employees and to enable our employees to focus on higher value-added elements in the manufacturing process. This is supported by best-in-class training and development programs offered at Foxconn University, which also serves as an incubator for technological innovation and talent.



**As a global technology industry leader that manufactures products for some of the world's most iconic brands, technological innovation is integral to all aspects of our operations. That focus on innovation enables us to fulfil our commitments to being a trusted partner to our customers and our business partners, a responsible employer, and a good corporate citizen.**



Across our Group, we work hard to ensure that we abide by all relevant laws, regulations and guidelines related to sustainability, and that as an industry leader, we set high standards and lead by example in creating and maintaining a sustainable supply chain. As part of our sustainable procurement strategy, our teams are leveraging Big Data to establish platforms to systemically manage each step in our global supply chain, and to integrate, apply, and share sustainability-related knowledge and best practices with our customers and our business partners to realize our shared goal of green and sustainable manufacturing.

We recognize the impact that the manufacturing industry has on the environment and are committed to addressing and mitigating the negative aspects of this impact through a holistic and proactive approach towards environmental sustainability. We continue to make significant investments in green research and development – covering areas such as environmentally friendly product design, carbon emission reduction and the management of processes, energy and resources, and our supply chain – and in the application of innovative, energy-efficient and green technologies to all areas of manufacturing.

Foxconn has long been an active advocate of the use of renewable and clean energy in our operations and in our supply chain. In many of our campuses, we have installed solar energy systems and applied green building design principles to boost energy efficiency, reduce carbon emissions and promote the reuse and recycling of resources. We are also collaborating with our customers, suppliers and partners to promote



achievement of our sustainability goals. In 2015, we announced, with Apple, our commitment to construct facilities to generate 400 megawatts of solar power, starting in Henan, China, by 2018 and also to generate as much clean energy as our Zhengzhou facility consumes in the final production of the Apple iPhone.

In addition, as a long-term partner to the local communities where we operate, our company and our employees are actively involved in corporate social responsibility initiatives, particularly in funding advanced medical and healthcare research and in providing education opportunities to children in need. We do this as part of our commitment to create a more caring environment and to enrich the lives of those around us.

As a company that is passionate about people, we are in an ideal position to drive and apply technological innovation in ways that support our social and environmental responsibility goals – commitments in which our leadership team is actively and regularly investing time and resources. This is consistent with our vision of providing products and solutions that improve the lives of people around the world, and our promise to our stakeholders to safeguard their interests as we continue to do even more to achieve sustainable development.

Sincerely,

A handwritten signature in black ink, which appears to read "Terry Gou". The signature is stylized and fluid, written over a light-colored background.

Terry Gou  
 Founder and Chief Executive Officer  
 Foxconn Technology Group

# Letter from Chairman, Global SER Committee

**FOXCONN** firmly believes that corporate social and environmental responsibility (SER) and sustainability are key pillars for an enterprise's continued success. As a responsible corporate citizen, we are committed to continuously enhancing our corporate governance structure, and ensuring that our company's vision and business strategy are fully aligned with the expectations of our global stakeholders.

We adopt a people-oriented approach towards conducting our business, and are committed to abiding by all relevant laws and regulations and observing the principles of fairness, equality and integrity throughout our operations. Foxconn strives to provide a positive working environment and compensation levels that are amongst the highest in our industry for all our employees. Our merit-based remuneration system enables us to reward our employees with competitive salaries and benefits based on their performance.

As part of our "safety-first" policy, we seek to provide a healthy and safe workplace, and to minimize potential hazards through proactive safety policies and practices. Our employee health and safety systems and standards meet all relevant international and local laws and regulations. We also regularly conduct training programs designed to enhance health and safety awareness amongst employees and encourage their active participation in addressing and mitigating workplace safety issues.

As a major player in the global electronics manufacturing industry, we believe in leading by example as we seek to drive sustainability across our supply chain. We require our suppliers to abide by the Foxconn Social and Environmental Responsibility Code of Conduct which is

designed to ensure consistency in the way our company and our suppliers approach important issues such as workplace health and safety, energy efficiency and carbon emission management.

Environmental sustainability is a priority for Foxconn and we are committed to meeting all of our environmental goals and responsibilities. We have put in place a systematic approach towards integrating green and sustainable practices in our operations, implementing measures in the areas of environmentally friendly product design, carbon emission reduction, process management, and energy and resource management, among others, to minimize the negative impact of our operations on the environment.

Through philanthropic initiatives and participation in social activities, Foxconn has long been involved in contributing to the local communities where we operate. We also encourage our employees to show care and compassion and we organize activities that enable our company to do our part to bridge the gap between urban and

rural education, and to support the disadvantaged and elderly.

We are committed to fulfilling our social and environmental responsibilities and to realizing our goal of protecting the environment and creating a sustainable ecosystem and society.

Sincerely,



Jacob Chen  
Chairman, Global SER Committee  
Foxconn Technology Group



# Executive Summary

## Our progress as a responsible and sustainable business leader

As a global leader in the computer, communications, and consumer electronics (3C) industry, Foxconn Technology Group (Foxconn) firmly believes that social and environmental responsibility (SER) is at the core of a sustainable business, and we are committed to being a responsible employer and a good corporate citizen. With that as a guide, we have adopted a strategic and systematic approach towards aligning our business, values and practices with what our stakeholders need and expect from an industry leader.

At Foxconn, we are committed to investing in our people and the community, and harnessing our expertise in driving innovation to develop and apply sustainable technological solutions and products in all areas of our operations around the world. We recognize that a committed workforce and a positive workplace help to inspire innovation and creativity, and we place a priority on enhancing the well-being of our employees and in providing an environment that promotes talent development and employee work-life balance. As part of our commitment to contribute to the markets where we operate, our company and employees participate actively in social and philanthropic initiatives to support the development of local communities.

As an active member of such industry organizations as the Electronic Industry Citizenship Coalition (EICC), Foxconn is dedicated to fulfilling our responsibilities as a good corporate citizen and to integrating good governance practices in all aspects of our operations. Foxconn is also committed to adopting and promoting green and environmentally responsible manufacturing practices and to abiding by our principles of being fair and honest, and to conducting ourselves with integrity in all of our business activities.

All aspects of our business and our operations are guided by our Social and Environmental Responsibility Code of Conduct (CoC), which is clearly communicated to all employees and monitored by Foxconn's Global SER Committee. The CoC sets out Foxconn's standards relating to business ethics, labor and human rights, health and safety, and the environment, and it covers the following areas and actions we take to ensure that the CoC is strictly adhered to across our operations:

### Ethics

- Business Integrity
- Disclosure of Information
- No Improper Advantage
- Fair Business, Advertising and Competition
- Maintenance of Confidentiality and Anonymity
- Community Engagement
- Protection of Intellectual Property
- Protection of Privacy
- Non-retaliation

### Environment

- Product Content Restrictions
- Chemicals and Hazardous Materials
- Wastewater and Solid Waste
- Air Emissions
- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Storm Water Management
- Energy Consumption and Greenhouse Gas Emissions

### Labor and Human Rights

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

### Management Systems

- Company Commitment
- Management Accountability and Responsibility
- Legal and Customer Requirements
- Risk Assessment and Risk Management
- Performance Objectives, Implementation Plan and Measures
- Training
- Communication
- Worker Feedback and Participation
- Audits and Assessments
- Corrective Action Process
- Documentation and Records
- Supplier Responsibility

### Health and Safety

- Machine Safety
- Industrial Hygiene
- Occupational Safety
- Emergency Preparedness and Response
- Occupational Injury and Illness
- Ergonomics
- Dormitory and Canteen
- Health and Safety Communication

### Restriction on the Use of Conflict Minerals

- International Standards, Governmental, and Non-Governmental Rules Commitment
- Due Diligence and Conflict-Free Materials Commitment
- Origins of Materials

### Anti-corruption Policy

- National and International Anti-Corruption, and Anti-Bribery Laws and Regulations Commitment
- Anti-corruption CoC
- Anti-corruption Team

Safeguarding the interests of all our stakeholders, internal and external, is a top priority, and we work closely with them to address the range of environmental, economic and social issues impacting them. As the global market evolves, Foxconn is continuously investing in innovation across our manufacturing operations in order to achieve sustainable business growth and to ensure that we continue to mitigate the negative impact of what we do on the environment. We have dedicated teams, under the Global SER Committee, that focus on promoting close collaboration with our stakeholders to drive the development and implementation of proactive and comprehensive measures as part of our SER efforts. Sustainability is a cornerstone of our business

strategy, and we adopt a holistic approach across our operations and supply chain from the design of products to the development and application of innovative green technologies in the manufacturing process, and to ensuring that our suppliers also embrace high standards and best practices in social and environmental responsibility.

### Building a positive and sustainable environment for employees

Our people-centric approach starts from providing our employees with a working environment and competitive wages that are among the best in our industry. Foxconn is a responsible, fair, and equal opportunity employer, and

we provide merit-based promotion and remuneration, and promote workplace diversity across all of our campuses. We have a global workforce of around one million employees, including over 50,000 employees from minority groups. Female employees make up 35% of our workforce. In terms of education, 76.8% of our employees are high school or technical school graduates, or hold higher education qualifications.

Our merit-based remuneration system enables our employees to be rewarded for good performance and productivity, including annual bonuses and time-based incentives. At all our campuses, entry-level employees receive wages that are on average at least 10% higher than the local minimum wage. After completing a three-month probation period, entry-level employees are given wage increases and they receive salaries that are at least 20% higher than the mandatory minimum wage. In addition, Foxconn signs a collective bargaining agreement with the Labor Union in China every year to ensure that employee rights are protected, with nearly 99% of our employees covered by this agreement. All employees also receive insurance coverage provided by our company. In 2015, Foxconn made a commitment to provide salary increments of no less than 3% to all employees who have served at least one year and who meet performance requirements. We have also introduced non-monetary rewards, such as housing in China and stock options, in all countries where Foxconn operates, for employees with exceptional performance.

Foxconn takes our responsibilities as one of the world's largest employers very seriously. In that regard, we are pleased with the significant progress that has been made throughout our company to promote the well-being of our employees. In addition to enhancing remuneration packages, Foxconn also promotes healthy lifestyle practices and encourages work-life balance among employees. We make significant investments in improving campus infrastructure and we encourage employees to enjoy active lifestyles at recreational facilities provided at all our facilities. Professional counseling and other support services are also available to help employees address any work-related or personal challenges they may be facing.

We place a priority on talent development and training, and have established Foxconn University, a leading corporate university, to provide employees with continuing education and training opportunities and skills development. Foxconn University has extensive partnerships with renowned educational institutions, such as Stanford University, the University of Houston, Tsinghua University, and Peking University, among others, and also cooperates with think tanks to conduct scientific research and personnel training and to promote technology and knowledge sharing. In addition, Foxconn University also conducts internships, cadre training, scholarships and many other education, training and development programs.

In 2015:

- Foxconn University offered courses in management, general education, technology, on-the-job training, industrial engineering, and degree courses, completing over 5.78 million training hours for an accumulated total of over 36.87 million trainees.
- 7,510 employees were enrolled in formal degree courses at the University, which has partnerships with some 56 renowned universities, and 4,859 employees graduated with degrees from the University.
- Over RMB 5 million in scholarship funds were disbursed to 2,116 employees to support their continuing education efforts.

### Adopting a proactive approach to employee health and safety

Foxconn also takes our responsibilities as a leading consumer electronics manufacturer very seriously. As part of this commitment, the company places a high priority on ensuring the health and safety of all our employees across all of our global operations. Subscribing to the belief that the health and wellness of employees is imperative for the sustainability of our company, Foxconn has developed and implemented comprehensive measures to systematically ensure and enhance workplace safety and occupational health.

Foxconn's employee health and safety policies and standards meet all relevant international and

local laws and regulations, including OHSAS 18000, an international occupational health and safety management system, and SA8000, an auditable social certification standard for workplaces across all industrial sectors. We are continuously enhancing our company's health and safety measures, and our efforts have been recognized by the Societe Generale de Surveillance S.A (SGS), a Swiss-based inspection, verification, testing and certification company, with Foxconn receiving OHSAS 18001 and CNS15506 certifications from SGS.

In 2015, Foxconn received several awards for our occupational health and safety programs, including "Special Award for Excellent Companies in New Taipei City", and "Special Award for Outstanding Staff in Health and Safety" from China's Ministry of Labor. Foxconn also received certification from the Occupational Safety and Health Administration of Taiwan's Ministry of Labor for our record of 3.57 million working hours with no significant operational incidents.

Foxconn has also been leveraging our capabilities in cloud, mobile, Internet of Things, Big Data, and smart network technologies to provide employees and their family members with comprehensive and tailored healthcare programs. We offer extensive health and wellness programs, including healthcare counseling, prevention and screening, complimentary health checks, medical assistance, health awareness and risk assessment, and professional health advisory services, to employees and their immediate family members.

Foxconn's innovative "health to you (h2u)" cloud platform utilizes Big Data technology to consolidate health information and provide health alerts and advice to our employees, enabling them to access accurate information about their health and address any concerns promptly. Recognizing the opportunity in the use of smart devices for healthcare provision, Foxconn developed and distributed over 16,200 smart watches to employees in Taiwan as well as their family members to enable them to monitor their daily activities, sleep patterns, and heart rate, and upload the information onto the h2u health management platform.

To achieve our goal of "100% Safety at Work" and "zero injuries, occupational diseases, or accidents", Foxconn has put in place stringent standards and measures to monitor and eliminate potentially hazardous workplace practices. Round-the-clock screening and monitoring is conducted in all manufacturing facilities, with employees trained to detect and prevent any safety hazards in the workplace. In addition, the Foxconn Industrial Ergonomics Centre (FieC) has dedicated teams looking into ways to leverage and apply ergonomic theories and industry best practices to our operations and to support our goal to create a positive working environment for employees.

We believe that each and every employee has a role to play in building a harmonious and safe working environment, and we have developed a suite of training programs to promote health and safety awareness and educate and engage employees on this important topic. These programs range from basic safety and hygiene training – such as fire drills, occupational health and safety training, dust-related maintenance work and other hazardous chemicals management training – to specialized training modules, including electrical handling, soldering, fork truck control and escalator maintenance.

In addition, Foxconn is investing in the automation of some of the manufacturing tasks associated with our operations. Across all of our facilities, we are applying automation technologies to maximize efficiency and to carry out more mundane and repetitive tasks, and through training, also enable our employees to focus on other aspects of our operations.

### Driving sustainability across our global supply chain

As the world's largest electronic manufacturing services (EMS) provider, Foxconn is committed to complying with environmental laws and regulations and is audited by qualified third-parties to ensure that we continuously meet our environmental and social responsibilities including promoting supply chain sustainability.

In line with the US Dodd–Frank Wall Street Reform and Consumer Protection Act and requests from customers, we require suppliers to provide due diligence reports on conflict materials in the supply chain as part of our commitment to respect all relevant laws and regulations and our own CoC. We continue to fulfil the EICC and Global e-Sustainability Initiative (EICC-GeSI) Conflict Minerals Reporting requirements, conduct regular audits of our suppliers, and work closely with our supply chain partners to address any potential non-conformance and to promote international best practices – including establishing benchmarks and creating platforms for the sharing of experience and expertise with suppliers in areas such as occupational health and safety, carbon reduction and energy efficiency, among others.

Foxconn's commitment to sustainability can be seen across our entire supply chain, starting from product design to material sourcing and procurement policies and supplier audits. We have set up specialized divisions to study the environmental requirements of regulators, customers, industry and other stakeholders, including compliance with RoHS 2.0 (Restriction on Hazardous Substances), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), and restrictions on the use of conflict minerals. The results of those efforts are translated into actionable internal measures that are integrated and applied within our operations, and shared with our suppliers to ensure that the high standards we set for ourselves are also followed by our vendors and suppliers.

Foxconn requires suppliers to fulfil their social and environmental responsibilities and implement sustainability practices, in addition to adhering to the Supplier Code of Conduct. Across all organizational and product group levels, we have put in place sustainable procurement requirements to create a sustainable supply chain. All suppliers are also required to ensure that downstream suppliers fulfil requirements to restrict the use of toxic and hazardous substances, encourage the deployment of carbon emission reduction solutions and other environmentally-friendly practices and solutions, and bolster capabilities in making eco-

friendly products. In addition, we enforce stringent material sourcing and supplier management standards, including setting targets for greenhouse gas reductions that must be met by suppliers. Foxconn systematically monitors all aspects of our operations and our supply chain, and also conducts supplier audits and training, to ensure alignment with sustainability requirements.

Our goal of efficient operations and sustainable procurement is supported by programs to leverage Big Data in the integration of service platforms, coordination of responses, management and sharing of knowledge and best practices, and setting and monitoring standards and benchmarks. Environmental and sustainability-related data gathered from our operations and our customers is integrated onto a procurement platform that is used across our Group and by our suppliers, thereby ensuring that Foxconn's green procurement standards are consistently and systematically applied to our daily operations.

## Realizing green and sustainable manufacturing

Foxconn is committed to driving the application of green technologies and improving all aspects of manufacturing while also achieving sustainable growth. We actively contribute to the efforts of the global IT industry in achieving the shared goals of enhancing environmental protection, boosting energy efficiency and resource management, creating a healthy ecosystem, and building an eco-culture through innovation and new technologies.

Environmental sustainability is a priority for Foxconn and we take a systematic approach towards integrating green and sustainable practices in our operations, implementing measures in the areas of environmentally-friendly product design, carbon emission reduction, process management, energy and resource management, and supply chain management, to minimize the negative impact of our operations on the environment.

Efforts to realize green and sustainable manufacturing are applied in all aspects of our business and operations, from energy-efficient solutions and waste management to green product and building design. Our soon-to-be operational flagship smart warehouse in Zhengzhou,

China has received the highest LEED (Leadership in Energy and Environmental Design) certification in recognition of the successful use of materials that minimize emissions throughout the construction process. Foxconn operates in strict adherence to international standards on energy efficiency, waste management and other environmental protection measures. In 2015, 33 of our subsidiaries attained the ISO50001 standard certification for energy management.

Foxconn strives to create “zero waste” facilities as part of our effort to create a sustainable environment. We are exploring ways to adapt to the sustainable and natural life-cycles of resources, and in doing so, increase the recycling and reuse of all waste materials, including transforming waste into usable resources through design and technology. Our campus in Guanlan, China has adopted a “resource – waste – reusable resource” circular resource model where it is able to reuse up to 94.5% of the waste produced, with the remaining 5.5% being incinerated to generate electricity.

In 2015, we were able to achieve a 25% reduction in carbon dioxide emissions per unit of output against the average in 2010, exceeding the 24.5% target that our company set in accordance with the requirements of the Chinese government’s 12th Five Year Plan. In addition, Foxconn also invests significantly in the development and application of energy-efficient technologies. In 2015, we invested RMB 270 million into this area, initiating 1,284 new energy-efficiency projects. Foxconn’s investment has generated total energy savings of 512 million kWh, which translates to energy savings of 6.12%, and RMB 371 million in cost savings.

Foxconn has also actively advocated the development and use of renewable and green energy within our manufacturing operations and across our campuses. We have increased our total installed capacity of photovoltaic power generation, and implemented a 2MW building integrated photovoltaic (BIPV) project, where we have installed solar energy systems on the roofs of three multi-storey industrial buildings in our Shenzhen campus. As of December 31, 2015, the 2MW BIPV project has

generated a cumulative total of 7.84 million kWh, saving over 2,979 tons of coal, and realizing up to 7,418 tons in carbon dioxide reduction.

