

# HON HAI Corporate Sustainability Report

**2020**



# Contents

About this Report	03
Letter from our Chairman	04
Awards in 2020	06
ESG Performance for 2020	07
Adherence to the United Nations Sustainable Development Goals (SDGs)	08
Company Overview	13

Appendix I: GRI Standards Reference	125
Appendix II: Independent Verification Statement	130

## 1 Sustainable Governance

Corporate Governance	21
Corporate Integrity	29
Innovation Management and Patents	33
Corporate Social Responsibilities	39
Stakeholder Communication and Responsibilities	40

## 4 Supply Chain Management

Policies for Sustainable Management of Suppliers	79
Sustainable Supply Chain Impact	85
Promotion of Mutual Growth	91

## 2 Employees

Employee Overview	50
Remuneration and Benefits	52
Communication and Protection of Employee Rights	56
Education and Training	59

## 5 Environment

Climate Change	95
Environmental Management System	105
Water Management	105
Waste Management	107
Chemicals Management	108

## 3 Health and Safety

Occupational Health and Safety	65
Employee Health Promotion	74

## 6 Social Participation

Support for the Disadvantaged	113
Rural Education	116
Technology Education	119
Multidimensional Education	122
Sports Sponsorship	124



# About this Report

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

## Scope

This report covers the period between January 1 to December 31 of 2020 and contains information on Hon Hai Precision Industry Co., Ltd. (also known as Foxconn Technology Group; hereinafter referred to as “the Group”) and its majority-owned subsidiary companies, controlled entities, and affiliates, including the Group's offices in Taiwan and campuses in China. A note is made where global information or data is included. This report is based solely on the activities of the legal entities controlled by the Group. The scope of this report is the same as for our 2019 HON HAI CSR Report and no significant changes have been made to company information.

## Report Management Systems

This report was prepared by the CSR Committee. Following review by the heads of all departments, the content of this report was independently verified by the British Standards Institution (BSI) according to AA1000AS v3 assurance standards and Type I moderate level AccountAbility Principles to ensure compliance with GRI Standards Core option. For more information, please refer to the [Independent Verification Statement](#).

## Publication Date

The Group publishes CSR reports annually, and this is our 12<sup>th</sup> CSR Report. In order to save energy, reduce carbon emissions, and protect the environment and the earth, the Group is fully committed to paperless operations. Similar to previous issues, this report is published in digital form on the [official website](#) for reader reference.

Current issue: Published June 2021  
 Previous issue: Published June 2020  
 Expected release date for next issue: June 2022

## Reporting Principles and Guidelines

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

## Contact Information

If you wish to provide any feedback on this report, please contact CSR Committee:

Address: No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan  
 Phone: +886-2-2268-3466, ext. 560-25859  
 Email: [fgsc-03@foxconn.com](mailto:fgsc-03@foxconn.com)



**As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.**

## Letter from our Chairman

Despite unprecedented economic and social advancements, The Group has continually adhered to a path of sustainable development which facilitates harmonious coexistence with the environment and mutual prosperity with society, as well as unceasing promotion of smart living, green ecological cycles, and benefits for earth and society. As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.

For implementation of this belief, the Group operates according to the “Sustainable Management =EPS+ESG” principle and works to make social and environmental ESG contributions while pursuing sustainable corporate development. We trust that the numerous challenges faced by mankind can be overcome by technological intelligence, which is why we strive to create comprehensive smart living products, enhance ecological environments, and realize an innovative and environmentally friendly lifestyle in tandem with leading global enterprises.

### Sustainable Management

The Group has formulated development strategies and implemented new measures while reducing energy consumption and carbon emissions through innovative technologies based on rigorous standards in response to climate issues, yet is still simultaneously active in participation of the Carbon Disclosure Project and Climate Action 100+, pledging to achieve a target of zero emissions by 2050. The Group was selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index” at year-end 2020 due to the company’s sustainable development achievements. Furthermore, all colleagues voluntarily organized beach and wetland clean-ups for protection of natural ecological environments.

During the early stages of the COVID-19 pandemic outbreak, the Group integrated resources and invested in mask production in accordance with global governmental and social needs, successively launching mask production lines in Taiwan, China, India, Hungary, the US, and Mexico to cumulatively produce 240 million masks in less than a year for enhanced protection of our employees. Although these masks are technically the simplest products produced in the Group’s history, they hold an unbelievable level of symbolic importance. Surplus mask production capacity was contributed to assist communities in strengthening pandemic prevention measures.

The Group organized the Taiwan International Children Film Festival in collaboration with the Foxconn Education Foundation, bringing happiness and warmth to children from the Taitung Children's Home, the Rong-Guang Social Welfare Institution, the Chung Yi Social Welfare Foundation, the Taiwan Foundation for Rare Disorders, and the City People Foundation via award-winning animations from the German Film Festival; the children reveled in the experience while enjoying the protection of their face masks.

Focusing on potential social development crises triggered by declining birth rates in Taiwan, the Group is the first company to implement "childcare subsidies for employee offspring aged 0 to 6" for employees in Taiwan. Employees can receive up to 15,000 NTD in childcare allowances each month, and comprehensive counseling services are provided to female colleagues before and after pregnancy to support them in raising the next generation. Corporate care has been extended to employee spouses, children, and other family members as part of our initiative to build a carefree workplace environment.

## Joint Development of Smart Innovations

The Group proactively adheres to the SDGs by enhancing ESG contributions and formulating ESG development strategies and targets. We constantly challenge ourselves and innovate continuously to demonstrate our determination toward industrial transformation through our "F1.0, F2.0, and F3.0" goals, creating unlimited possibilities for the future. An open sharing model for technologies was made possible following the launch of the MIH alliance, which gathers like-minded partners from all fields for collaborative progress in smart, green, and environmentally friendly products; ESG issues; and establishment of responsible manufacturing guidelines.

Promotion of ESG measures increases explicit costs, but we consider care, protection, and cultivation of our land to be part of our responsibilities as corporate citizens even as we reap the benefits of economic growth. The Group strives to provide the younger generation with opportunities to participate in and witness social developments while augmenting stakeholder confidence and trust in the Group.

For almost a century, the Group has battled challenges. Apart from focusing on core industrial growth, we also pursue innovative breakthroughs in operational concepts and industrial technologies based on the understanding that our current achievements stem from the efforts of our employees, the contributions of our supply chain partners, the trust of our clients, and the support of the general public. This is precisely why we maintain an attitude of gratitude and actively seek ways to give back to society. Through our path to achieve corporate social responsibilities may be long and winding, we believe our expertise in combination with that of our supply chain partners and industry peers can fulfill our responsibilities as a corporate citizen, increase social participation, and establish cornerstones for continued growth and sustainable development.

Hon Hai Precision Industry Co., Ltd.

Chairman Young Liu

June 2021



# Awards in 2020



# ESG Performance for 2020

## Environment

- Carbon reductions for 2020 reached 4.44%, and carbon emissions for this year were reduced by 23.27% compared with 2015, achieving the Group's climate goals.
- The Group's energy-saving target for 2020 was 4.50%. The actual energy-saving rate was 5.18%, a reduction of 26.06% compared with the base year, successfully achieving the Group's mid- to long-term energy-saving goals.
- Invested 1.356 billion NTD in 1,751 energy-saving projects. It achieves total energy savings of 506 million kWh, real carbon reductions of 312,083 tCO<sub>2</sub>e, and energy-saving benefits equivalent to 1.339 billion NTD.
- Total global usage of clean energies reached 1,048.56 million kWh, and pure energy usage ratios were 12.45%.
- A total of 19 legal entities obtained "National Green Factory" certifications, and 1 legal entity received the honorary title of "National Green Supply Chain Management Corporation."
- Assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.

## Social

- Distributed employee benefits of 10.7 billion NTD in Taiwan to protect the health of our employees and their families.
- Announced an optimized childcare welfare allowance system under which The Group provides childcare benefits for employee offspring aged 0 to 6; a total of 176 million NTD in subsidies were distributed to 1,210 employees.
- Invested 406 million NTD in Foxconn University and provided 64.16 million hours of training for a total of 35.98 million employees.
- Hosted employee and contractor health and safety training courses attended by nearly 1.66 million participants.
- Conducted 1,283 emergency drills and exercises attended by a total of 1.12 million participants.
- Hosted 191 health promotion activities attended by 696,171 employees.
- Invested a total of 245 million NTD in social welfare projects focused on supporting the disadvantaged, rural education, technology education, multidimensional education, and sports sponsorship.

## Governance









- Our revenues reached 5.35 trillion NTD, equivalent to 27% of Taiwan's GDP, making us Taiwan's most prominent company in terms of revenue.
- The Group is Taiwan's second-biggest company in terms of market value.
- The Group supplies nearly 40% of electronic products worldwide.
- Founded the Hon Hai Research Institute and MIH EV Open Platform and hosted the first Hon Hai Technology Day (HHTD).
- Filed a total of 158,000 patents worldwide, 91,800 of which have been approved.
- Faced the challenges of the COVID-19 pandemic using six advanced strategies and seven measures for epidemic prevention while also producing masks for internal Group use.
- Assisted and supported 40 suppliers in improving environmental violations and helped and supported 110 suppliers with high ecological impacts to report and disclose Pollutant Release and Transfer Register (PRTR) data.

# Adherence to the United Nations Sustainable Development Goals (SDGs)



As a leader in technology services, the Group has established operating locations all over the world, and therefore resolving global sustainable development issues is one of the critical issues of the Group. The Group utilizes its core capabilities and resources to respond to the SDGs established by the United Nations, which serve as the Group’s objectives for achieving sustainable management.

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p> <p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p>	<p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> <li>Launched the “Care for Shan Shui Youth Program” to focus on care for children from dysfunctional families, providing them with safe and comfortable home environments and quality learning environments.</li> <li>Organized “Dandelion Hearing &amp; Language Association” projects to support the Dandelion Association in providing courses for hearing-impaired elementary school and middle school children, supplying special education needs to families with deaf and hard of hearing children, and hiring teachers with speech &amp; hearing skills and backgrounds in special education.</li> <li>Organized the Foxconn Scholarship Program for four consecutive years, benefiting 760 students and distributing a total of 40 million NTD to economically disadvantaged students.</li> </ul>
	<p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</p> <p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing.</p>	<p>Occupational health and safety ⇒ P.63</p> <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> <li>Faced the challenges of the COVID-19 pandemic using six advanced strategies and seven measures for epidemic prevention while also producing masks for internal use.</li> <li>Proactively established programs to improve the health of Group employees, including 191 health promotion activities, the “Smart Health Management Platform,” and the “H2U Health Management Platform.”</li> </ul>






SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>	 <p>Employee training ⇒ P.59</p>  <p>Community investment and participation ⇒ P.110</p>	<ul style="list-style-type: none"> <li>• Founded Foxconn University to serve as our headquarters for talent development and innovation cultivation while training in multiple fields. A total of 3,722 people had graduated from the university, and 983 graduate theses had been published.</li> <li>• Entrusted the Foxconn Scholarship Program with four important duties (gift resources, provide education, gather collaborators, and place others on the right path) while helping economically disadvantaged students complete their studies and pursue their dreams.</li> <li>• Established the Taiwan Hope Elementary School to provide children at an economic disadvantage or inadequate family support systems with after-school classes to help them build confidence and acquire innovative skills that can change their futures.</li> <li>• Organized many rural education projects to provide appropriate resources and opportunities for exploring self-potential to achieve learning and growth.</li> </ul>
	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	 <p>Water management ⇒ P.105</p>	<ul style="list-style-type: none"> <li>• Actively engaged in wastewater recycling actions that reused treated domestic wastewater in production processes and environmental greening; we recycled a total of 7,029 thousand tons of water, equivalent to 8.1% of our total water usage.</li> </ul>
	<p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>	 <p>Climate change responses ⇒ P.95</p>  <p>Energy and greenhouse gas management ⇒ P.98</p>	<ul style="list-style-type: none"> <li>• Increased installation capacity by installing and purchasing rooftop and ground-mounted solar stations while also directly purchasing other clean energies. The Group achieved a total installed capacity of 257MW in 2020. Total global usage of clean energies reached 1,048.56 million kWh, and clean energy usage ratios were 12.45%.</li> </ul>

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	 <p>Financial performance ⇒ <a href="#">P.22</a></p>  <p>Employee rights and diverse equality ⇒ <a href="#">P.56</a></p>  <p>Occupational health and safety ⇒ <a href="#">P.63</a></p>	<ul style="list-style-type: none"> <li>Ranked Taiwan's biggest business in terms of revenue; revenues for 2020 exceeded 5.35 trillion NTD, equivalent to 27% of Taiwan's GDP.</li> <li>Added principles of equal employment, respect for human rights, employee diversity, bans on child labor, and prohibition of forced coercion of employees to the talent recruitment protocols and activities of the Group.</li> <li>Provision of equal compensation and opportunities for advancement to all male, female, and disabled employees, with no exceptions.</li> <li>Implemented rotating safety inspections of all factories to survey a total of 1,456 hidden hazards and established safety innovation and improvement projects to ensure the safety of work environments.</li> </ul>
	<p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>	 <p>Innovation and R&amp;D ⇒ <a href="#">P.33</a></p>  <p>Community investment and participation ⇒ <a href="#">P.110</a></p>	<ul style="list-style-type: none"> <li>Founded the Hon Hai Research Institute to strengthen The Group technological capabilities and product innovations required for the realization of F3.0 transformations.</li> <li>Utilized the core technological capabilities and innovative research and development capacities of the Group to enhance expertise in areas such as cloud computing, mobile facilities, the internet of things, big data, artificial intelligence, networks, robotics, and automation.</li> <li>Utilized the Group's core capabilities, internal and external resources to promote technology education and provide learning resources for teachers, college, high school and vocational school, and junior high school students, including training camps for quantum computing teachers and high school and vocational school students, and compilation of the high school and vocational school textbook <i>Introduction to Artificial Intelligence</i>.</li> </ul>

SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<div data-bbox="1144 371 1261 485"> </div> <p data-bbox="1122 496 1290 544">Waste management ⇒ <a href="#">P.107</a></p> <div data-bbox="1144 592 1261 705"> </div> <p data-bbox="1111 715 1301 786">Hazardous substances management ⇒ <a href="#">P.108</a></p>	<ul style="list-style-type: none"> <li>• Promoted a zero-waste disposal policy to ensure 100% waste conversion rates and 10% incineration rates.</li> <li>• Actively engaged in recycling and reuse of inner and outer packaging materials to raise waste recycling and reuse rates.</li> <li>• Required all suppliers to comply with local environmental protection regulations strictly and launched a green procurement policy that required all suppliers to fully establish self-assessment procedures for RoHS 10 substances while also banning the release of untreated toxic or hazardous materials and supplies.</li> <li>• Established a management system for chemicals and hazardous substances to assess and track chemical usage, ensuring that said chemicals do not cause environmental or human damage.</li> </ul>
	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<div data-bbox="1144 938 1261 1051"> </div> <p data-bbox="1137 1061 1267 1129">Climate change responses ⇒ <a href="#">P.95</a></p> <div data-bbox="1144 1166 1261 1279"> </div> <p data-bbox="1104 1289 1308 1361">Energy and greenhouse gas management ⇒ <a href="#">P.98</a></p>	<ul style="list-style-type: none"> <li>• Carbon reductions for 2020 were reduced by 23.37% compared with 2015; the Group's energy savings increased by 26.06% compared with the base year, achieving the Group's mid- to long-term goals.</li> <li>• Invested 1.36 billion NTD in 1,751 energy-saving projects, achieving total energy savings of 506 million kWh, total carbon reductions of 312,083 tCO<sub>2</sub>e, and energy-saving benefits equivalent to 1.339billion NTD.</li> <li>• Assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.</li> </ul>



SDGs Goals	SDGs Targets	Corresponding Issues	Group Contributions
	<p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.</p> <p>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<div style="text-align: center;">  <p>Ethical management and legal compliance ⇒ P.29</p> </div> <div style="text-align: center; margin-top: 20px;">  <p>Employee rights and diverse equality ⇒ P.56</p> </div>	<ul style="list-style-type: none"> <li>• Adopted a zero-tolerance policy for regulatory violations, strictly prohibiting all forms of corruption, bribery, theft of corporate funds, and profit from illicit activities. All employees receive at least two hours of anti-corruption training annually.</li> <li>• Rejection of all forms of human trafficking and employment of slave labor, coerced labor, forced labor to repay debt, indentured labor, and prison labor.</li> <li>• Based on gender, age, nationality, place of birth, ethnic background, language, disability, marriage, pregnancy, sexual orientation, religion, political views, or union membership, there is no discrimination against employees. Child labor is also prohibited.</li> <li>• Prevention of all forms of corruption, discrimination, and unfair practices during the procurement process; strict prohibitions on supplier use of child labor and forced labor or prison labor; and strict adherence to fair operating principles.</li> </ul>

# Company Overview

## Company Profile

Company name	Hon Hai Precision Industry Co., Ltd. (hereinafter "The Group")
Headquarters	No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan
Ticker symbol	2317.TW
Date of establishment	February 20, 1974
Geographical distribution	The Group is headquartered in Taiwan and has established business locations all over the world to serve our customers in China, the US, Canada, Mexico, Brazil, the Czech Republic, India, Vietnam, and many other locations. (Please refer to <a href="#">our website</a> for further details.)
Number of Group employees worldwide	969,696
Paid-in capital	138.6 billion NTD
2020 revenues	5,358 billion NTD



## GROUP VISION

Work with leading clients around the globe to build smart living platforms

As a leading global manufacturer in the computer, communications, and consumer electronics (3C) industry, the Group supplies the most competitive manufacturing technologies and solutions, and we continue to serve our clients, employees, and other stakeholders around the globe. Established in 1974 and under the guidance of founder Terry Gou, the Group has developed a Group strategy composed of "time to market," "time to volume," and "time to money," as well as the innovative "IIDM-SM" strategy, namely a comprehensive integration, innovation, design, manufacturing, sales, and marketing services solution for the 3C industry. We established a foundation in the molds industry and gradually grew from a local OEM company to an international high-tech services provider. The Group is responsible for supplying nearly 40% of electronic products worldwide. Under the leadership of Chairman Young Liu, the Group's revenues for 2020 were maintained at 5.3 trillion NTD (equivalent to 27% of Taiwan's GDP) despite the global pandemic, and the Group remains Taiwan's largest enterprise in terms of revenue and the second biggest company in terms of market value. Additionally, the Group was ranked 26<sup>th</sup> out of the world's top 100 companies and 5<sup>th</sup> in the technology industry by Fortune, ranked 121<sup>th</sup> out of the world's top 2000 companies for 2020 by Forbes and ranked 25<sup>th</sup> out of the world's top 100 digital companies by Forbes.

**NO.1**

Taiwan's largest enterprise terms of revenue

**NO.2**

Taiwan's second biggest company in terms of market value

Revenues for 2020  
**5.3** trillion NTD  
equivalent to 27% of Taiwan's GDP

out of the world's top 100 companies  
**No.26**  
by Fortune

out of the world's top 2000 companies  
**No.121**  
by Forbes

## Product categories



### Smart Consumer Electronics

(Smartphones, TVs, Game Consoles, etc.)

This includes consumer electronics such as smartphone devices, feature phones, wearable devices, and smart entertainment devices like television sets, game consoles, set-top boxes, and audio systems.



### Cloud and Networking Products

(Servers, Communication Network, etc.)

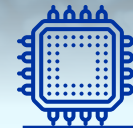
This includes network communication and cloud equipment and systems used by businesses, general consumers, and also includes devices used by general consumers such as routers, servers, edge computing, data centers and satellite communications.



### Computing Products

(Computers, Tablets, etc.)

This includes electronic computing equipment needed for work and daily life, such as desktop computers, laptops, tablets, multi-function devices and printers used in the office.



### Components and Others

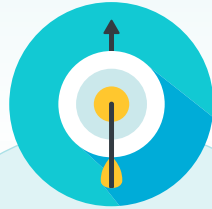
(Connectors, Mechanical Parts, Services, etc.)

This includes key components for the supply chain, such as connectors and optical components, electronic components, semiconductor products, automotive equipment and related services. The Group's emerging industries: logistics warehousing, software development, healthcare services, and integrated services of industrial internet are all under this category.



The Group not only commits to the further development of precision molds, but still strives for innovation, and continue the core transformation from “brawns” to “brains”, by following the roadmap from; **“Foxconn 1.0” Existing business optimization**; **“Foxconn 2.0” Digital transformation** ; and **“Foxconn 3.0”Transformation to**

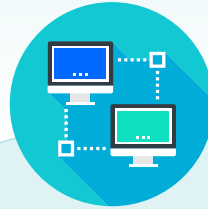
**new industries** focusing on electric vehicles, digital health, and robotics. These three phases seem to focus on completely separate disciplines, but are deeply intertwined and are crucial to us in order to achieve our everlasting commitment for better results.



## F1.0

### Existing business optimization

The Group not only commits to the further development of precision molds, but still strives for innovation, and continue the core transformation from “brawns” to “brains”, by following the roadmap from; “Foxconn 1.0” Existing business optimization; “Foxconn 2.0” Digital transformation ; and “Foxconn 3.0” Transformation to new industries focusing on electric vehicles, digital health, and robotics. These three phases seem to focus on completely separate disciplines, but are deeply intertwined and are crucial to us in order to achieve our everlasting commitment for better results.



## F2.0

### Digital transformation

For the digital transformation of “Foxconn 2.0”, the Group has utilized digital technology to increase the efficiency and effectiveness of operations. For example, we have optimized our website and related platforms for improved communications with our Shareholders and investors. We have also established a supply chain management platform to streamline upstream and downstream information transparency. On one hand, the increase in information transparency enhances supplier management, and on the other we can achieve increased agility and timeliness to satisfy changes in customer demands. The Group has also started the conception of several big data databases, and have taken a more objective statistical approach to management, effectively establishing smart, automated strategic procedures. Additionally, in both areas of manufacturing and performance, the Group has also embraced this scientific, metrics-based approach. All-in-all, this has enabled the Group to achieve “Increased Quality and Efficiency, and Decreased Cost and Inventory”, to maximize the returns for the Group.



## F3.0

### Transformation to new industries

the Group will leverage R&D capabilities and investments in new industries to achieve the restructuring and upgrade towards “Foxconn 3.0”. As mentioned above, we will be investing in “electric vehicles, digital health, and robotics industries”, and also “artificial intelligence, semiconductors and next-generation communication technologies”, forming our key “3+3” (industry and technology) strategy. Using electric vehicles as an example, the Group has a formidable global supply chain, and possesses key component manufacturing capabilities, structural R&D capabilities and system integration services. This unique set of proficiencies allow the Group to vertically consolidate services, and also provide services on smart platforms. The Group will maintain its core ethos of sharing, and continue its dedication to innovative technologies to propel the sustainable development of our automotive ecosystem.

## Sustainable operational goals and strategies



### SUSTAINABLE MANAGEMENT = EPS + ESG

The Sustainable Development Goals (SDGs) adopted by the United Nations have been jointly accepted as sustainable goals around the globe. In addition to maintaining EPS, which reflects a company's operating and financial conditions, enterprises have also begun to focus on development strategies relating to the three aspects of Environmental, Social, and Governance (ESG). The Group has therefore proposed a new philosophy: "Sustainable management=EPS+ESG." Implementing ESG concepts lowers hidden costs for enterprises during corporate restructuring, upgrading, and product promotion processes. Advanced deployments in ESG trends can also create business opportunities such as environmentally friendly green electric vehicles, which are actively being developed under the Group's "3+3" strategy.

In November 2020, the Group formally responded to the three goals proposed by the Climate Action 100+ Steering Committee. We not only comply with Nationally Determined Contributions (NDCs) and carbon emission policies of local governments but also continue to strengthen climate change governance, implement actions on GHG emissions, and disclose information in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations to ensure that the GHG emissions throughout the Group's value chain remain consistent with the targets of the Paris Agreement, thereby realizing the goal of zero GHG emissions by 2050.

**As a preeminent global electronics company, the Group takes a leading role in stabilizing society and the environment as per its standing as a world-class enterprise.**

In the future, the Group will continue to keep abreast of international ESG trends and execute advanced deployments while exerting our influence on sustainability issues as we work with all value chain partners and various stakeholders to achieve the SDGs for joint achievement of sustainable management and a brighter future.

## Relationship between the general environment and our operating strategies

The COVID-19 pandemic of 2020 caused severe damage to the global economy and restructured industry chains. In the current post-pandemic era, the global economy is continuing to recover while geopolitical tensions, extreme weather events, and terrorism threats increase; these factors increase uncertainty and challenges for the Group.

Faced with these environmental challenges, we continue to uphold Group principles relating to "Long-term value creation, Business sustainability, Constant pursuit of improvement, Innovation, and Global Perspective," set "3+3" as our long-term development strategy, and proactively invest in three industries ("electric vehicles, digital health, and robotics") and three technologies ("artificial intelligence, semiconductors, and next-generation communication technologies") 3-5 years in advance, thereby achieving the Group's "F3.0 Transformation to new industries" target.