Our fourth-generation industrial park in Guizhou, China, which began operations in July 2014, is a model for Foxconn’s vision and philosophy for green manufacturing. In addition to applying the latest green manufacturing technologies throughout the campus, the design and layout of the buildings in the park have also take into consideration the natural terrain and environment in which they are situated. The data center within the park leverages ecological, green, and water conservation- and energy-efficient design principles, and was constructed with low-carbon materials. In 2015, the data center was awarded a platinum LEED rating by the U.S. Green Building Council, and received its certification in January 2016, becoming the first data center in China to hold the highest LEED rating certification.

### Partnering and contributing to the local community

Foxconn embraces a culture of sharing, contributing and giving back to the community and we actively participate in social and community-based programs, including sponsoring and hosting philanthropic activities and volunteer programs. As a responsible corporate citizen, we are committed to doing our part towards creating a caring environment, promoting care and respect for the disadvantaged, driving charitable programs, and contributing to the bridging of the education gap between those living in urban and rural areas. The Yonglin Foundation, a charity organization set up by our CEO, Mr. Terry Gou, has invested in a number of philanthropic activities as part of our pledge to support social causes.

In 2015, a ceremony was held to mark the completion of key structural frames for the National Taiwan University (NTU) Cancer Center, a hospital established through contributions from Mr. Gou. The Yonglin Foundation, together with the team from the cancer

center, visited renowned hospitals around the world and developed the blueprint for the NTU Cancer Center, which will focus on five areas – service, management, architecture, research and technology (“S.M.A.R.T”) – and place patients at the core of its vision and mission. The Center integrates scientific research with smart medical management systems, and combines cell treatment with proton therapy to provide accurate and personalized treatments.

In addition, the Yonglin Foundation has been working with NTU on the establishment of the Tai Cheng Stem Cell Therapy Center and the Yonglin Biomedical Engineering Center. The two parties are also jointly building the NTU Cancer Center and Radiology and Proton Therapy Center, and, once completed, the facilities will serve as a world-class base for the treatment of cancer.

Following an explosion at Formosa Fun Coast, a theme park in Bali District, New Taipei, Taiwan in June 2015, Foxconn and Mr. Gou immediately donated TWD 10 million and TWD 15 million respectively to the “Formosa Fun Coast Accident Relief Project”. While the tragic incident had nothing to do with Foxconn, as a corporate citizen committed to helping the local community, the company provided the funds, through the Hon Hai Education Foundation and the Yonglin Foundation, to be used in medical care and recovery efforts to support those who were injured and their families during such a difficult time.

Foxconn also offers academic support to underprivileged children through partnerships between the Yonglin Education Foundation and some 14 universities and community organizations. The “Yonglin Hope Primary School Project” provides remedial education for underprivileged children and children living in inaccessible areas in Taiwan, and supports the development of learning materials. In addition, the Yonglin Education Foundation has been sponsoring the “National Penghu University of Science and Technology scholarship fund” to support academically-strong students pursuing degrees at universities outside of

Taiwan, and to provide support to students in financial need. Foxconn also supports the promotion of Science, Technology, Engineering and Mathematics (STEM) education, with our campuses in Europe organizing science fairs and partnering with local organizations in activities such as science competitions to cultivate interest and groom young talent in STEM.

## 01

# FOXCONN: CORPORATE PROFILE

We are guided by our business strategy of "industry + technology + e-commerce" and our vision to provide technological products and solutions that bring convenience to the everyday lives of people around the world.

## COMMITMENT TO SER



## SUSTAINABLE BUSINESS DEVELOPMENT



WORLD'S LARGEST  
CONSUMER  
ELECTRONICS  
MANUFACTURER



**31**  
★  
2015  
**FORTUNE  
GLOBAL 500**

## GLOBAL FOOTPRINT

more than  
**200**  
SUBSIDIARIES &  
BRANCH OFFICES



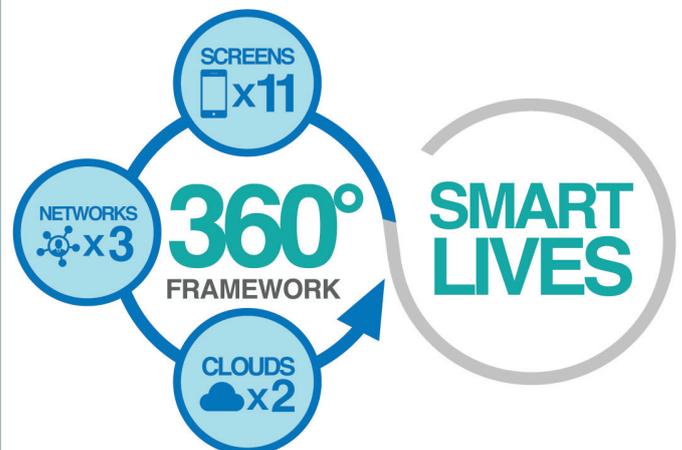
**2** RESEARCH &  
DEVELOPMENT HUBS



**3** DESIGN & MANUFACTURING  
ZONES



## INDUSTRY-LEADING BUSINESS MODEL



## PATENT APPLICATIONS

**75,200**  
PATENTS GRANTED

Largest number of patents granted by the U.S. Patent and Trademark Office among companies in Greater China

2006

2014

# COMPANY PROFILE

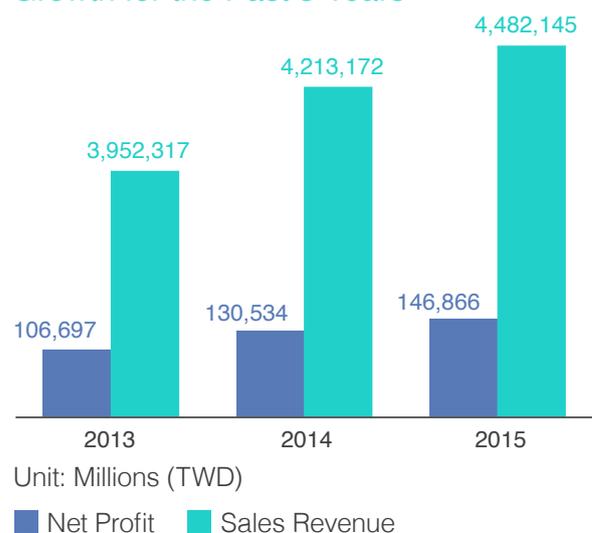
## Company Overview

Company name	:	Foxconn Technology Group (Foxconn)
Founded	:	February 20, 1974
Parent company	:	Hon Hai Precision Industry Co., Ltd. (Ticker Code 2317.TW)
Headquarters	:	No. 2 Tsu-yu Street, Tucheng District, New Taipei City
Number of employees	:	Around 1 million
Revenue in 2015	:	TWD 4.482 trillion, with a year-on-year increase of 6.38%

Since the Group's establishment in Taiwan in 1974 and our initial investment in China in 1988, Foxconn has expanded rapidly to become the world's largest electronics manufacturing services (EMS) provider. Foxconn has a workforce of around one million employees, and our customers include many of the world's major electronics and information technology companies. In 2013, the value of Foxconn's manufacturing accounted for 3.5 percent of China's total imports and exports. In addition, Foxconn is ranked number 31 on the 2015 Fortune Global 500, a ranking of the top 500 global companies by revenue.

Information processing technology is a cornerstone of Foxconn's sustainable business strategy. Foxconn adopts an industry-leading e-enabled Components, Modules, Moves and Services (eCMMS) business model that enables our company to provide innovative, efficient, cost-effective, and flexible one-stop integrated service solutions to leading electronics companies operating throughout the global computer, communications and consumer electronics (3C) industry. In addition to delivering on our strategic business blueprint, Foxconn is leveraging the immense opportunities presented in the Internet of Things and Big Data era to ensure that our company remains at the core of the ICT ecosystem, driving synergy and opportunities across the industry value-chain, from hardware to services and other technology solutions.

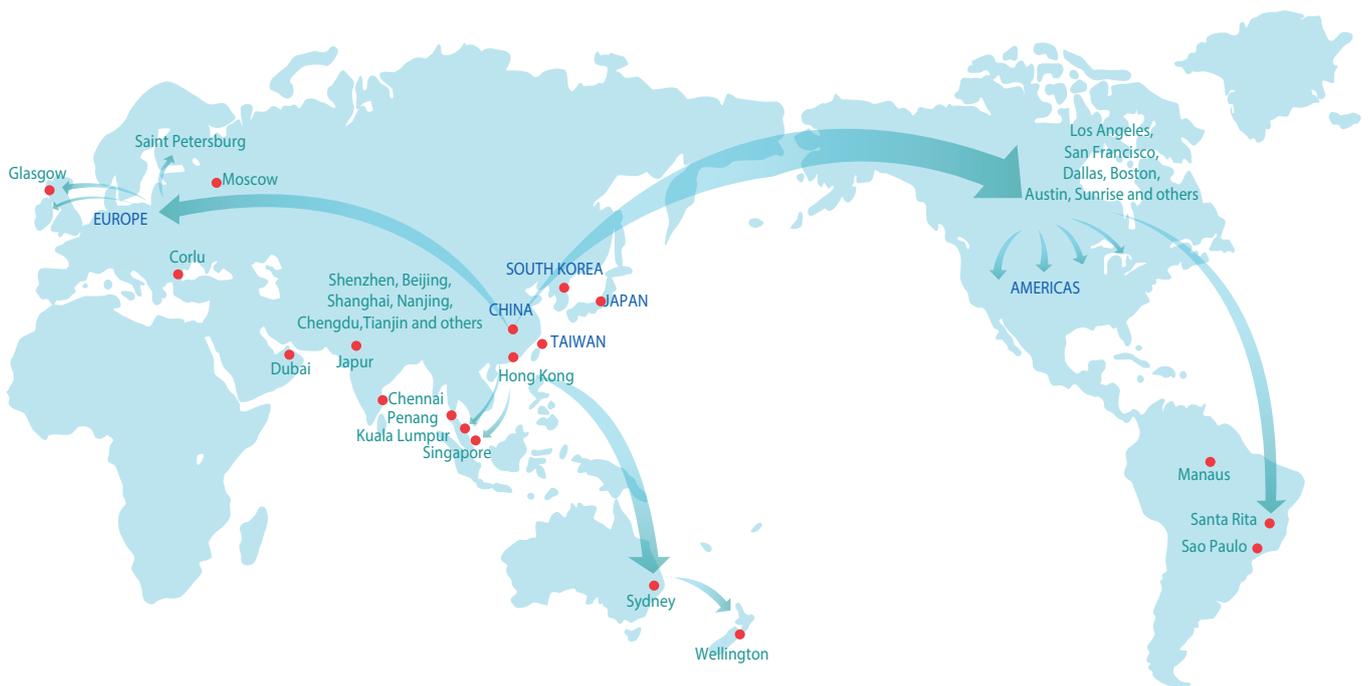
### Foxconn Sales Revenue and Net Profit Growth for the Past 3 Years



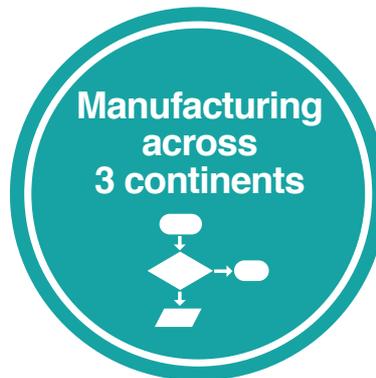
## Global Footprint

Foxconn continuously invests in enhancing our capabilities in research and development (R&D), design and engineering services. With China as the center of the Group's business and development, Foxconn has continued to expand our footprint to countries across the globe. Our international operations and global expansion are guided by our strategy of having two R&D clusters, one in Greater

China and the other in the United States, and three design and manufacturing zones across Asia, the Americas and Europe, with Mainland China as the center, and operations that enable worldwide delivery to our global customers. To date, Foxconn has more than 200 subsidiaries and branch offices in Asia, the Americas, and Europe.



More than **200** subsidiaries and branch offices in Asia, the Americas and Europe.



## Patent Applications

Foxconn is committed to investing in research and innovation and, as a major patent owner and business partner of other global patent owners, our company is an active protector of the innovation and intellectual property rights of companies around the world.

Foxconn has established a professional R&D and patent development network and innovative patent management platforms in Asia, the Americas, and Europe, with effective technological integration across regions. These efforts have proven to be successful as evidenced by our company's growth in many areas, such as nanotechnology, plastics, ceramics and heat transfer technology. Our company also continues to augment our industry-leading capabilities in precision machinery, semiconductors, cloud computing services,

LCD display, computing, wireless telecommunications, and other areas. This has enabled the company to become one of the most important electronics companies in the optomechatronics industry.

As of the end of 2015, Foxconn has submitted 139,200 patent applications, of which 75,200 have been granted. Foxconn has been listed as the top company in domestic patent applications in Taiwan for the past 13 years, from 2003 to 2015. Between 2006 and 2014, Foxconn had the largest number of patents granted by the U.S. Patent and Trademark Office among companies in Greater China. In 2015, Foxconn received 1,083 patents in the US, ranking 29th in the world and second among companies in Greater China.

Foxconn's accumulated patent applications and approved patents



## Technology Responsibility

Our operations and business practices focus on creating and maintaining a harmonious technological environment through innovation and growth. Foxconn's business strategy of "industry+technology+

e-commerce" ensures that we develop and integrate a channel focus into our operations. To deliver on this strategy, Foxconn will continue to drive and implement a holistic and systematic alignment of our design,

production, sales and after-sales service systems and processes – from the upstream core components to the downstream sales channels to support greater value-add across our 3C business chains. Foxconn is also committed to accelerating the advancement of technology and adoption of a caring culture and conducive environment, thereby creating a long-lasting business under the themes of “sustainability, stability, development, technology, and international”.

## Future Prospects

Foxconn's vision has always been to provide technological products and solutions that bring convenience to the everyday lives of people around the world.

As a leader in all areas of information processing, Foxconn's current technology development framework covers the entire spectrum of “11 screens, three networks and two clouds”. By this, we mean that the end-products and devices Foxconn provides cover a wide range of 11 screens, ranked from screens that are held nearest to end-users to screens displayed at a distance, including wearable, smartphone, tablet, notebook, desktop computing, portable TV, digital whiteboard, digital signage, electric vehicle, and robots. The network products and solutions we offer are widely applied in the three realms of the Internet, Internet of Things and Smart Grid. We also provide a suite of services that enable our customers to tap opportunities in the public and private clouds.

# Corporate Management

## Corporate Organization and Board of Directors

Foxconn's Board of Directors comprises members responsible for our company's corporate governance. In addition to safeguarding shareholders' interests, the Board adheres to the guiding principles of collaboration and partnership with Foxconn's employees, customers, suppliers, local communities, and government agencies. General Managers are responsible for executing strategic directions from the Board to ensure smooth and efficient business operations. Board members receive no compensation for serving on the Board and they recuse themselves in the event of any conflict of interest. Board 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, with two independent directors and two statutory auditors on the Board. Terry Gou is the Chairman of the Board and also CEO of the Group. Foxconn's operations are privately funded, with no financial assistance received from any government.

## Foxconn Global Social and Environmental Responsibility Committee

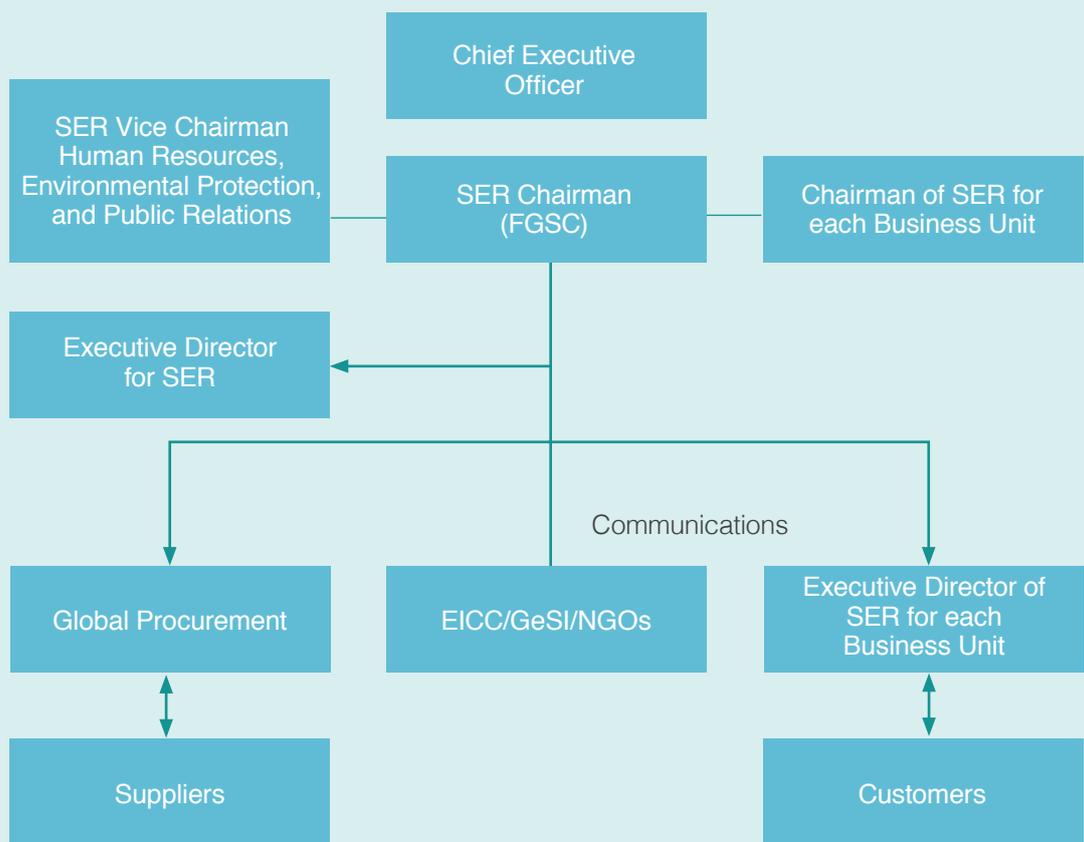
Foxconn has an unwavering commitment to being a socially responsible corporation, balancing our business goals with our role as a global industry leader in driving corporate social and environmental responsibility, and achieving sustainable development. Since March 2005, Foxconn has been a member of the Electronic Industry Citizenship Coalition (EICC) and we have worked with that organization to promote SER within the industry.

In March 2007, Foxconn established the Group's Global SER Committee (FGSC) with Jacob Chen appointed as the Chairman of the Committee. SER teams within the business groups ensure that our SER policy is adhered to and implemented, and are monitored by the FGSC. Each year, the FGSC conducts evaluations and audits of the various business groups. This is to ensure that the SER policy is integrated and implemented fully across Foxconn's operations and at every manufacturing facility.

As of 2015, Foxconn has established a team of more than 1,000 SER professionals to work with customers, government agencies, and the community, to fully carry out Foxconn’s SER duties and responsibilities.

As a member of the EICC, Foxconn abides by the EICC’s code of conduct and is committed to adopting and promoting SER policies and practices throughout our operations. As part of this commitment, Foxconn also conducts regular audits of suppliers to ensure that suppliers comply with all relevant policies and codes of conduct.