EV



Digital Health



Robotics

THREE INDUSTRIES



THREE TECHNOLOGIES



AI

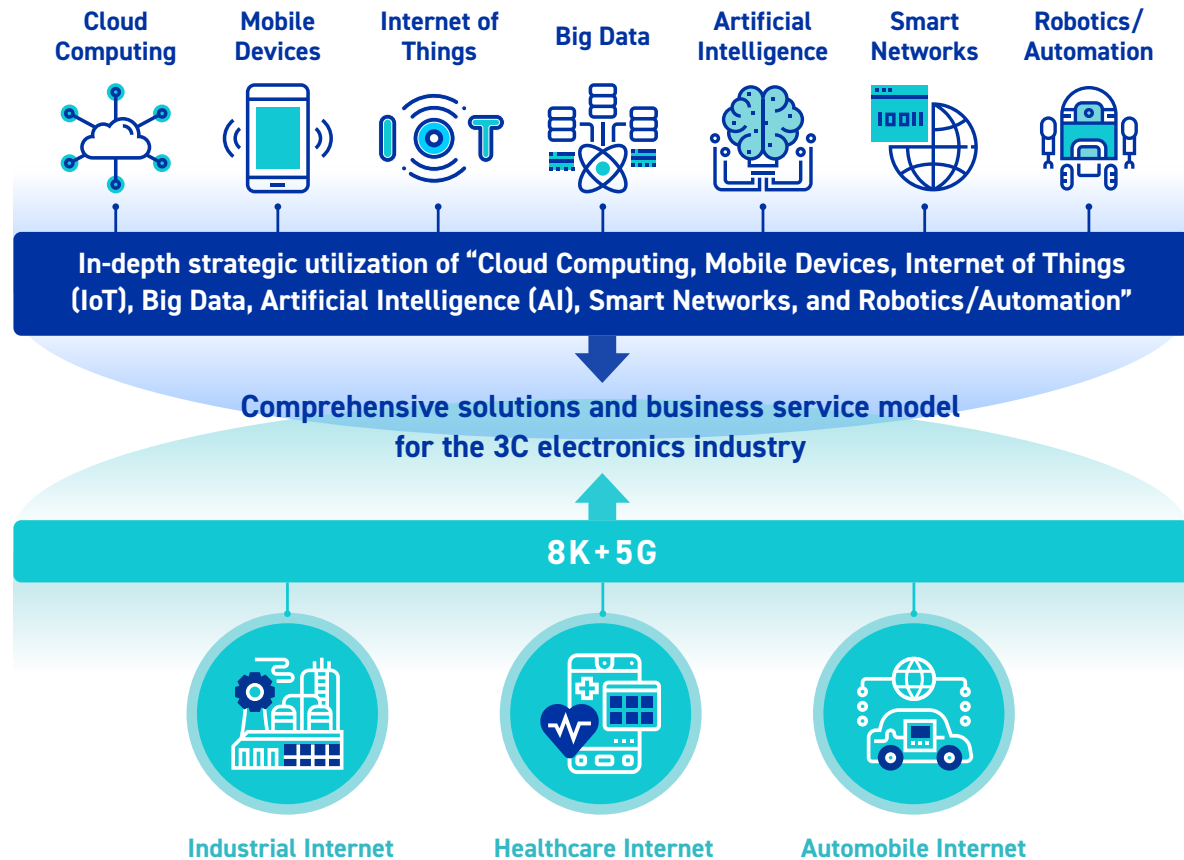
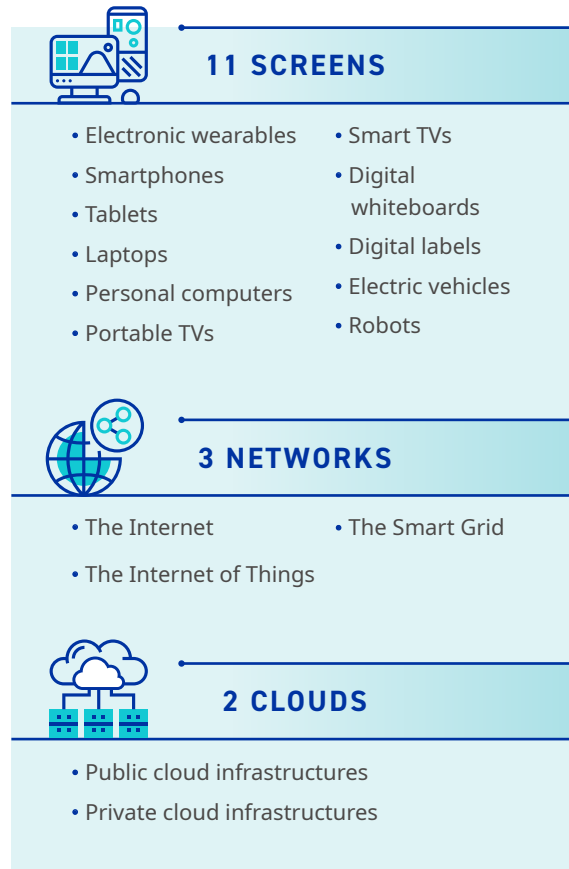


Semiconductor



Next-generation Communication Technologies

Additionally, the Group will strengthen global strategies by realizing cross-factory and international operating scales, as well as developing applications for IIoT to speed the Group's transformation into a technology platform. The Group is also utilizing core manufacturing technological foundations accumulated over the past 40 years and continues to follow the corporate vision of bringing convenience to people's daily lives through technology products and solutions. As a global leader in information processing technologies, the Group's current technological development framework encompasses "11 Screens, 3 Networks, and 2 Clouds."



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

## Global Operations

The Group is dedicated to enhancing research design and engineering solution capabilities to develop a global footprint that is based in Asia and expanded to other parts of the world. “2 R&D Clusters” refers to the adoption of a strategy that centers on R&D in Greater China and the US; “3 Design and Manufacturing Zones” refers to establishing design and manufacturing in Asia, the Americas, and Europe with at least two manufacturing bases; “Global Assembly and Delivery” refers to complements of global assembly and delivery to ensure that we convey values to clients with optimal timing, quality, and quantity.



### 2 R&D Clusters

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



### 3 Design and Manufacturing Zones

Establishing design and manufacturing in Asia, the Americas, and Europe with at least two manufacturing bases.



### Global Assembly and Delivery

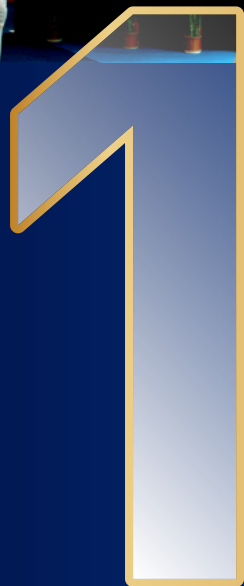
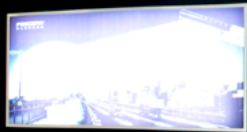
Complements of global assembly and delivery to ensure that we convey values to clients with optimal timing, quality and quantity.



# FOXCONN®

富士康  
节能环保 科技未来

速度 品质



## Sustainable Governance



Corporate Governance



Corporate Integrity



Innovation Management and Patents



Corporate Social Responsibilities



Stakeholder Communication and Responsibilities



## Management approach for material issues

Financial performance, corporate governance and risk management, ethical management and legal compliance, innovative research and development

### Meaning to the Group

Establishment of sound corporate governance and a culture of Corporate Integrity can effectively safeguard the rights of all stakeholders and demonstrate our corporate values. Therefore, the Group endeavors to sustain a culture of integrity and ethical management and adopts a zero-tolerance policy toward any behaviors or activities that violate local and international laws. The Group is also working to consolidate its leadership in the technology industry and continues to invest in the research and development of advanced technologies.

### Policies and Commitments

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

### Goals and Targets

#### Short-term goals

- Continue to enhance the effectiveness of corporate governance evaluations.
- Establish 20 lighthouse factories to promote developments of IIoT and smart manufacturing while transforming the Group.

#### Mid- to long-term goals

- Achieve 100% independent-director attendance at Audit Committee and Compensation Committee meetings.
- Make strides toward our F3.0 transformation to new industries goal, with “3+3” as our core strategy.

### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

### Evaluation of the Management Approach

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

### Specific Actions

- Continue to improve corporate governance performance, protect shareholder and stakeholder interests, strengthen Board function, and enhance information transparency.
- Founded the Hon Hai Research Institute and MIH EV Open Platform, and hosted the first Hon Hai Technology Day (HHTD) to realize the Group’s “3+3” development strategy.
- The Group accumulated a total of 158,000 global patent applications and received approval for 91,800 patents in 2020.

# Corporate Governance

## Group Structure and the Board of Directors

The Group has established a Board of Directors consisting of directors and independent directors jointly responsible for corporate governance and management strategy in accordance with laws and regulations. In addition to upholding shareholder rights, the Board of Directors is also guided by principles that protect the rights of other stakeholders, including employees, clients, suppliers, governments, and NGO. The leaders of each business group adhere to the guiding principles of the Board of Directors in directing the operations of each business group and auxiliary service units of the Group. Internal directors of the Group receive no additional compensation, and, according to the regulations governing the Board of Directors, individual directors should recuse themselves from Group affairs when there is a conflict of interest. Remuneration for members of the management team serving on the Board of Directors comes directly from their stock holdings which are connected to the operational performance of these respective companies within the Group.

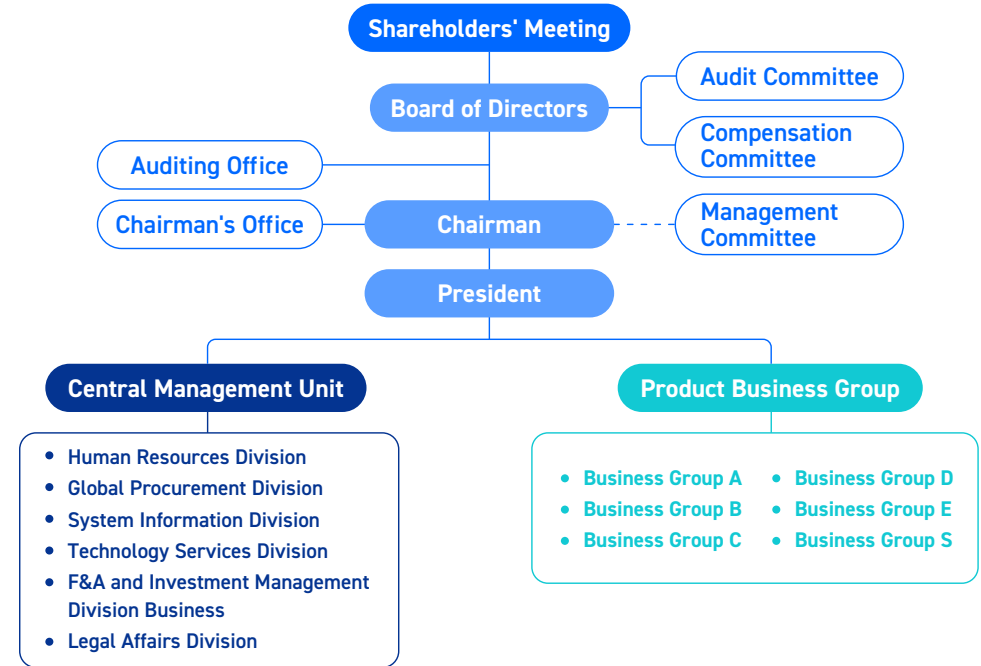
The Group's Board of Directors currently comprises nine directors, including three independent directors and one female director. Each director has extensive academic backgrounds and work experience in engineering, finance, and other fields, and we fully implement concepts of diversity in Board structure. Each director serves for a term of three years and can be reelected for a consecutive term. Chairman Young Liu, who represents the external face of the company and also serves as Group President, is responsible for the supervision of all important affairs. Additionally, the Group has purchased liability insurance for all directors and supervisors that covers the scope of their duties.

**Directors Biographies**

**Board of Directors Resolutions**

**Director and Supervisor Professional Knowledge & Independence Check Matrix**

**Diversity of Directors members**



The Group insists on transparency in operations, emphasizes shareholder rights, and believes that a sound and efficient Board of Directors can establish a strong foundation for corporate governance. Under these principles, an Audit Committee and Compensation Committee have been established to assist the Board of Directors in carrying out its supervisory duties. The Board of Directors plays a supervisory and guiding role in our sustainable corporate management strategy, and the CSR Committee reports annually to the Board of Directors regarding the execution of CSR policies and initiatives. In order to safeguard the rights of shareholders and other stakeholders, strengthen Board functions, and enhance information transparency, the Group has established the “Corporate Governance Code of Practice,” which provides clear stipulations, and has also established an Investor Relations Office for dedicated handling of shareholder suggestions and disputes. In 2020, the Group ranked in the top 6% to 20% in the 7th Corporate Governance Evaluations.

**2020 Annual Report**

Remuneration paid to Directors, Supervisors and management team P.35

The Board of Directors Evaluation and Implementation P.44

Continuing education of Directors P.57



## Audit Committee

The Group established an Audit Committee in July 2016 in compliance with the Securities and Exchange Act. The Committee is comprised of all independent directors, who serve three-year terms as Committee members. Committee members elect a convener from amongst themselves; the current Committee convener is Independent Director James Wang. The “Organizational Charter of the Audit Committee” states that the Committee must convene at least once every quarter. The Committee convened seven times in 2020, and the actual attendance rate of all Committee members was 100%.

## Remuneration Committee

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

The “Organizational Charter of the Compensation Committee” requires the Committee to convene at least twice a year. The Committee convened four times in 2020, and the actual attendance rate of all Committee members was 100%.

## Financial Performance

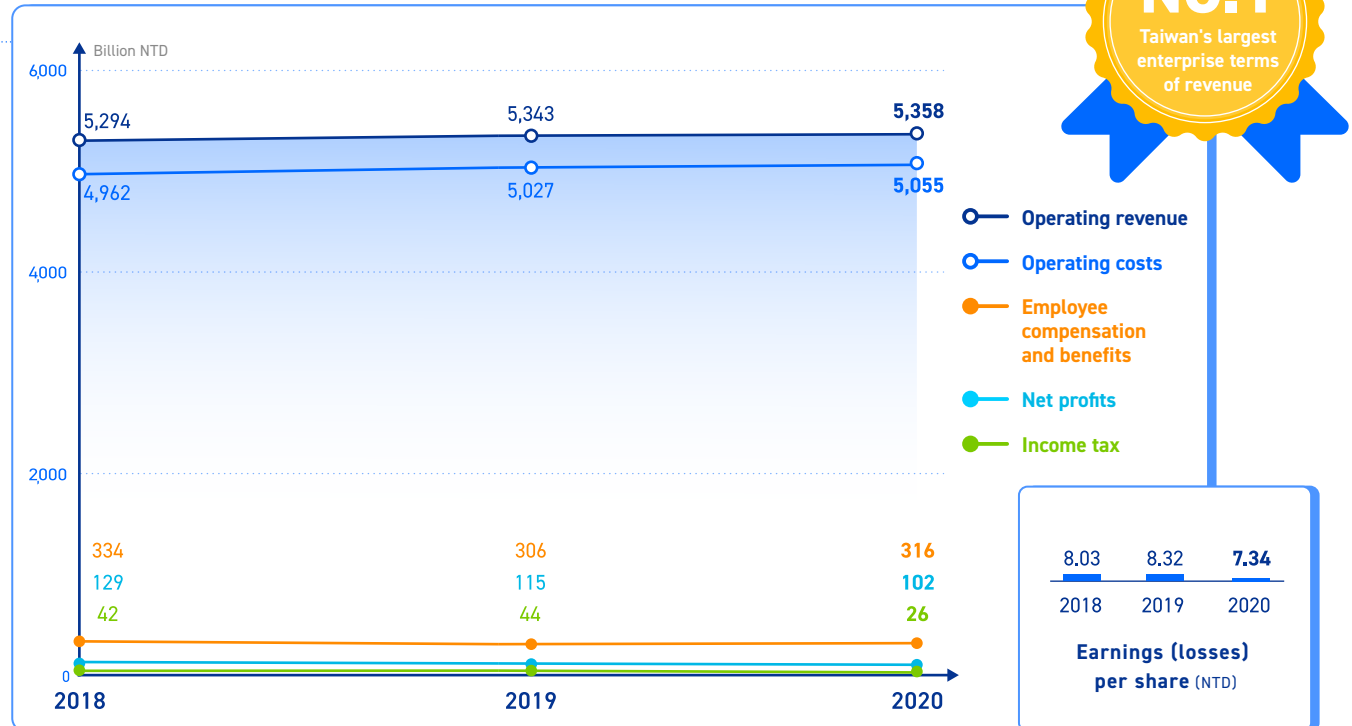
The outbreak of the COVID-19 pandemic in 2020 severely impacted the global economy and industrial structures. However, under the leadership of Chairman Young Liu and the joint efforts of all our employees, the Group maintained its operating performance. In 2020, the Group's operating revenue was 5.358 trillion NTD, an increase of 0.31% compared with 2019, making us the biggest enterprise in Taiwan in terms of operating revenue.



2020  
Annual Report



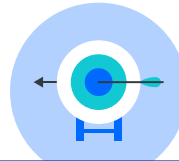
Financial  
summary



## Risk Management

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

The Group is focused on its main businesses relating to manufacturing, sales, and tech research and development, and does not engage in high-risk, high-leverage investments. Regarding external and internal risks, the Group has established a risk management department that has enacted various internal regulations in accordance with the law and has conducted risk management and assessments. Appropriate risk management mechanisms and firewalls have been established according to internal organizational procedures such as the “Operational Procedures for Work and Financial Transactions Involving Special Companies and Other Companies Within the Group,” “Operating Procedures for Business and Financial Transactions,” “Supervisory Procedures for Affiliate Companies,” “Endorsement Guarantee Operation Procedures,” “Fund Lending and Others’ Operating Procedures,” and “Procedures for Acquiring or Disposing of Assets.” The Group employs a comprehensive risk management and control system that identifies, evaluates, and controls the various risks we face, including market risks (foreign exchange risk, interest rate risk, and price risk) and product risks.



### Management Goals

01

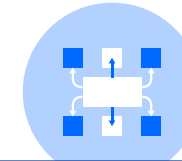
Apart from market risks, which are primarily controlled by external factors, all other risks can be managed internally or eliminated through operational procedures, and therefore our management goal is to reduce such risks to zero.

02

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

03

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



### Management Systems

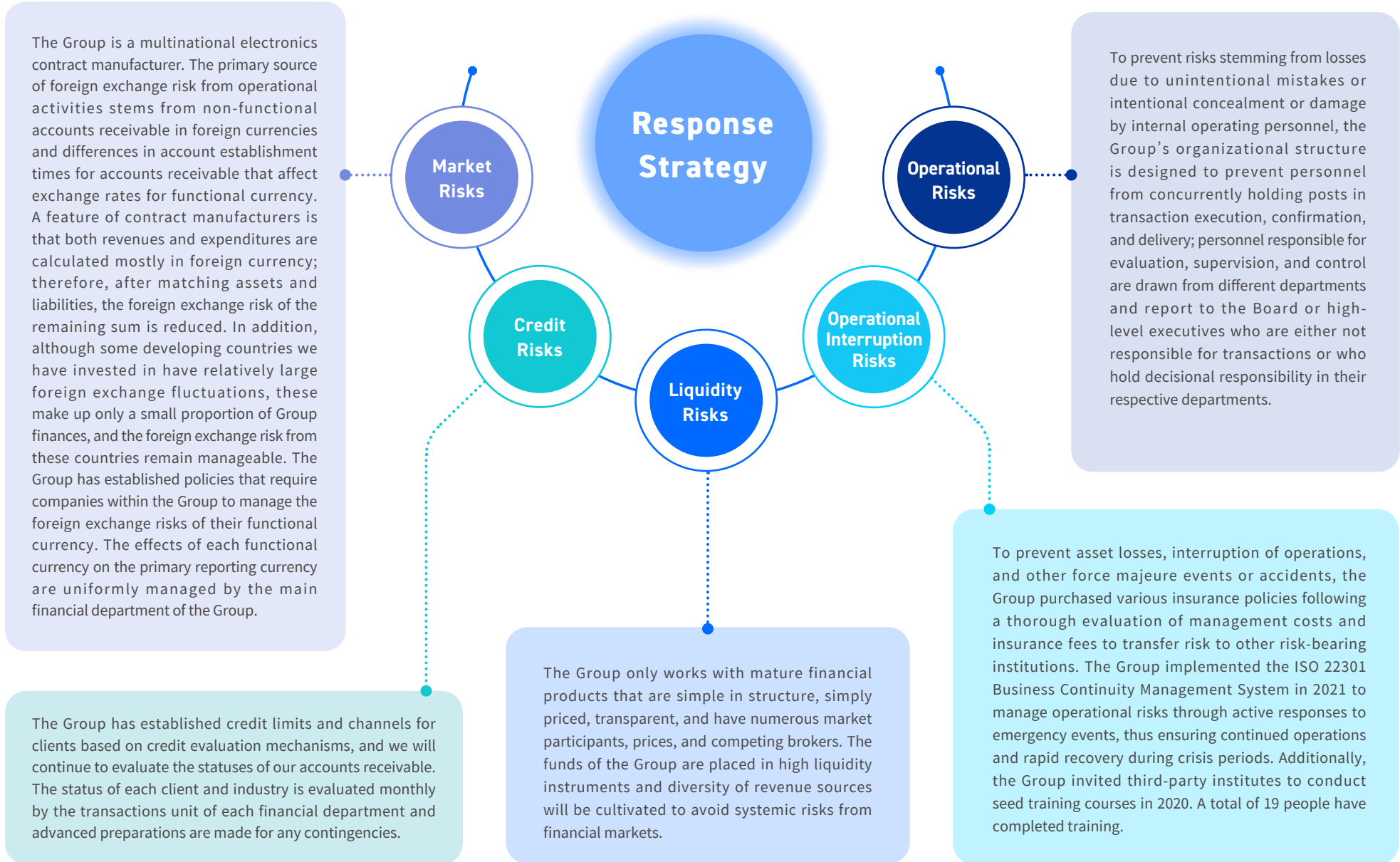
01

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

02

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





Notes: 1. For information on occupational health and safety risks, please refer to the chapter titled “[Safety Audits and Risk Identification](#)” 2. For information on supply chain risks, please refer to the chapter titled “[Policies for Sustainable Management of Suppliers](#)” 3. For information on climate change risks and opportunities, please refer to the chapter titled “[Climate Change](#)”.

## Information Security Management



### Information Security Unit

In order to satisfy the information security needs of clients and safeguard client privacy and intellectual property rights, the Group has established an Information Security Committee; the heads of each business group serve as Committee Chairman, vice-presidents serve as deputy Committee Chairmen, heads of information security services as standing Committee members, information security managers serve as secretaries-general, and department managers serve as executive officers. The Committee regularly convenes for management review meetings to establish and review information security management targets and policies. In order to effectively promote information security policies, this information security unit has established affiliate processes and operation, audit, education and training, and emergency response teams which are supervised by senior management personnel from relevant departments to ensure that the information security management system of the Group can operate continuously and stably.



### Information Security Policy

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



### Information Security Risk Management

The Group actively implements information security strategies and has established regulations governing policy systems, organizational responsibilities, workforce security, document control, asset management, communications and process management, storage control, physical environments, systems development and maintenance, continuous operational management, security incident management, and regulatory compliance. In terms of technology, we have established Internet firewalls, intrusion detection systems, email security systems, auto-detect updates for operating systems, anti-virus systems, Internet authorization systems, security monitoring systems, and vulnerability scanning systems. The Group uses our core capability which including smart manufacturing technologies, health related Internet of things, and information security networks, to provide channels for safe transactions and supply chain finances, thereby promoting information security management from diverse aspects. Internal and external professional auditors perform two audits on corporate information security management systems for the Group each year and reviews of information security operations, risk management, and incident improvement are conducted every year. The results of these audits and reviews are then presented to the Information Security Committee to facilitate the management and reduction of information security risks.



### Information Security Training for Employees

The Group provides basic information security training for all new hires as part of the orientation process, conducts regular information security training sessions for current staff, and deploys posters and videos to strengthen information security awareness among employees. Issues identified during internal audits are managed in real-time through our correction and prevention processes, thereby reducing risks relating to leakages of confidential Group and client information. Information security breaches are immediately reported following the occurrence of external information security incidents to strengthen our corporate information security management and increase awareness of external malicious attacks among employees, thus safeguarding information security for our corporate manufacturing and management operations. No major incidents that impacted corporate operations or infringed upon client privacy occurred in 2020.

## COVID-19 Epidemic Prevention Measures

The outbreak of the COVID-19 pandemic in 2020 severely impacted global industries and economic development. In response to the pandemic, we set the health and safety of employees and their families as our highest guiding principle and initiated the internal Business Continuity Planning (BCP) project. Chairman Young Liu personally supervised the epidemic prevention command center and headed daily epidemic prevention meetings where responsible personnel reported directly to the Chairman and Group epidemic prevention strategies were determined.

### The Group's Six Advanced Strategies

#### Advanced Deployment

1/20

Initiated Group epidemic prevention measures

1/23

Established global epidemic prevention command center

2/25

Invited Mr. Nanshan Zhong, an academican of the Chinese Academy of Engineering and a renowned expert on respiratory diseases, to serve as the Group's main consultant on epidemic prevention.

#### Advanced Reporting

Initiated reporting mechanisms for daily monitoring of epidemic conditions.

#### Advanced Initiation

Convened daily global epidemic prevention command center action meetings, issued 40 epidemic prevention policies, and self-produced masks.

#### Advanced Quarantine

Established a buffer dormitory area and observation area.

#### Advanced Detection

Utilized tracking and positioning systems, temperature monitoring systems, and nucleic acid+DR tests to facilitate advanced detection of employee health conditions.

#### Advanced Treatment

Collaborated with the government in carrying out treatment measures.

## The Group's Seven Epidemic Prevention Measures

1

### Epidemic Prevention Measures

- Establishment of epidemic prevention organizational structures
- Establishment of epidemic prevention command center meetings
- Establishment of processes for handling confirmed cases

2

### Epidemic Prevention Resources

- Inventory management of epidemic prevention resources
- Establishment of body temperature monitoring equipment

3

### Cleaning and Disinfection Resources

- Disinfection and management of public areas
- Disinfection and management of shared surfaces and objects
- Management of factory air conditioning, ventilation, and sanitation

4

### Internal Management

- Factory entry management systems
- Logistics management procedures for Group vehicles
- Management of external personnel
- Establishment of epidemic prevention leave and travel procedures

5

### Education and Training

- Epidemic prevention education and training courses
- Conducted epidemic prevention quizzes for all factory employees
- Online and offline announcement of epidemic prevention communications

6

### Employee Care

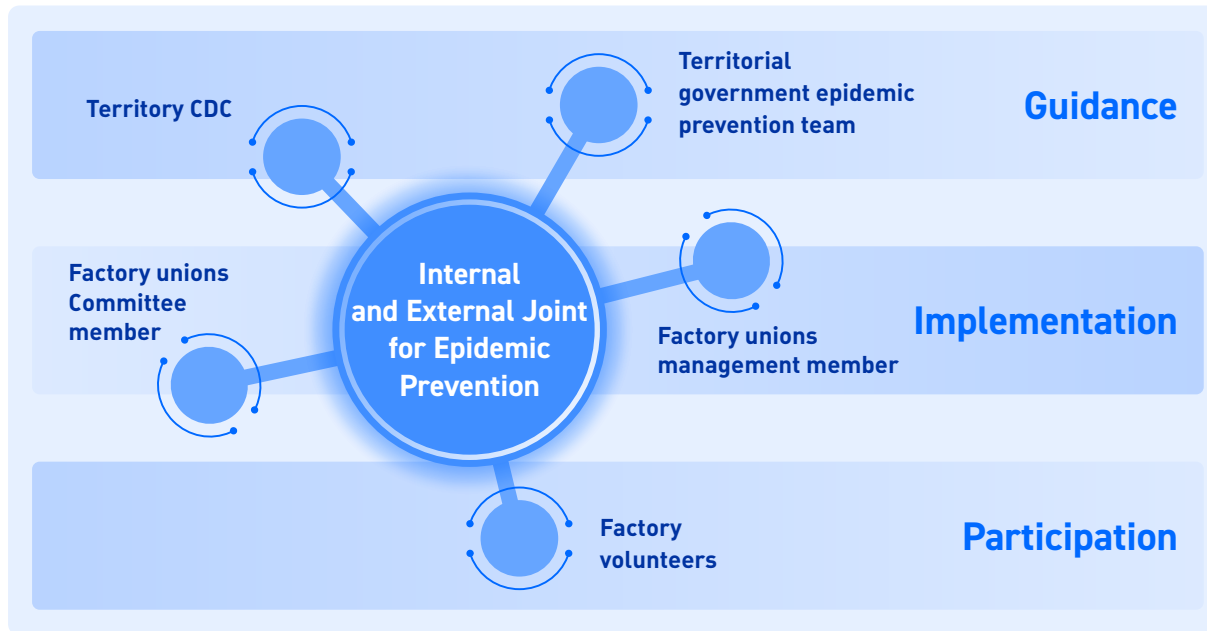
- Active care for employees through managers
- Health management
- Epidemic prevention hotline

7

### Employee Checks

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

## Epidemic Prevention Audits



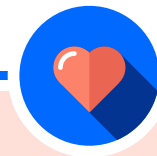
### Mechanisms:

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



### Epidemic Prevention Communications

- Epidemic prevention and safety communications: Published 604 communications which accumulated a total of 1.584 million views
- Quizzes: Hosted three quizzes for a total of 83 thousand participants
- Online activities: Organized 220 sessions attended by 81 thousand participants



### Psychological assistance

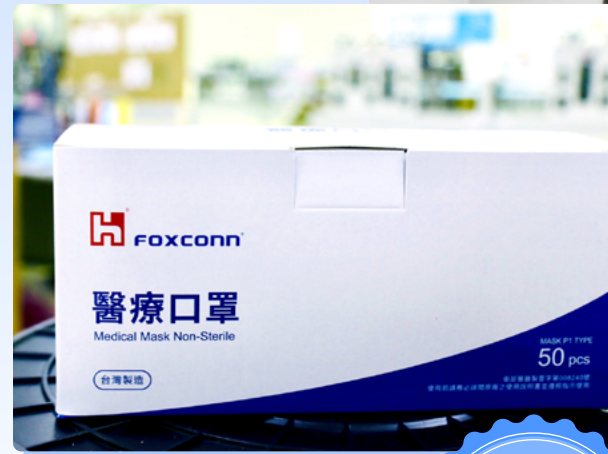
- Mental health education: Released 46 weekly science communications through our official WeChat account, accumulating 56 thousand views
- 24-hour hotline: Provided phone and WeChat consultations to a total of 538 people
- Segmented counseling: Provided 72 online courses in 8 categories that accumulated a total of 1.568 million views

# Held fast in response to the pandemic, self-produced masks, and built an inclusive society

Following the outbreak of the COVID-19 pandemic, the Group activated plans and production lines to self-produce masks in February; equipment designs, mold development, and assembly processes completed trial production runs and were certified in March. Compared to many of the complex high-tech precision products manufactured by the Group, these masks bearing the “Hon Hai/Foxconn” brand were among the simplest products produced by the Group, but held the most significance in increasing the supply of masks and strengthening epidemic prevention within our community. The Group hopes to contribute to epidemic prevention measures through these masks made from non-woven fabric.

We always strive to give back what we have taken from society and therefore provided these masks to the government, medical personnel, and our employees. We also donated 140,000 masks to neighboring communities and 10 social welfare organizations around Taiwan to provide peace of mind for patients with rare diseases and elderly people living alone. Our recipients all expressed their gratitude for our donations. The Foundation for Rare Disorders stated that they were grateful to the Group for considering those with rare diseases, especially as many of these patients were particularly vulnerable and required regular hospital check-ups, making masks highly essential.

In consideration of employee needs for international travel, the Group also provided personal protective equipment (including goggles, protective suits, medical-grade masks, N95 masks, exam grade gloves, alcohol, and hand sanitizer) and detailed guidelines for epidemic prevention during international travel to employees traveling long distances. The Group's internal epidemic prevention command center also provides weekly videos containing updates on global epidemic conditions through an internal enterprise application, helping our employees all around the globe keep abreast of latest developments.



Donated 50 innovative and patented “disinfection and sterilization hand dryers” to Shenzhen Third People's Hospital



Received Silver Epidemic Prevention from the Taiwan Immunization Vision and Strategy



# Corporate Integrity

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

In order to thoroughly implement corporate integrity and ethical management, the Group has established effective internal control systems and organizes annual training for employees. Training relating to ethical management issues in 2020 included courses on insider trading, the Trade Secrets Act and general legal information, operating procedures for communications networks, and introduction to corporate information security policies. A total of 1,316 people participated in these courses, which allowed our employees to constantly keep abreast of the latest regulatory changes, preventing our employees from violating laws or making similar mistakes. The Group did not incur any legal violations relating to anti-competition, anti-trust and monopolization, or corruption in 2020.

## Group Code of Conduct

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

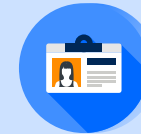
The Group upholds principles of fairness, honesty, and integrity when participating in the competition and conducting business, and we have also established a legal compliance system at all of our factories worldwide. As an RBA member, we not only actively participate in RBA activities and assume our member obligations, but also work with our peers in the electronics industry and our various partners in compliance and promotion of CSR. CSR Committee used the RBA Code of Conduct as a basis to formulate the first version of the Group Code of Conduct (CoC) in June 2008. The CSR Committee reviewed and revised the Code of Conduct again in 2020. The Group's top executives signed off on and began fully implementing the revised Code of the Conduct and actively fulfilling the Group's corporate social responsibilities. Our Code of Conduct training course is mandatory for all recruits that enter the company each year, and we continue to promote Code of Conduct compliance to existing employees. The Group Code of Conduct encompasses eight main aspects: ethics, labor and human rights, health and safety, environment, management systems, responsible sourcing of mineral, anti-corruption policy, and anti-trafficked & forced labor.



### The Group Code of Conduct Encompasses Eight Main Aspects Ethics



Ethics



Labor and Human Rights



Health and Safety



Environment



Management systems



Responsible Sourcing of Mineral



Anti-corruption Policy



Anti-trafficked & Forced Labor



### Responsible Sourcing of Mineral

The Group adheres to international standards and governmental and non-governmental regulations on conflict minerals. The Group does not accept and does not use conflict minerals in any operations. The Group requires suppliers to trace the origin of products potentially containing conflict minerals, including gold (Au), tantalum (Ta), tin (Sn), and tungsten (W), and to provide all relevant information regarding the sources of those minerals to our company. In addition, The Group's downstream suppliers are required to fulfill their due diligence on conflict-free minerals pursuant to the relevant international standards and regulations. Additionally, we require all our downstream suppliers to comply with legal regulations prohibiting the use of conflict minerals, and violators are excluded from the Group's list of suppliers.

#### Common Conflict Minerals



### Anti-Corruption Policy

The Group upholds a corporate culture of integrity and is committed to full compliance with local and international anti-corruption and anti-bribery laws and regulations. The Group has a zero-tolerance policy towards activities or behaviors that are in violation of anti-corruption policies. Corruption, bribery, embezzlement, or improper activities are strictly prohibited. All employees are inducted with at least two hours of compulsory anti-corruption training every year. In addition, all partnerships with suppliers, vendors, and customers must strictly comply with the anti-corruption policy. The Group implements anti-corruption actions every year, promoting the "Employee Statement of Integrity" to all employees. Employees who engage in corrupt behaviors or who obtain improper gains through participation in joint corruption are rigorously investigated and handled. Employees, clients, and suppliers can also actively report grievances through the following channels: [117@foxconn.com](mailto:117@foxconn.com); telephone number: +886-2-2268-3466, ext.560-74422. If we discover corruption in employees who have not actively reported such behaviors, they will be severely penalized in accordance with the law and Group regulations. We encourage our employees to report any corruption through the above channels and keep all personal information of informants strictly confidential.



### Anti-Trafficked & Forced Labor

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

### Mechanism for Reporting Grievances

The Group encourages reporting of any illegal behaviors, protects the confidentiality of informants, and allows for anonymous reporting to ensure that the identities of whistleblowing suppliers and employees are kept confidential. The Group's point of contact immediately notifies dedicated units upon receiving reports and organizes a special team to investigate the suspected malpractice described in said report. The Group keeps informant identities and report contents confidential, and provides the results of its investigations via email.

**Address:** No. 2, Zihyou Street, Tucheng Industrial Park, Tucheng District, New Taipei City, Taiwan

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

**Email:** [renrenjubao@163.com](mailto:renrenjubao@163.com)  
[jubaofoxconn@gmail.com](mailto:jubaofoxconn@gmail.com)

## Internal Controls and Audits



## 4 Digital Transformation

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

The Group has an established internal control system, which is designed, implemented, and internally audited in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies and other related laws. The Group judges the design and effective implementation of its internal control system in accordance with the assessment items used for determining the effectiveness of internal control systems set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies. The assessment items used for determining the effectiveness of internal control systems set out in these Regulations divide the process of internal control into five major components: control environment, risk assessments, control procedures, information and communication, and supervision.

None of the Group's personnel were penalized under law or punished for violations of internal control regulations or major errors in 2020.

### Internal Control System



## Internal Audit Organizations

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



## Internal Audit Operations

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

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

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

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



### Assess/Plan

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

### Implement Audits

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

### Audit Conclusions/ Reports

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

### Report submission

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

## The Chief Audit Executive of the Group serves as the chairman of the Internal Audit Association and actively implements relevant measures

As internal auditors are indispensable in ensuring effective governance, risk management, and risk control, we proactively utilize Group advantages and resources to assist internal auditors in demonstrating their professional expertise, promoting sound operations within the company and making reasonable progress toward our three main goals (effectiveness and efficiency of operations; reliability, timeliness, and transparency of reporting; and compliance with related regulations and laws). The Chief Audit Executive of the Group serves as the chairman of the Internal Audit Association, executes corporate governance, and formulates subsequent corporate governance plans through sharing of accumulated internal multinational and cross-industry audit experiences, thereby promoting sustainable development and making strides toward internationalization and specialization.



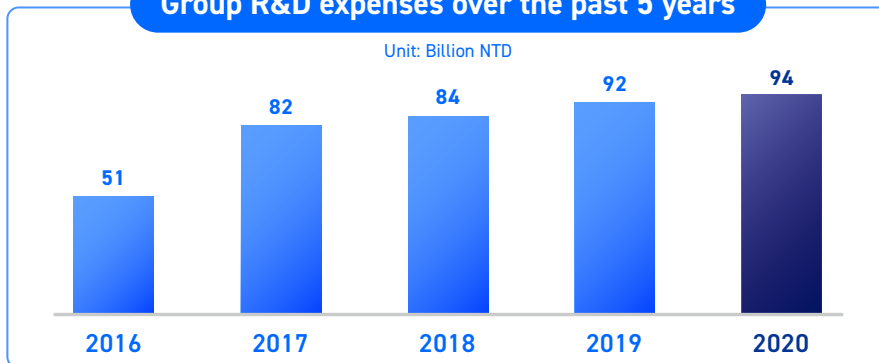


# Innovation Management and Patents

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

In recent years, the Group has invested a large number of resources in R&D. A total of 94.1 billion NTD was invested in R&D in 2020 (2% of revenues in 2020). Following years of development, the Group now has a professional research and development network with sites in Asia, America, and Europe. The network is staffed by a top-level elite research and development team with a proprietary innovation platform that has accumulated numerous core technologies and key technologies with broad competitive potential. This buildup of core technologies has allowed the Group to achieve major breakthroughs in nanotechnology, metallurgy, plastics, ceramics, and heat conductors, and established the Group’s industrial leadership in precision machinery, molding, semiconductors, cloud computing, liquid crystal displays, tri-network integration, computers, wireless communications, and Internet technology, thereby making us the most important technology corporation in the field of integrated opto mechatronics.

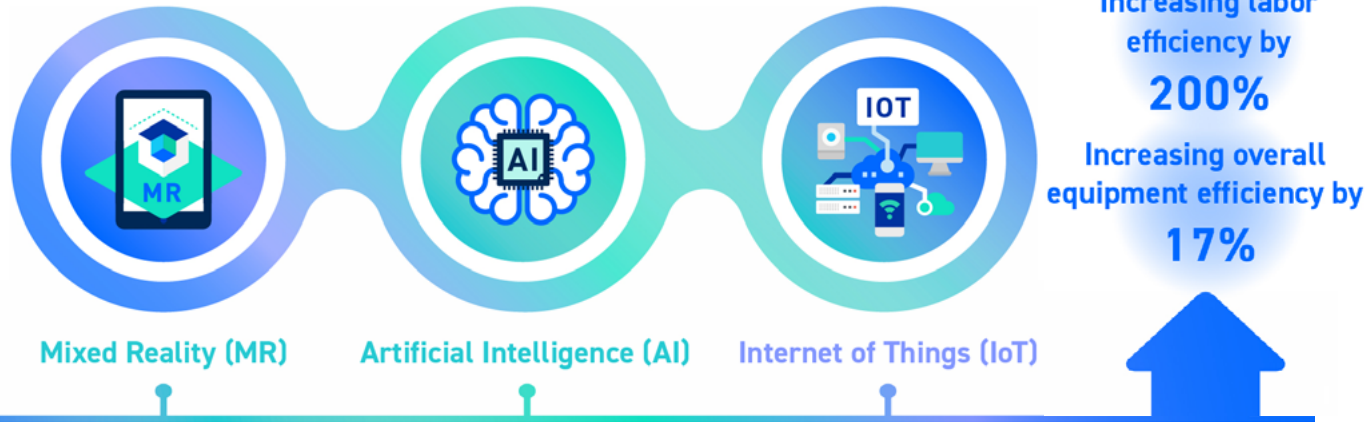
**Group R&D expenses over the past 5 years**



In 2020, we won the Top 100 Global Innovators award by Clarivate again, making us the only private enterprise in Taiwan to receive this distinguished award for four consecutive years. The Group also received a Global Lighthouse award from the World Economic Forum (WEF); following the nomination of our Shenzhen Factory in 2019, our Chengdu Factory also received a WEF Global Lighthouse nomination, making us one of the few enterprises with two WEF Global Lighthouse certifications. The Group once again verified its leading position in the global technology manufacturing industry.

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

# Chengdu Factory received WEF Global Lighthouse Network

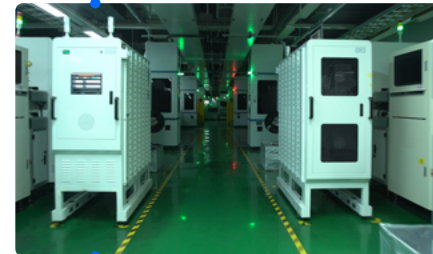
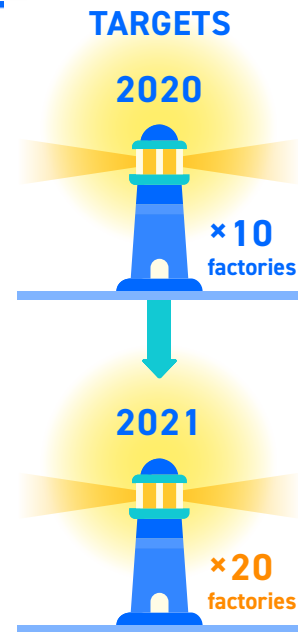


Chairman Young Liu remarked, "The first lighthouse factory meant that we had a factory that met the high standards of the Global Lighthouse Network. This second designation is testament to the system we have built in the operation of factories that play leading roles in the world's industrial revolution. The Group committed to continuously improving on our manufacturing systems and to building even more lighthouse factories as we serve our customers and contribute to a better world."

The "Global Lighthouse" project is an initiative launched by the WEF in collaboration with McKinsey & Company to select leading global enterprises that have made impressive progress in applications of Fourth Industrial Revolution technologies. Since 2018, only 69 factories around the globe have received this award. The reasons were given by the WEF for nominating our Chengdu Factory this year emphasized the Group's adoption of Mixed Reality (MR), Artificial Intelligence (AI), and Internet of Things (IoT) in response to rapid growth in business needs and shortages of skilled workers, increasing labor efficiency by 200% and increasing overall equipment efficiency by 17%.

Starting in 2015, our Chengdu Factory gradually established an IIoT team with more than 600 professionals, using OT (Operational Technology) and IT (Information Technology) for wider application of various artificial intelligence and IoT technologies, moving us from a "handcraftsman" to an "intelligent smith" while realizing our goals of quality operations and a "worry-free" factory as we successfully transformed from traditional manufacturing to smart manufacturing.

Additionally, the Group successively transformed ten internal "lighthouse factories" in 2020 by upgrading key production processes such as mold production, CNC manufacturing, surface mounting, and system assembly. These internal "lighthouse factories" were the first to successfully implement advanced automation, digital, and smart technologies, greatly enhancing the Group's product capabilities and production management. Through the gradual addition of digital tools, we were able to innovate our operational systems and create a single operating system applicable throughout the enterprise, setting a successful example for modernizing enterprise operating systems in the future. We plan to establish 20 lighthouse factories in 2021, promote IIoT and smart manufacturing to lay a solid foundation for transformation under our F3.0 goal, while further promoting future restructuring and upgrading.



## Hon Hai Research Institute

The establishment of the Hon Hai Research Institute is an important step in the Group's development strategy, moving us closer to our F3.0 transformation to new industries goal. The Group established the Hon Hai Research Institute in 2020 to strengthen the Group technological and product innovations, support enhancements in core competitiveness, and move us from "brawn" to "brains" while acting as a cradle for cultivating new technologies and patents within the Group, thus supplying the Group with competitive innovative capabilities and serving as a foundation for sustainable development and growth.

Headed by Group Chairman Young Liu, the Hon Hai Research Institute has five research centers, each with an average of 40 R&D professionals as well as top experts in artificial intelligence, semiconductors, next-generation communications, information security, and quantum computing who serve as advisory members for the Hon Hai Research Institute. The Hon Hai Research Institute is focused on R&D of forward-looking technologies for the next 3-7 years, strengthening of the Group technology and product innovation pipeline, efforts to support the Group's transformation from "brawn" to "brains," and enhancement of core competitiveness for "3+3" strategy.

**Hon Hai Research Institute Section**

**Watch highlights from the Hon Hai Research Institute opening ceremony**



## Hon Hai Research Institute



By utilizing the Group's high-speed computing centers and its edge computing capabilities, the AI Research Center aims to carry out research and development of innovative technologies that will help address people's needs and improve their quality of life. It will also meet the needs of industrial development.

The Semiconductor Research Center aims to cultivate talent in the manufacturing and design-related industries and to develop and design forward-looking nanoelectronic components. By improving existing semiconductor technologies, it will also drive the intelligence revolution in related industries such as artificial intelligence and next-generation communications.

The Next-Generation Communications Research Center is focused on the development of core technologies for 5G and next-generation networks. It also explores ways to apply the research, combined with insights from intelligence and semiconductor technologies, to three major industries, i.e. electric vehicles, digital health, and robotics, with the end goal of setting new standards within the industries.

The Information Security Research Center aims to cultivate talents to meet the needs of industrial development, as well as innovate and develop new cross-domain applications that could be used in the industry. The aim of the center is to create a digital technology environment that is universally recognized.

The Quantum Computing Research Center aims to cultivate talents in the industry and to actively explore prospects in quantum computing application areas. The goal of the center is to lead the industry as it continues to prepare for the arrival of a new industrial era in quantum technologies that combines quantum technology and information technology.



## MIH EV Open Platform

Climate change and environmental awareness issues are gradually attracting attention worldwide. In order to reduce the carbon emissions of transportation vehicles, governments in various countries are promoting electric vehicles with lower carbon emissions, and these have gradually become a mainstream trend. The traditional automotive industry currently faces three major challenges: high development costs, long lead times, and insufficient resources. In order to promote the development of electric vehicles in different countries, the Group built an MIH EV Open Platform (hereinafter referred to as MIH) which is available to all partners and third-party developers for the development of functional attributes and systems that will support the growth of the entire EV market. MIH provides developers with essential hardware and software components to build upon for the formation of a complete EV industry ecosystem.

MIH's mission is to facilitate collaboration in the EV industry, implement key technologies, and establish relevant testing and certification standards while combining the expertise of alliance members to complement each other's advantages, reduce developmental costs, and speed development timelines. MIH successively introduced leading manufacturing partners in various fields, organized seminars and forums and invited industry players to discuss topics relating to EVs and mobile applications.



## Four core features of the MIH EV open platform

### 01 Modular, Scalable and Customizable Platform

The MIH platform allows the main features of an EV, such as the wheelbase, the wheel track, ground clearance, battery pack sizes, and the suspension system, to be customized to meet all customer requirements. With the modular design, the platform supports B+ to E segment vehicle products, such as SUVs, sedans, MPVs, and even light commercial vehicles. In addition, it will allow vehicle components and applications to be upgraded with the latest technologies even after they have been delivered to customers.

### 02 Lightweight Chassis and Unibody Design

To optimize the driving experience of the EVs developed on the MIH platform, the provision of a lightweight chassis with a unibody design was a key consideration. The unibody design reduces the number of parts needed to build both the strut tower and rear longitudinal rail, resulting in a smooth wheel load transfer. This will enable a better steering experience for drivers and reduces the amount of vehicle-generated noise pollution.

### 03 Powered by Stable Electrical/Electronic Architecture (EEA)

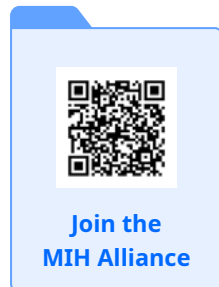
The challenge of a traditional Internal Combustion Engine (ICE) platform is maintaining the performance balance between the chassis and power train systems. However, as the trend of software-defined EVs becomes increasingly mainstream, a powerful and reliable EEA is essential for the seamless integration of electronics, electrical and mechanical systems. In a smart transportation environment, EEA serves as both the brain of an EV and the neurons of the entire transportation system.

### 04 Autonomous Driving Technology

The MIH is a drive-by-wire platform, engineered to produce EVs that rely mainly on electronics to control a wide range of vehicle operations. This provides two key advantages: An open-source platform that allows for a collaborative ecosystem for developers to work together with their partners to provide the seamless integration of autonomous driving systems into EVs; A human-centered design that is focused on the needs of the end-user, resulting in a safe and comfortable driving experience.

# The MIH EV development tool (EV Kit) is expected to be delivered during the first half of 2021

MIH launched the “EV Kit” tool platform which allows developers to work on autonomous driving, smart cockpits, and power systems using open vehicle communications and information under the CAN communications protocol. We expect to commence deliveries at the end of April 2021. MIH offers software interfaces, hardware specifications, and system architectures. In future, MIH alliance members with the “EV Kit” will be able to participate in alliance discussions and specification formulations. Apart from providing open vehicle information, the platform will also be continually optimized to enhance international competitiveness.



Watch an online video relating to our “Key Components”



Watch an online video relating to our “EV Software Open Platform”



Watch an online video relating to our “EV Hardware Open Platform”



HHTD 3+3=∞	
09:00-10:18	Registration
10:18-10:45	Distinguished Guest's Remark
10:45-11:50	Presentation of EV Platform Key Components
12:00-12:30	Press Conference
13:30-14:35	Speech of Hon Hai Research Institute Advisory Committee
14:35-∞	Exhibition Open to Visit

The Group hosted the first Hon Hai Technology Day (HHTD) in October 2020 and unveiled the MIH EV open platform, key components, and other associated technologies to the public, demonstrating the Group's readiness to enter the EV market. The new platform's three main features: “software definition,” layered software/hardware,” and “open ecosystem” will help to solve current pain points in EV development. The Hon Hai Research Institute also unveiled ten research projects relating to forward-looking technologies, including high-performance computing platforms, ultra-low power IoT chip designs, heat dissipation technologies and mechanisms for semiconductor chips and extension systems, hardware safety mechanisms for automotive electric control units (ECU), and quantum computers for silicon industries, encompassing R&D which revolves around the Group's “3+3” core strategy. We hope that the innovation and development of these forward-looking technologies can lead the electronics and technology industries to greater heights.



Watch the full video for the HHTD event



Watch the highlights video for the HHTD event



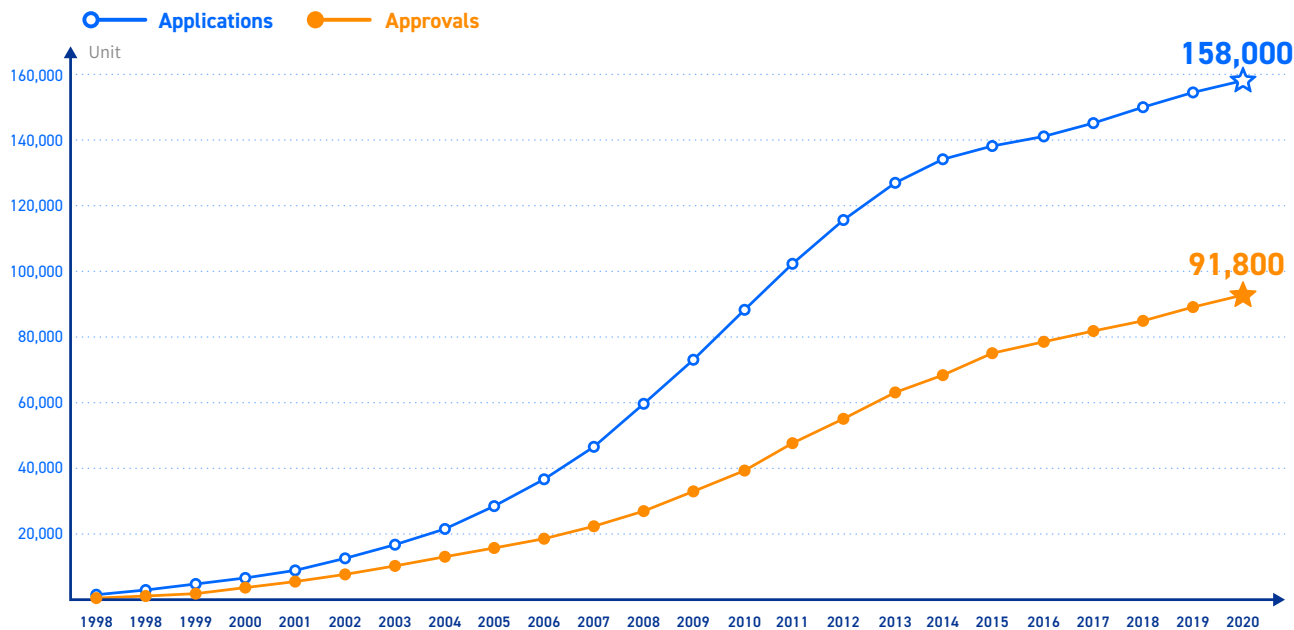
## Patents

As a primary holder of numerous patents and commercial partner of other patent holders, the Group is committed to investments in research, development, and innovation, and is actively engaged in protecting the novel technologies and intellectual property used in its global operations. The Group currently holds more than 40,000 global patents encompassing computer components, 5G communications, semiconductors, robotics, and other domains, making it possible for us to meet the rigorous requirements of different clients. More than 20% of patents obtained over the past two years are associated with “3+3” technologies; more than 5.13% of patent applications over the past five years have focused on automotive components and batteries; and artificial intelligence, semiconductors, and next-generation communication technologies, our three core technology domains, respectively account for 10% of patent applications, highlighting the Group's determination in implementing our F3.0 transformation to new industries goal.