### Foxconn Global SER Committee Organizational Structure



### Foxconn’s Code of Conduct

As an official member of the EICC, Foxconn actively participates in the coalition’s activities and takes on the responsibility of promoting and abiding by its corporate social responsibility guidelines. At the same time, Foxconn emphasizes justice, honesty and integrity in all of our business activities. The Group also adheres to the principles of fair competition and we have implemented this throughout our operations. As an EICC member, Foxconn actively participates in EICC activities with our partners and suppliers in the information technology industry.

In June 2008, Foxconn published the first version of Foxconn’s Code of Conduct (CoC). In addition, CoC education and training is mandatory for all new employees. All of our employees receive training and are required to abide by the 2015 CoC. Foxconn’s Code of Conduct encompasses seven major areas: code of ethics, employee and human rights, health and safety, environment, management system, restriction on the use of conflict minerals, and anti-corruption.

## Ethics

Business Integrity  
 Disclosure of Information  
 No Improper Advantage  
 Fair Business, Advertising and Competition  
 Maintenance of Confidentiality and Anonymity  
 Community Engagement  
 Protection of Intellectual Property  
 Protection of Privacy  
 Non-retaliation

## Labor and Human Rights

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

## Health and Safety

Machine Safety  
 Industrial Hygiene  
 Occupational Safety  
 Emergency Preparedness and Response  
 Occupational Injury and Illness  
 Ergonomics  
 Dormitory and Canteen  
 Health and Safety Communication

## Environment

Product Content Restrictions  
 Chemicals and Hazardous Materials  
 Wastewater and Solid Waste  
 Air Emissions  
 Environmental Permits and Reporting  
 Pollution Prevention and Resource Reduction  
 Storm Water Management  
 Energy Consumption and Greenhouse Gas Emissions

## Management System

Company Commitment  
 Management Accountability and Responsibility  
 Legal and Customer Requirements  
 Risk Assessment and Risk Management  
 Performance Objectives, Implementation Plan and Measures  
 Training  
 Communication  
 Worker Feedback and Participation  
 Audits and Assessments  
 Corrective Action Process  
 Documentation and Records  
 Supplier Responsibility

## Restriction on the Use of Conflict Minerals

Foxconn adheres to international standards and governmental and non-governmental rules on conflict minerals. Foxconn does not accept, and does not use conflict minerals. Foxconn requires suppliers to trace the origin of products potentially containing conflict minerals, including gold (Au), tantalum (Ta), tin (Sn) and tungsten (W), and to provide all relevant information regarding the sources of those minerals to our company. In addition, Foxconn's downstream suppliers are required to fulfill their due diligence on conflict-free minerals pursuant to the relevant international standards and regulations.

## Anti-Corruption Policy

Foxconn upholds a corporate culture of integrity and management with dignity. Foxconn is committed to being in full compliance with national and international anti-corruption and anti-bribery laws and regulations. In 2013, Foxconn published our "Anti-Corruption Code of Conduct", which describes the types of conduct that are strictly prohibited and clearly informs all employees that they are required to abide by the Code of Conduct. In addition, an anti-corruption team investigates any allegations of improper conduct.

# Stakeholder Communications

## Classification of Stakeholders and Modes of Communication

Foxconn's stakeholders are identified based on the AA1000 Stakeholder Engagement Standards, which enables our company to have an accurate understanding of and address the different environmental, economic and social issues faced by our stakeholders. Members from Foxconn's SER Committee and other relevant members have identified key stakeholders for the Group through a stakeholder engagement assessment, which evaluates five core components, including the dependence and influence of the stakeholder on Foxconn, responsibility of our Group towards the stakeholder, level of stakeholder interest,

and feedback provided to our company. Based on this assessment, Foxconn has identified employees, customers, suppliers, the community, shareholders and investors, and NGOs as our key stakeholders. Foxconn has developed various communication channels to engage with our different stakeholders to better understand their expectations of the Group and to learn from their best practices and feedback.

The following table shows Foxconn's key stakeholders and how Foxconn communicates with each stakeholder group on key matters related to social and environmental responsibility.

Stakeholders	Criteria	Communication Channels and Frequency	Topics and Issues of Interest	Efforts and Outcomes
Employees	All employees are treated equally and fairly.	Communications include: employee hotline, forums, feedback boxes, satisfaction surveys, and counseling.  Other programs include employee assistance funds and family assistance funds.	<ul style="list-style-type: none"> <li>Working environment</li> <li>Living environment</li> <li>Labor relations</li> <li>Physical and mental health</li> <li>Law-abiding operations</li> </ul>	We ensure that employees have avenues to share their views and provide their feedback in order to provide a positive work environment and to enhance their sense of belonging. In addition to providing communication channels, Foxconn has established employee assistance and support systems and programs such as a 24-hour hotline and on-campus counseling services to help employees manage personal and work-related challenges and to support their health and mental well-being.

Stakeholders	Criteria	Communication Channels and Frequency	Topics and Issues of Interest	Efforts and Outcomes
Customers	Respect for customers' needs.	<p>Quarterly and annual SER conferences.</p> <p>Customer visits and audits, telephone conferences, quarterly and annual audits.</p>	<ul style="list-style-type: none"> <li>• Supplier SER</li> <li>• Evaluation</li> <li>• Corporate reputation</li> <li>• Operational integrity</li> <li>• Law-abiding operations</li> </ul>	<p>Foxconn maintains effective communication with customers, facilitates their on-site inspections, and is prepared to brief them on the status of SER compliance of our company and related suppliers. Our goal is to provide customers with high-quality, innovative technology and services that are efficient and provide flexibility, as well as peace of mind knowing that Foxconn has rigorous efforts to reduce carbon emissions in the manufacturing process.</p>
Suppliers	Prioritize through the 80/20 principle.	<p>Supplier annual meeting.</p> <p>Supplier audits at unscheduled intervals.</p>	<ul style="list-style-type: none"> <li>• Management of suppliers</li> <li>• Law-abiding operations</li> </ul>	<p>Foxconn organizes an annual meeting with suppliers and conducts supplier audits at unscheduled intervals, so as to effectively convey Foxconn's requirements to our supply chain. Foxconn has also created an online SER management platform for suppliers to learn about the EICC regulations and Foxconn's policies regarding SER.</p>

Stakeholders	Criteria	Communication Channels and Frequency	Topics and Issues of Interest	Efforts and Outcomes
Community	Focusing on and starting from the local community in our global operations.	Activities and plans based on yearly, quarterly, and monthly reports.	<ul style="list-style-type: none"> <li>• Community care and charitable projects</li> <li>• Cultural promotion</li> </ul>	<p>Each campus has organized environmental activities, and jointly pledged our commitment to advocating “energy and emission reduction, green, recycling” to inspire local community members to protect their own environment.</p> <p>Foxconn also actively assists disadvantaged members of society; this includes recruiting them to join our workforce.</p> <p>Foxconn promotes cultural development among the youth through its rural education resource development program, which aims to train teachers working in remote areas, and the Yonglin Hope Primary School project, which provides children from families in economic need with academic support.</p> <p>Lastly, Foxconn organizes fundraisers to support education programs.</p>

Stakeholders	Criteria	Communication Channels and Frequency	Topics and Issues of Interest	Efforts and Outcomes
Shareholders/ Investors	Any party that has invested, or has an interest in investing, in Foxconn, including corporations and individuals.	Prospects of the listed company, its financials and SER progress.	<ul style="list-style-type: none"> <li>• Corporate governance and operational management of company</li> <li>• Investments</li> <li>• Operational integrity</li> <li>• Law-abiding operations</li> </ul>	Foxconn has established a spokesperson platform and conducts investor meetings, investor forums and investor roadshows. Foxconn also releases an annual financial and SER report for investors' reference.
NGOs	We engage with professional and well-respected NGOs based on the nature and importance of the issue.	<p>Conference calls at unscheduled intervals when required.</p> <p>Annual SER activities and evaluations.</p>	<ul style="list-style-type: none"> <li>• Management of resources and greenhouse gases</li> <li>• Waste management</li> <li>• Labor dispute mechanisms</li> </ul>	Foxconn participates in the global dialogue on SER where we discuss SER topics with NGOs. Foxconn also participates in SER-related activities organized by NGOs, such as carbon and water disclosure activities organized by the Carbon Disclosure Project (CDP). Foxconn also aims to continue to make progress on environmental issues such as RoHS, halogen free (HF) and water pollution, in partnership with NGOs.

## Classification and Analysis of Significant Stakeholder Issues

Foxconn engages with our stakeholders across multiple communication channels to understand and identify SER-related issues that are of interest to them. The issues and insights are aggregated and distilled, based on considerations such as materiality, comprehensiveness, relevance and impact to stakeholders in the sustainability context, to enable Foxconn to develop an initial classification of significant stakeholder issues. Foxconn's SER Committee conducts further analysis and assessment of the issues based on the AA1000 Materiality Test guidance, and develops a Materiality Matrix based on two criteria: impact on stakeholder assessments and decisions; and economic, social and environmental impact on the company.

SER issues that are of top priority in our communications include: communication with and compassion for employees, management of suppliers, corporate governance and operational management of company, management of energy and greenhouse gases, operational integrity, and corporate reputation. Other topics that we regularly engage with stakeholders on include: waste management, occupational health and safety and community care and charitable projects. We also discuss topics such as education and training for employees and career development as part of our Group's SER communications and information disclosure.

### Materiality Matrix



Material Issues	Corresponding Material Aspects			Boundary					
				Internal	Supplier	Client	Shareholder/ Investor	Community	NGOs
Communication with and Compassion for Employees	LA	Labor Management	Chp.2 - Employees	●					
	LA	Labor Practices Grievance Mechanisms	Chp.2 - Employees	●					
Supplier Management	EN	Supplier Environmental Management	Chp. 4 - Supply chain overview	●	●				
	LA	Supplier Assessment for Labor Practices	Chp. 4 - Supply chain overview	●	●				
	HR	Supplier Human Rights Assessment	Chp. 4 - Supply chain overview	●	●				
Corporate Governance and Operational Performance	EC	Economic Performance	Chp. 1 - Company overview	●			●		
Energy and Climate Change	EN	Emissions	Chp. 5 - Environment	●					●
	EN	Energy	Chp. 5 - Environment	●					●
	EN	Overall	Chp. 5 - Environment	●					●
Business Integrity	SO	Anti-Corruption	Chp. 1 - Company overview	●		●	●		
Market Image	EC	Market Image	Chp. 2 - Employees	●		●			
	HR	No Discrimination	Chp. 2 - Employees	●		●			
	HR	Child Labor	Chp. 2 - Employees	●		●			
	HR	Forced or Compulsory Labor	Chp. 2 - Employees	●		●			
Employee Remuneration and Benefits	LA	Employment	Chp. 2 - Employees	●					
	LA	Equal Remuneration for Women and Men	Chp. 2 - Employees	●					
Occupational Health and Safety	LA	Occupational Health and Safety	Chp. 3 - Health and safety	●					
Community Care and Charitable Projects	SO	Local Communities	Chp. 6 - Community involvement	●				●	
Education and Training for Employees	LA	Training and Education	Chp. 2 - Employees	●					

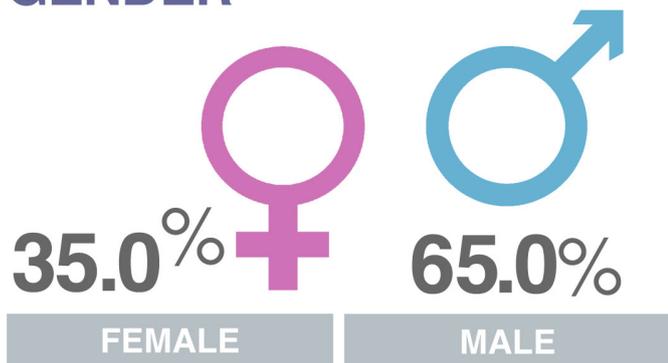
# 02

## EMPLOYEES

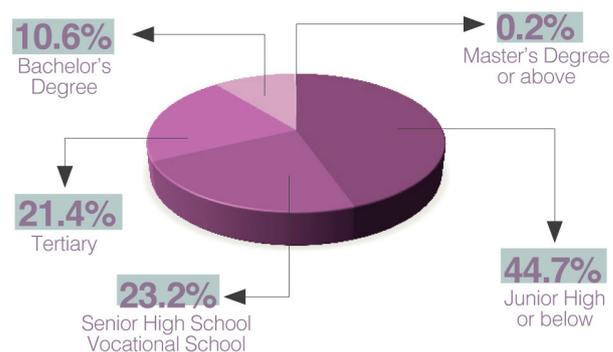
Employees are Foxconn's most important asset and we treat all employees equally and fairly. We provide opportunities for merit-based promotion and compensation, as well as support for their development through world-class training programs.

### OVERVIEW OF WORKFORCE

#### GENDER



#### EDUCATION LEVEL



#### AGE



### COMPETITIVE WAGES & BENEFITS

**99%** EMPLOYEES IN CHINA COVERED BY COLLECTIVE BARGAINING AGREEMENT WITH LABOR UNION

LOCAL MINIMUM WAGE +10%  
Foxconn wages for entry-level employees



LOCAL MINIMUM WAGE + 20%  
Employees who successfully complete probation period

#### IN 2015, EMPLOYEES WHO



Employees are eligible for group insurance benefits

**RMB 50,441,662.54** was the total amount of employee assistance disbursed in **2015**

### FOXCONN UNIVERSITY PARTNERSHIPS



### COLLABORATION



Scientific Research Training & Development Knowledge Exchange

**2015** 5.78 million training hours  
36.87 million trainees

### 2015 SCHOLARSHIPS

**RMB 5.46** million disbursed to **2,116** students

**7,510** students enrolled  
**4,859** graduated

# EMPLOYEES

Foxconn abides by the United Nations' Declaration of Human Rights, EICC standards and local laws and regulations on the protection of the rights and interests of all employees. Foxconn is a responsible, fair, and equal opportunity employer, and our employment policies require that recruitment, promotion, wages, training opportunities, and retirement must be people-oriented, lawful, fair, and without

discrimination based on gender, age, nationality, religion, political affiliation, birthplace, country of origin, language, disability, gender identity or union membership. Foxconn treats all employees equally and fairly, and evaluates employee performance based on merit and ability. We also provide opportunities for merit-based promotion and compensation, as well as on-the-job training for all employees.

Foxconn recruits employees through social and educational institutions using an unbiased screening process while maintaining respect for the rights of applicants and our commitment to diversity in the workforce. Foxconn prohibits the employment of underaged workers and forced labor. In 2015, there were no cases of workplace discrimination, child

labor or forced labor at Foxconn. As of December 31, 2015, Foxconn has a workforce of around one million employees including 50,466 persons from minority groups. Foxconn endeavors to provide employment opportunities to the local workforce in each country where we operate and we strive to achieve a high employee localization rate.



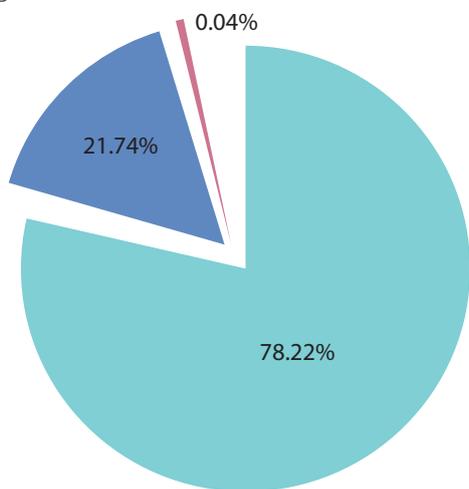
# Classification and Distribution of Employees

Over 99% of Foxconn's employees are in job positions that are lawfully recognized as formal positions, which are also known as full-time employees. Foxconn also hires contractors and dispatch employees based on our manufacturing cycles and business needs and they constitute less than 1% of the company's total number of employees. In addition, as part of our commitment

to support greater collaboration between the private and education sectors, and to provide practical working experience to students prior to their graduation, Foxconn provides a number of short-term internship programs in partnership with designated educational and training institutions.

## Foxconn Employee Age Distribution

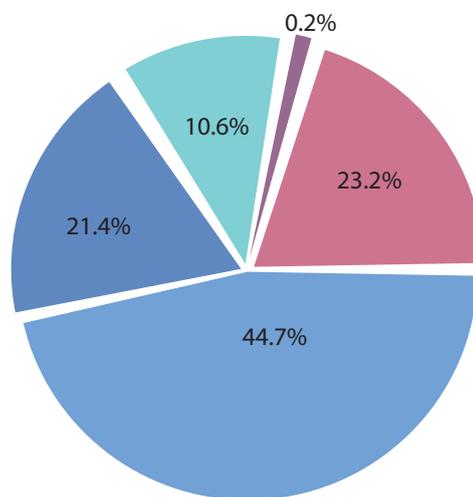
Foxconn has a relatively young workforce, with 80% of our employees being under the age of 30. The following chart illustrates a breakdown of the employee population by age:



- 30 years old and under
- 30 - 50 years old
- 50 years old and above

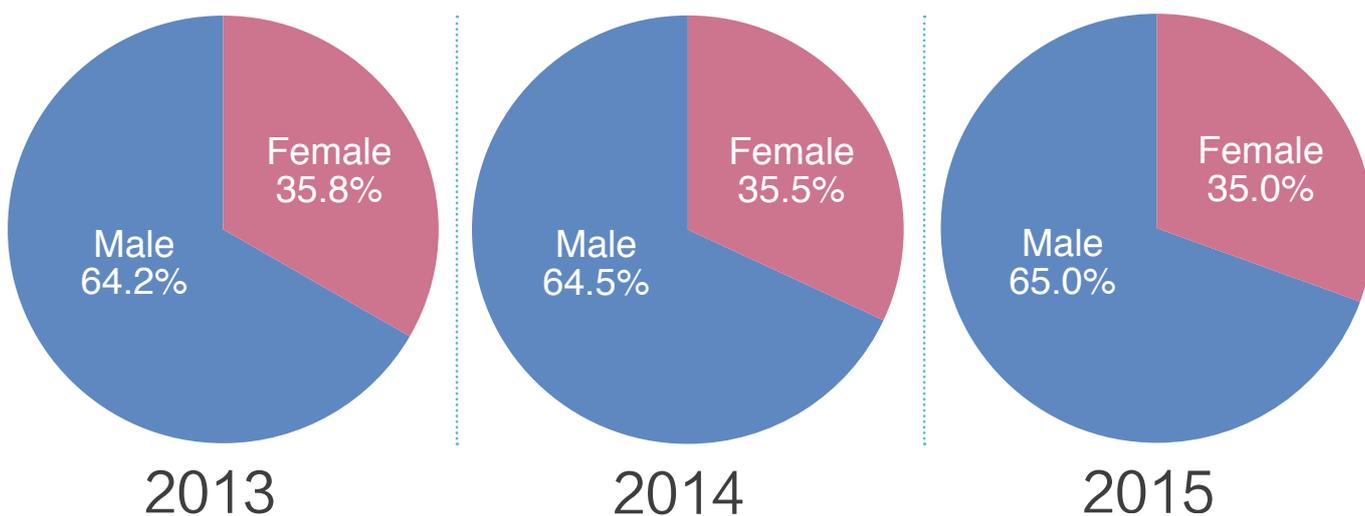
## Educational Qualification of Employees

In terms of level of education, 76.8% of our employees are high school or technical school graduates, or higher:



- Junior High School or below
- Bachelor's Degree
- Senior High/Vocational/Technical School
- Tertiary Education
- Master's Degree or above

The gender ratio of employees has remained consistent over the past three years, with male employees making up around 64% to 65% of our workforce, and female employees making up approximately 35% to 36%, as shown below:



## Wages and Benefits

Foxconn provides remuneration to all employees based on merit. Foxconn treats and evaluates all employees fairly based on their ability when determining promotions and wage increments, with no differentiation between remuneration of male and female employees. Each campus has recruited employees at wages that are at least 10% higher than the local minimum wage. After completing a three-month probation period, employees receive increased wages that are at least 20% higher than the local minimum wage. Foxconn also provides all employees with legally stipulated insurance that is in compliance with local laws and regulations.

Additionally, Foxconn signs a collective bargaining agreement with the Labor Union every year to ensure that employee rights are protected, with nearly 99% of employees in China being covered by this agreement. On January 9, 2015, Foxconn signed an agreement with the Labor Union stipulating the following commitment: In 2015, employees who served at least one year in the Group and met performance requirements, received average wage increments of 3%.

To encourage employee retention, Foxconn has also implemented annual bonuses, time-based incentives, and other incentive programs. Employees also receive gift items and monetary gifts for traditional holidays,

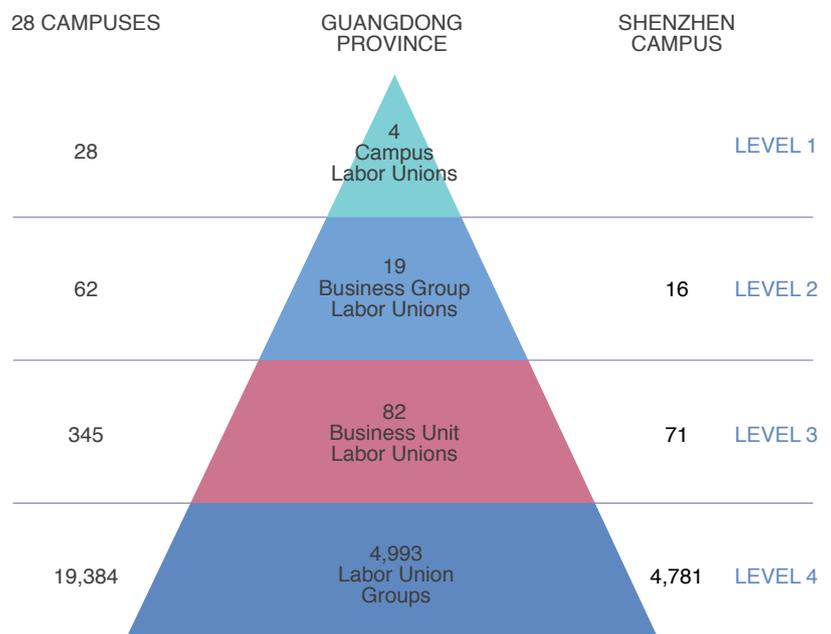
such as the Mid-Autumn Festival and the Dragon Boat Festival. Employees are also rewarded for their productivity, and those with outstanding performance may be rewarded with stock and housing incentives. In campuses in Mainland China, employees are entitled to maternity leave and paternity leave and may resume work after the designated leave period. In Taiwan, employees are also entitled to family incentives such as maternity healthcare advice, subsidies and nutritional supplements for maternity care.

Being a people-oriented company, Foxconn considers employees as our most important asset. Foxconn provides favorable terms, assurances and benefits to employees in their employment contracts.

Foxconn separately invests in employee insurance, providing support to employees in times of emergency, such as accidents, hospitalization, outpatient or emergency medical fees. The group insurance benefits for employees in China cover, for example, both personal and work-related situations and allow employees to claim reimbursement using the social security card provided by the company at designated hospitals. All employees are eligible for group insurance benefits. In 2015, the total amount of employee assistance disbursed was RMB 50,441,662.54.

## Communications and Employee Rights Protection

The Foxconn Labor Union in Mainland China (hereinafter referred to as the Labor Union) was established in 2007. Foxconn has also established 28 campus unions, 62 business group unions, 345 business department unions and 19,834 labor union groups, covering four levels of employee unions.



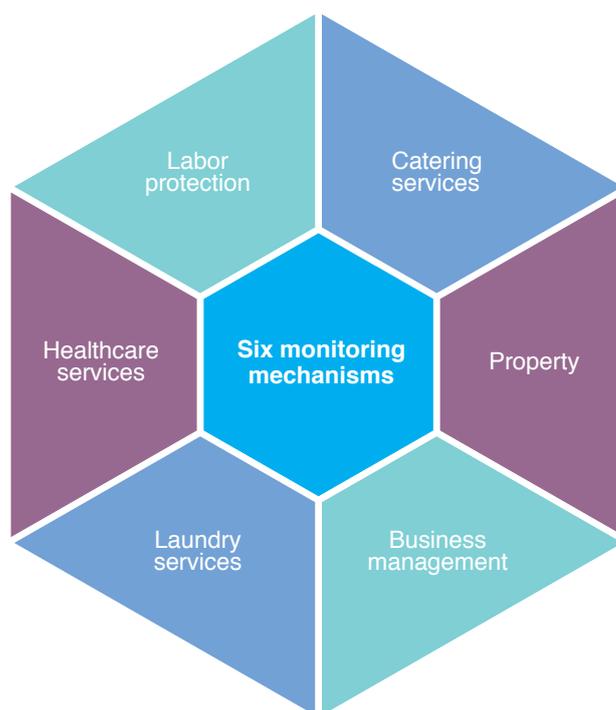
The Labor Union has instituted an integrated system to care for, protect the rights of, and support our employees. This includes hotlines at all of our campuses and dedicated phone numbers to reach key business functions and departments, for employees to share feedback, and to provide employees with care and counseling services. By integrating 26 employee rights protection mechanisms into six categories, including mailboxes to the union, the Chairman and political stakeholders, as well as hotlines to the Chairman, rights protection and assistance, and online websites, employees are able communicate with the unions and our leadership directly. A care

center has also been established to provide round-the-clock service to employees, via immediate response to employee feedback and requests for assistance. In 2015, Foxconn received a total of 5,740 employee complaints, with a successful case resolution rate of 99%. In addition, Foxconn's business groups conducted a total of 718 seminars for 35,106 participants to provide feedback on the management of the company. A total of 418 issues were raised by employees, with a successful issue resolution rate of 100%.



Through the monitoring mechanism of "full participation, comprehensive services, end-to-end process supervision, and continuous information collection", Foxconn has established six committees for labor protection, property, dining, laundry, and business management, which helped to resolve some 3,094 employee requests for assistance in 2015.

The Labor Union has assisted 4,469 workers from farming and agricultural backgrounds who were in need, including donations of over RMB 18 million to relief funds and financial support of over RMB 20 million to 4,483 workers suffering from severe illnesses. In addition, the Labor Union has distributed over RMB 40 million to family members of such workers, and established a RMB 1 million family support fund in each of the four areas where larger numbers of employees previously working on farms are from, including Shangqiu in Henan, Heze in Shandong, Xiangfan in Hubei, and Huaihua in Hunan.



# Employee Care Initiatives

In addition to enhancing employee remuneration, Foxconn also places an emphasis on supporting healthy lifestyle practices and promoting work-life balance among employees. Every year, our company makes significant investments in enhancing

campus infrastructure and the dormitory environment for employees. These include providing recreational facilities, such as integrated sports stadiums, basketball courts, swimming pools, libraries, parks, gymnasiums, banking and retail services.

## Gyms



## Snooker Halls



## Convenience Stores



## Yoga Rooms



## Libraries



## Swimming Pools



Foxconn also actively organizes extracurricular activities to encourage work-life balance and employee well-being. Foxconn has set up some 105 societies, such as golf clubs, choirs, calligraphy clubs, photography clubs, basketball clubs, and dancing clubs, for our employees. Employees can also participate in various

cultural, entertainment and sports activities based on their individual interests and preference, to enrich their life outside of work. There are also regular volunteer activities, such as tree planting, blood donation, and care visits to the underprivileged, to encourage employees to do their part and contribute to local communities.

Tennis Club



Badminton Club



Overseas Workers Ball



Overseas Workers Ball



## Support for Expectant Mothers

Caring for the mental and physical well-being of expectant mothers is important to our company, and we have taken active measures to create a positive working environment for pregnant employees.

In our efforts to support social and health initiatives carried out by the local government and community, Foxconn introduced an initiative for expectant mothers among our employees in Taiwan in 2015. Under this program, expectant mothers can receive TWD 160,000 in maternity benefits and subsidies as part of our company's efforts to provide financial, well-being and healthcare support to our employees. Pre-natal care services and personalized counselling are also offered, as well as high-quality breastfeeding rooms. Foxconn prioritizes workplace and traffic safety for mothers too, and also provides birth subsidies. In 2015, 291 "Foxconn babies" were born to our employees in Taiwan – a birth rate of 4.8%.

Foxconn has organized various activities and provided different services for female employees, in particular expectant mothers, at all of our campuses in Mainland China. These include talks and sharing sessions for pregnant employees, and providing waiting rooms, breastfeeding rooms, reading areas and eating areas for the exclusive use of expectant mothers.

Checklist for Expectant Mothers



Lessons for Expectant Mothers



Lessons for Expectant Mothers



Expectant Mother's Room



Expectant Mother's Room



Breastfeeding Room



Mother's Room



## Education and Training

The Foxconn University aims to provide training to all of our employees to support the integration of theory with practical experience, to promote knowledge application

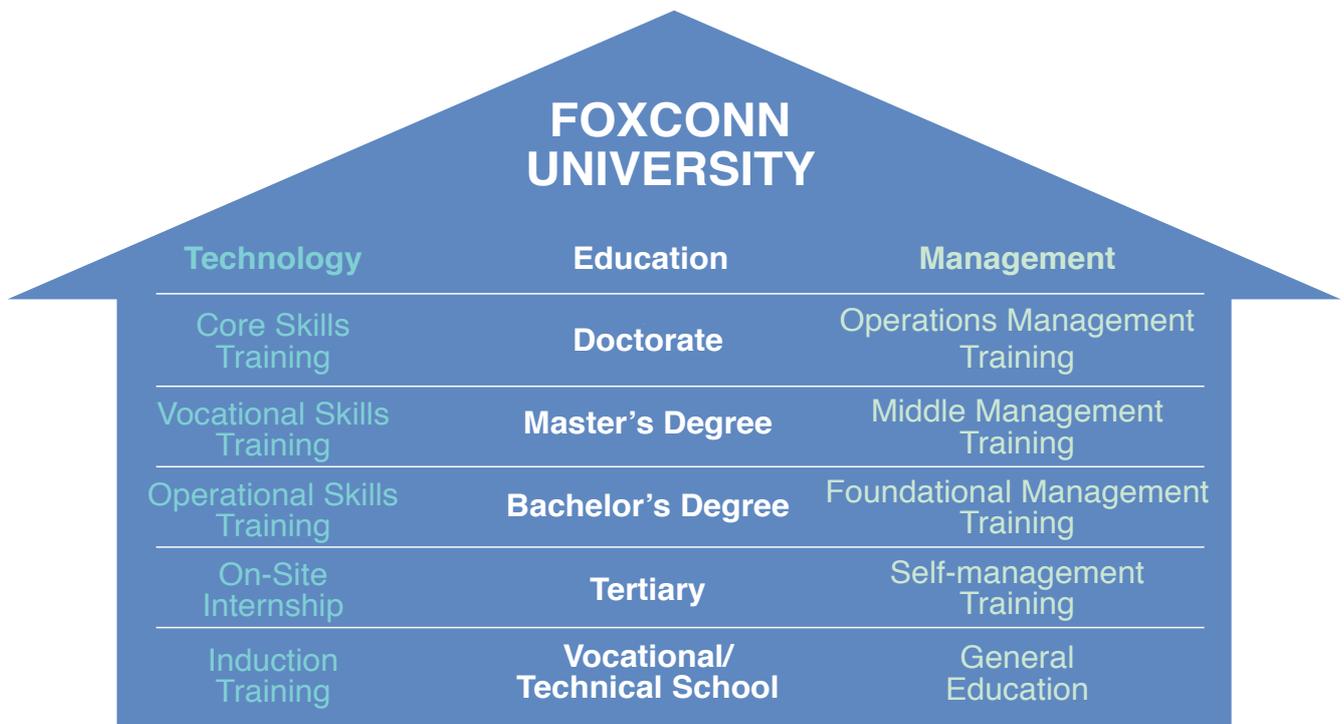
and lifelong learning, and to encourage employees to interact with and learn from one another.

Orientation Session for New Employees



Orientation Session for New Employees





## Talent Development

The Foxconn University also serves as an incubator for technological innovation and talent at Foxconn. Guided by Foxconn's overarching business principles of "long-term view, stability, continuous development, science and technology, and international mindset", the University develops and administers degree courses, knowledge management programs, management skills courses, industrial engineering courses, general education, on-the-job training, and technical skills development

courses. The University has partnerships with renowned educational institutions, such as Stanford University, University of Houston, Tsinghua University, and Peking University, among others, and think tanks to conduct scientific research and personnel training, and to promote technology and knowledge exchange. In addition, the University also conducts student internships, cadre training, scholarships and many other education, training and development programs.

Training Classes for New Employees



Training Classes for New Employees



In 2015, Foxconn University offered courses in management, general education, technology, on-the-job training (OJT), industrial engineering, and degree

courses, completing over 5.78 million training hours for an accumulated total of over 36.87 million trainees.

Course	Hours	Accumulated Number of Trainees
General Education	4,212,253	12,636,759
Management	34,477	9,569,870
Technical Skills	1,371,322	8,227,932
OJT	45,207	408,853
IE	85,268	2,814,276
Degree Courses	40,182	3,207,729
Total	5,788,709	36,865,419

In addition, the University offers training for new employees, Employee Assistance Program (EAP) training sessions, employee development training,

professional qualification training and verification, sales training, and e-commerce training.

Arts and Crafts Lessons



Since Foxconn University was established in 2001, we have partnered with 56 renowned academic institutions, including Tsinghua University, Peking University, Zhejiang University, Xi'an Jiaotong University, and Harbin Institute of Technology, to promote continuing education among our employees. In 2015, 7,510 students were enrolled at the University, of which 4,859 have graduated. To encourage employee enrolment in continuing education programs, Foxconn has implemented a number of scholarship schemes, including a business group committee scholarship for training, a labor union scholarship fund for specialized training, a college-level scholarship fund, a continuing

Leadership Training Camp



education fund, and promotion for those employees who graduate from the continuing education programs. In 2015, the scholarship funds disbursed a total amount of RMB 5,464,639 for 2,116 students.

Leadership Training Camp



## 03

## HEALTH &amp; SAFETY

Foxconn places a priority on ensuring the health and safety of all our employees across all of our global operations, and adopts a proactive and systematic approach towards enhancing our working environment.

## OVERVIEW OF HEALTHCARE MODEL

Cloud  
Mobile  
Smart Network Technologies  
Internet of Things  
Big Data



**1,167,800**  
complimentary health checks  
for employees to date

HEALTH MEASUREMENT  
& ASSESSMENT KIOSKS

**50**

in Mainland China



**31**

in Taiwan

PHYSIOLOGICAL DATA  
& HEALTH STATISTICS

**AVAILABLE  
24/7 TO EMPLOYEES**



**16,200 SMART WATCHES**

given to employees in  
Taiwan to conveniently  
monitor their daily activities  
& upload to the "health to you" platform

## OVERVIEW OF WORKPLACE SAFETY



**3.57million**  
hours of 'NO SIGNIFICANT  
OPERATIONAL INCIDENTS'

**178** trainings



**46** trainings



**56,252**  
employees  
attended

**1,627**  
employees  
attended

**13** types of  
safety workshops +  
specialized training

**463**  
safety reminders  
+ warnings

**100,000** employees  
participated in safety competition

**1,500** employees  
evacuation drills



Training



Preventive  
Measures

FOR EMPLOYEE  
PROTECTION

GOAL OF

**100% SAFETY  
AT WORK**

**63** ENHANCEMENT  
procedures to enhance safety  
to manufacturing processes



# HEALTH & SAFETY

Foxconn takes our responsibilities as a leading consumer electronics manufacturer very seriously. As part of this commitment, the company places a priority on ensuring the health and safety of all our employees across all of our global operations. Foxconn recognizes that a healthy employee will contribute to the well-being of a family and society and is committed to the health, well-being, and safety of all our employees.

Occupational safety and health is a priority for Foxconn, and we adhere to the principle of people-oriented practices and a shared goal of achieving “zero injuries, occupational disease and accidents.” Our company has established an advanced detection and

monitoring system, implemented control and prevention mechanisms, reinforced employee awareness of safety policies and capabilities in handling hazardous materials, and conducted safety inspections to continuously eliminate any workplace hazards, and to fulfil our responsibilities as an employer in creating a safe and conducive working environment for all of our employees.

Foxconn’s employee health and safety policies and standards meet applicable international and local laws and regulations, including OHSAS 18000, an international occupational health and safety management system, and SA8000, an auditable social certification standard for workplaces across all industrial sectors.

## Healthcare and Wellness

Foxconn provides our employees with a comprehensive healthcare program that combines our technological capabilities with care and compassion for employees, and that leverages cloud, mobile, Internet of Things, Big Data and smart network technologies. This innovative model of healthcare support creates a win-win situation for both our employees and our company.

Foxconn continues to invest in creating a safe and healthy working environment, providing employees with a comprehensive healthcare program, which includes remote healthcare counseling, complimentary health checks, medical assistances and referrals, and designated days off for better health and wellness. Foxconn also offers extensive wellness programs to the family members of our employees. These programs range from health awareness to risk assessment, prevention and screening, health management and improvement to lifestyle optimization, as well as medical treatment and referral. Such initiatives are part of Foxconn’s commitment and goal of supporting “healthy Foxconn families for a happy and harmonious Foxconn.”

### Employee Health Management

Recognizing the popularity of mobile phones among our employees, the Health and Hygiene department at Foxconn developed a digital healthcare platform, health to you (h2u), which provides employees with “anytime and anywhere” access to health information through their mobile phones. The digital healthcare platform receives instant transmission of employees’ self-measured health statistics through their input to the customer relationship management (CRM) system of Foxconn’s Tele-Health Center, using platforms such as mobile apps, the healthcare service website, and employee health measurement and assessment kiosks, as well as through portable smart health measurement equipment (such as Bluetooth 4.0 blood pressure meters and Bluetooth 4.0 weighing machines). Based on an employee’s health statistics, a professional health management team provides customized consultation and services to the individual, ranging from year-round health counselling or nutrition counselling by appointment, to personal health education to raise

awareness and understanding on potential health issues, such as managing high blood pressure, emergency medical assistance and customized health management programs.