Despite our past successes, we continue to submit more than 3,000 patent applications each year. Faced with ever-changing global conditions, we understand that accumulating R&D capabilities and strengthening innovation is the only way to increase shareholder returns and ensure sustainable development.

The Group accumulated a total of 158,000 global patent applications and received approval for 91,800 patents in 2020. We were ranked at 17th place in the “Top 100 Global Patent Holders for 2020” by IFI Claims. Our patent application and approval numbers have been at the forefront of Taiwan industries for 18 consecutive years (from 2003 to 2020), and our patent application and approval numbers were ranked at 8th place in 2020.

Cumulative patent application and approval numbers for the Group



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# Corporate Social Responsibilities

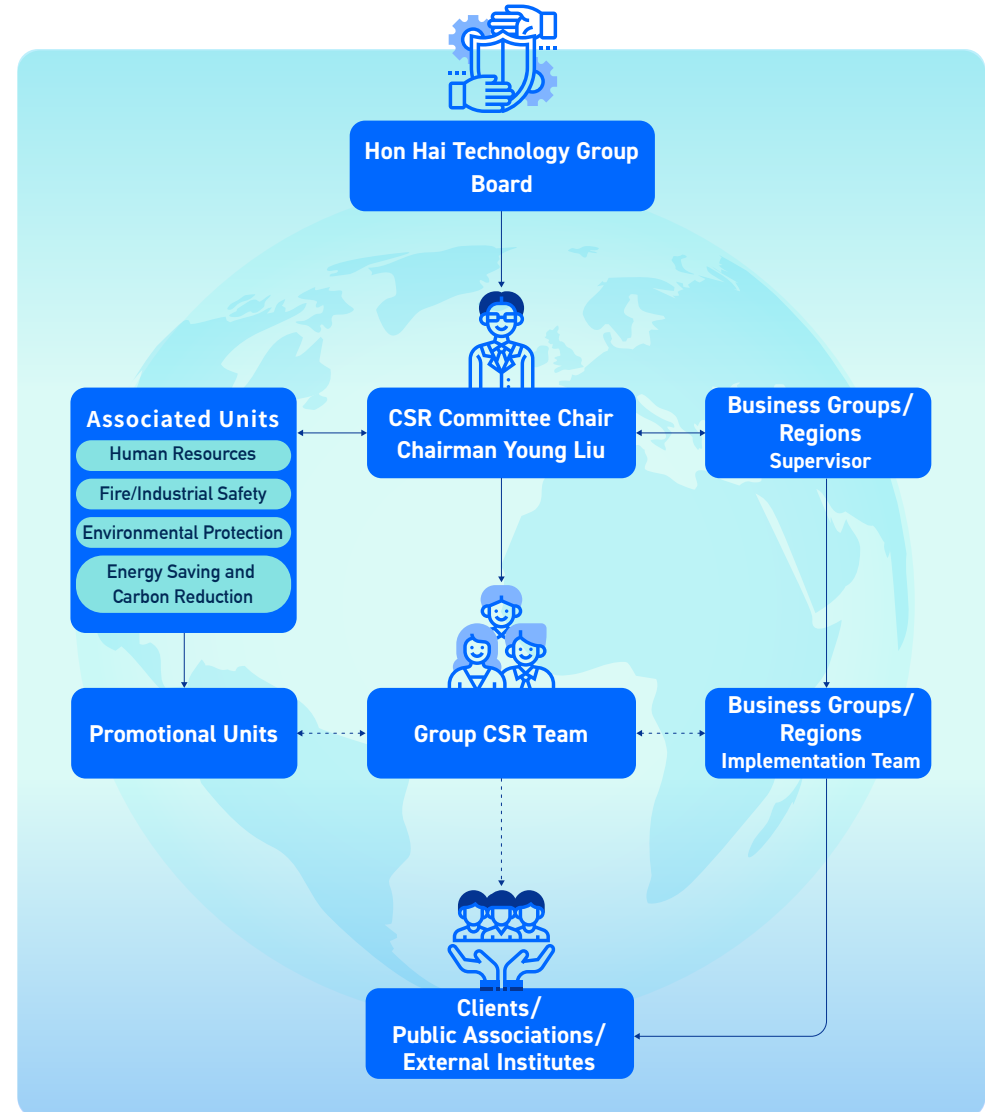
## Global CSR Committee

As an ethical and responsible enterprise, the Group strives to be a good corporate citizen and promote the development of CSR even as we pursue profits, drive our operations, build our competitiveness, and realize our goal of sustainable management. The Group Global CSR Committee was established in March 2007 and is headed by Group Chairman Young Liu. Additionally, each business group under the Group has established CSR sub-committees to implement the Group's CSR policies; these sub-committees are supervised by the CSR Committee. The Group has established a dedicated CSR team composed of more than 1,000 people from factories all around the world to interact closely with clients, the government, and all sectors of society, enhancing corporate transparency as part of our comprehensive commitment to the promotion of social and environmental duties.

The CSR Committee has a dedicated staff responsible for compilation of CSR systems and regulations, monitoring of CSR policies and plans, regular follow-up and evaluation of CSR execution and performance, and review of CSR reports, as well as promotion and internalization of corporate social and environmental duties within the Group's corporate culture. The CSR Committee reports on CSR progress to the Chairman every two weeks. CSR implementation results are reported monthly to the Board's Management Committee and at least once a year to the Board.

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

The CSR Committee organizes internal audit activities each year and convenes personnel from dedicated units, including Human Resources, Fire/Industrial Safety, Environmental Protection and Energy Saving and Carbon Reduction units. Internal audits for labor, ethics, health and safety, environment, and management systems are conducted at each factory in accordance with RBA standards to ensure compliance with CSR policies and guidelines.



# Stakeholder Communication and Responsibilities

## Stakeholder Identification and Communication

The Group identified stakeholders and material issues in accordance with the AA1000 Stakeholder Engagement Standards (AA1000 SES) and determined the environmental, economic, and social material issues of concern to our stakeholders so we could respond to their demands and expectations. Members of the CSR Committee assessment team identified stakeholders based on their importance and relevance to Group operations, confirming our seven stakeholder groups to be employees, clients, shareholders/investors, suppliers/contractors, government institutes, NGOs, and media. In order to strengthen communication with all stakeholders, the Group has established various communication channels with our stakeholders to listen to their feedback, understand their expectations toward the Group, and learn from their strengths. Selection of stakeholders, communication frequencies, issues of concern, and responses from the Group are shown in the table below.



### Employees



#### Importance to the Group

Employees are the most important Group assets and help to enhance Group competitiveness.

#### Communication channels and frequency

We communicate non-periodically with our employees through channels including employee hotlines, seminars, mailboxes, satisfaction surveys, and counseling

#### Issues of Concern

- Employee rights and diverse equality
- Occupational health and safety
- Ethical management and legal compliance

#### Responses and results

- We employ those with mental and physical disabilities and expend our best efforts to help disadvantaged groups.
- We have also established an employee emergency fund, employee mutual assistance fund, and employee condolence fund to help employees in need.
- The Group has established an accessible communication system. We have established a 24-hour helpline that allows our employees to express their opinions and provide suggestions, and we have also set up a counseling center and employee care center to provide mental support and promote healthy growth for our employees.



## Clients

### Importance to the Group

Clients are our main revenue source. The Group provides the best products and services based on client needs.

### Communication channels and frequency

- Quarterly and annual CSR activities
- Non-periodic client visits and audits
- Conference calls
- Quarterly and annual audits

### Issues of Concern

- Financial performance
- Corporate governance and risk management
- Ethical management and legal compliance

### Responses and results

- We keep in close contact with our clients, protect their privacy, and are open to client reviews at all times.
- We report the management of Group, supplier, and CSR matters to our clients.
- We continuously strengthen our client services and provide fast, convenient, highly efficient, excellent, economical, and innovative products and services.
- We also implement energy-saving and carbon-reducing actions in response to current trends and provide our clients with products for reducing carbon emissions.



## Suppliers/ Contractors

### Importance to the Group

Suppliers provide the raw materials needed for production; we work to grow alongside our suppliers and jointly build sustainable supply chains.

### Communication channels and frequency

- Annual supplier conferences
- Supplier management platform
- External grievance channels

### Issues of Concern

- Supply chain management
- Procurement practices and management
- Occupational health and safety

### Responses and results

- We host annual supplier conferences and conduct non-periodic CSR audits to convey our supply chain requirements to our suppliers.
- We have also established a CSR management platform that allows our suppliers to learn about RBA regulations and Group CSR requirements.



## Shareholders/ Investors

### Importance to the Group

Any party (including legal entities or individuals) that has invested in or has an interest in investing in the Group.

### Communication channels and frequency

- Annual shareholders' meetings
- Annual investor conferences
- We issue annual reports and CSR reports each year
- Establishment of spokesperson platform
- Non-periodic investor conferences/investor forums

### Issues of Concern

- Financial performance
- Ethical management and legal compliance
- Innovation and R&D

### Responses and results

- The Group shares company prospects, market trends, growth strategies, and information, and CSR implementation through shareholders' meetings, investor conferences, and other meetings.



## Government agencies

### Importance to the Group

The Group's operating bases actively adhere to all local government regulations, and we prohibit legal violations in all forms.

### Communication channels and frequency

- Non-periodic correspondence via official documents, email, and telephone communications
- Participation in policy forums, seminars, and public hearings
- Communications for drafting industry standards
- Non-periodic on-site inspections

### Issues of Concern

- Financial performance
- Corporate governance and risk management

- Ethical management and legal compliance

### Responses and results

- We communicate with local governmental institutes through visits, meetings, and official documents, actively propose suggestions in response to government policies.
- We regularly provide relevant reports or responses in accordance with local regulatory requirements.



## NGOs

### Importance to the Group

In-depth exchanges with non-government organizations enable communication regarding issues of concern within the local community.

### Communication channels and frequency

- Non-periodic conference calls
- Annual CSR activities and evaluations

### Issues of Concern

- Ethical management and legal compliance
- Occupational health and safety
- Climate change responses

### Responses and results

- Participation in international CSR forums and discussion of CSR issues with NGOs.
- Participation in NGO activities such as CDP and Climate Action 100+.
- We work with NGOs to promote environmental issues (such as RoHS and WEEE).



## Media

### Importance to the Group

The Group maintains good relations with all media outlets to facilitate communication of Group information.

### Communication channels and frequency

- Timely transmission of press releases
- Non-periodic press conferences

### Issues of Concern

- Financial performance
- Ethical management and legal compliance
- Innovation and R&D

### Responses and results

- We use non-periodic media interviews and press releases to convey information on Group operations and future developments, and also publish our press releases on our official website.
- We compile issues of concern to the media and news items in our reports for the Group's management team, and these are used as references for enhancing Group operations.



## Key Engagement Results and Responses

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



Contact information for stakeholder communications personnel

### Listen to employee voices and improve their work and quality of life

#### Chairman Open Day

The Chairman directly communicated with entry-level employees during the event. Participating employees put forward more than 20 questions and suggestions, and Chairman Young Liu instructed relevant departments to respond within a week.

**Q** : Can our factories host open day events for employee families to bring in our family members?

**A** : The Group will become more and more open in the future. In 2019, we organized a "Foxconn Open Day" pilot event to help external parties learn more about the Group. Relevant activities will be promoted at other factories when the pandemic is over.

### Host quarterly investor conferences to share future prospects

#### Investor Conferences

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

**Q** : What are the biggest challenges and obstacles in promoting the MIH alliance, and what are the Group's responses?

**A** : The industry is hoping to keep abreast of current developments in the EV industry, and they hope to achieve this goal through the MIH alliance. Accelerating product development and reducing costs are the biggest challenges of MIH and the biggest competitive advantages of the Group. Therefore, we are confident that we can find solutions for these challenges.

### Enhance supplier ESG competitiveness to achieve mutual growth

#### Occupational safety training and policy promotion

Organized occupational safety training and emergency drills for suppliers and contractors attended by a total of 26,694 people in 2020.

#### Assisted with greenhouse gas inventories and verifications

In 2020, the Group encouraged 165 suppliers to conduct annual energy and carbon reduction actions and assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.

### Respond to international climate initiatives and promote low-carbon economic developments

#### Attended the "2020 Cathay Sustainable Finance and Climate Change Summit"

At the Summit, Chairman Young Liu spoke about the Group's responses to the specific goals, commitments, and visions of the "Climate Action 100+" initiative, in hopes of enhancing responses along the supply chain and within the industry to build responsible manufacturing principles.

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

#### Foxconn Scholarship Program

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

**Student A** : I am very grateful to everyone at the Group and the judges for letting me know that the steps I am taking are in the right direction and will be beneficial for society.

#### Taiwan Hope Primary School

Taiwan Hope Primary School brings care and companionship into the families and environments of schoolchildren and provides professional assistance to help students overcome learning gaps, develop suitable education systems, and encourage diverse learning achievements.

Taiwan Hope Primary School believes that everyone is talented in their own way and did not force MeiMei to strive only for academic success but encouraged her to pursue other interests. MeiMei lived up to the school's expectations and won a Taekwondo championship. MeiMei said, "I began to have a little confidence in myself after receiving the medal."

## Scope of Material Issues and Materiality Analysis

The Group communicates with stakeholders through a variety of channels and compiles their focuses for the initial identification of important issues based on inclusiveness, sustainability, importance, and comprehensiveness. We conducted assessments based on the two axes of “economic, environmental, and social impacts” and “level of concern for stakeholders” in accordance with AA1000 Materiality Test criteria. We then ranked these

issues by level of importance to generate a materiality matrix which was used to review the Group's sustainability conditions, calibrate strategies and long-term goals for sustainable management, and promote continued enhancement of all organizations to create shared value for society and the Group.

### Step 1 Identification

#### 1 Stakeholder identification

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

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

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



#### Economic



- Corporate governance and risk management
- Financial performance
- Ethical management and legal compliance
- Innovation and R&D
- Information security and customer privacy
- Supply chain management
- Procurement practices and management

#### Environmental



- Climate change responses
- Energy and greenhouse gas management
- Water management
- Waste management
- Hazardous substances management

#### Social



- Talent attraction and retention
- Employee rights and diverse equality
- Employee training
- Occupational health and safety
- Community investment and participation

## Step 2

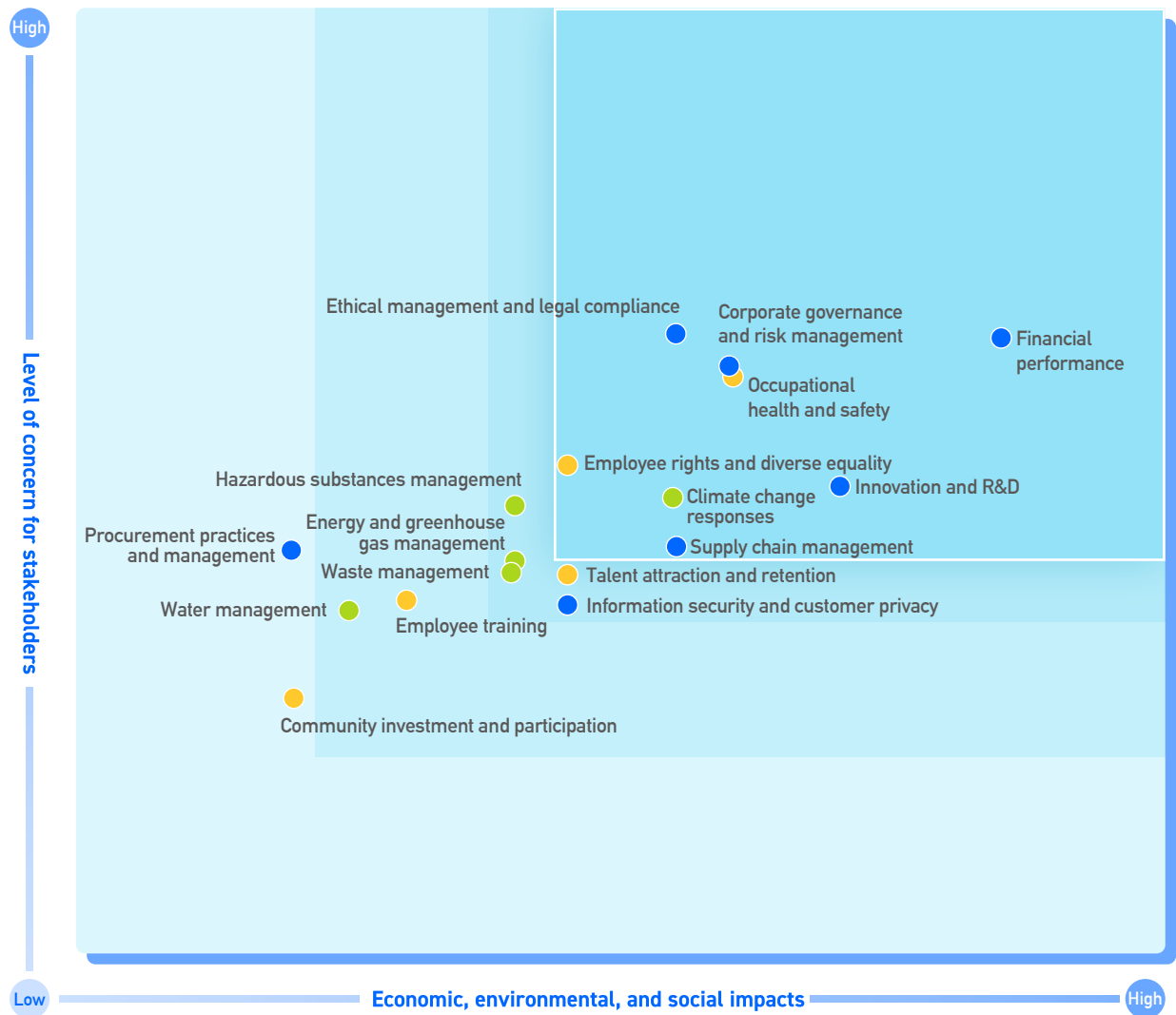
### Ranking material issues

#### 3 Analyze levels of impact on internal and external stakeholders for the 17 issues: 220 questionnaires

The Group used surveys to conduct material analysis of “the issues of concern to our seven major stakeholders.” Additionally, senior executives within the Group assessed the “economic, environmental, and social impacts of the 17 issues,” which were ranked on a scale of 1 to 5 from lowest to highest. We collected a total of 220 questionnaires in 2020.

#### 4 Confirmation of material issues: 8 material issues

We analyzed “levels of concern for stakeholders” and “economic, environmental, and social impacts” for all issues to generate the Group’s materiality matrix. Following identification and analysis, our material issues were determined to be: financial performance, corporate governance and risk management, occupational health and safety, ethical management and legal compliance, innovative research and development, climate change responses, supplier management, employee rights, and diversity and equality.



Economic



Environmental



Social

### Step 3 Defining material issues for 2020

#### 5 Confirmation and review of material issues in 2020

Following rigorous identification processes, the material issues for 2020 were determined to be those at the top right of the matrix. These were the 8 material issues with higher levels of concern for stakeholders and higher levels of economic, environmental, and social impacts. The boundaries for these material issues are as follows:

Material issues	Themes from GRI standards	Corresponding sections	Scope						
			The Group	Clients	Suppliers/ Contractors	Shareholders/ Investors	Government Institutes	NGOs	The media
Financial performance	GRI 201	CH1 Corporate Governance ( <a href="#">↪ P.22</a> )	●	▲		○			
Corporate governance and risk management	Self-defined theme	CH1 Corporate Governance ( <a href="#">↪ P.21</a> )	●			○	○		○
Occupational health and safety	GRI 403	CH3 Health and Safety ( <a href="#">↪ P.64</a> )	●		○				
Ethical management and legal compliance	GRI 205 / GRI 206 GRI 307	CH1 Corporate Integrity ( <a href="#">↪ P.29</a> ) CH5 Environmental Management Systems ( <a href="#">↪ P.105</a> )	●			○	○		
Innovation and R&D	Self-defined theme	CH1 Innovation Management and Patents ( <a href="#">↪ P.33</a> )	●	▲		▲			
Climate change responses	GRI 201	CH5 Climate Change ( <a href="#">↪ P.95</a> )	●					▲	
Supply chain management	GRI 308 / GRI 414	CH4 Policies for Sustainable Management of Suppliers ( <a href="#">↪ P.79</a> )	●		○				
Employee rights and diverse equality	GRI 412	CH2 Protection and Communication of Rights ( <a href="#">↪ P.56</a> )	●					▲	

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

Note: A comparison of the material issues for 2020 and 2019 shows that newly emerged issues include “financial performance,” “climate change responses,” and “supplier management.” Material issues for 2019 that were not included in material issues for 2020 include “talent attraction and retention,” “customer privacy,” and “energy and greenhouse gas management.”





# 2

## Employees



Employee Overview



Remuneration and Benefits

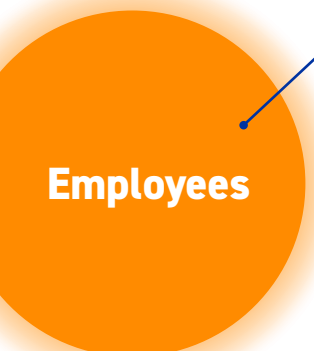


Communication and Protection of Employee Rights



Education and Training





# Employees

## Management approach for material issues

### Employee rights and diverse equality

#### Meaning to the Group

Employees are the Group's most important assets. Through the implementation of incentive systems and performance appraisals, we encourage continued self-enhancements and personal career advancements in our employees. We provide competitive remuneration to all employees to boost their morale and enhance our operational performance.

#### Policies and Commitments

The Group adheres to principles of legality, fairness, impartiality, equality, voluntary actions, honesty, and credibility. We actively protect the basic human rights of our employees and abide by national laws, the RBA Code of Conduct, and various international human rights conventions while providing competitive, safe, and comfortable work environments for all employees.

#### Goals and Targets

##### Short-term goals

- Raise our improvement rates for Labor Protection Supervision Audits to 95%.
- Raise our reinstatement rates for employees following maternity/paternity leave to 100%.

##### Mid- to long-term goals

- Attract and retain professional talent in different fields using a comprehensive benefits system and competitive salary standards.
- Provide diversified care for all employees by protecting employee wellbeing and building diverse, equal, friendly, and healthy work environments.

#### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

#### Evaluation of the Management Approach

- We hold management review meetings each year to discuss and track our target achievement rates.
- We convened personnel from our Human Resources, Fire/Industrial Safety, Environmental Protection and Energy Saving and Carbon Reduction units to conduct Labor Protection Supervision Audits relating to labor, ethics, health and safety, environment, and management systems.

#### Specific Actions

- Dormitory C at our Longhua site was converted into a test site for implementation of our “Good Housekeeping” project, which improved employee living conditions.
- Announced an optimized childcare welfare allowance system under which the Group provides childcare benefits for employee offspring aged 0 to 6; a total of 176 million NTD in subsidies were distributed to 1,210 employees.
- Convened a total of 13 labor delegates meetings to vote on issues relating to employee rights and obligations.
- Hosted “Chairman Open Days” every quarter to allow direct communications between our Chairman and entry-level employees.
- Invested 406 million NTD in Foxconn University and provided 64.16 million hours of training for a total of 35.98 million employees.

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

do not discriminate on the basis of gender, age, nationality, birthplace, ethnicity, language, disabilities, marital status, pregnancy, sexual orientation, religion, political affiliation, or union membership. We also prohibit child laborers from engaging in work. The Group strives to provide a fair working environment where all employees are treated fairly. We provide equal salaries and promotion opportunities based on employee merits.