## Employee Health Measurement and Assessment Kiosks

We have introduced 50 health measurement and assessment kiosks across our campuses in Mainland China, and another 31 kiosks for use by employees in Taiwan, providing employees with on-demand access to their physiological data and health statistics (including

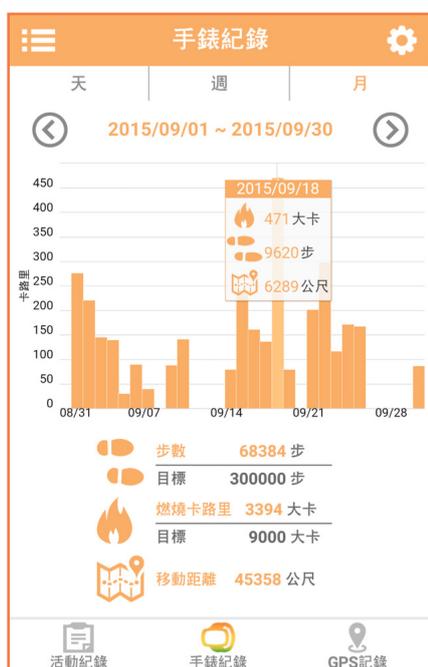
blood pressure, weight, heartbeat, etc.). These kiosks also allow our employees to make appointments with nutritionists, schedule health check-ups and make enquiries regarding the daily cafeteria menu.

In addition, our company has also developed a smart watch for employees, through which they can monitor their daily activities, sleep patterns and heart rate, and conveniently upload the information onto the h2u health management platform. In 2015, over 16,200 smart watches were given to employees and their family members in Taiwan.

### H2U Smart Watch Dashboard



### H2U Smart Watch Display: Steps and Calories Burned



### H2U Smart Watch Display: Heart Rate



## Programs for Family Members of Employees

Foxconn provides many employees and their families with subsidies for health check-ups and access to breast cancer screening services, helping to promote the health of their family members and early prevention of diseases. In line with our goal to build “healthy Foxconn families”, the company provides health check-up subsidies to the immediate family members of our employees every year, in addition to the annual health check-up service provided to all employees. In addition, Foxconn’s Health and Hygiene department also introduced a breast cancer screening service for female employees and their female family members, with the goal of prevention and early detection of breast cancer, the most common type of cancer among women. In 2015, the breast cancer screening rate for our female employees reached 89%.

## Occupational Disease Prevention

Protecting the mental and physical health of our employees is a top priority for Foxconn. An employee health check-up center has been established to provide complimentary annual health checks and analysis to employees, and to enable employees to monitor their health prior to, during, and after their work shifts. The center has provided an accumulated total of 1.1678 million health checks for our employees to date.

## Food Safety

To ensure the health and well-being of all our employees, Foxconn established a specialized Food Sanitation and Safety department in 2006, and food safety test centers to supervise the food safety of canteens across all campuses – becoming the first company outside of the food industry in Taiwan and China to adopt such stringent standards on food inspection and safety.

In 2015, Foxconn also established a food safety test center in Tucheng, Taiwan. With over 20 professional food inspectors and over 70 pieces of the most advanced inspection equipment, the center is equipped

to conduct over 40 types of tests for micro-organisms, heavy metals, food additives, and pesticides, among others. The center conducts risk assessments on the food served in the company’s campuses and undertakes regular inspections and random audits to ensure the safety of the food served to our employees.

In 2014, a food safety test center was established in Zhengzhou, China. Since commencing operations in 2015, the center has developed over 115 capabilities in food testing, including testing for food additives, animal poison residue, heavy metal and bacteria, and was officially accredited by the China Metrology Accreditation (CMA) in October 2015.

### Sample Testing Procedures



### Sampling Food Items



### Food Safety Test Center



# Safe Working Environment

Foxconn is committed to continuously enhancing and maintaining our comprehensive health and safety management system, which has successfully obtained OHSAS 18001 and CNS15506 certifications issued by Societe Generale de Surveillance S.A (SGS), a Swiss-based inspection, verification, testing and certification company.

According to the “No Occupational Incident Working Hours Record Guideline”, issued by the Occupational Safety and Health Administration of Taiwan’s Ministry

of Labor, Foxconn obtained a certification for the company’s record of 3.57 million “no significant operational incidents” working hours since our company began participating in the program in June 2014 and as of the end of 2015. In May 2015, Foxconn received several awards for our occupational health and safety efforts and results, including “Special Award for Excellent Company in New Taipei City” and “Special Award for Outstanding Staff in Health and Safety” from the Ministry of Labor of the Republic of China.

## Industrial Safety

Foxconn established a safety and hazard prevention center at the company’s headquarters in Tucheng, Taipei, which is focused primarily on promoting the exchange of safety information across campuses, as well as providing crisis management training to employees in order to boost the Group’s crisis prevention systems. In addition, infrared thermographic devices are deployed to monitor the operations of electrical equipment (such as distributors) at campuses, with comprehensive training for dedicated personnel to ensure they are familiar with the use of such devices. In 2015, 180 test reports were completed by 17 personnel. These measures have significantly reduced the risk of wind and fire-related incidents and damages at Foxconn campuses.

Foxconn promotes the shared goal of “100% Safety at Work” and “zero injuries, occupational diseases or accidents” at all of our campuses and with all of our employees, and we have put a number of measures in place to ensure employees are working in safe environments. In 2015, there were three fire-related incidents and 16 industrial accidents at the company’s facilities across China, a decrease compared to 2014.



Statistics on group accidents in the past 3 years

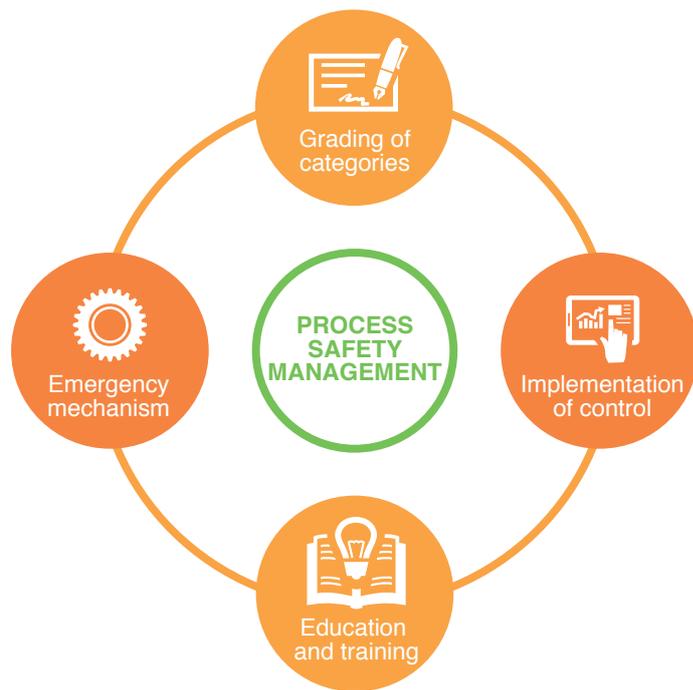
	2013	2014	2015
Explosion	0	0	0
Fire	3	1	3
Industrial accidents	41	38	16

In addition, an internal professional assessment team conducts daily and monthly safety checks across Foxconn's facilities in China. Over the past year, a total of 56,973 safety non-conformances were identified, of which 56,882 were successfully addressed, achieving a resolution rate of 99.84%. Work on resolving the remaining non-conformances continues to be undertaken in conjunction with the Foxconn Labor Supervision Committee. In addition, the committee also conducts audits and assessments of campuses every six months to ensure adherence to and implementation of the company's safety policy, and that all employees are working in safe environments.

### Distribution chart of potential accidents



To ensure workplace safety and effective prevention of accidents, Foxconn continuously reviews and identifies opportunities to introduce advanced technologies to improve our operations and processes – for instance, in the sourcing of less hazardous raw materials, proper and routine maintenance of machines, and enhancement of production flows. In 2015, a total of 63 enhancement procedures were carried out to enhance the safety of manufacturing processes involving the use of oil sprays and solvents, and to implement specific guidelines for the handling of five high-risk processes: anodizing, plating, liquid painting, powder coating, and polishing. To minimize chemical-related incidents, the company has set up a centralized storage and handling policy for all hazardous chemicals, focusing on limiting storage amounts and eliminating or minimizing the risk of accidents. Stringent guidelines on areas such as sourcing and disposal of chemicals have also been communicated to employees to ensure that they are aware of and observe these safety guidelines.



## Occupational Accidents and Injuries

In order to prevent and minimize the occurrence of occupational accidents and injuries, improve working conditions and boost efficiencies, the company established the Foxconn Industrial Ergonomics Centre (FieC) to leverage and apply ergonomic theories and industry best practices to our operations and workplaces. FieC aims to promote and enhance the management of risk evaluation systems and provide work-related safety education and training to employees.

FieC has made 10 recommendations for future enhancement based on our vision of creating a positive working environment for employees. Together with our customers, we have also established standards and guidelines related to ergonomics as it applies to our workplace and operations.

As part of the ergonomics program, ergonomics requirements are first applied in the product development stage, before being expanded and applied to all product lines at the mass production stage – significantly improving working conditions while reducing production costs.

Foxconn acts in accordance with the requirements of Taiwan's Occupational Safety and Health Act. As part of this commitment, FieC is collaborating with Foxconn's Occupational Safety and Health Administration department to introduce the "ergonomic office project"

in our Taiwan campuses, which aims to promote the concept of preventive care. By integrating various occupational safety and health function groups located in the Taiwan campuses and leveraging resources from within the Group, FieC conducts on-site evaluations focusing on ergonomics-related risks of several product lines and offices in the Taiwan campuses, and provides suggestions on improvements based on the results of those evaluations.

To support related efforts by the International Labour Organization (ILO) and the All-China Federation of Trade Unions, Foxconn established industrial ergonomics checkpoints in the company's Shenzhen campuses in 2015. This pilot project within China's electronics industry received the recognition and commendation of the Labor Department of the Guangdong Trade Union. A success rate of 72% was achieved in the implementation of ergonomics improvements at the four Foxconn subsidiaries that participated in this project, which will be expanded in phases to other campuses in China and Taiwan in the future. The practical on-site experience that FieC has amassed through providing a one-stop service to enhance the working conditions of our employees supports Foxconn's Industry 4.0 vision and our commitment to provide a people-oriented working environment for our employees.



## Automation

Foxconn is leveraging, and continues to explore ways to leverage, automation and control technology to carry out high-risk, heavy and repetitive work, in order to enable our employees to focus on higher value-added elements in the manufacturing process.

We view automation as a long-term process, and consider such efforts against a range of factors as part of our ongoing sustainable business strategy and planning. Our automation efforts in each location are driven by the needs of each manufacturing process and our goal of continuously enhancing the quality of our products. Across all of our facilities, we are applying a range of automation technologies to maximize efficiency, and through training, also enable our employees to focus on other aspects of our operations.

### Automation in the Manufacturing Process



### Robotics Engineering



## Health and Safety Awareness Training

At Foxconn, we aim to create a culture where “everyone cares about safety and works towards the goal of building a harmonious working environment”. This serves as the basis of Foxconn’s programs to promote health and safety, and to educate and engage employees on this important topic so they understand and actively participate in ensuring the safety of our workplaces. We have developed a comprehensive safety training strategy in order to reinforce employee safety awareness as well as their capabilities in observing and implementing safe work practices. A three-tier safety education system – at the facility level, process/production line level and team level – for employees has been established, and safety education workshops have been designed and conducted for each level with a focus on different areas in the manufacturing process. The company also carries out a number of safety and hygiene training programs for all staff levels across the Group each year. Highlights of our safety training initiatives include:

- In Taiwan, a total of 46 safety and hygiene trainings, attended by 1,627 newly hired employees, were conducted; 463 safety reminders and warnings based on Foxconn safety protocols and guidelines were issued; and evacuation drills for 1,500 employees were conducted.
- In China, a total of 56,252 employees participated in 178 training sessions, ranging from organization of fire evacuation training to occupational health and safety training, and dust-related maintenance work and other hazardous chemicals management training. In addition, a total of 13 types of safety workshops and specialized training, such as electrical handling, soldering, fork truck control and escalator maintenance, were also provided to employees in order to prepare them for related certification examinations.

In order to reinforce the ability of employees to handle unexpected and high-risk situations, the company also conducted a number of health and safety activities, including fire extinguisher trainings, and seminars and simulations related to fire accidents. These workshops were attended by an accumulated total of 9,797 trainees in Taiwan. In addition, 45 safety workshops and activities such as “Safety Art Competition”, “Fire Prevention Competition”, “Fire Escape Experience” and “Fire and Industrial Safety Star Award”, were conducted in Mainland China, with participation by an accumulated total of over 100,000 trainees.

Fire Safety Training



Fire Safety Training



## 04

## SUPPLY CHAIN

Foxconn is committed to complying with environmental laws and regulations and is audited by third-parties to ensure that we continuously meet our environmental and social responsibilities including promoting supply chain sustainability.



## CARBON EMISSION REDUCTION



>60%

Foxconn's suppliers in carbon audit pilot program have achieved their annual emission reduction targets

## CONFLICT-FREE SOURCING

Foxconn has completed

>4,536 supplier surveys



EICC-GESI CONFLICT MINERALS REPORTING REQUIREMENTS

AUDITS

We have completed

336 GREEN PRODUCT

2010

2015

audits on-site at our suppliers' facilities



## PROCUREMENT STANDARDS INCLUDING



eco-friendliness



CO2 low carbon

environmental

low energy consumption

easily recyclable



green logistics

# SUPPLY CHAIN

Foxconn requires that all suppliers comply with the Group's social and environmental responsibility guidelines, and also requires that the Procurement Division and suppliers adhere to and implement the following policies:

- Prohibit corruption, discrimination, unfair or non-competitive practices throughout the procurement process, and signing a "Letter of Undertaking" with suppliers to agree that they will adhere to the principles of fair competition and transparency.

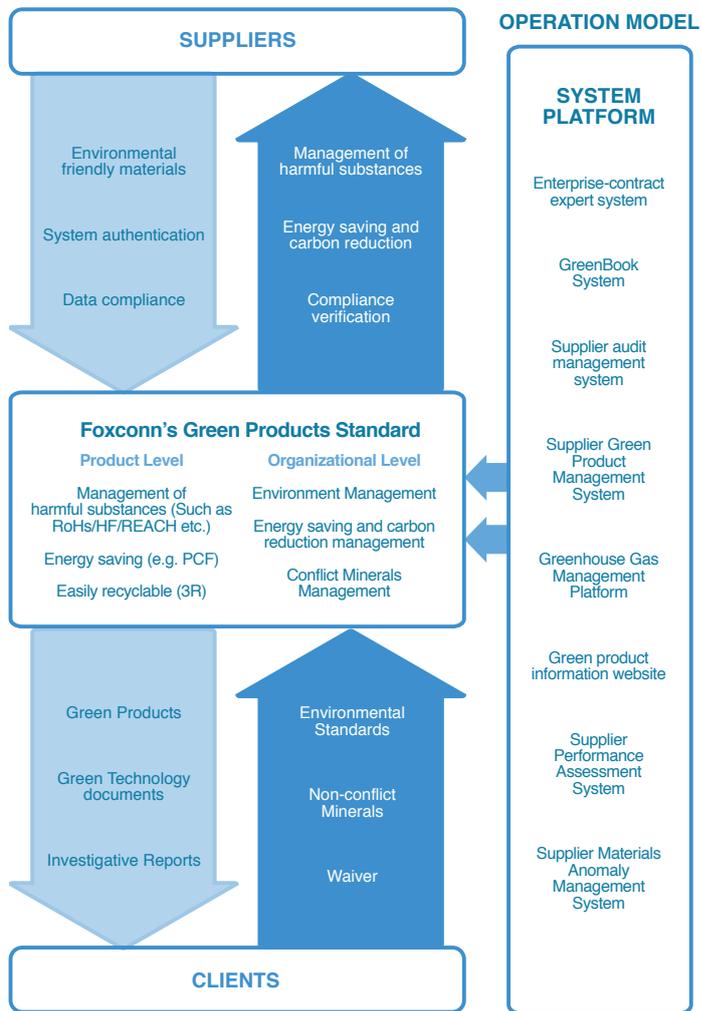
- Prohibit discrimination based on origin, race, culture, and politics, among others, in the supplier verification, evaluation and optimization process.

All suppliers are required to live up to Foxconn's SER Code of Conduct, and the SER performance of suppliers is a fundamental criteria in our selection process.

## Supplier Green Product Management

Foxconn comprehensively implements and executes sustainable procurement requirements across organizational and product group levels. The company has set up specialized divisions to study environmental requirements (e.g. Restriction of Hazardous Substances (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), halogen-free, conflict minerals, carbon emission reduction, etc.) of regulators, customers, industry, and society, and we work to translate the findings into actionable internal measures that can be integrated and applied within our operations.

In addition, the Group is committed to building a sustainable supply chain and requires suppliers to ensure downstream suppliers fulfil obligatory requirements in order to restrict the use of toxic and hazardous substances, encourage the deployment of carbon emission reduction solutions and other environmentally-friendly practices and solutions, and bolster capabilities in making eco-friendly products. Foxconn monitors all aspects of the operations process via system platforms to ensure alignment with sustainability requirements.



## Adhering to International Environmental Regulations and Increasing Green Competitiveness

To eliminate any potential environmental risks posed by Foxconn's products, and those of our customers, and to prevent electrical and electronic products containing toxic and hazardous materials from entering the market, Foxconn has put in place strict precautions and implemented the following measures:

1. Avoid use of the European Union's Restriction of Hazardous Substances (RoHS) exempted materials and actively develop alternative materials and new materials
2. Conduct RoHS exemption compliance audits and require suppliers to substitute materials within the stipulated time frame

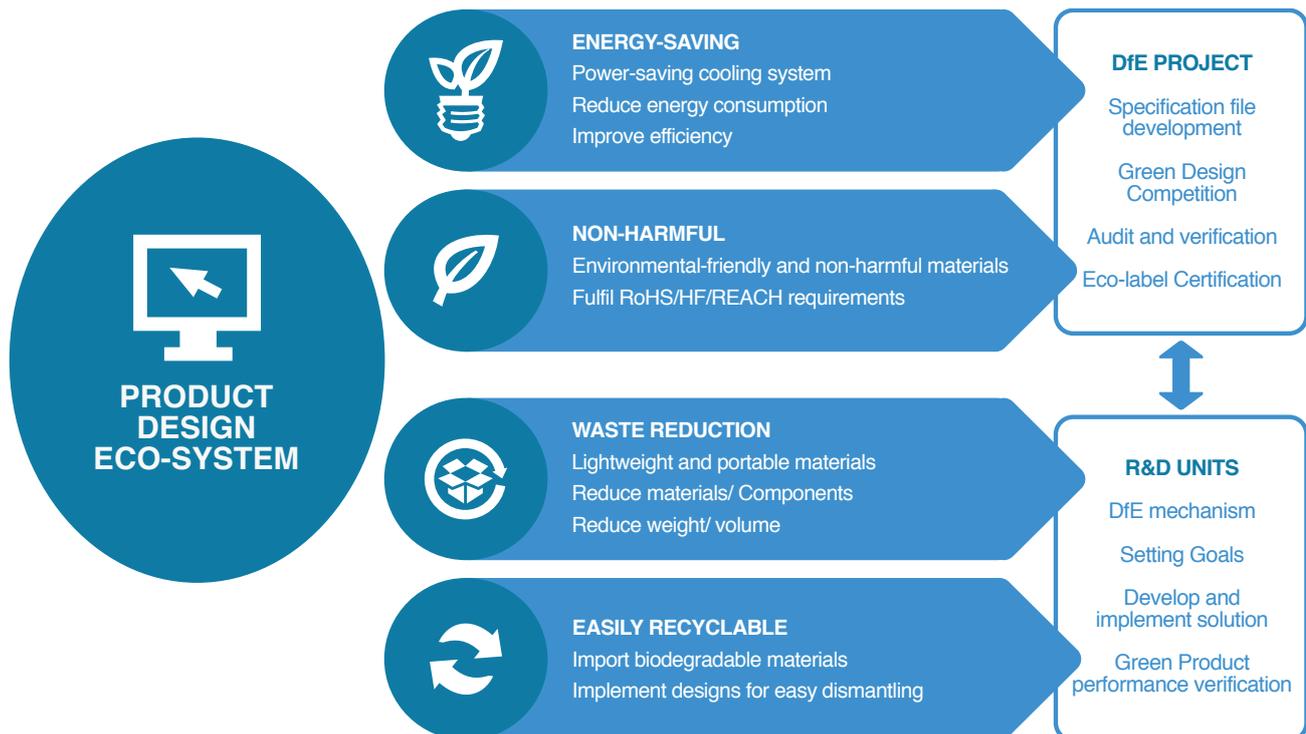
3. Implement training for staff and suppliers and communicate the latest environmental requirements in a timely manner

On June 4, 2015, Foxconn amended the RoHS 2.0 Appendix II regarding restricted materials, in accordance to the EU's 2015/863 directive, adding four types of phthalate to the appendix. Foxconn also activated a Green Purchasing Plan to ensure that our company, our suppliers, and their products, abide by RoHS 2.0.