**Awards and recognitions received from nomination activities hosted by job banks**



**Zhaopin  
Top 30 Shenzhen Employers  
Award**



**Shenzhen Longhua  
Talent Attraction  
Award**



**51job Outstanding Human  
Resource Management  
Award**



**Haitou  
Most Influential Employer  
Award**



**Dayee Model Brand  
Operations Employer  
Award**



**Cheers Magazine  
Ranked 4<sup>th</sup> in Top 100  
Most Attractive Employer  
for the New Generation**



**Association of Sustainable  
Social Enterprise of Taiwan  
Social Innovation Award  
-Talent Cultivation**



**Ministry of Labor  
Silver TTQS  
(Talent Quality-management System)  
certification**

# Employee Overview

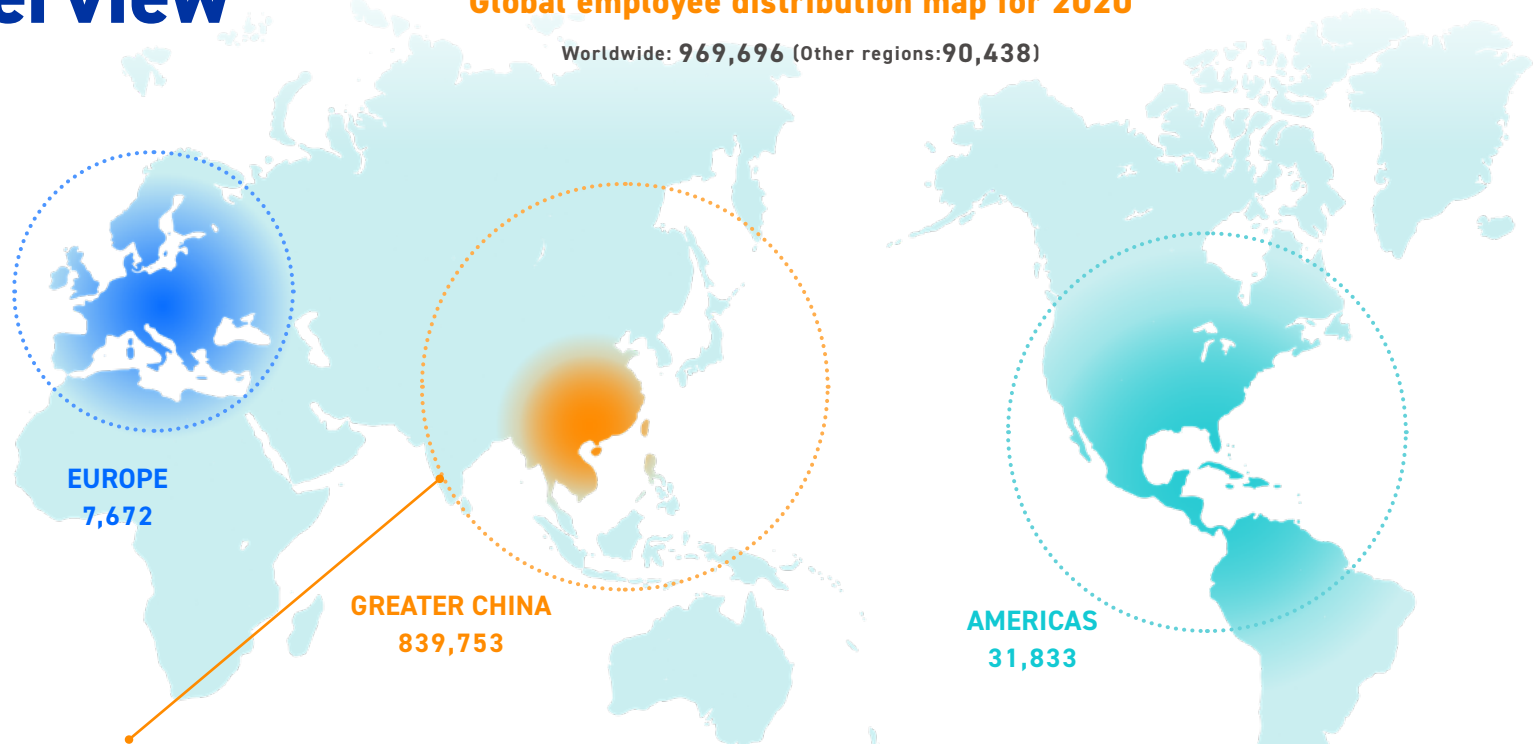
## Employee numbers

As of 2020, the Group has a total of 969,696 full-time and part-time employees worldwide, including 4,258 people with disabilities and 46,684 people of ethnic minorities. In terms of gender distribution, 63% of our employees are male, and 37% are female. Most of our employees are aged between 30 to 50 years old.

The Group upholds principles of talent localization, so employees at our factories are mostly composed of local residents. The proportion of senior management personnel (ranked at director level or above) who are Chinese nationals is approximately 10.80% at our factories in China. No incidents involving discrimination, use of child labor, or forced labor occurred in our factories in 2020.

## Global employee distribution map for 2020

Worldwide: 969,696 (Other regions: 90,438)



## Number of Greater China Employees in 2020

Full-Time Employees: 627,979 | Part-Time Employees: 211,774



Subtotal 530,230

Full-Time Employees  
392,201

Part-Time Employees  
138,029

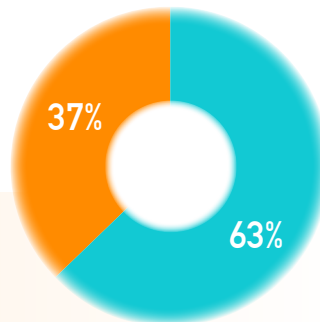


Subtotal 309,523

Full-Time Employees  
235,778

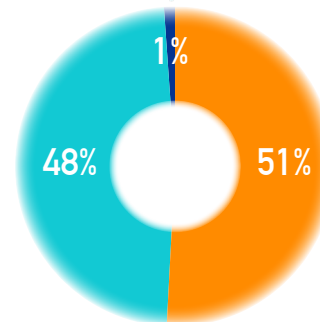
Part-Time Employees  
73,745

### Distribution of Gender



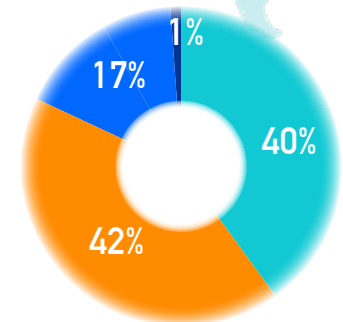
● Female ● Male

### Distribution of Age



● Under 30 ● 30-50 ● Above 50

### Distribution of Education



● Junior high school and under ● High school or vocational high school ● Bachelor's degree ● Master's degree and above

## Distribution of New and Exited Employees

Employee recruitment at the Group is conducted through open recruitment and on-campus recruitment channels, as well as several job fairs hosted specifically for people with disabilities. Concepts relating to equal opportunities, respect for human rights, and workplace diversity have been integrated into our talent recruitment principles and processes. We prohibit the use of child labor and forced labor. We attract talent through competitive salaries and benefits, rewards for outstanding performance, and appropriate personnel rotations. In order to maintain a low turnover rate, the Group actively works to understand the reasons for resignation, which serve as a basis for improvement. Furthermore, the continued addition of new personnel helps to promote diversity within the Group.

### Taiwan region

Employee entry rates in Taiwan region over the past three years were 13.9%, 14.4%, and 12.8%; employee exit rates were 18.9%, 18.5%, and 12.7%. Employee entry and exit rates for 2020 in Taiwan region decreased compared with previous years.

### China region

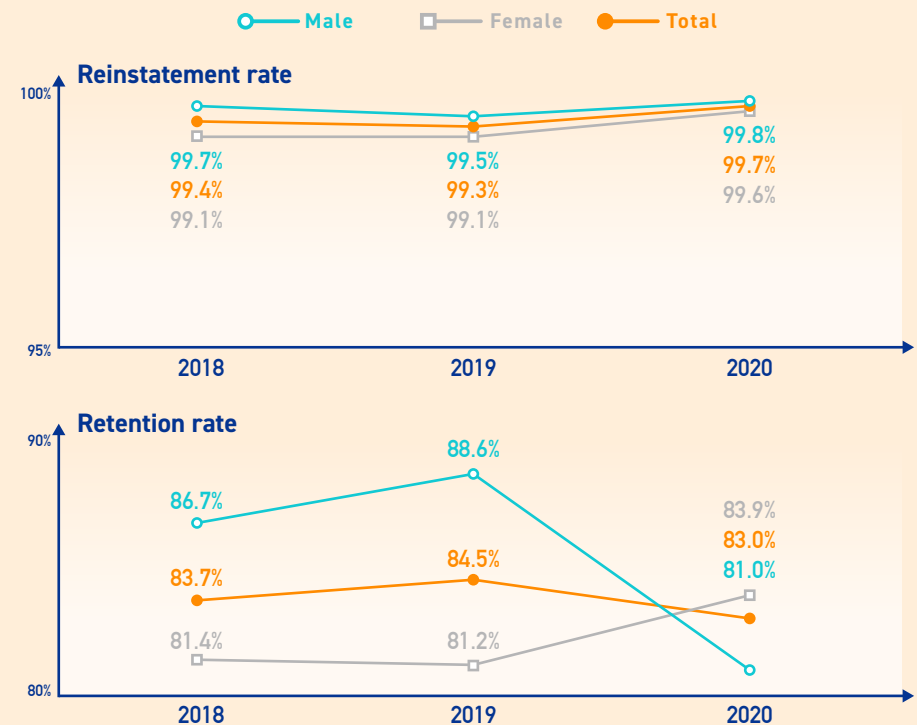
Average monthly employee entry rates in China region over the past three years were 7.5%, 7.6%, and 6.5%; average monthly employee exit rates were 6.7%, 5.6%, and 5.8%. The Group's average employee entry and exit rates in China region were maintained between 5% to 7%, demonstrating healthy talent turnover.



## Reinstatement Rates Following Parental Leave and Retention Rates

Due to the comprehensive level of care provided by the Group, reinstatement rates following parental leave and retention rates in recent years were close to 100%. In order to further enhance retention rates, the Group conducts interviews with exiting employees to understand the specific reasons for resignation and use these as a basis for improvement. In terms of retention policies, the Group actively communicates with entry-level personnel to understand the true needs of employees, implement employee care, provide good communication channels, and establish sound communication platforms. In terms of environmental aspects, we continue to improve basic facilities, refine working environments, and build harmonious work atmospheres between all units and organizations.

Reinstatement rates following parental leave and retention rates in the Greater China region





# Remuneration and Benefits

## Remuneration system

The Group adheres to principles of legality, fairness, impartiality, equality and voluntary actions, honesty, and credibility. Our remuneration system not only complies with local laws but also references external market research reports. We regularly review our salary standards, and our remuneration performance exceeds industry standards, providing a stable workplace environment, remuneration, and benefits for our employees.

We commence payments of social insurance and provident funds according to local government regulations for Chinese employees who have signed formal employment contracts with the Group on the day they start working with the company. All insurance benefits at our factories comply with local social insurance regulations. In Taiwan, we provide our employees with labor insurance, health insurance, and group insurance in accordance with government regulations. Our employees at overseas factories are all insured according to local government regulations. Starting salaries for entry-level employees at all our factories are 10-25% higher than local minimum wage requirements. There are no differences between the basic salaries of our male and female employees.

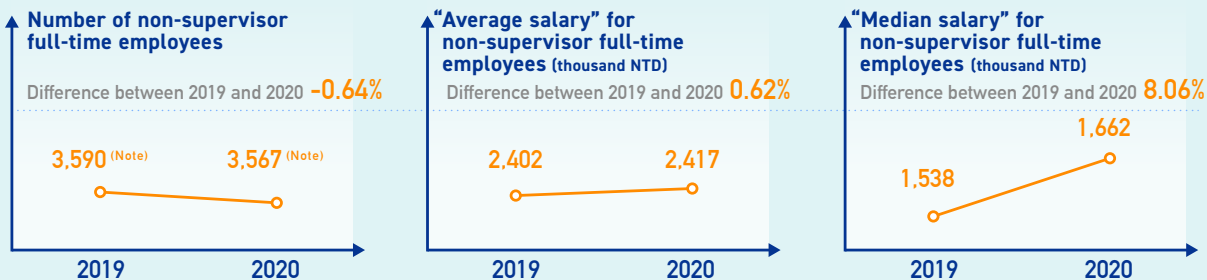
In order to establish effective incentive mechanisms and adopt a forward-looking approach for employee management, the Group formulated the “Regulations Governing Annual Promotion Procedures for Group Employees,” which evaluates employee performance, work abilities, potential, teamwork capabilities, and training and development. In 2020, we conducted annual performance reviews and appraisals on new employees who passed their probationary period and regular full-time employees regardless of gender or rank. The ratio of employees who underwent appraisals was 100%. The Group adjusts remuneration according to promotions and personnel performance, with no differences between male and female employees. We have also established bonuses, dividends, and incentives based on personnel performance. The Board approved the distribution of 6 billion NTD in employee remuneration in 2020.

## Employee Welfare Program

We have implemented a series of employee welfare measures to promote and protect the health of our employees and their families, including the aforementioned social insurance and group insurance; pensions; subsidies for weddings, funerals, and other special occasions; travel allowances; year-end party raffles; and other subsidies. The Group hopes to establish a comprehensive employee care network that allows all employees to achieve career advancements while working all around the world. In 2020, the Group's employee salary and benefits expenses were approximately 10.7 billion NTD.

To promote work-life balance for employees, all our factories have been fitted with integrated sports stadiums, basketball courts, swimming pools, libraries, banks, retail shopping areas, bookshops, gymnasiums, and other recreational facilities. Group employees can freely participate in the activities of nearly 210 employee clubs. We organized a total of 1,091 festive events, cultural activities, and parent-child activities attended by 71,000 participants, helping to enrich employee lives. In 2020, our activity subsidies amounted to 228 million NTD.

### Number and remuneration of non-supervisor full-time employees



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



In response to the COVID-19 pandemic, the Group requires all employees to wear masks, check temperatures, maintain social distances of 1 meter, and conduct disinfection processes prior to entering factories. Additionally, all factory facilities are disinfected daily, audited weekly, and improvements are implemented as necessary to ensure that our employees can use relevant equipment under safe conditions.



Parent-Child Activities



Sports Center



Swimming Pool



Library



### Festive activities

We hosted a total of **35** activities for the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival; these activities were attended by **12,000** participants.



### Cultural activities

We hosted **465** online activities attended by **226,000** participants. We hosted **648** offline activities attended by **178,000** participants.



## “Good Housekeeping”: Improvements to staff accommodation

Dormitory C at our Longhua site was converted into a test site for the implementation of our “Good Housekeeping” project. Following 107 days of hard work, we completed the conversion of the first 153 female dormitories with “Foxconn efficiency” and welcomed back more than 800 employees. We plan to convert 249 male dormitories and 425 female dormitories in 2021.

The “Good Housekeeping” project brought about “two enhancements, one transformation, and one innovation.” In terms of tangible assets, the converted dormitories became more spacious, bright, people-oriented, and homelike. In terms of intangible assets, intelligent safety, energy-saving, and environmentally friendly measures were implemented in Dormitory C using systematic platforms that provide more convenience for our employees.

During the early stages of the “Good Housekeeping” project, the team in charge of the project visited nearly 1,400 staff dormitories to solicit employee opinions. We collected answers to a total of 561 question items and invited our employees to conduct acceptance processes prior to the completion of construction work. Remodeling rates were 99%. Chairman Young Liu participated remotely in the relocation ceremony for the staff dormitory via video conferencing and thanked the employees who were courageous enough to put forward their suggestions for improvement; he also thanked employees for their trust and expectations in senior management. Additionally, the Chairman thanked the team that planned and executed the project. The “Good Housekeeping” dormitory remodeling project was not only serious response to employee needs but also an implementation of the Group’s “Sustainable Management = EPS + ESG” philosophy.



# Set a precedent for all Taiwanese enterprises by providing childcare benefits for employee offspring aged 0 to 6

To allow employees to live and work with peace of mind, the Group began implementing “maternity allowances of 70,000 NTD paired with childcare subsidies for employee offspring aged 0 to 3.” The Group further increased these subsidies in 2020, announcing optimized childcare benefits and subsidies and raising eligible age from “0 to 3 years old” to “less than 7 years old.” This new policy has already been implemented for a full year.

The Group provides a comprehensive range of subsidies to expectant mothers before, during, and after pregnancy, a subsidy of NT\$70,000 for one child optimized to subsidies of 15,000 NTD, and taxi allowances of 15,000 NTD for three months prior to the expected delivery date. Expectant mothers who wear an identification badge during their pregnancy are given priority when riding elevators, picking up meals, or when taking shuttle buses. Including maternity subsidies and travel allowances, each child receives subsidies amounting to approximately 1.305 million NTD. In 2020, we distributed a total of 176 million NTD to 1,210 employees.

## Employee A



We planned for three children, which is something many young employees are afraid to do, mainly due to worries that they will be unable to spend time with their children. More importantly, they worry that they may not have the ability to provide their children with better learning environments. The Group’s “childcare subsidies for employee offspring aged 0 to 6” not only allow us to put aside our worries about our families but also make it possible for us to focus on our work, which improves overall employee engagement.

## Employee B



I had children relatively late in life. I gave birth to my first child when I was 43 and decided to try for a second child when I was 46. Part of the reason I decided to have more children was that the Group continues to upgrade its benefits and subsidies. Especially at the beginning of last year, I moved into a new house and was starting to pay off the mortgage and my wife was also six to seven months pregnant. The subsidies helped relieve a lot of stress for me, my family joked that our second child was bringing money into the home even before she was born.



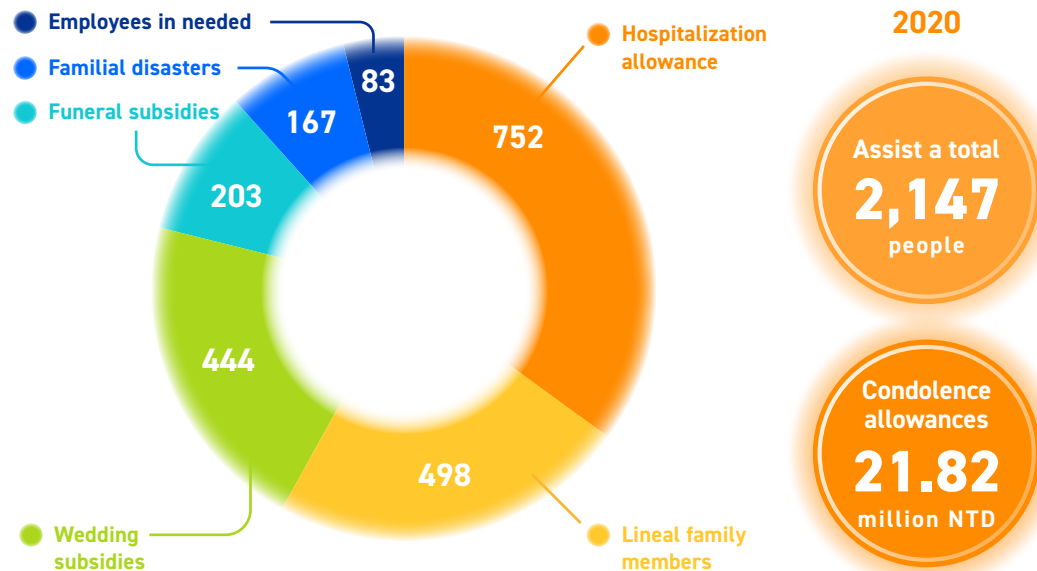
Allowances for each child approximately  
**1.305**  
million NTD

Distributed  
**176**  
million NTD



## Employee Care

To help tide employees over during difficult times, the Group provides condolence allowances and invites direct supervisors to provide support at work while said employees also receive support for living expenses. The Group invested 21.82 million NTD to assist a total of 2,147 people in 2020. Psychological counselors also track employee conditions and provide care through regular follow-up visits.



## Retirement System

The Group's retirement system, including employee retirement applications, pension payments, and employee pension reserves, adheres to local laws and regulations. We have also established a Supervisory Committee of Labor Retirement Reserve in Taiwan, which is composed of seven labor representatives and two management representatives elected to their positions. Designated banks ensure that pension fund assets adhere to entrusted ratios and amounts set by the fund's annual investment plans and are not used for assignments, seizures, offsetting, or guarantees. The Group takes custody of and invests pension fund assets in domestic and overseas listed, over-the-counter, and private equity securities or real estate securities following the Regulations for Revenues, Expenditures, Safeguard, and Utilization of the Labor Retirement Fund. Fund utilization is monitored by the Supervisory Committee of Labor Retirement Reserve. To ensure the rights of Group employees, Committee members are re-elected every three years and are responsible for reviewing pension reserves, savings, expenditures, and pension payments.

**2020 Annual Report**

For more information on the distribution of employee pensions in 2020, please refer to our 2020 Annual Report P.121.

# Communication and Protection of Employee Rights

## Human Rights Policy

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

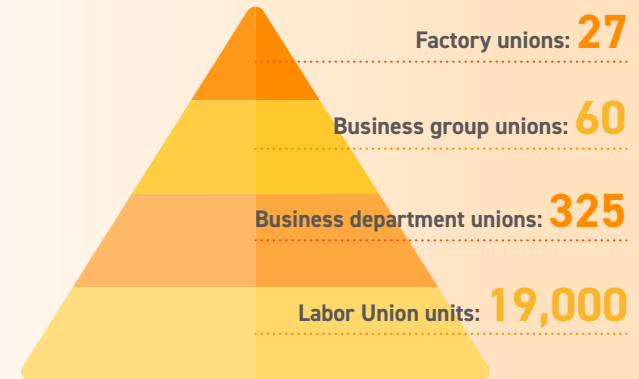
## Protection of Employee Rights

Our latest “Group Collective Agreement” protects employee rights and states that employees should be notified 30 working days in advance of major decisions related to their vital interests. Relevant articles on consultations and negotiations are stipulated in the “Summary of the Collective Consultation Letter” and the “Reply on the Collective Bargaining of the Trade Unions Association of the Company.” Additionally, to protect freedom of association for our employees, the employee handbook clearly stipulates employee rights.

Our Labor Union was established in 2007 in accordance with local regulations and currently encompasses employee unions with four management levels and five ranks. Labor Union Unit leaders are elected in a bottom-up, open, and democratic manner by union members from voluntary candidates and union representatives at all levels are elected at member representative conferences. The chair, vice-chair, and head of the Fund Review Committee are elected at member representative conferences or by union representatives. Employees are asked about their willingness to join unions when they enter the Group, and they are allowed to join voluntarily. In 2020, 98% of our employees were union members. The Labor Union signed the “Foxconn Technology Group Collective Agreement,” which covers the 131 legal entities of the Group and provides basic protection of employee rights. In 2020, the Labor Union convened 13 labor delegates meetings to vote on issues relating to employee rights and obligations.



## Labor Union organizational chart



## Activities organized by the union to achieve mutual wins

### Employee representative meetings

Hosted **114** sessions attended by **4,918** participants who raised **729** queries. Query resolution rate was **99.03%**.

### Labor delegates WeChat group

Discussed a total of **79** issues relating to feedback on questions, policy consultations, and lost & found items; reported **35** good deeds

### Committee member service days

Organized **18** sessions at factories, employee homes, dormitories, and canteens to assist **2,800** people

### Management meetings

Hosted **25** sessions attended by **1,291** participants who raised **103** queries. Query resolution rate was **100%**.



## Employee communications channels

In order to collect more employee feedback and suggestions, listen to employee voices, and quickly resolve employee difficulties, the Labor Union has integrated all resources to establish employee care, rights protection, and assistance hotlines, as well as office phone lines for various functional departments. Integration of labor union mailboxes, union chairman mailboxes, political party mailboxes, union chairman hotlines, rights protection hotlines, assistance hotlines, union websites, and 26 other rights protection mechanisms in 6 categories make it possible for Group employees, employee family members, and suppliers to get in contact with unions, providing employees with convenient and efficient 24-hour services that protect the rights of our employees at work and in their daily lives.

 <h3>Dispute Mediation</h3> <p>Committee on labor dispute mediation</p>	 <h3>Seminars and Visits</h3> <p>Seminars, on-site visits (restaurants, dormitories, production lines)</p>	 <h3>Mailboxes</h3> <p>Mailboxes for feedback to CEO, political parties, labor union and chairman</p>
 <h3>Telephone Hotlines</h3> <p>Employee care hotline, rights protection hotline, chairman hotline</p>	 <h3>Legal Aid</h3> <p>Corporate lawyers</p>	 <h3>Website visits</h3> <p>Union network, employee care center</p>

The Group provides 24/7 year-round communications hotlines that can be called if assistance is needed.

- Employee care hotline 78585
- Marriage mediation hotline 18675578585
- Spiritual care hotline 25885

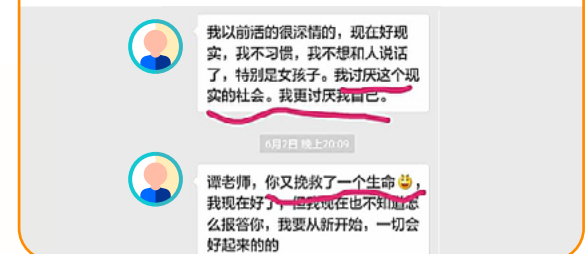
### Legal Aid

To provide employees with legal assistance, the Group established “resident lawyer services” at the Shenzhen City Union, legal aid robots capable of providing smart services, and worked with government departments to bring in social worker organizations. A total of 189 cases were handled in 2020, and we also hosted 3 lectures.



### Marriage Mediation

The Group also established the first corporate resident marriage mediation office in Shenzhen City to provide counseling services for employees, assisting a total of 400 individuals and 103 families in 2020, successfully providing mediation for 35 marriages, achieving a success rate of 80%, and cultivating 54 part-time marriage mediators.



## Chairman Open Day

The Group organizes quarterly “Chairman Open Days” to allow direct face-to-face communications between entry-level employees and our Chairman, giving each employee a chance for their voice to be heard and giving our Chairman the opportunity to directly communicate with entry-level employees. Even after the outbreak of the pandemic in 2020, we continued to host this event through video conferencing. In just one and a half hours, participating employees raised more than 20 queries and suggestions. Chairman Young Liu instructed relevant departments to respond to these queries within a week after the event.



**On Group epidemic prevention measures**

**Appreciating employee contributions**

Chairman Young Liu first expressed his thanks to all employees for their epidemic prevention and safe production efforts. Due to contributions made by all employees, the Group was able to resume production quickly after the outbreak of the pandemic occurred in February, and we were able to realize our goal of zero confirmed cases at our factories in China.



**On Group operations**

**Expected growth for the second half of the year**

Chairman Young Liu looked back on the Group's performance for the second quarter of 2020 and discussed future outlooks for the third quarter, stating that the Group's growth momentum for the second half of the year would possibly surpass that of the first half of the year due to growth in the four main product axes: servers, components, semiconductors, and automotive components.



**On employee promotions**

**Enhanced transparency in promotion channels**

In the past, due to the Group's large operating scale and the number of employees, many employees were unclear of promotion processes. The Group is aware of this issue. We are working to adjust employee promotion procedures and will release our results at the end of 2020 to enhance the flow and transparency of employee promotion channels.



**On employee training**

**Encourage continued learning for all**

Foxconn University will plan employee education, training, and learning courses based on employee needs and conditions at each department. Relevant departments will also formulate incentive policies for employee learning and self-actualization so all employees can enhance their skills and grow through work and learning.



**On corporate culture**

**The Group will become more open**

We hosted a pilot “Foxconn Open Day” event at our Longhua Factory to help the outside world better understand our working conditions. A total of 875 employee friends and family, as well as students and teachers from domestic and overseas high schools and junior high schools, came to visit and experience employee work conditions. The event achieved satisfaction rates exceeding 95%. Relevant activities will be promoted at other factories when the pandemic is over.



**On environmental improvements**

**Start with dormitory improvements**

In response to employee feedback regarding improvements for factory living environments, Chairman Young Liu stated that the Group would focus on the improvement of employee accommodations, including improvements for tangible and intangible dormitory assets and services. The Group completed the “Good Housekeeping” project in 2020.

## Supervision of labor protection and services for daily living

In order to guarantee employee needs for work and daily living, the Group established the Labor Protection Supervisory Committee and the Services for Daily Living Services Supervisory Committee to supervise and audit labor protection and services for daily living. Additionally, the Group has established a reward system for reporting hidden safety issues which encourages all employees to monitor, manage, and communicate safety problems. We also strengthened the review of supplier qualifications, established a dynamic elimination system, and carried out non-periodic audits. The Labor Union conducts non-periodic surveys of employee concerns and needs, which are submitted to dedicated personnel for handling. In 2020, we surveyed a total of 631 matters which were 100% resolved. Employee needs included improvement matters (59.9%), prevention matters (20.5%), and other matters (19.6%). The Group also emphasizes the working conditions of interns and strives to ensure that all interns get the treatment they deserve. Therefore, in 2020, the Group conducted 25 factories audits on intern usage, strengthened material audits for temp agencies, and required temp agencies to comply with laws and regulations when dispatching temporary workers.



Established the Labor Protection Supervisory Committee and convened personnel from the Human Resources, Fire/Industrial Safety, Environmental Protection, and Energy Saving and Carbon Reduction units to conduct Labor Protection Supervision Audits relating to labor, ethics, health and safety, environment, and management systems. A total of 26 factories were audited in 2020, and 242 deficits were discovered. Our improvement rate was 100%.



Services for Daily Living Services Supervisory Committee conducted joint audits on employee apartments managed by external units. These audits revealed 3,014 issues, and our overall improvement rate was 96.74%. We requested that property management implement service upgrades and hardware renovations, including housekeeping, wall repainting, wardrobe renovations, bed board replacements, and etc.

## Education and Training

The Group is making transformations towards “3 emerging industries” and “3 technologies”. In order to actively cultivate the human capital needed for the digital era, we have established an e-Learning section to expand our many learning resources and channels, support the Group's long-term growth, help meet the lifelong learning needs of our employees, and invest in related resources.

The Group established Foxconn University to cultivate talent, integrate theory with practical experience, promote knowledge application and lifelong learning, and enhance mutual learning. The University serves as our incubator for cultivating talent and innovation, bearing the important responsibility of enhancing human capital development, transformation to new industries, development of corporate culture, and establishment of operational missions within the Group, working with many colleges and universities (including NTU, Tsing Hua University, Chiao Tung University, Wuhan University, Xidian University, and Harbin Institute of Technology) to expand the Group's influence to other colleges and universities. We provide training based on academic education, management knowledge, management techniques, general education, on-job training, professional technical skills, and industry dynamics. To encourage employee learning, the Group links employee training credits with annual performance appraisals and references this information when considering employee promotions and bonus distributions.





## Provide diversified training for employees of all levels



### Training and guidance for internal lecturers

We provided training in professional skills and management experiences for internal seed lecturers. We also provided training and guidance for internal lecturers to help our employees learn communication skills and build self-confidence. We trained a total of 344 people in 2020 over 2,491 training hours.



### Training for new management trainees

In 2020, we invited 20 internal and external professional lecturers to provide 4 days of 8-hour training as part of an intensive training course that lasted a total of 32 hours. Course themes were mainly divided into four aspects: general education, management systems, “3+3” industrial technologies and IIoT, and practical workplace skills.



### Central training for elites

Our elite training class contains a series of courses that lasts for six months and encompasses central training, growth and advancement camps, training activities, and proposal presentations. We trained 2,525 people in 2020.

During the training activities, the Group publicly commended outstanding employees and helped them to take the initiative in self-improvement through the presentation of proposals.



### Skills improvement training for entry-level production line workers

To comprehensively enhance the competencies, management techniques and improving skills of production line managers for increased production efficiency, the Group requires all entry-level production line managers to complete 38 mandatory courses, including self-management, on-site management, and personnel management courses. In 2020, we organized a total of 146 skills improvement training sessions attended by 16,146 participants, 12,682 of whom passed the training.

Additionally, in order to improve and standardize course content, we placed these courses in our online education application for our colleagues to learn from.



### Training for mid-level managers

Training for mid-level managers was focused on leadership training, the cultivation of comprehensive management capabilities, and shaping leadership styles. We were training 305 people in 2020 over a total of 4,462 hours.

In Taiwan, we organized 52 training sessions for new employees attended by a total of 1,806 participants with average satisfaction ratings of 92.5. We organized 14 management training courses lasting for a total of 33 hours, attended by a total of 503 participants with average satisfaction ratings of 91.8. We organized 29 general education training courses lasting for a total of 55 hours, attended by a total of 2,733 participants with average satisfaction ratings of 92.3. We organized 3 internal lecturer training sessions lasting for a total of 55 hours, attended by a total of 94 participants with average satisfaction ratings of 93.4.

In accordance with the Group's international technology, rejuvenation, IIoT, and AI talent policies, we established various IIoT training courses and hosted 13 lectures (7 offline and 6 online) encompassing smart manufacturing, digital transformation, quantum computing, mobile communications, AI, and big data. A total of 11,992 participants attended these training sessions, and the 13 lectures have already been uploaded to our online education application so our employees can continue learning from them.



## Foxconn University

Foxconn University was founded in 2001 to serve as our headquarters for talent development and innovation cultivation, as well as a booster for the Group's transformation to new industries and a disseminator for our corporate culture and business philosophies. Through continued expansion of our internal and external resources and improvement to knowledge and education systems, we are able to build an incubator and platform for cultivating talent.

In order to cultivate talent skilled in the application and practical aspects of AI and data mining, the Group provides a variety of courses through Foxconn University, including "data mining," "deep learning algorithms and applications," "linear algebra," and "applications and practicalities of industrial AI." We also organized four training sessions focusing on smart manufacturing enterprises, transformation and implementation of AI technologies, planning and execution of industrial smart systems, and application of industrial AI technologies. We trained a total of 200 people, enhancing the Group's human resources in AI and big data.

In 2020, the Group invested a total of 406 million NTD in Foxconn University and provided 64.16 million hours of training to a total of 35.98 million people. On average, each employee underwent 1.8 hours of training. Each female employee received an average of 1.8 hours of training, while male employees received an average of 1.7 hours of training. In terms of academic education, Foxconn University began collaborating with 42 colleges and universities to implement on-the-job academic programs at 19 factories, providing our employees with convenient channels to receive on-the-job training for the enhancement of comprehensive skills and professional capabilities. In 2020, a total of 3,722 employees graduated from these programs, including 983 with bachelor's degrees or above. A total of 983 graduation theses were published, 82% relating to current employee job duties, achieving a win-win situation in terms of Group and employee career development.



## Promotion of technological concepts and digital transformation knowledge for the Group's "3+3" strategy

### Book club

**65 books for 18,827 participants**

Mainly encompassing innovative concepts on the EV industry, basics of quantum programming, and emerging 5G industries.

2



1

### Lectures

**13 sessions for 94,642 attendees**

Mainly encompassing current opportunities and challenges relating to quantum computing, 5G/6G mobile communications technologies, big data structures and

3

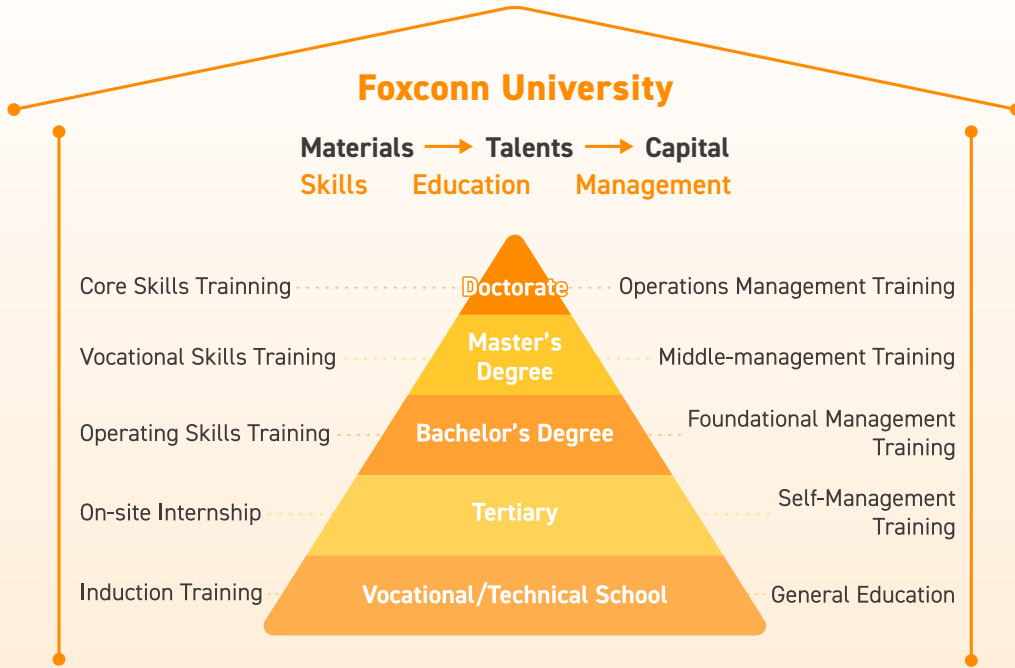


### Online courses

**343 courses for 84,742 participants**

Mainly encompassing quantum technologies and applications, implementation of industrial AI, and introduction to AI.





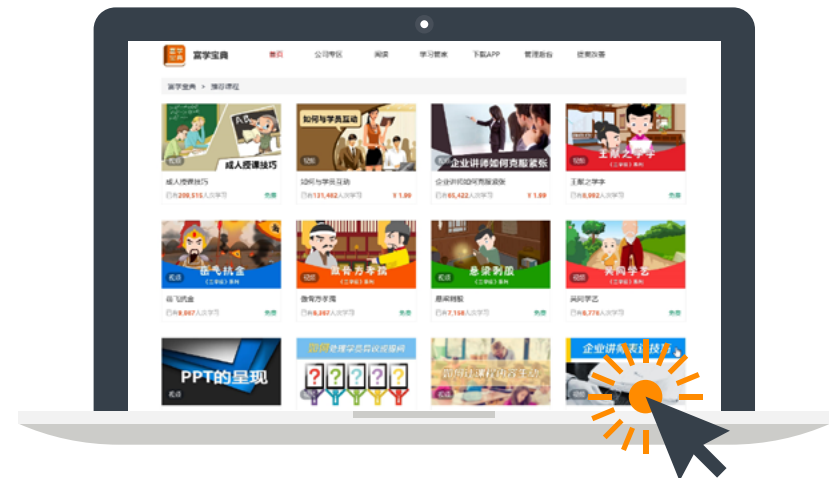
**Course categories, course hours, and participant numbers**

Courses	Hours	Number of participants
General education	30,655,153	14,023,271
Management	6,364,608	2,625,914
Technical	22,190,481	10,116,497
On-job training	4,665,394	2,302,659
Industrial networks	1,234	11,689
Academic education	287,880	6,909,120
<b>Total</b>	<b>64,164,750</b>	<b>35,986,150</b>

**Foxconn e-Learning zone**

To provide multiple learning resources and channels that fulfill employee needs for lifelong learning, the Group has established an “e-Learning zone” which contains professional, general education, and management courses taught by internal and external lecturers, allowing our employees to enjoy an abundance of training resources without constraints on time and place. Additionally, the “e-Learning zone” utilizes data analysis methods to provide personalized sections for employees of different positions and fields. Comprehensive data on learner viewing behaviors, learning behaviors, and majors, as well as comparison and filtering of phrase vectors and other processing methods, are used to provide recommendations on courses in the learner interface, fulfilling the needs of thousands of people and enhancing personalization experiences.

Learners who major in “Development of big data analysis for e-commerce” will see the “Python data analysis,” “industrial big data and AI,” “IoT concepts and logic,” and “training for e-commerce elites” courses when they enter the recommendation page. Learners who major in “Site engineering” will see the “ergonomic engineering,” “production line balance,” “7S framework,” and “standardized procedures” courses when they enter the recommendation page.





# 3

## Health and Safety



Occupational Health and Safety



Employee Health Promotion

# Health and Safety

## Management approach for material issues

Occupational health and safety

### Meaning to the Group

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

### Policies and Commitments

The Group has invested much effort into the management of employee health and safety. Apart from complying with laws and regulations, the Group pursues a goal of zero accidents, injuries, and occupational diseases through principles of “risk assessment, full participation, continuous improvement, and zero hazards” to build a safe and healthy work environment.

### Goals and Targets

#### Short-term goals

Our Huyue Factory accumulated more than 10,400,000 working hours with no operational incidents, and our Dingpu Factory accumulated more than 2,400,000 working hours with no operational incidents.

Audited production safety training for new/existing employees and found compliance rates exceeding 95%.

#### Mid- to long-term goals

Create the best work environment for all employees by achieving our goal of zero accidents, injuries, and occupational diseases.

### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

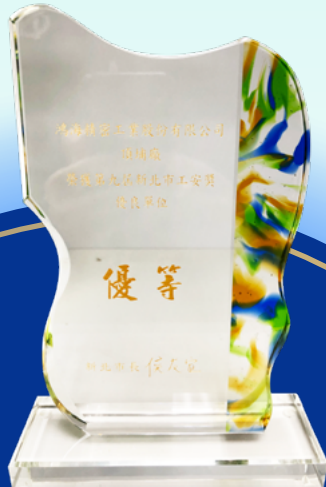
### Evaluation of the Management Approach

- Our factories implement daily, monthly, and specific safety audits.
- We have conduct external audits such as ISO 45001.
- Management representatives convene management review meetings each year to discuss and review our occupational health and safety performance.

### Specific Actions

- Our central audit team conducts rotating safety audits on all factories and discovered 1,456 hidden dangers. Of these, 1,456 issues were improved within scheduled periods, achieving an improvement rate of 100%.
- A total of 16 safety innovation and improvement projects passed our evaluations and were uploaded to our internal website for promotion to other factories.
- Hosted health and safety training courses for employees and contractors, which were attended by nearly 1.66 million participants.
- Conducted 1,283 emergency drills and exercises, which were attended by a total of 1.12 million participants.
- Hosted 191 health promotion activities, safety month activities, and firefighting month activities attended by 696,171 employees, suppliers, and contractors.

The Group complied with international occupational health and safety management systems and local laws in formulating our occupational health and safety policies, which are applicable for all employees and suppliers, and we are committed to a goal of zero accidents, injuries, and occupational diseases as we work to build the best workplace environment for all employees. To fully implement our occupational health and safety policies, we established a fire/industrial safety unit, labor safety unit, health and hygiene unit, and other functional units. Additionally, the collective agreement signed by our Labor Union also covers issues relating to health and safety, protection of employee health and safety rights, and enhancement of health and safety management at all factories. We established quantifiable goals; implemented management plans; introduced advanced detection and monitoring systems; executed source prevention and control systems; heightened employee drills, awareness, and emergency response capabilities; and carried out a variety of safety inspections to improve upon hidden hazards and create the best workplace environment for all employees.



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



# Occupational Health and Safety

The Group's 16 main business groups have all implemented ISO 45001 Occupational Health and Safety Management Systems and have been verified by third-party. These management systems are applicable to all Group employees and all suppliers and contractors working in Group factories. The Group has established a Health and Safety Committee composed of labor and management representatives, which convenes quarterly to review our occupational health and safety performance for continued optimization of occupational health and safety management systems. We have also established Production Safety Management Organizations at all factories, which convene weekly production safety meetings for discussion and analysis of production safety conditions at all factories and subsequent implementation of all production safety tasks.

The Group assists employees and units responsible for managing occupational health and safety in communicating relevant issues through internal platforms, industrial safety officers in all units, and labor representatives. We also organize health and safety month activities each year, strengthening employee safety awareness and safety conditions of work environments through “scavenger hunts,” “themed lectures,” “health and LOHAS activities,” “spreading positive energies,” and “emergency response” activities, thus establishing sound occupational health and safety systems for employee participation, consultation, and communication. In 2020, our Huyue Factory participated in the zero hazard working hours challenge following the “Implementation Guidelines for Zero Hazard Work Hours in Business Institutes” and accumulated 10,310,561 hours with no operational incidents, while our Dingpu Factory accumulated 2,008,986 hours with no operational incidents.



Huyue Factory

**10,310,561** hours

with no operational incidents



Dingpu Factory

**2,008,986** hours

with no operational incidents

For information on our epidemic prevention measures in response to the COVID-19 pandemic, please refer to the section on [COVID-19 Epidemic Prevention Measures](#).



## Safety and Hazard Prevention Center

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

We use infrared thermal scanners to inspect electric distributors and other electrical equipment at our factories and established an infrared thermal imaging promotion team composed of 21 seed personnel who regularly compile inspection reports, uncover problems, and improve upon them to effectively reduce fire hazard risks in our factories.





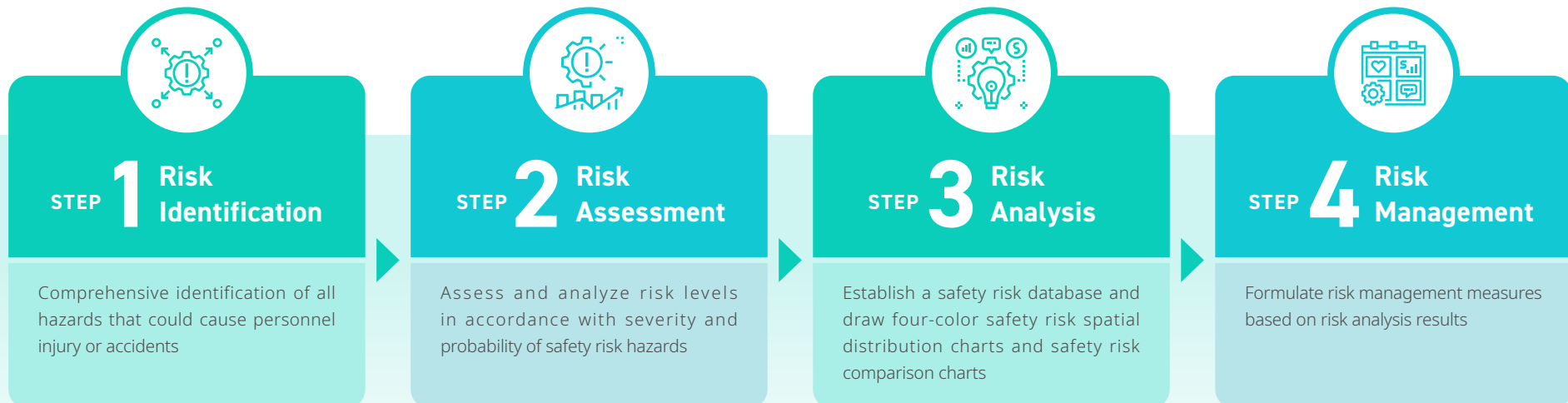
## Safety Audits and Risk Identification

We formulated the “Hazard Identification, Risk Assessment, and Risk Controls Planning Procedures” under our occupational health and safety management systems for comprehensive identification of hazards that could cause personnel injuries or accidents through routine or non-routine activities. Identified safety risks are categorized according to severity and probability of hazard events for assessment of risk levels. Safety risk categories and levels are used to establish a safety risk database, as well as draw risk assessment matrix visualized with four colors (red, orange, yellow, or blue depending on risk levels) which are used to formulate our risk management measures. Additionally, the Group has appointed third-party testing institutes to inspect hazardous positions, hazardous items, risk assessments, and scope of impact. These institutes are also responsible for issuing legally valid testing reports that all production units can use as a basis for implementing different levels of management and control. We continue to optimize and advance our occupational health and safety management system using the PDCA cycle.

The Group has formulated safety assessments and verification procedures for various newly established, converted, and expanded manufacturing processes and hazardous processes. Manufacturing processes are categorized based on production procedures for analysis and assessment of dangerous and hazardous factors; manufacturing processes include pre-

production preparation stages, in-production stages, post-production equipment maintenance, hazardous substances produced during production processes, and supplementary systems (such as exhaust gas discharge systems, ventilation, and dust removal systems, and exhaust gas and wastewater processing systems). The Group adopts effective preventive control measures to identify and control risks at the source, thereby ensuring safe production processes and occupational health and safety for employees. We adhere to the principle of “design first, then assess, and then commence work.” In 2020, we received 582 safety assessments for hazardous processes, 547 of which were approved, achieving an approval rate of 94%.

The Group hired employees with expertise in safety management who hold safety engineer licenses to establish professional audit teams that conduct daily, monthly, and specific safety audits for electrical safety, management of combustible materials, maintenance of information technology systems and precision equipment, and management of hazardous chemicals for promotion of safety production processes at all factories. We carried out surveys in 2020 and discovered 1,456 hidden hazards. Of these, 1,456 issues were improved within scheduled periods, achieving an improvement rate of 100%. We also implemented 36 Group management systems and proposals under professional guidance. The Labor Protection Supervision Committee of our Labor Union exerts its supervisory duties and regularly monitors and audits all factories to implement our occupational health and safety policies and commitments.



Risk categories	Item description	Identified hidden hazards
<b>Industrial safety</b>	Safety management, stamping and decompression equipment, industrial robots, machining tools, and molding equipment.	<b>392</b>
<b>Class C warehouses and information security</b>	Storage safety of Class C materials and control of information servers.	<b>21</b>
<b>Hazardous items and safety of flammable gases</b>	Storage safety of hazardous materials, transportation safety, usage safety, and waste handling.	<b>132</b>
<b>Process safety</b>	Management of polishing, grinding, cutting, drilling processes that may involve flammable dust, paint, covered processes, SMT processes, and washing of flammable and explosive solvents.	<b>111</b>
<b>Fire safety</b>	Requirements for use of fire-resistance construction materials, construction safety requirements, maximum fire resistance of construction components, and fire prevention segments.	<b>93</b>
<b>Fire equipment</b>	Management of firefighting control rooms, firefighting power sources, automated warning systems, firefighting pools and pumps, and automated firefighting systems.	<b>142</b>
<b>Electrical safety</b>	Safety management and requirements for all sites using electricity and specific sites within the Group.	<b>515</b>
<b>Management and training</b>	Management of training and emergency responses.	<b>50</b>

## Reward system for reporting hidden hazards relating to fire and industrial safety

To further strengthen safety management, enhance employee proactiveness in participation of safety monitoring, facilitate timely discovery and elimination of various hidden hazards relating to fire and industrial safety, and ensure employee safety, the Group has established a reward system for reporting hidden hazards. Informants are protected from retribution and provided with additional rewards. In 2020, we received a total of 255 hidden hazard reports and distributed 337,000 NTD in rewards. Over the past five years, we received a total of 1,161 reports and distributed 2.088 million NTD in rewards.

Employees can submit their reports through the following three ways:

- 1 Employees can report non-compliance with standard operating procedures to the production safety supervision and management department, upon which the industrial safety department will retrieve relevant CCTV footage and admonish violators according to regulations. Information on informants is not disclosed, and therefore informants suffer no retribution.
- 2 Potential occupational hazards can be reported to the occupational health and safety managerial departments of each business unit. The Discovery of hidden safety hazards is not punished but is instead rewarded for serving as an incentive.
- 3 If employees are uncertain whether hidden hazards are related to fire or industrial safety, they can call the 15199 hidden hazards whistle-blowing rewards hotline. On-site safety audit personnel will investigate situations reported by employees and provide feedback to said employees. Informants are not punished but are instead rewarded for serving as an incentive.

In 2020  
**255**  
hidden hazard reports

In 2020 distributed  
**337,000**  
NTD in rewards

Over the past five years  
**1,161**  
hidden hazard reports

Over the past five years distributed  
**2.088**  
million NTD in rewards

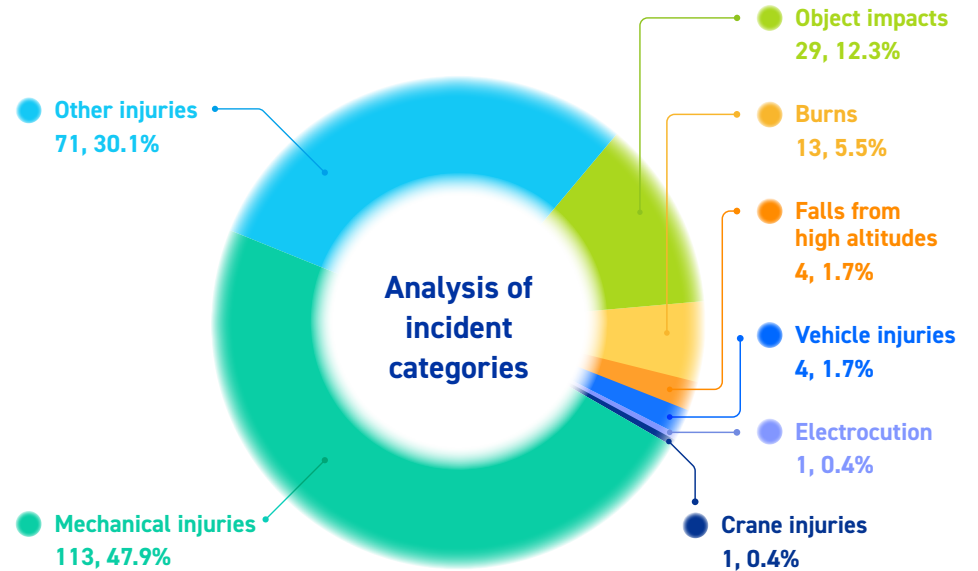
## Statistics on Disabling Injuries

The Group sets “100% safety and zero hidden dangers” as its safety target. We have formulated the “Production Safety Incident Management System” to clearly stipulate the processes and responsibilities for incident reports, incident investigations, and investigative personnel levels. Upon the occurrence of any incident, we require on-site personnel and unit managers to file an immediate report and record said incident in our “Industrial Accidents Declaration System,” following which the incident investigation team responsible for the investigation, handling, and compilation of incident reports is instantly established.