## Environmentally Friendly Product Design

In addition to applying strict compliance control on incoming materials from suppliers, Foxconn also places priority and attention on the product sourcing process to ensure that products are environmentally friendly. As part of this commitment, Foxconn has introduced a sustainable product management system, which requires selecting materials and

suppliers that adhere to the company's guidelines on eliminating toxic and hazardous substances from all products, starting from the design stage. Foxconn has also set up the Design for Environment (DfE) program to integrate green design concepts and technology into our product design process.



Design for Environment (DfE) Program Model

Four key design principles – environmentally friendly, energy and resource saving and reduction, and recyclability – form the basis of product design under the DfE program. The program analyzes sustainability as it relates to each aspect of the product life cycle

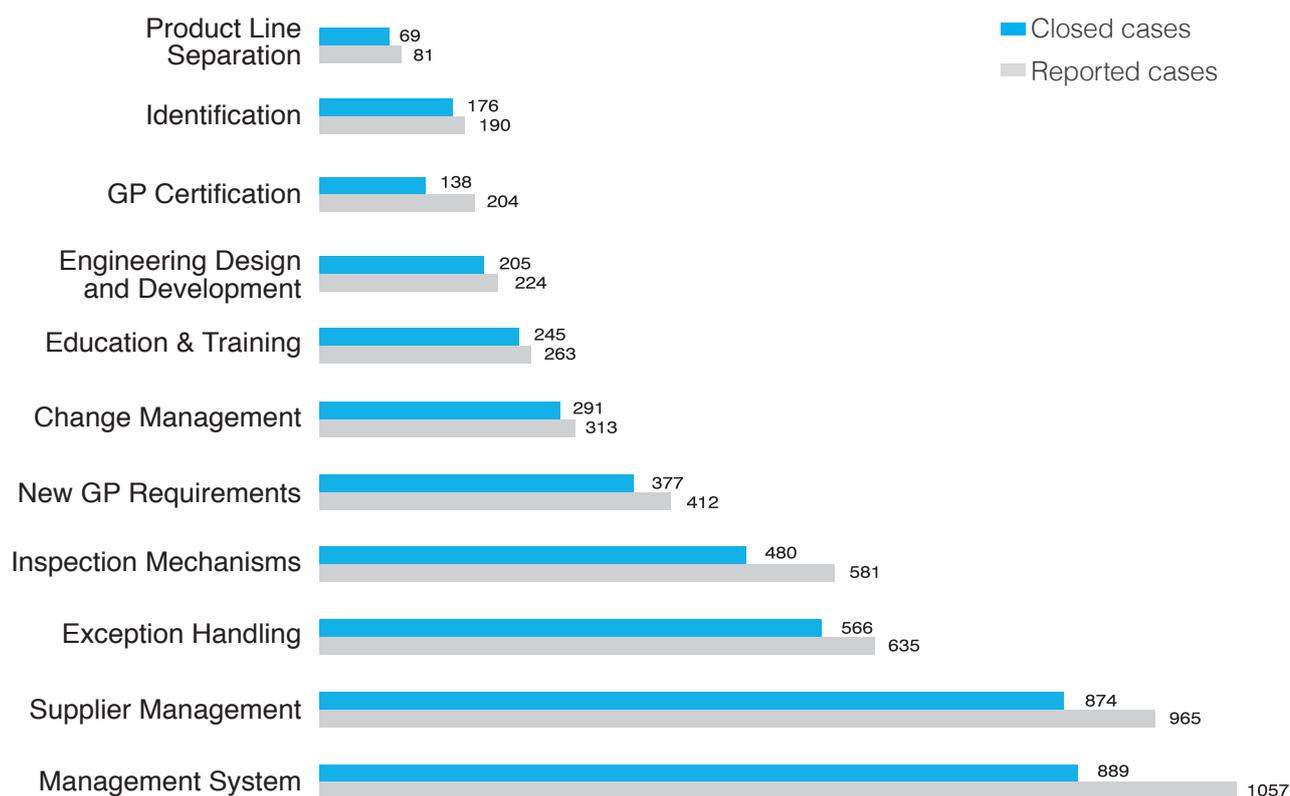
and leverages Foxconn's capabilities across the Group to systematically improve the product design process for the production of environmentally friendly and sustainable products.

## Supplier Green Product Management

Foxconn is committed to ensuring that suppliers observe sustainable supply chain practices and to supporting them in the implementation of such practices throughout the value-chain, from product sourcing to risk management and auditing. Foxconn requires that all suppliers have in place, and continuously refine, a sustainable and hazardous materials and product management system to systematically enhance capabilities in green and sustainable product management. In addition, Foxconn has established a green platform where users can easily access data relating to the suppliers' Green Management System, including contract

signing, the overall green product (hereinafter GP) risk of the supplier's factories, system certification, hazardous substances testing capacity, and on-site audit status, etc.

Foxconn continuously reinforces our green supplier management strategy, including our approach to managing high-risk and medium-risk suppliers. From 2010 to 2015, we have completed 336 green product management audits on-site at our suppliers' facilities. The following chart illustrates the key audit areas, non-conformance and improvement rate:



Supplier green product management audit results (2010-2015)

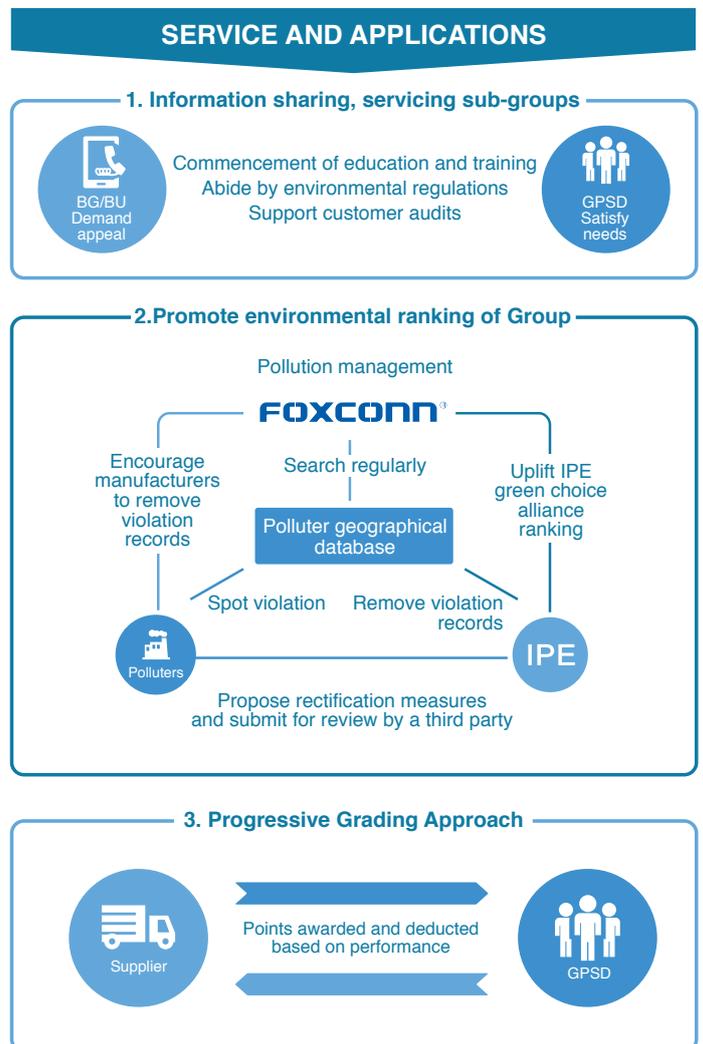
We adopt a progressive grading approach – a scoring method in which points are awarded or deducted based on performance – in order to motivate suppliers who have not met or are unable to meet our requirements in relation to green products to take actions to improve their standards. We continuously evaluate suppliers’

performance, request senior executives to attend on-site investigations and reviews, issue formal letters of complaint to their senior management, and flag non-compliance issues to customers, to encourage our suppliers to fulfil Foxconn’s requirements, and also those of our customers.

## Big Data for Sustainable Procurement

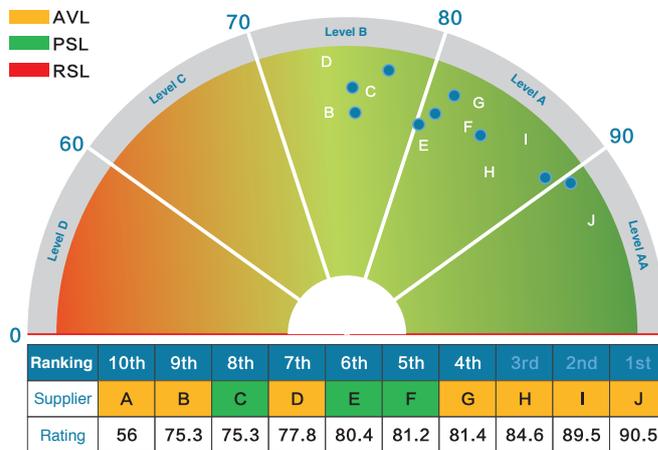
The next milestone in Foxconn’s sustainable procurement strategy is to leverage Big Data infrastructure to support our sustainable procurement platform. This includes utilizing Big Data in the integration of various service platforms, coordination of responses, management and sharing of information, setting benchmarks, and learning from experience and best practices, to support Foxconn in realizing our goal of efficient operations and sustainable procurement.

Foxconn has also incorporated a list of environmental criteria into its procurement standards, including eco-friendliness, low carbon, environmentally conscious, low energy consumption, easily recyclable, green logistics, and others. In addition, environment and sustainability-related data gathered from our operations and our customers is integrated onto a procurement platform that is used internally, by all subsidiaries and by our suppliers, thereby ensuring that Foxconn’s green procurement standards are consistently and systematically applied to our daily operations.



Foxconn assesses suppliers through a Scorecard Platform, which evaluates suppliers on three levels – organizational, material differentiation, and project management – to generate data on the performance of suppliers. The platform also evaluates suppliers based on four key criteria: quality, transaction price, supply chain support, and technical support, and enables Foxconn to have a clear view on the approval/rejection rate of incoming materials, the approval/rejection rate of product lines, etc., to achieve effective management of suppliers. Through this platform, the top 10 or top 20 suppliers for a particular material can be accurately identified based on the supplier performance data collected. In addition, by monitoring the performance of suppliers, risk assessment and tracking of other key indicators, Foxconn is able to observe and identify any changes in the quality and performance of suppliers

on the Preferred Supplier List (PSL), Rejected Supplier List (RSL), and Approved Vendor List (AVL) over time, and use such data to inform R&D, procurement, project management and quality control strategies, thereby contributing to our green and environmental goals.



Supplier Performance Management Dashboard

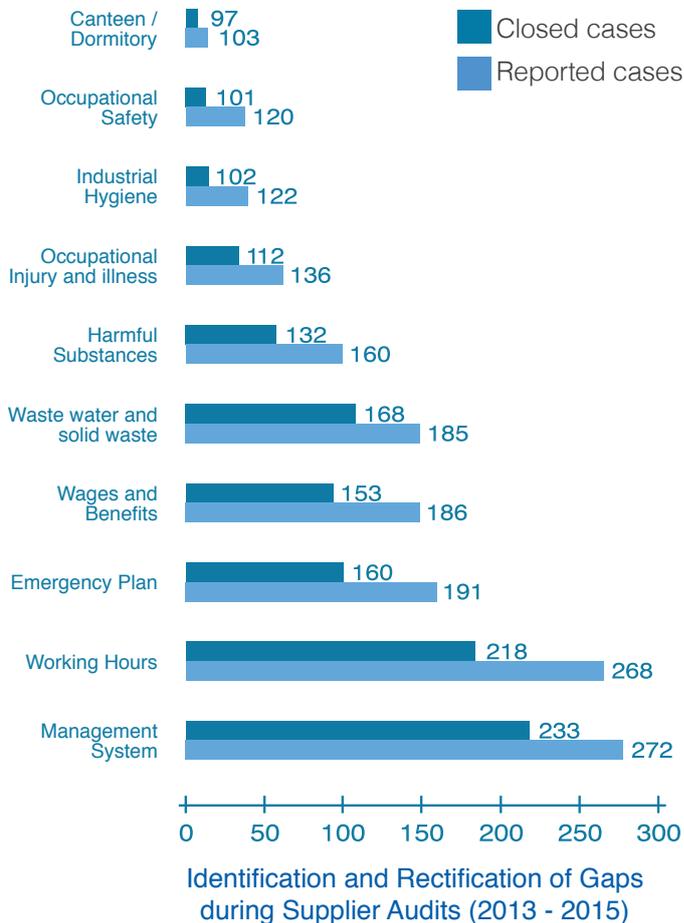
# Supplier Social and Environmental Responsibility Management

## Supplier SER Management

Foxconn has integrated SER into our selection process for suppliers, and has a team dedicated to monitoring the SER performance of our suppliers. Our one-stop supplier SER management system platform was developed based on the EICC management model which encompasses four phases in the management of suppliers: introduction, assessment, verification and continuous improvement.

Foxconn conducts SER risk assessment of new suppliers on an annual basis, evaluating their operating environment as well as human rights, and health and safety performance. On-site supplier audits are also regularly conducted.

In addition, the company also conducts ongoing monitoring and management of our existing suppliers. As of end-2015, Foxconn has conducted 448 supplier audits, and no cases of severe breaches of regulations, including child labor, and forced labor were found. The chart below shows top 10 major findings identified during our supplier audits:



To raise awareness of SER among Foxconn's suppliers, our company organizes regular SER meetings with our suppliers. In August 2015, Foxconn hosted a major event, attended by over 215 suppliers, to promote and educate suppliers on SER. At the event, Foxconn explained in detail the EICC 5.0 requirements, and also communicated the company's SER expectations to all suppliers.

## Conflict Minerals Management

In regards to conflict minerals, Foxconn has enforced stringent supplier management requirements in accordance with international and local conflict minerals legislations and has proactively communicated these requirements to our suppliers. The following measures have been implemented to ensure effective conflict minerals management throughout the supply chain:

1. Establish Foxconn's conflict minerals management and procurement policies and guidelines
2. Establish conflict minerals management programs and teams to monitor compliance with policies, and conduct training for employees and suppliers in conflict minerals management
3. Define standards and classification for conflict minerals across the supply chain
4. Require suppliers to sign SER contracts which include conflict minerals management terms
5. Provide training and information to suppliers
6. Establish a centralized platform for data collection to automatically monitor and generate reports on smelters' conflict minerals management

In line with the US Dodd-Frank Wall Street Reform and Consumer Protection Act and requests from customers, Foxconn requires suppliers to provide due diligence reports on conflict minerals in the supply chain. In 2015, we continued to fulfil the EICC and Global e-Sustainability Initiative (EICC-GeSI) Conflict Minerals Reporting requirements, conducting supplier surveys for this purpose. In 2014, the Group distributed the survey to a total of 5,076 suppliers, with 4,536 suppliers, or 89%, completing the survey. The survey results show that no Foxconn supplier uses any conflict minerals.

In 2015, Foxconn actively promoted the use of smelters in the Conflict-free Smelter (CFS) program with our upstream suppliers, and in collaboration with customers and other external stakeholders, conducted source tracing of gold, tantalum, tin, tungsten, and its derivatives in the supply chain, and encouraged smelters to seek Conflict-Free Sourcing Initiative (CFSI) certification.

## Management of Suppliers' Emission Levels

Foxconn attaches significant importance to global climate change challenges and works continuously with tier-one suppliers on carbon emission reduction measures, leading by example in requiring suppliers to meet their responsibilities to our society and the environment.

In 2008, Foxconn established a greenhouse gas reduction management platform, and by the end of 2015, Foxconn has conducted carbon audits on four pilot batches of suppliers. In addition to such audits, our Group is also driving carbon emission reduction efforts with our suppliers, requiring suppliers with relatively high emission rates (annual output of over 5,000TCO<sub>2</sub>e) to set annual carbon reduction targets, and submit and implement emission reduction plans. Foxconn's procurement division and technical teams also work together to provide suppliers with guidance and advice on carbon emission reduction technologies, and conduct on-site energy management checks and assessments to offer suppliers tailored recommendations on employing energy-saving solutions. By the end of 2015, over 60% of Foxconn's suppliers in the pilot program have achieved their annual carbon emission reduction targets.

Foxconn is committed to fulfilling our social and environmental responsibilities and we will continue to collaborate with our suppliers to proactively implement energy-saving and carbon reduction measures to address challenges resulting from climate change and global warming.

# 05

## ENVIRONMENT

Foxconn applies green technologies across all aspects of our manufacturing operations, while also achieving sustainable growth. We invest significantly in efforts to uphold the highest standards in green manufacturing, energy efficiency and environmental protection, and are committed to championing a new global eco-culture.

**FOXCONN & 33 SUBSIDIARIES** attained energy management certification



**ISO 50001**  
ENERGY MANAGEMENT



### ZERO WASTE FACTORY GUANLAN CAMPUS




★ FIRST CERTIFICATION OF ZERO WASTE FACTORY IN CHINA

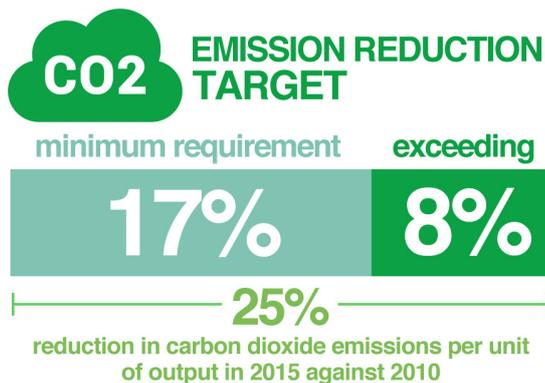
### ENERGY-EFFICIENCY TECHNOLOGY PROJECTS

**INVESTED RMB 270 MILLION** → **1,284 NEW ENERGY-SAVING PROJECTS**

- Injection Molding Reconfiguration
- Motor Energy
- Air Conditioning
- PROA
- Renewable Energy

**ENERGY SAVING 6.12%**

**COST SAVING RMB 371 MILLION**



**WASTEWATER & EMISSIONS**

**RMB 174 MILLION** to upgrade environmental facilities

**927,000 tons** wastewater recycled and reused

**46.2 MW** TOTAL INSTALLED CAPACITY OF PHOTOVOLTAIC POWER GENERATION

**ANNUAL POWER GENERATION CAPACITY 60 MILLION kWh**

# ENVIRONMENT

Environmental sustainability is a top priority for Foxconn and we have put in place a systematic approach towards integrating green and sustainable practices in our operations, implementing measures in the areas of environmentally friendly product

design, carbon emission reduction, process management, energy and resource management, and supply chain management, to minimize the impact of what we do on the environment.