		Fatal incidents caused by occupational injuries		Severe occupational injuries (excluding deaths)		Recorded occupational injury rate		Total work hours
		Incidents	Ratio	Incidents	Ratio	Incidents	Ratio	
Employees	2020	2	0.0007	0	0	244	0.0871	2,802,607,383
	2019	1	0.0004	2	0.0008	412	0.1669	2,468,600,222
	2018	1	0.0004	0	0	486	0.1800	2,700,273,339

Note: The aforementioned ratios are calculated on a basis of 1,000,000 work hours.

Analysis of occupational injuries for 2020 showed that the stamping, machining, forming/die-casting processes held the highest risks within the Group. Additionally, upgrading of automated machinery, adjustments of equipment and facilities, and complex maintenance environments increased risks of crush and collision incidents. The most common injuries were mechanical injuries, other injuries, and physical impacts: the two fatal incidents were caused by mechanical injuries and physical impacts. Therefore, the Group carried out comprehensive reviews and formulated safety operating manuals for mechanical injuries, object impacts, falls from high altitudes, and other high-risk factors, emphasizing the thorough implementation of safety devices for mechanical facilities, periodic inspections, and strengthened risk identification and hazard notification for personnel of all positions to ensure multiple layers of prevention and management. We also strengthened safety training for and supervision of safety operational procedures by entry-level managers to ensure timely discovery and elimination of dangerous behaviors. Due to the outbreak of the COVID-19 in 2020, changes were made to the Group's production conditions, resulting in increased movement of factory personnel; inadequate safety training and safety warnings resulted in increased occupational injuries for temporary workers. In the future, the Group will strengthen the education and training of temporary workers relating to safety operations regulations and skills. In consideration of our 5 recorded contractor occupational injury incidents, we will also strengthen contractor operational safety through safety announcements, education and training, and audits.



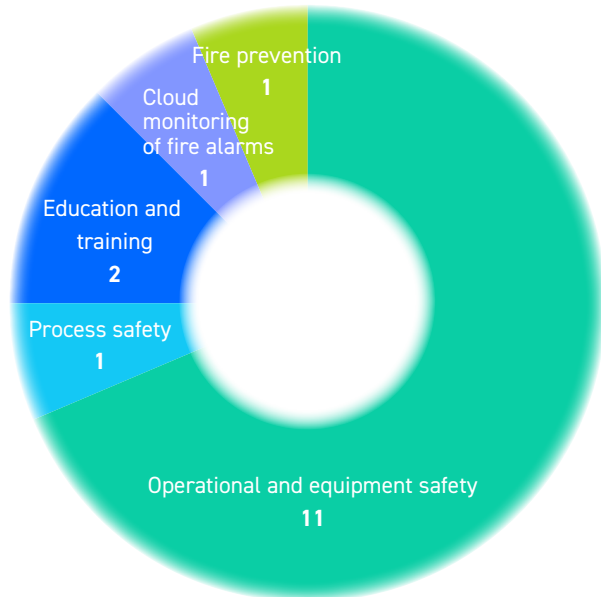
## Safety Innovations and Improvement Projects

To reduce potential safety issues in operational sites and prevent the occurrence of safety incidents, the Group continues to introduce technology transformations that facilitate safety optimization through improved processes, material substitution, foolproof equipment, and other safety technologies and mechanisms. Additionally, the Group is planning to build a production safety warning and emergency response system, which will be used for real-time monitoring of fire alarm systems at all factories and buildings. The project is currently in the software development stages and is expected to provide substantial supervision that will enable thorough implementation of production safety tasks.

We continue to promote the implementation of safety guidelines and training for our five highly hazardous production processes. We have carried out safety innovation and improvement projects to improve various manufacturing processes and reduce waste processing risks. Our safety technologies and management standards were significantly increased.

## Shared platform for safety improvement and innovation

To encourage active participation of all units in innovative safety technologies and management procedures, as well as submission of practical and valuable safety innovation proposals, the Group formulated the “Procedures for Implementing Fire and Industrial Safety Management Evaluations,” which serves as a basis for the establishment of our shared platform for safety improvement and innovation proposals. We encourage all units to continue enhancing safety management and safety technology standards so as to ensure employee occupational health and safety. Outstanding improvement proposals are uploaded to the Group’s internal website for promotion to other factories. In 2020, 26 evaluation units submitted a total of 123 improvement and innovation proposals, 16 of which passed evaluations, including 11 proposals for operational and equipment safety, 1 proposal for process safety, 2 proposals for education and training, 1 proposal for cloud monitoring of fire alarms, and 1 proposal for fire prevention.



### Examples of improvement and innovation proposals 1

#### Development and improvement proposal for automated CNC cutting oil recycling system

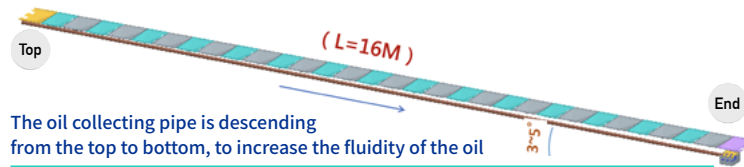
##### Before

Cutting oil carried by mechanical claws often dripped onto factory floors, creating wet floors and increasing risks of slips. The cutting oil also released oil mist into operating environments, increasing occupational hazards and risks of fire.

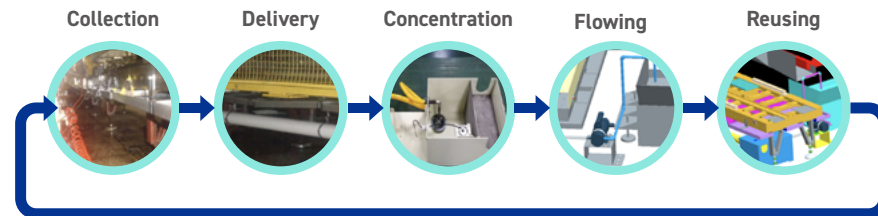
##### After

Cutting oil carried by mechanical claws was automatically collected, reducing the risk of accidents and making it possible to recycle the cutting oil for future use.

##### Key technology: oil delivery method/descending



##### Circulatory system





**Examples of improvement and innovation proposals 2**

**Intelligent mandatory safety check system**

According to Heinrich's Law, dangerous personnel behaviors and dangerous object conditions are the root causes of accidents. Ensuring the reliability and effectiveness of safety devices for mechanical equipment is important for the prevention of mechanical injuries.

**Before**

Traditional safety protection devices relied on manual operations, but human error and inability to implement real-time checks to ensure reliability and effectiveness of safety devices was a major pain point.

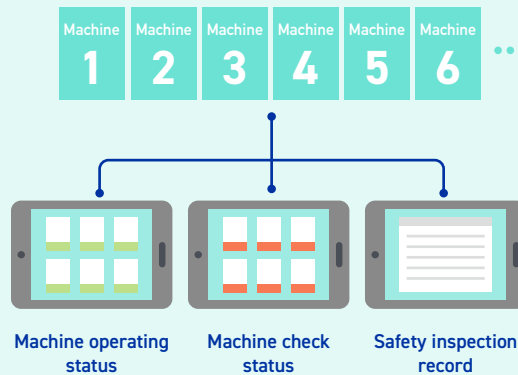
**After**

Integrated “manual checks,” “equipment self-checks,” and “third-party inspections” using Group technologies and built an intelligent monitoring platform that effectively resolved dangerous factors, including “human inertia” and “equipment malfunctions.” This solution applied and was approved for a Group patent and trade secret.

**Self-developed intelligent mandatory safety inspection system**



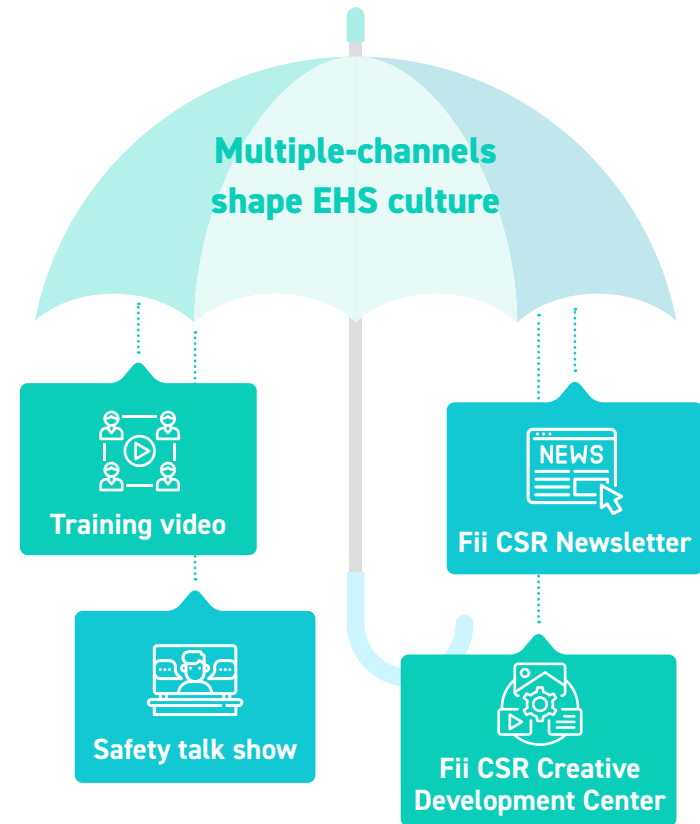
Data was uploaded to the database for the intelligent monitoring platform to serve as a foundation for IIoT.



**Examples of improvement and innovation proposals 3**

**Multiple-channels shape EHS culture**

The Group uses multimedia and channels to promote EHS promotion, such as online education application. The Group provides employees with more comprehensive, timely and multiple safety education resources to support employees' "Safety Umbrella" and achieve ours CSR cultural.



# Guanlan fire prevention network

The Group established a customized fire prevention network platform in accordance with the characteristics of our Guanlan Factory. The central focus of the platform was an intelligent fire prevention visual decision-making system integrated with other subsystems to form a comprehensive intelligent cloud platform. Integration of tangible and intangible fire prevention assets, human-computer interactions, the realization of data integration, and comprehensive monitoring and management of equipment enhanced decision-making efficiency of routine monitoring and emergency responses, resulting in the comprehensive and efficient management of hidden hazards, improvements over pain points in traditional fire prevention management systems, early detection of equipment abnormalities, increased fire management supervision, enhanced fire prevention efficiency, better risk management capabilities, strengthened incident response capabilities.



## Health and Safety Trainings and Drills

The Group strives to build a harmonious factory environment where all personnel is focused on safety. To enhance employee and contractor safety awareness and capabilities, the Group has formulated “Safety Training Systems” and “Procedures for Management of Supplier Production Safety” with clear stipulations for Group employee and contractor training. We have established three educational systems at the factory, process, and production team levels and implement training based on training plans formulated at the beginning of the year to provide various forms of safety training for our employees.

The Group's health and safety training can be divided into safety training for new employees, supplier/contractor training, training for safety management personnel, training for safety auditors, and production safety training for factory managers. Additionally, we also carry out special safety training sessions for fire response teams, occupational health and safety, external personnel, maintenance and management of dust, and management of hazardous chemicals. In 2020, nearly 1.66 million participants attended these training sessions. The Group specifically organized online production safety management training for factory managers and certification training for on-site production safety auditors. We made this certification a necessary requisite for promotion to factory manager to ensure top-down implementation of safety training and awareness, thereby strengthening the Group's safety performance.

Furthermore, the Group audited production safety training for new/existing employees at all factories. New employees are required to complete 24 hours of training while existing

employees are required to complete 8 hours of training each year. Our audits revealed that 92.39% of factories complied with our requirements. Non-complying factories were requested to meet training requirements.

Item	Participants	166 million participants
Preparatory three-level (factory, process, and production team) safety education for new employees (including temporary workers)	1,275,305	
Certification training for hazardous chemicals workers	26,193	
Safety training for suppliers/contractors prior to factory entry	26,694	
Advanced capability training for safety management personnel	4,313	
Certification training for on-site production safety auditors	5,135	
Safety management training for factory managers	3,763	
Other	316,127	

The Group conducts emergency practices and drills to ensure that employees and contractors respond in a timely fashion upon the occurrence of emergencies and to prevent employee safety incidents. In 2020, we conducted 1,283 emergency practices and drills attended by 1.12 million participants.

**1,283**  
emergency practices and drills

**112**  
million participants



## Health and Safety of Suppliers and Contractors

To strengthen supplier safety management, eliminate illegal behaviors, and prevent accidents from occurring, the Group formulated the Procedures for Management of Supplier Safety and required all suppliers to comply with environmental, occupational health and safety, and safety laws and regulations. Suppliers are also required to possess nationally recognized certificates of personnel qualifications and safe production certifications before they can become qualified Group suppliers.

The Group requires all suppliers to undergo relevant safety training before entering factories. Resident personnel are required to complete additional safety training once every six months and attend emergency drills, which is why Group plans for emergency drills include supplier personnel. We supervise and inspect suppliers and penalize those with hidden hazards in accordance with our management procedures. Suppliers who do not comply with our requirements have to cease work on all projects or are expelled from our factories, thereby ensuring that our suppliers completely abide by our safety management regulations.

The Group convenes collaborator meetings each quarter to inform our contractors of Group requirements. Contractors have to undergo training and testing procedures before they can enter our factories, and we also check relevant information such as the preparation of personal protective equipment and information on company supervisors. We also organize health lectures for our contractors. Contractors are required to swipe access cards when entering and to exit factories. The Group conducts irregular inspections of contractor safety procedures. Issues are reported to our supervisors monthly, and our system will deliver notifications and request improvements from responsible units. In 2020, we discovered 28 deficits and hidden hazards during contractor audits and required our contractors to improve upon these within specified time limits. All items were successfully improved. Additionally, the Group provided PPE and training for our contractors during the pandemic to enhance contractor epidemic prevention awareness and ensure the health and safety of relevant workers.



### Contractor hazard notification training and quizzes



Basic information



Quiz of hazard notification training-1



Quiz of hazard notification training-2



# Employee Health Promotion

## Health Promotion Activities

To provide a balance between work, physical health, and mental health for our employees, we implemented a series of environmental inspections and disinfection procedures in our workplace environments to ensure environmental safety. The Group has established an employee health check center that provides complimentary annual health checks for employees. In addition to regular health checks, personnel responsible for monitoring occupational hazards also undergo pre-and post-employment medical examinations. We conduct more than 100,000 health checks each year. Additionally, our factories regularly organize safety promotion activities in June and November each year. In 2020, we hosted firefighting skills contests, safety knowledge contests, fire drills, and safety knowledge quizzes. We hosted a total of 191 activities attended by 696,171 employees, suppliers, and contractors.

## Healthcare Cloud Services

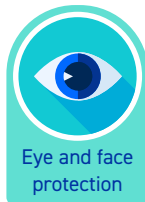
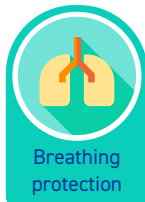
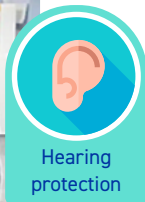
We are fully committed to the development of our “smart health management platform” and “H2U health management platform,” which integrate health information of our employees and their family members, allowing our health consultation team to provide comprehensive and personalized recommendations, health management plans, and disease management plans to our employees and their families at all times. “Use the Group resources on the Group personnel” is our most thoroughly implemented principle when developing healthcare for employees. Unlike conventional health checks, the Group’s biotech subsidiary Healthconn (established and founded by the Group in 2009) delivers a dedicated personal health management solution for employees. Upon joining the Group, our employees can establish personal healthcare bank accounts to receive health management services, obtain professional guidance from nurses and nutritionists, keep abreast of health promotion activities within the Group, receive health information and health education services, and attain personalized solutions for health promotion from a professional medical team.

### Safety Experience Exhibition Hall

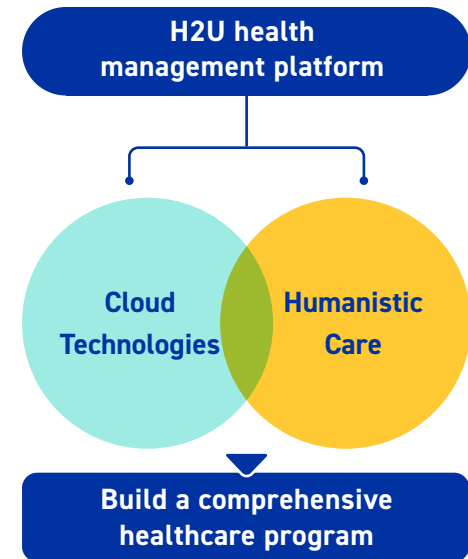
Since 2012, deficit data taken from our labor protection supervision audits indicate that our employees lack knowledge of safety protection and emergency first-aid. Therefore, we established a safety experience exhibition hall to offer experiences relating to hearing protection, breathing protection, eye and face protection, and emergency first-aid. We also provided training for seed teachers, first-line employees, and occupational hazard personnel to promote the best EHS personnel within the Group. In 2020, we trained and certified 12 seed teachers and 4,320 first-line employees.



### Safety Experience



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







provide customized care and information (including appropriate health consultations, nutritional guidance, and health education) based on relevant data within the system. We added handheld body fat analyzers that used Bioelectrical Impedance Analysis (BIA) to estimate body fat ratios, body shapes, muscle mass ratios, and basic metabolic rates to our ATMs. These analyzers allowed our employees to understand their basic metabolic rates and daily calorie consumption for more effective diet control. In 2020, we collected 175,465 simultaneous H2U measurement usage records.

Additionally, the Group's healthcare business group has established a special medical and healthcare team composed of physicians, pharmacists, nurses, and health managers who support the emergency medical needs of our employees and their families. The team provides a variety of healthcare assistance to employees at all our factories around the world, including emergency medical assistance for expatriates, visits to overseas factories by health consultation teams, support for International SOS medical evacuations to Taiwan, and continued care for returned employees. In 2020, we organized the autumn/winter eye care event and lucky draw events for blood pressure measures and weight measurements taken at H2U health stations to encourage our employee to be attentive to their health at all times.

## Food Safety Cloud Services

To ensure that our employees and contractors can enjoy clean and safe foods, we have formulated procedures for monitoring food safety which is thoroughly implemented to provide safe foods for our employees. Our food safety procedures include the "Handling Procedures for Food Safety Incidents," which regulates food safety issues, strengthens incident handling efficiency, and prevents risks. We also require our caterers to provide traceability records for full management of food sources. In 2020, we implemented strict traceability measures on ingredients relating to African swine fever, ractopamine pork, and American beef.

The Group conducts thorough inspections of employee canteen ingredients and caterer operations. This, paired with our real-time notification platform, allows us to monitor food safety in real-time and provide counseling and guidance for improvements to relevant catering units if abnormal processes are discovered. To strengthen food safety awareness of catering units, we provided training relating to food safety, such as courses on COVID-19 operational requirements and pollution prevention to ensure both epidemic prevention and food safety. We also conducted thorough evaluations on suppliers to select those that complied with legal requirements, adhere to strict procedures, and provided good quality products, thereby ensuring food safety for Group employees.



### Sampling checks

The Group conducted sample checks on all foods and completed a total of 12,767 checks. This, paired with our real-time notification platform, allows us to monitor food safety in real-time. Our pass rates were 99%.



### Visits and consultations

We visited our catering units 130 times over the year to identify operational issues, provide supervision and improvement counseling, guide units through improvements, and strengthen food safety awareness.



### Supply Chain Management

We selected suppliers that complied with legal requirements, adhered to strict procedures, and provided good quality products through supplier evaluations. We completed audits on 28 suppliers throughout the year.



### Food safety education

We organized 8 food safety training courses for catering personnel in 2020, including courses relating to food safety, such as courses on COVID-19 operational requirements and pollution prevention.



### Handling of food safety incidents

We formulated our Handling Procedures for Food Safety Incidents based on our food safety targets. These procedures were rigorously implemented. We also formulated regulations to prevent risks relating to food safety issues. In 2020, we implemented strict traceability measures on ingredients relating to African swine fever, ractopamine pork, and American beef.

## Food safety lab

The Group invested more than 100 million NTD in establishing a “food safety lab” that adheres to national standards. We hired food safety professionals to conduct inspections and adopted various measures to ensure employee food safety. We are not in the food industry, but we are the first major Cross-Strait technological enterprise to establish an employee food safety inspection institute. We have already completed construction on and obtained CMA and ISO 17025 certification for our Zhengzhou and Taipei labs.

Testing supplemented with audits and traceability measures enabled us to build a complete food safety supply chain. We not only continue to expand the testing capabilities of our labs but have also established professional food safety audit teams to conduct health and safety audits on food production and dining environments. We are also planning to establish a food safety database that provides integrated analysis of ingredients, foods, and audit targets, thereby helping us to filter high-quality suppliers and foods, strengthen food safety measures, and enhance food safety standards.



### Food Safety Cloud Implementation Guidelines

Risk Analysis  
Prevention  
measures

High-quality  
testing  
Problem  
identification

Guidance  
and visits  
Improvement  
guidelines



# 4

## Supply Chain Management



Policies for Sustainable Management of Suppliers



Sustainable Supply Chain Impact



Promotion of Mutual Growth



# Supply Chain Management

## Management approach for material issues

### Supply Chain Management

#### Meaning to the Group

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

#### Policies and Commitments

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

#### Goals and Targets

##### Short-term goals

- Encourage suppliers to submit compliance information on our RoHS-REACH intelligent management platform to achieve 100% compliance with client requirements.
- Achieve 100% survey response rates regarding the use of conflict minerals from suppliers to ensure that no conflict minerals are used.
- Continuous supervision of suppliers through on-site audits to ensure implementation of the Supplier Social and Environmental Responsibility Code of Conduct.
- Continue to encourage high power-consuming suppliers to complete GHG inventories and carbon reduction plans.
- Promote zero landfill waste management requirements for key suppliers.

##### Mid- to long-term goals

- Encourage suppliers to formulate carbon reduction targets and carbon neutrality plans, implement carbon reduction plans, and review achievement progress to realize the Group's goal net zero greenhouse gas emissions across value chain by 2050.
- Continue to strengthen the resilience of suppliers and initiate mutual growth projects to build a sustainable supply chain.

#### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

#### Evaluation of the Management Approach

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

#### Specific Actions

- Audited 76 major suppliers (electronics procurement companies only). Following encouragement and improvement of deficits, all on-site audit results were aligned with our Supplier Social and Environmental Responsibility Code of Conduct.
- Completed conflict minerals surveys for 2,629 suppliers with response rates of 100%. No use of conflict minerals was discovered.
- Assisted and supported 40 suppliers in improving environmental violations and assisted and supported 110 suppliers with high environmental impacts to report and disclose Pollutant Release and Transfer Register (PRTR) data.
- Regularly hosted seminars to interpret environmental protection laws and require suppliers to enhance QC 080000 Hazardous Substance Process Management processes. Required suppliers to build their own RoHS 10 restricted substance detection capabilities while also developing a RoHS-REACH intelligent management platform for material management.



The Group is committed to promoting virtuous cycles in its industry and supply chain and actively collaborates with suppliers to build sustainable development in supply chains. We require suppliers to comply with local regulations and our Supplier Social and Environmental Responsibility Code of Conduct. The Group fully considers social responsibilities and environmental benefits and prioritizes environmentally friendly, energy-saving, low-carbon, and easy-to-reuse supply chain products to create products and services that balance both economic and environmental benefits.

In 2020, the Institute of Public and Environmental Affairs (IPE) issued the Green Supply Chain 2020 CITI Evaluation Annual Report, which targets 20 industries and includes ratings and rankings for 497 enterprises. Due to the support of our many stakeholders and collaborations with our many suppliers, the Group was able to surpass many international brands, ranking at 13<sup>th</sup> place overall and ranking 2<sup>nd</sup> in the IT industry. We have maintained a top-five ranking in the IT industry for three consecutive years. Additionally, the Group's ranking in the Supply Chain Climate Transparency Index (SCTI) in the IT industry rose to 3<sup>rd</sup> places compared with last year, when we were ranked at 9<sup>th</sup> place. The Group adheres to core principles and continues to implement supply chain management, strictly control risks, and seize opportunities to guide suppliers in continuous consideration and improvement of social, environmental, and economic aspects. We strive to expand our influence to achieve sustainable development goals.

《 Green Supply Chain 2020 CITI Evaluation Annual Report 》

《 Supply Chain Climate Transparency Index 》

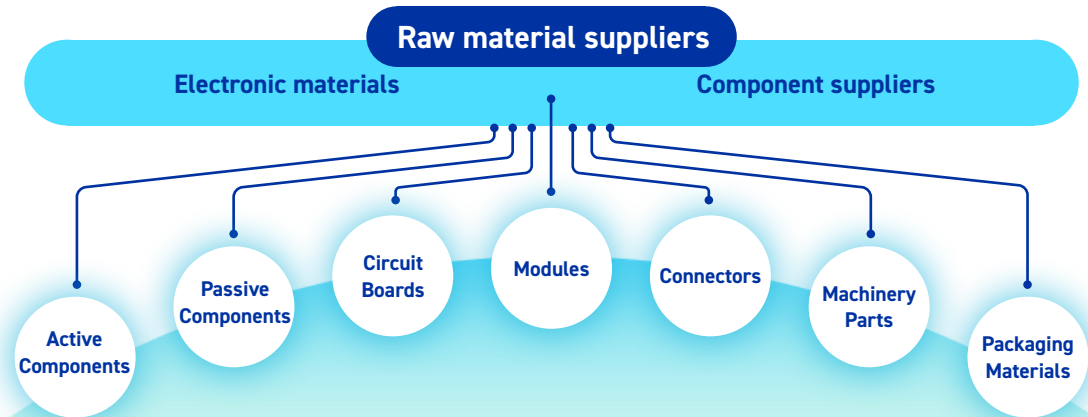


# Policies for Sustainable Management of Suppliers

## Supplier Management System

The Group is the largest electronics manufacturer in the world, with many suppliers and clients from all over the globe. The Group shoulders heavy responsibilities and can influence sustainable developments within supply chains to realize the Group's corporate social responsibilities. As part of Responsible Supply-Chain Management (RSM) procedures, the Group actively participates in the discussion of issues relating to social and environmental responsibilities of its supply chains. We regard fulfillment of corporate social responsibilities as a basic condition for screening suppliers. We conduct annual audits of suppliers to ensure supplier compliance with our Supplier Social and Environmental Responsibility Code of Conduct and may request improvements based on audit results.