## Environmental Management

In 2015, Foxconn invested a total of RMB 174 million to upgrade and enhance the company's environmental facilities and improve capabilities in processing waste, wastewater and emissions at our campuses.

1. Water treatment and utilization: Foxconn seeks to reduce water consumption and optimize water usage. Our company also actively promotes the reuse of wastewater and adopts the use of reclaimed water throughout our production lines in order to reduce the impact of manufacturing on the environment. In 2015, 927,000 tons of industrial wastewater was recycled and reused.
2. Air pollution control: We continue to implement the ERCO exhaust gas cleaning system to enhance our capability in processing exhaust gas and to meet international emissions standards.
3. Waste disposal: Foxconn's manufacturing plant in Shenzhen produced a total of 46,700 tons of hazardous waste in 2015, all of which was treated and disposed of in compliance with environmental laws and regulations.
4. Recycled materials: Foxconn actively promotes the use of environmentally friendly materials, and has conducted research to develop environmentally friendly products that are sustainable.

### Essay and Speech Competition on Environmental Topics



## Zero Waste Facility

Foxconn strives to create a zero waste facility as part of our effort to create a sustainable environment. The goal of zero waste is one that relates to ethics and economics, and that drives effective operations, inspires forward-thinking and lifestyle changes to adapt to the sustainable and natural life-cycles of resources. In doing so, we are able to increase the recycling and reuse of all waste materials, transforming waste into usable resources through design and technology.

In April 2015, the Foxconn campus in Guanlan, Shenzhen received the Zero Waste UL ECVP 2799 certification. It also received the UL ECVP 2799 Sustainable Manufacturer certification in January 2016, becoming the first "zero waste" factory to receive this certification in China. The Guanlan campus has

adopted a “resource – waste – reusable resource” circular resource model where it is able to reuse up to 94.5% of the waste produced, with the remaining 5.5% being incinerated to generate electricity. This model not only reduces environmental impact, but also optimizes resource use and protects the environment, representing an important milestone in our commitment to green and sustainable business development.

### Zero Waste Factory



## Green Warehouse

Foxconn prioritizes environmental consideration when designing warehouses and selecting warehouse equipment.

The planning and construction of our flagship smart warehouse, which will soon be operational at Foxconn's Zhengzhou campus, has received the highest LEED (Leadership in Energy and Environmental Design) certification. Construction materials used to build the warehouse were selected with the aim of reducing emission. The building is also equipped with efficient energy transport systems as well as an advanced water recycling system that achieves energy savings of over 80%, and enables 100% of rainwater, surface water and wastewater to be reused. The application of smart packaging in our manufacturing processes also enables us to reuse and recycle materials to the fullest potential.

The design of our warehouses uses LED lighting to reduce energy consumption by 66%. Foxconn also ensures that construction materials are environmentally-friendly, with 100% of the rubble at the construction site

being reused as building materials, 98% of steel used being recycled steel, and 100% of the concrete used being recycled concrete. In addition, the warehouse employs a compressed air heat recovery system and an ice water heat recovery system to generate recycled energy to power air-conditioning and heating – realizing energy savings of 100%.



### Facility

- Received the highest possible certification from US-based LEED
- Equipped with efficient energy transport systems as well as an advanced water recycling system, resulting in water savings of over 80%, and 100% of rainwater, surface water and waste water being reused
- Investment of RMB 6 million on energy-saving design



### Equipment

- Fully automatic storage system, with 7,500 storage spaces, increasing storage efficiency by 30%
- Increasing employee efficiency by 35% and lowering employee costs by 30%
- Smart packaging technology “Smart Package”



### Work Flow

- Smart work flow management
  - Big Data driven
  - Cloud computing
- Real-time decision making
  - Effective prevention
  - Smart recommendations
- Optimization of resource allocation
  - Maximize efficiency of operation
- Assist in distributing resources



### Safety

- Fire safety: FM fire safety standards
- Risk management: ISO 31000
- Information safety: ISO 27001
- Asset safety: TAPA FSR 2014 & C-TPA
- Centralized Monitoring Center, Real-Time Video Surveillance



### Employees

- Smart scheduling of assignments
- Smart supervision of assignments
- Smart work allocation
- Timely incentive mechanism

## Green Data Center

Foxconn has built a Fourth-generation Industrial Park in Guiyang, the provincial capital of Guizhou, where the latest green manufacturing technologies are being applied throughout the campus. The Guizhou Industrial Park epitomizes Foxconn's vision and green manufacturing philosophy, and was designed and built with the principles of "energy-saving, environmental protection, and eco-culture."

Using innovative design principles, the layout and buildings in the industrial park take into consideration the natural terrain and environment in which they are situated. The data center within the park leverages ecological, green, water conservation and energy-efficient design principles, and was constructed with low-carbon materials. The data center applies unique energy conservation technology, including a V-motion energy conservation system, which enables virtual machines that are operating at low capacity within physical servers to be integrated into one single server. In addition, the data center also utilizes power capping technology, which controls the power usage of servers and caps maximum power usage levels, as well as load balance technology, which reduces energy waste during off-peak times. In 2015, the data center was awarded a platinum "Leadership in Energy and Environmental Design (LEED)" rating by the U.S. Green Building Council, and received its certification in January 2016, becoming the first data center in China to hold a platinum LEED rating certification.



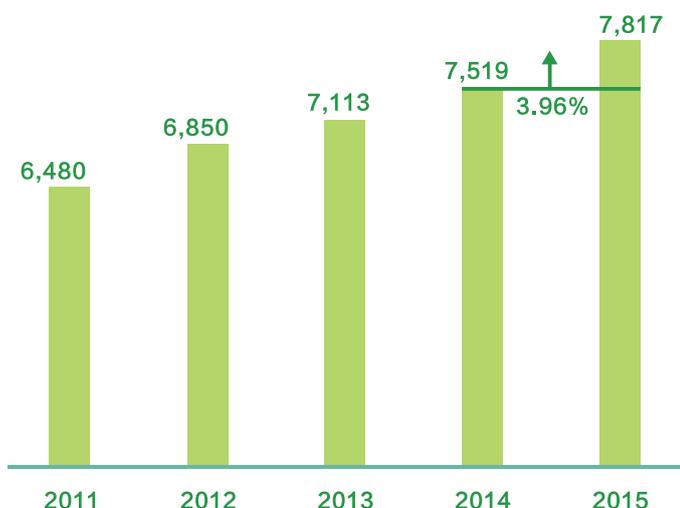
## Climate Change

Foxconn adopts a proactive approach in understanding and addressing the issues surrounding climate change and we participate in international dialogue on how to tackle this important issue. Foxconn invests significant resources to analyze and develop solutions to climate change, and adopts international standards as the basis for our Group's energy and carbon resource management, and in the development of strategies to adapt to and mitigate climate change challenges.

### Energy Management

As Foxconn's operations continue to grow, the Group's electricity consumption in 2015 was 7.817 billion kWh, an increase of 3.96% as compared with 2014. Below is a breakdown of Foxconn's electricity consumption across all business units over the past five years:

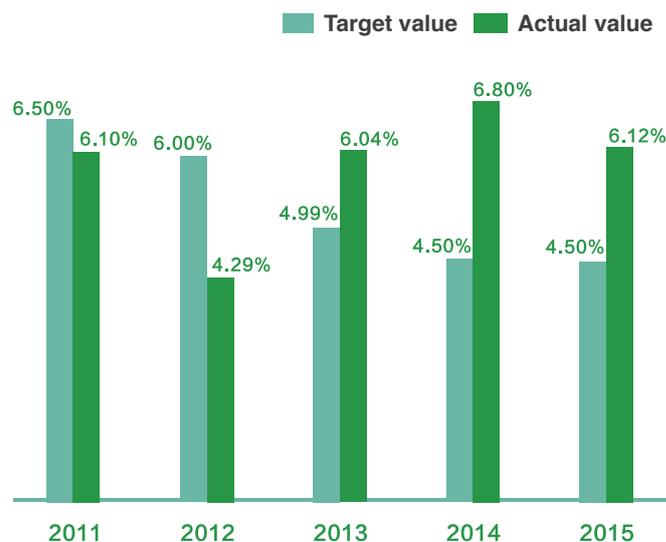
## Use of electricity from 2011 to 2015 (million kWh)



As Foxconn's production plants are mostly concentrated in Mainland China, we are guided by the national 12th Five-Year Plan in planning our business operations. We develop energy-efficiency goals at the beginning of each year, and communicate these targets to every branch and unit within our company so that they implement comprehensive energy-efficiency technologies and contribute towards realizing the Group's overall goals.

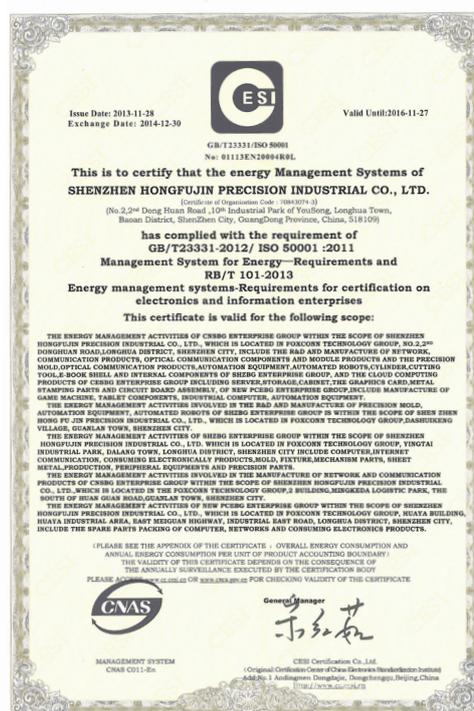
In addition, Foxconn also invests significantly in the development and application of energy-efficiency technologies. In 2015, Foxconn invested RMB 270 million into this area, initiating 1,284 new energy-efficiency projects, covering energy-efficient machinery, air conditioning in dormitories, injection molding reconfiguration, Polarized Refrigerant Oil Additive (PROA) technologies for centralized air-conditioning and refrigerator compressors, among others. Foxconn's investment has resulted in total energy savings of 512 million kWh, which translates to energy savings of 6.12%, and around RMB 371 million in savings. The chart shows our progress in achieving our energy-efficiency targets over the last five years:

## Comparison of energy-efficiency targets and actual energy savings



## Energy Management System ISO50001 Certification

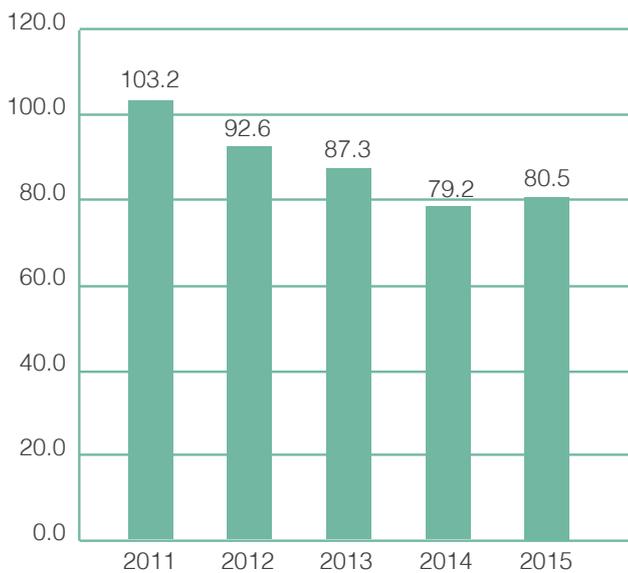
In 2015, 33 of the Group's legal entities attained ISO50001 certification, an energy management certification standard. Foxconn's approach to energy management is integrated into the operations of all our manufacturing plants, where we have not only been able to successfully reduce energy consumption, but also effectively manage resource costs. ISO50001 certification across our Group is expected to be fully completed in 2016.



## Carbon Asset Management

In accordance with the requirements of China's 12th Five-Year Plan on the reduction of carbon dioxide emissions by 17%, Foxconn has set a carbon dioxide emission reduction target of 24.5%, based on the company's 2015 carbon dioxide emissions per unit of output compared to the average in 2010. Foxconn's carbon dioxide emissions reduction has already exceeded that target: output in 2015 was 80.46 kilograms of carbon dioxide per RMB 10,000, which translates to a 25% decrease against the average in 2010. The graph below illustrates the rate of reduction of carbon dioxide emissions per unit of output by Foxconn over the past five years:

### Carbon dioxide emissions per unit of output from 2011 to 2015



Unit: kgCO<sub>2</sub> per RMB 10,000

In addition, since 2013, Foxconn has been actively involved in carbon credits trading projects in Mainland China, and we have increased investments in carbon credits trading and management activities. In 2015, carbon emissions at Foxconn's Shenzhen facilities amounted to 2,047,227 tCO<sub>2</sub>e, which was 645,030 tCO<sub>2</sub>e less than the permissible limit of 2,692,257 tCO<sub>2</sub>e – realizing returns on carbon assets of RMB 2.93 million.

Foxconn has actively advocated the development and use of renewable and green energy. We have increased our current total installed capacity of photovoltaic power generation to 46.2MW, with an annual power generation capacity of 60 million kWh. Foxconn has also implemented a 2MW building integrated photovoltaic (BIPV) project in our Longhua campus. Completed in July 2012, solar energy systems have been installed on the roof tops of three multi-storey industrial buildings, each with a roof-top area of 8,760 m<sup>2</sup>, and a total installed area of 13,914 m<sup>2</sup>. The roof-top solar energy system had a generation capacity of 2.24 million kWh in its first year, and as of December 31, 2015, the 2MW BIPV project has generated a cumulative total of 7.84 million kWh, saving 2,979.2 tons of coal, and realizing up to 7,418.2 tons in carbon dioxide reduction.



### Distribution of roof-top solar systems across Foxconn campuses

Campus	Unit: MW
Jiyuan	13.5
Wuhan	8.5
Nanning	2.5
Huizhou	0.5
Tianjin	4
Zhengzhou	15.228
Shenzhen	2
<b>Total installed</b>	<b>46.2</b>

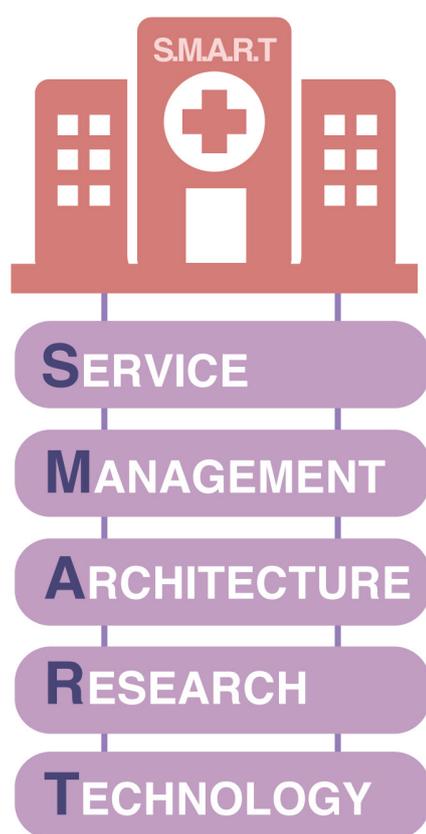
# 06

## SOCIAL PARTICIPATION

Foxconn embraces a culture of sharing, contributing and giving back to the community and we actively participate in social and community-based programs to support social causes.

### SOCIAL AND COMMUNITY

-  Creating a caring environment for the underprivileged
-  Bridging the urban and rural education gap
-  Enhancing healthcare support for the community
-  Supporting emergency relief efforts



NATIONAL TAIWAN UNIVERSITY CANCER CENTER



DONATED



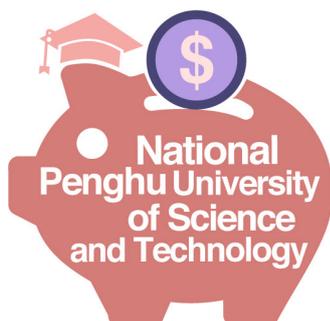
Formosa Fun Coast Accident Relief Project

### YONGLIN HOPE PRIMARY SCHOOL

127 STAFF supporting program

SCHOOLS 223

3,050 STUDENTS each academic term



National Penghu University of Science and Technology

SCHOLARSHIP FUND

5 YEARS OF THE SCHOLARSHIP

221 STUDENTS were supported in 2015



# SOCIAL PARTICIPATION

Foxconn embraces a culture of sharing, contributing and giving back to the community, and we actively participate in social and community-based programs, including sponsoring and hosting philanthropic activities and volunteer programs. As a responsible corporate

citizen, we are committed to doing our part in creating a caring environment, promoting care and respect for the disadvantaged, driving charitable programs, and contributing to the bridging of the education gap between people living in urban and rural areas.

## Care for the Vulnerable

### Yonglin Cedar Forest Organic Farm

The “Yonglin Cedar Forest Organic Farm” was established in 2010 to support the Taiwanese government’s rebuilding efforts following Typhoon Morakot in 2009. Since its establishment, the Yonglin Foundation has invested TWD 600 million in the farm. The funds have been mainly used for soil preparation and optimization, and the construction of irrigation pipes, drainage systems and reservoirs. Over 90% of the approximately 100 employees at the farm are residents from redeveloped areas.

On May 28, 2015, the sixth anniversary of Typhoon Morakot, the Taiwanese government organized an event expressing gratitude to those who contributed to the post-disaster reconstruction efforts. President Ma Ying-jeou presented a plaque to the Yonglin Foundation as a token of gratitude towards the foundation’s efforts. The plaque was received by Ms. Delia Tseng, wife of Foxconn CEO Terry Gou, and Gou Shou-zheng, Chairman of the Yonglin Foundation.

Taiwan President Ma Ying-jeou (Center) Presenting a Plaque to the Yonglin Cedar Forest Organic Farm



## National Taiwan University Cancer Center

On November 15, 2015, a beam-raising ceremony was held for the National Taiwan University Cancer Center, a hospital donated by Mr. Gou, who is also the Founder of the Yonglin Foundation. The ceremony was attended by Mr. Gou, Pan-Chyr Yang, President of National Taiwan University (NTU), and Cheng An-li, Chief of the NTU Cancer Center, among others. The guests-of-honor made inscriptions on a golden beam at the ceremony to mark the completion of key structural frames for the center, which is expected to commence operations in 2018.

The Yonglin Foundation, together with the team from the cancer center, visited renowned hospitals around the world. Together, they developed the blueprint for the NTU Cancer Center, a “S.M.A.R.T” hospital that puts patients as the top priority, and focuses on five areas: Service, Management, Architecture, Research and Technology (S.M.A.R.T). The Center integrates scientific research with smart medical management systems, and combines cell treatment with proton therapy to provide accurate and personalized treatments. In addition, the Center is striving towards a paperless “Medical 4.0” future and hopes to lead the industry in the development of smart medical technologies.

Since 2007, the Yonglin Foundation has been working with NTU, and has dedicated resources to the establishment of the Tai Cheng Stem Cell Therapy Center and the Yonglin Biomedical Engineering Center. The two parties are also jointly building the NTU Cancer Center and Radiology and Proton Therapy Center, and once completed, the facilities will serve as a world-class base for the treatment of cancer. The Foundation will continue to collaborate with other industry experts and partners on programs to improve healthcare services.



## Accident at Formosa Fun Coast Theme Park

On June 27, 2015, an explosion occurred at Formosa Fun Coast, a theme park in Bali District, New Taipei, Taiwan. While the incident was not related to Foxconn's operations, our company and Mr. Gou immediately donated TWD 10 million and TWD 15 million, through the Hon Hai Education Foundation and the Yonglin Foundation respectively, to the “Formosa Fun Coast Accident Relief Project”. The funds were mainly used for medical care and recovery efforts to support those who were injured and their families during such a difficult time.

## Mobile Magic – University Students Performing Magic for the Elderly

Research in Taiwan has suggested that the health and happiness of elderly people can be improved through active participation in art and cultural activities. For the second year running, the Yonglin Foundation supported the “University Students Art Performance for the Elderly” event, which is jointly organized by National Chengchi University, National Taiwan University of Arts, and National Taiwan College of Performing Arts. In 2015, the students performed at six organizations: the New Taipei City Government Ren-ai Senior Citizen's Home, Executive Yuan Changhua Veteran's Home, Taiwan Tainan Ren-ai Senior Citizen's Home, Nantou Jie-rui Senior Citizen's Home, Taichung Ren-ai Senior Citizen's Home and the Taiwan Taoyuan Senior Citizen's Home. Through their performance, students engaged with and brightened the lives of the elderly, while also allowing them to share their life experiences with one another.

Performance at the Taoyuan Ren-ai Senior Citizen's Home on June 30, 2015



### Elderly Home Visits by Employees from Foxconn's Nanning Campus

In 2015, Foxconn led 17 volunteer teams in carrying out 310 community service activities, under the "Love on the Road with You" initiative, in Mainland China. In Nanning, Guangxi, volunteers from Foxconn visited elderly homes during the year-end period and brought warmth to the winter for some 110 elderly by giving them warm clothing and performing for them.

Elderly Home Visits in Nanning



Elderly Home Visits in Nanning



### "Holding Hands for a Warm Winter" at the Chongqing Campus

On February 6, 2015, employees from our Chongqing campus and social workers from the Ren-ai Society organized a volunteer service activity for children of migrant workers at Chenjiaqiao. The volunteers played games, taught the children arts and crafts, and also gave them gifts at the end of the session.

Holding Hands for a Warm Winter at Chongqing Campus



Holding Hands for a Warm Winter at Chongqing Campus



### Community Service Activities at the Slovakia and Czech Republic Campuses

Foxconn campuses in Europe have focused on issues related to child care and medical care for their community involvement programs. A "Flower Day 2015" fundraiser was organized in Slovakia and the Czech Republic, with money raised going towards activities such as cancer research, donations for the building of children's hospitals and organizing Christmas parties at children's homes. Such activities are part of our employees' commitment to support community services and contribute to local communities.

“Flower Day 2015” Donations for Cancer Research



Donations to Chrudim Hospital



Christmas Party at a Children's Home



Christmas Party at a Children's Home



## Cultural Activities

### Yonglin Hope Project

Since April 22, 2006, the Yonglin Education Foundation has partnered with 14 universities, including National Central University, National Sun Yat-sen University, National Chung Cheng University, National Chung Hsing University, and National Taitung University, among others, and two community organizations, namely the New Taipei City Teachers' Association and Taiwan World Vision Association, to offer academic support to underprivileged children. This includes initiatives such as the “Yonglin Hope Primary School Project”, which provides remedial education for underprivileged children and remedial classes for children living in inaccessible areas in Taiwan, and also supports the development of learning materials. The Yonglin Hope Primary School Project currently has 127 full-time staff (including social workers and researchers), serving 223 primary schools across Taiwan. On average, it provides support to 3,050 students during each academic term.

On January 28, 2015, the K-12 Education Administration Department of Taiwan's Ministry of Education announced

a collaboration with the Yonglin Education Foundation, Boyo Social Welfare Foundation and Chengchi Education Foundation. The collaboration aims to strengthen efforts in education reforms to realize the goal of “Loving and Obstacle-Free Education”. As part of this program, Yonglin Education Foundation provided the copyrights to all of its materials for free, supported the Taiwan Provincial Government in providing remedial education to students, and also provided assistance to training programs for teachers across Taiwan.

### Yonglin Certification for Remedial Teachers

At the end of 2014, the National Kaohsiung Normal University established the “Yonglin Center for Certification of Remedial Teachers and Research”, which aims to promote education research and certification in teaching. Teachers who obtain certification from the “YongLin Remedial Teachers Program” are given free access to and use of educational materials from the Yonglin Education Foundation.

In order to promote this program across Taiwan, the Foundation introduced methods to standardize work flow for curriculum-setting at Hope Primary Schools in different counties. To date, some 1,569 people from Hope Primary Schools in Kaohsiung, Yunlin, Taichung, Keelung, Taitung, Hualien, and Tainan, among others, are participating in the program. Similar courses conducted in Taipei, Hsinchu and Nantou were attended by 720 participants. A total of 2,289 people attended the 15 “Yonglin Remedial Teachers Program” sessions organized across Taiwan. In addition, 2,718 people assisted in the coordination of these courses, bringing the total number of people involved in the program to over 5,000.

“Seed instructor”, or train-the-trainer, courses were held in July and August 2015, to provide training to 15 mathematics seed instructors and 36 Chinese language seed instructors for the program. Several certification courses were also held. Participants at each training session received immediate feedback on their performance to support them in administering the program effectively.

In 2015, the Foundation developed courses for different levels of certification, ranging from beginner to advanced levels. The courses, delivered in a workshop style, aim to develop advanced educators who are able to effectively handle the different educational needs of students.

#### Contract Signing Ceremony



#### Scholarship Scheme

Since 2012, the Yonglin Education Foundation has been sponsoring the “National Penghu University of Science and Technology scholarship fund” to support

academically-strong students in pursuing degrees at universities outside of Taiwan, and to provide support to students in financial need. In 2015, the fifth year where scholarships have been awarded, 221 students received support from the scholarship fund in recognition of their diligence and good academic performance, and to ease their financial burden to allow them to better focus on their studies.

#### Promotion of Science, Technology, Engineering and Mathematics (STEM) Education

In order to promote interest in the sciences, Foxconn’s campuses in Europe organized a range of science fairs, with over 500 students participating in “Foxconn for School” activities. Foxconn was also the main partner for and competed in an annual science competition organized by Amavet, an NGO involved in scientific research and that has over 3,500 members. The competition is targeted at students at vocational schools, and the winners go on to compete in international competitions in the US, Russia and France.

#### Amavet Science Competition



#### “Foxconn for School” Program



# APPENDIX



## INDEPENDENT VERIFICATION STATEMENT

### Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by HON HAI PRECISION IND. CO., LTD. to conduct an independent verification of its 2015 Foxconn CSER Annual Report. This Verification Statement applies to the related information included within the scope of work described below.

This information and its presentation in the 2015 Foxconn CSER Annual Report are the sole responsibility of the management of HON HAI PRECISION IND. CO., LTD. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification on the accuracy of information included.

### Scope of work

HON HAI PRECISION IND. CO., LTD. requested Bureau Veritas to verify the accuracy of the following:

- Data and information included in the 2015 Foxconn CSER Annual Report for the 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2015.

### Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Based on our work, it is our opinion that 2015 Foxconn CSER Annual Report has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles to meet the requirements of GRI in accordance 'core' option.

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period and scope;
- Positional statements (expressions of opinion, belief, aim or future intention by HON HAI PRECISION IND. CO., LTD.) and statements of future commitment;
- any information hyperlinked from the web-based report via [http://ser.foxconn.com/SelectLanguageAction.do?language=1&jump=/cser/Annual\\_Report.jsp](http://ser.foxconn.com/SelectLanguageAction.do?language=1&jump=/cser/Annual_Report.jsp).

### Methodology

As part of its independent verification, Bureau Veritas undertook the following activities:

1. Review of documentary evidence produced by HON HAI PRECISION IND. CO., LTD.;
2. Review performance data listed in report with sampling basis;
3. Review of HON HAI PRECISION IND. CO., LTD. systems for quantitative data aggregation and analysis.



Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Verification of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the Assurance Standard AA1000AS (2008)<sup>1</sup> Type 1 with Moderate assurance.

The work was planned and carried out to provide limited, rather than absolute assurance and we believe it provides an appropriate basis for our conclusions.

### Our findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that HON HAI PRECISION IND. CO., LTD. has established appropriate systems for the collection, aggregation of quantitative data of energy consumption, employment, supply chain management, health and safety management, environment, social participation.

### Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social, and Environmental Management with more than 180 years history in providing independent assurance services. Bureau Veritas is also listed on the Euronext Paris stock exchange (Stock symbol: BVI), and 2015 revenue is Euros 4.6 billion.

No member of the assurance team has a business relationship with HON HAI PRECISION IND. CO., LTD., its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

Bureau Veritas Certification Taiwan

3F-B, No. 16, Nanjing E. Rd., Sec. 4, Songshan District, Taipei 10553, Taiwan R.O.C.

26 Jun., 2016



**AA1000**  
Licensed Assurance Provider  
000-76

Technical Reviewer: \_\_\_\_\_

Date: 26/Jun./2016

Assurer: \_\_\_\_\_

Date: 26/Jun./2016

<sup>1</sup> Published by AccountAbility: The Institute of Social and Ethical Accountability  
<http://www.accountability.org>

## Checklist of Global Reporting Initiative (GRI) G4 Reference Items

Guideline	Reporting Angle	Chapter
Strategy and Analysis		
G4-1	Statement of the top-level decision makers of the organization	Letter by Founder and CEO, and Letter by Chairman of Global SER Committee
<b>Organization Overview</b>		
G4-3	Name of the organization	1.1
G4-4	Key brands, products and services	1.1
G4-5	Location of headquarters	1.1
G4-6	Operations network	1.1
G4-7	Proprietary rights and forms of law	1.1
G4-8	Markets served	1.1
G4-9	Size of organization	1.1
G4-10	Total number of employees by employment, gender, and region	2.2
G4-11	Percentage of employees under the protection of collective bargaining agreement	2.3
G4-12	Supply chain of the organization	4.1, 4.2, and 4.3
G4-13	Major changes in scale of company during the reporting period	Preface
G4-14	Organizational policy-making	1.2
G4-15	Participation in economic, environmental and social conventions, principles and other initiatives	1.2
G4-16	Participation in institutions and international organizations	1.2
<b>Scope of the Report</b>		
G4-17	Organizational entities covered by the report	Preface
G4-18	Report content, scope and determining principles	1.3
G4-19	Report content identification process	1.3
G4-20	Scope of content: internal	1.3
G4-21	Scope of content: external	1.3
G4-22	Restatement of the report	Preface
G4-23	Major differences compared to previous report	Preface
<b>Stakeholder Engagement</b>		
G4-24	Stakeholder list	1.3
G4-25	Stakeholder selection criteria	1.3
G4-26	Approach to stakeholder engagement	1.3
G4-27	Response to stakeholder issues	1.3

<b>Report Overview</b>		
G4-28	Period of the report	Preface
G4-29	Date of the previous report	Preface
G4-30	Report period	Preface
G4-31	Contact information	Preface
G4-32	Report content index	Appendix
G4-33	External certifications of the report	Preface
<b>Organization Governance</b>		
G4-34	Organization governance structure	1.2
<b>Moral Principles</b>		
G4-56	Moral principles of the organization	1.2

## Performance Indicators on Different Levels

<b>Guideline</b>		<b>Reporting Angle</b>	<b>Chapter</b>
<b>Economic level</b>			
Economic performance	G4-EC1	Direct economic value of production and allocation	1.1
	G4-EC3	The scope of the benefit project developed by the organization	2.3
	G4-EC4	Financial aid from the government	1.2
Market performance	G4-EC5	Percentage range of starting salaries by gender and the corresponding local minimum wage at key operating sites	2.3
Indirect economic impact	G4-EC7	Impact of infrastructure investment and services for public interest	6.1/6.2
<b>Environmental level</b>			
Energy	G4-EN3	Internal energy consumption	5.5
	G4-EN5	Energy intensity	5.5
	G4-EN6	Energy consumption reduction	5.5
	G4-EN7	Reduction in energy demand of products and services	5.3/5.4/5.5
Water	G4-EN10	Total amount and percentage of water recycled	5.1
Biological diversity	G4-EN12	Description of key impact on protection areas and other areas relating to the biological diversity value of organization's activities, products and services	5.1
Exhaust emission	G4-EN15	Direct emission of greenhouse gases (category 1)	5.5
	G4-EN18	Emission intensity of greenhouse gases (GHG)	5.5
	G4-EN19	Reduction of greenhouse gas emission	5.5
Sewage and waste	G4-EN22	Total amount of sewage discharge	5.1
	G4-EN24	Total number of occasions and volume of serious leakages	5.1
Compliance with laws and regulations	G4-EN29	Amount of fine and the number of non-economic penalties for violating environmental laws and regulations	5.1

Overall situation	G4-EN31	Total amount of environmental spend and investment by category	5.1
Environmental assessment of suppliers	G4-EN32	Percentage of new suppliers that completed environmental assessment	4.2
	G4-EN33	Percentage of suppliers with significant negative environmental impact that took measures to improve or end such impact	4.2

<b>Social level: labor and decent job</b>			
Employment	G4-LA1	Total labor force by age, gender, and region	2.2
	G4-LA2	Benefit exclusively for full-time employees (not for temporary or part-time employees) by major operating sites	2.3
Labor relations	G4-LA4	Minimum period of notice of major operational changes, including expalantion in the collective agreement	2.3
Occupational safety and health	G4-LA6	Percentage of industrial injury, occupational disease, employee absence by region and gender, and the number of work-related deaths	3.1/3.3
Training and education	G4-LA9	Annual average training hours of employees by gender and employee type	2.7
	G4-LA10	Improvement in the continued employability of employees and support for employees in skills management and lifelong learning for job transfer	2.7
Diversification and equal opportunity	G4-LA12	Composition of management-level employees and other types of employees by gender, age, racial minorities and other diversity criteria	2.1/2.2
Men and women enjoy equal pay for equal work	G4-LA13	Ratio of male and female basic salary, and salary by employee types and regions	2.3
Assessment of suppliers' labor practice	G4-LA14	Percentage of new suppliers that completed labor practice assessment	4.2
	G4-LA15	Percentage of suppliers with significant or potential negative labor practices that took measures to improve or end such practices	4.2
Complaint mechanism of labor practice	G4-LA16	Number of labor practice-related complaints resolved by official complaint mechanism	2.4
<b>Social level: human rights</b>			
Investment	G4-HR2	Total hours employees spent on human rights policies and program training and the percentage of employees who completed training	2.7
Non-discrimination	G4-HR3	Total number of discrimination cases and the rectification measures taken by the organization	2.1
Freedom of association and collective bargaining	G4-HR4	Operating sites and key suppliers of which potential risk related to freedom of association and collective bargaining was identified, and measures taken to protect employee rights	2.3/2.4
Underage labor	G4-HR5	Operating sites and key suppliers of which significant risk of underage labor was identified, and measures taken to prevent and eliminate underage labor	2.1

Forced labor	G4-HR6	Operating sites and key suppliers of which significant risk of forced labor issue was identified, and measures taken to eliminate forced labor	2.1
Assessment	G4-HR9	Percentage and total number of operating sites that underwent human rights inspection and impact assessment	2.4
Human rights assessment of suppliers	G4-HR10	Percentage of new suppliers that completed human rights assessment	4.2
	G4-HR11	Percentage of suppliers required to improve or end negative impact of significant human rights issues	4.2
Human rights complaint mechanism	G4-HR12	Total number of human rights-related complaints resolved by the official complaint mechanism	2.4
<b>Social level: social</b>			
Anti-corruption	G4-SO3	Percentage of employees who participated in anti-corruption policy training	2.7
	G4-SO4	Measures taken for anti-corruption cases	1.2
Social impact assessment of suppliers	G4-SO9	Percentage of new suppliers that completed social impact assessment	4.2
	G4-SO10	Percentage of suppliers with significant or potential negative social impact that have taken measures to improve or end such impact	4.2
Social impact complaint mechanism	G4-SO11	Number of social impact-related complaints resolved by the official complaint mechanism	2.4

# Glossary

## Executive Summary

OJT	On-the-Job training
IE	Industrial Engineering

## Chapter 1

Au	Gold
CoC	Code of Conduct
CDP	Carbon Disclosure Project
eCMMS (Business Model)	e-enabled Components, Modules and Services Business Model
EICC	Electronic Industry Citizenship Coalition
FGSC	Foxconn Global SER Committee
HF	Halogen-Free
ICT	Information and Communications Technology
NGO	Non-Governmental Organization
R&D	Research and Development
RoHS	Restriction of Hazardous Substances
SER	Social and Environmental Responsibility
Sn	Tin
Ta	Tantalum
W	Tungsten

## Chapter 2

EAP	Employee Assistance Program
OJT	On-the-job training

## Chapter 3

CMA	China Metrology Accreditation
CNS	Chinese National Standards
CRM	Customer relationship management
FieC	Foxconn Industrial Ergonomics Centre
h2u	Foxconn Digital Healthcare Platform: health to you
ILO	International Labour Organization
OHSAS · OHSAS 18000	Occupational Health & Safety Advisory Services · An international occupational health and safety management system specification, which comprises two parts, 18001 and 18002
SAI · SA8000 (Standard)	Social Accountability International · An auditable social certification standards for decent workplaces, across all industrial sectors
SGS	Societe Generale de Surveillance S.A · A Swiss-based inspection, verification, testing and certification company

## Chapter 4

AVL	Approved Vendor List
CFS	Conflict-free Smelter
CFSI	Conflict-free Sourcing Initiative
DfE	Design for Environment
EICC	Electronic Industry Citizenship Coalition
EICC-GeSI	Electronic Industry Citizenship Coalition, Global e-Sustainability Initiative
EU	European Union
GP	Green Product
NGO	Non-Governmental Organization
PSL	Preferred Supplier List
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROHS	Restriction of Hazardous Substances
RSL	Rejected Supplier List
SER (Management Framework)	Social and Environmental Responsibility Management Framework

## Chapter 5

BIPV	Building integrated photovoltaic
ERCO	Electrical Regenerative Catalytic Oxidizer
ISO · ISO50001	International Organization for Standardization · A standard that provides a framework of requirements for organizations to: <ul style="list-style-type: none"> <li>· Develop a policy for more efficient use of energy</li> <li>· Fix targets and objectives to meet the policy</li> <li>· Use data to better understand and make decisions about energy use</li> <li>· Measure the results</li> <li>· Review how well the policy works</li> <li>· Continually improve energy management</li> </ul>
kWh	Kilowatt-Hour
LED	Light-emitting diode
LEED	Leadership in Energy and Environmental Design
MW	Megawatt
PROA	Polarized Refrigerant Oil Additive
RoHS	Restriction of Hazardous Substances
tCO <sub>2</sub> e	Tonnes of carbon dioxide equivalent
UL	Underwriters Laboratories

## Chapter 6

NTU	National Taiwan University
S.M.A.R.T	Service, Management, Architecture, Research and Technology



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