Our raw material suppliers are further divided into electronic materials and component suppliers, and materials are respectively classified by-product into active components, passive components, circuit boards, modules, connectors, machinery parts, and packaging materials.

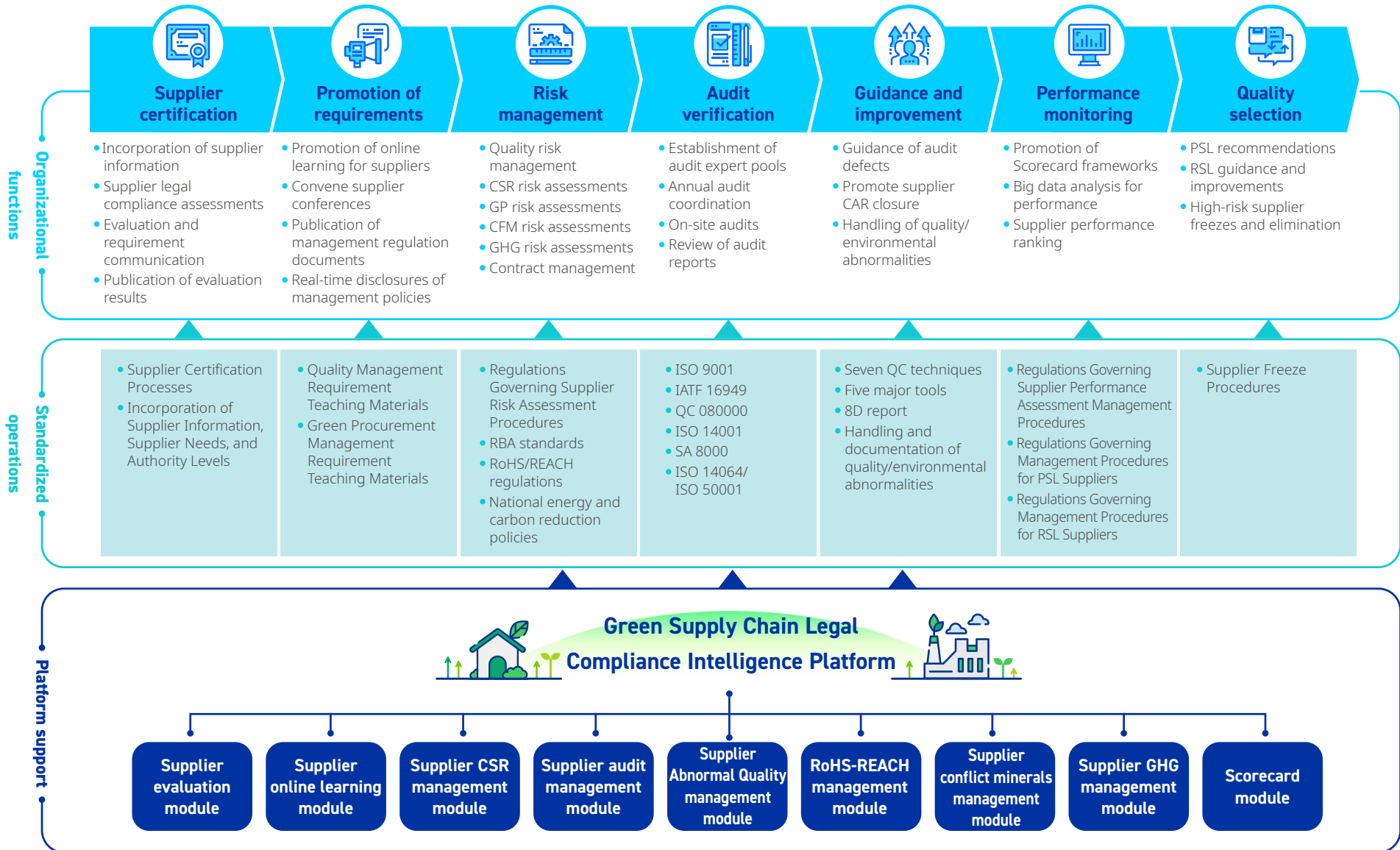


The Group and its suppliers work together to enhance capabilities in sustainability issues, and a comprehensive and systematic supplier management system has been established to achieve digital management and internal data sharing. Each stage of supplier development, qualification assessment, performance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



《 Supplier Social and Environmental Responsibility Code of Conduct 》

## Supplier Management System Structure



## Supplier Management Processes

The Group adopts a circular mechanism for supplier management processes which includes the four major stages of regulatory compliance, risk assessment, audit verification, and continued improvement. We implement social and environmentally responsible management structures in our supplier management processes and conduct data analysis regarding supplier compliance with social and environmental responsibilities to assist suppliers in improving vulnerabilities, thereby enhancing their social and environmental performance. We adhere to our four management principles and communicate with our suppliers through a variety of channels as we continue to exchange information with and guide our suppliers in implementing improvement actions to drive virtuous cycles in responsible supply chains for the electronics industry.

### Circulation mechanism for supplier management policy and process



STEP

1

### Regulatory Compliance

The Group has compiled its “Green Procurement Management Manual” and “Supplier Management Manual” to serve as basic guidelines for supplier management at Group units. New suppliers must pass risk assessments for social and environmental responsibilities and sign “Procurement Contracts” and “Environmental and Social Responsibility Commitments” to ensure that they comply with our Supplier Social and Environmental Responsibility Code of Conduct and other supplier regulations, and that understand the Group’s specific requirements toward responsible supply chains. In 2020, the RBA Code of Conduct was updated to version 7.0. The Group’s Supplier Social and Environmental Responsibility Code of Conduct was also updated in accordance with the latest version of the RBA Code of Conduct.

Additionally, all suppliers are required to sign “Vendor Commitments” and “Proactive Supplier Declarations” and pledge not to request, offer, or conduct any bribery actions or provide improper benefits to Group affiliates, related persons, and/or designated personnel. Additionally, suppliers also pledge not to directly or indirectly benefit Group employees, related persons, and/or designated personnel.

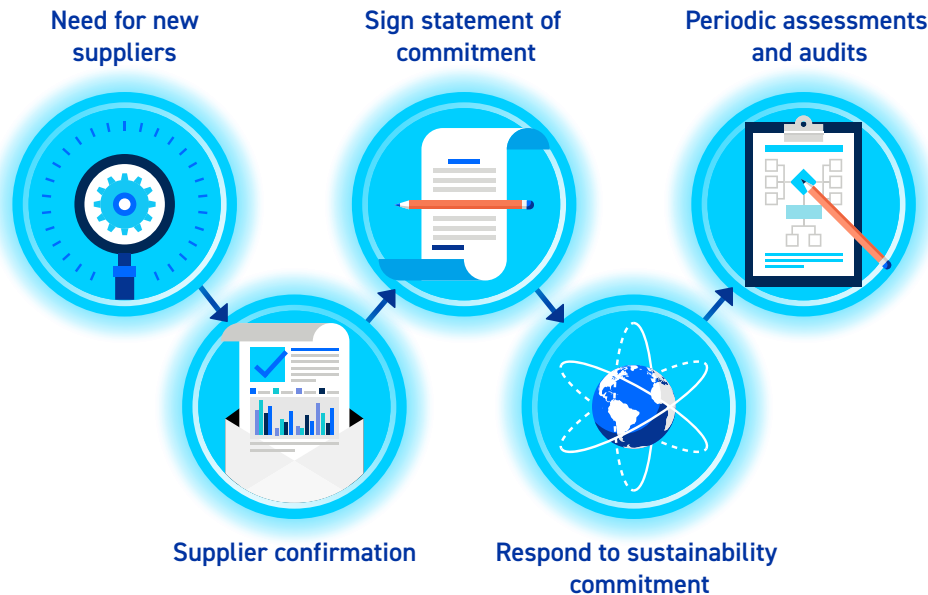
STEP

## 2 Risk Assessment

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

The Group collects the following information from new suppliers through our “Supplier Evaluation System”: basic information cards, component recognition certificates, environmental protection, and social responsibility commitments, and due diligence for conflict minerals. We also conduct risk assessments for individual items such as supplier quality, green products, social and environmental responsibility, and product environmental impact. In 2020, all 31 of our new suppliers in the electronics procurement category passed environmental and social selection standards.

### Group Supplier Risk Assessment Processes



STEP

## 3 Audit Verification

The Group conducts quality assessments, process assessments, social and environmental responsibilities, green products, and greenhouse gas (GHG) audits for medium- and high-risk suppliers; audit or post-audit improvement results must meet the requirements of the Group before suppliers can be included in our list of qualified suppliers. The Group also increases management oversight for suppliers that account for 85% of procurement values for supplied materials or those that provide key components. Regular online surveys and on-site audits of suppliers are conducted through our supplier management platform. If zero-tolerance deficits are found during audits, suppliers will lose the right to be selected for new cases; for non-zero-tolerance deficits, suppliers will be allowed to provide improvement plans and measures within a stipulated deadline based on the severity of the deficit. Reviews are carried out for serious issues. Suppliers who do not complete improvements within allotted times will be included in our list of suppliers restricted for poor performance. In 2020, we conducted audits on a total of 76 major suppliers. Audit results for these suppliers only contained non-zero-tolerance deficits, and improvement plans and measures were required within a time limit. The Group will continue to track and improve upon these supplier deficits.

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

- Use of child labor
- Use of forced labor/prison labor
- Discharge of untreated toxic and hazardous substances or materials
- Actions and working environments that can cause immediate physical harm to employees
- Providing false information to the Group
- Retaliation against employees who provide factual information

### CSR-Related Basic Requirements for New Suppliers

#### Management System

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

#### CSR Risk Assessment

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

#### CSR Audit

We use the RBA VAP Audit Checklist when conducting audits



**Results of supplier ESG (Environmental, Social, and Governance) audit assessments in 2020**



**GPD Supplier Audit Items**

Aspects and Standards	Audited suppliers	Pass Rate
QPA & QSA & SCM (Involving ISO 9000, IATF 16949)	50	92%
GP (Involving QC 080000, RoHS, REACH)	31	93%
GHG (Involving ISO 14064)	6	84%
CSR (Involving RBA, ISO 14001, ISO 45001)	53	86%

**Notes:**

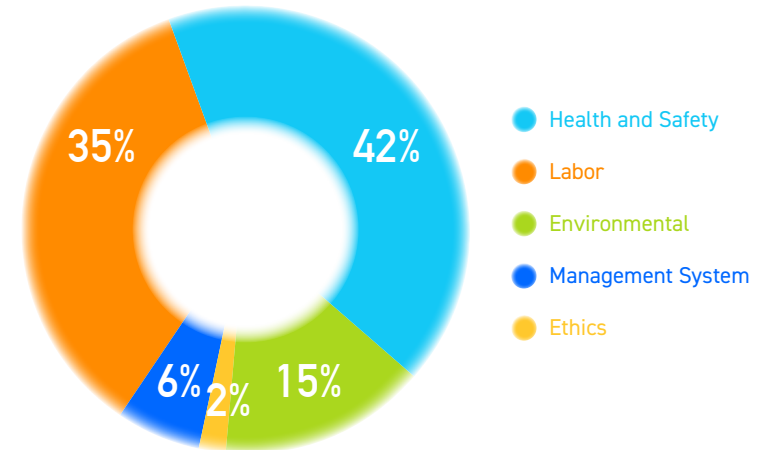
- GPD: Global Procurement Division
- QPA: Commodity Quality Process Assessment
- QSA: Quality System Assessment
- SCM: Supplier Chain Management Assessment
- GP: Green Product Assessment
- GHG: Greenhouse Gases
- CSR: Corporate Social Responsibility

The Group's supplier CSR audits are conducted using RBA VAP 6.0 (Validated Assessment Program) tools. Dedicated supply chain management personnel in the Group's procurement department formed audit teams with experts in the Human Resources, Fire/Industrial Safety, Environmental Protection and Energy Saving and Carbon Reduction units. Audits encompass five aspects: Labor, Health and Safety, Environmental, Ethics and Management System. RBA updated the RBA Code of Conduct to version 7.0 in 2020. Therefore, in 2021, we adapted RBA VAP 7.0 for the implementation of supplier CSR audits.

In 2020, the RBA Code of Conduct was updated to version 7.0. The Group's Supplier Social and Environmental Responsibility Code of Conduct was also updated in accordance with the latest version of the RBA Code of Conduct.

In order to prevent infection risks from on-site audits during the pandemic while ensuring that the Group continued to conduct audits and verifications for suppliers, we began implementing audits of relevant documentation and records for some suppliers, supplemented by interviews with supplier managers and employees conducted using video conferencing tools.

**Distribution of CSR audit deficits in 2020**



Note: Audits conducted in 2020 found no incidents relating to child labor, forced labor, or prohibitions of employee freedom of association.

STEP

# 4 Continuous Improvement

Supplier performance evaluations are a particularly important component of the supplier management system. We score supplier performance from five major aspects: quality, cost, service, delivery, and corporate social, environmental responsibility (total score is 100 points). Up to 30 points can be deducted from suppliers due to poor implementation of social and environmental responsibilities, causing them to be placed on the Restricted Supplier List (RSL). We use the Scorecard system to conduct effective monitoring of supplier performance and encourage suppliers to engage in continuous improvement.

For RSL suppliers, the Group will continue to encourage implementation of improvements through a series of measures, such as repeated deductions from performance scores, review meetings with senior executives of said supplier, and official letters to the supplier's CEO. This encourages suppliers to meet the Group and client requirements. If suppliers do not complete the improvements within stipulated time limits following guidance provided by the Group, the Group will consider reducing and restricting the use of the supplier for new cases and may even cancel the collaborative relationship.

## Supplier performance (Scorecard) review



### Social and environmental responsibilities

- CSR management system
- Audit results and improvement of non-compliance items
- Survey of conflict minerals
- Energy and carbon reduction and management of hazardous materials



### PSL (Preferred Supplier List)

- Allocate higher proportion of orders
- Recommendation for new ODM projects
- The Group strategic partner

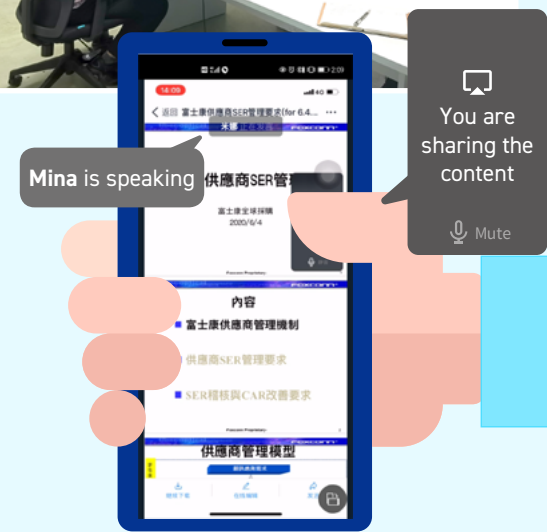


### RSL (Restricted Supplier List)

- Reduction of orders
- Prohibition of usage in new ODM projects
- Freeze

# CSR CAR Improvement Seminars

To assist our suppliers in correcting deficits discovered during Group audits within specified time limits, the Group convened a "Supplier CSR CAR improvement online seminar" on June 4, 2020. We invited 51 managers from 14 suppliers to participate in this event. The Group communicated management measures and requirements to supplier partners through this online seminar and provided practical solutions for common problems faced by suppliers.

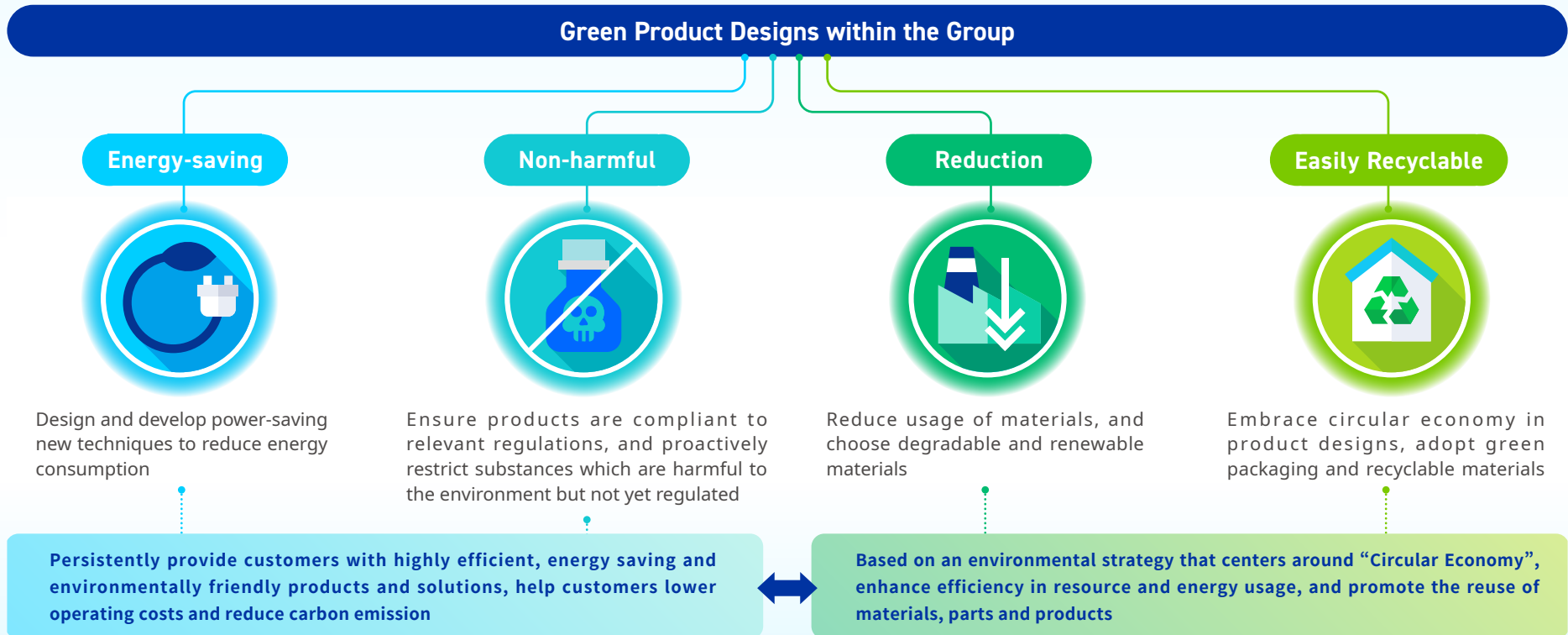


# Sustainable Supply Chain Impact

## Design of Environmentally Friendly Products

The Group not only strictly requires supplier raw materials to comply with environmental protection laws but is also attentive to environmental protection concepts at the initial stages of product design. We adhere to green design concepts and incorporate environmental factors and pollution prevention measures during the design and development stages. We regard environmental performance as a design target and starting point for our products and strive to minimize product environmental impacts. To meet the above requirements, the Group integrated green design concepts into product designs

while complying with environmentally friendly product cycles and relevant environmental protection directives and requirements. Our main mission is to research and formulate environmentally friendly product design guidelines encompassing electronic products that adhered to four axes: “energy-saving, non-harmful, reduction, and easily recyclable.” We coordinate with all Group business units to improve design processes for environmentally friendly products and establish environmentally friendly design mechanisms.



## Three Management Stages for Supplier Products



### Management of all processes is the foundation

Compliance management of all green products from suppliers is based on the management of all processes and adherence to the “principle of five noes”: no design, no procurement, no inflow, no manufacturing, and no outflow. We exercise rigorous control of all green product processes from design, production, and manufacturing.



### Source management is the key

We implement management mechanisms including assessments, verifications, audits, performance evaluations, and elimination of under-performers starting from new suppliers, and require thorough execution of GP management in all supplier management processes to build a green product management chain that links all processes from suppliers to clients.



### Digital transformation is the key

We developed a RoHS-REACH intelligent management platform aligned with the Group's digital transformation targets to provide core modules for supplier management structures and compliance management of raw materials. The platform is also able to effectively manage data collection, review, management, and automatic monitoring of supplier green products; create green databases, and assist all green product management units within the Group.

**The RoHS-REACH intelligent management platform was launched in November 2020. Platform services encompass 11 business groups, 28 business divisions and are used for the management of 495 suppliers.**



## Compliance Management for Green Products

As the largest electronics manufacturer in the industry, the Group promotes internal green procurement management policies. We have established a dedicated unit and dedicated personnel to collect and research various environmental requirements (RoHS, REACH, and HF) from existing legislation, clients, the industry, and society, with a mandate to convert these into action initiatives and measures that can be executed internally and simultaneously communicated to the entire supply chain so that we can track green compliance of raw materials starting from our upstream suppliers. We require our suppliers to disclose the number of hazardous substances contained within their products, and this information is communicated all the way to our end customers.

#### Notes:

RoHS : Restriction of Hazardous Substances Directive

REACH : Registration, Evaluation, Authorization, and Restriction of Chemicals

HF : Halogen Free

## Goals

The Group plans to add green product compliance consulting and improved empowerment modules to the RoHS-REACH intelligent management platform to enhance management of supplier green products through the provision of counseling and solutions. The platform is also connected to third-party databases, making it possible to automatically obtain third-party testing reports for supplier materials.



## Green product management requirements for Group suppliers

The Group's management of supplier green products stems from the two dimensions of supplier management structures and product compliance, and we continually encourage our suppliers to enhance their GP management standards.



## Online green product management seminar for suppliers

To ensure that green product management of all Group business units and suppliers can instantly and effectively respond to changes in environmental protection laws, the Group hosted three online green product management seminars for suppliers in collaboration with Intertek, a well-known third-party industrial institute. The themes for the three seminars were "Supplier green product management and digital transformation," "International standards for VOC management," and "EU RoHS 2.0 exemptions and SCIP responses." We invited 10 of our business groups, 39 green product management departments within these business groups (including procurement, quality assurance, EHS, and engineering departments), 594 participants, and 246 managers from 131 suppliers to participate in these events.



## Responsible Mineral Procurement Management

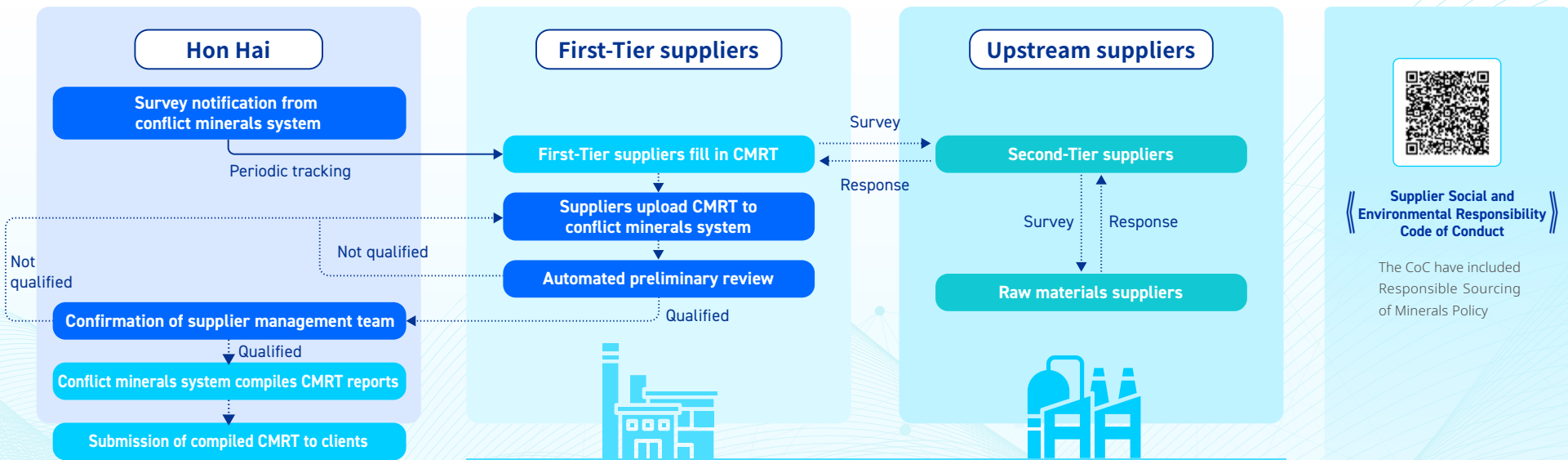
The Group does not directly purchase raw materials from smelters or refineries but purchases components that possibly contain conflict minerals. To fulfill our CSR, avoid minerals sourced from high-risk conflict areas in the Democratic Republic of Congo and its surrounding countries, which causes human rights disasters, and reduce supplier management risks, the Group has established management processes for supplier procurement of responsible minerals and issued the “Statement on Responsible Mineral Procurement.”

As a member of the RMI (Responsible Mineral Initiative), the Group is attentive to updates on responsible mineral sourcing released by the RMI and has adopted the CMRT (Conflict Minerals Reporting Template) and CRT (Cobalt Reporting Template) responsible reporting templates developed by the RMI. We conduct due diligence on our suppliers and require new suppliers to use smelters/refineries that adhere to the RMI RMAP (Responsible Minerals Assurance Process) and also have to sign the “Environmental Protection and Social Responsibility Commitment” form, pledge to comply with the Group’s responsible mineral procurement policies and submit verified CMRT reports before they can become a qualified Group supplier.

The Group has developed a management platform for conflict minerals. All our business units use this platform to collect, review, and compile supplier conflict minerals due to diligence reports, and the data is stored and tracked over the long term. The platform was upgraded in 2020 to integrate the latest RMI conflict minerals reporting template (CMRT 6.01), and we plan to integrate the latest cobalt reporting template (CRT 2.2) in 2021.

In 2020, the Group completed conflict minerals investigations for 2,629 suppliers through our conflict minerals management platform. Supplier response rates were 100%. If we discover non-RMAP smelters and refineries during the course of these investigations, we will require our suppliers to encourage these smelters/refineries to complete RMAP compliance within a specified time limit or face elimination from the supply chain. The Group has not yet discovered supplier products containing minerals from conflict areas in the Democratic Republic of Congo and surrounding countries.

### Flowchart of Management Operations for Conflict Minerals



## Environmental Management

The Group has always emphasized environmental management for suppliers and requires suppliers to strictly abide by local environmental protection laws and regulations, establish and maintain an effective environmental management system, and obtain ISO14001 certification. When engaging a new supplier, the Group will assess the environmental risk of its manufacturing plants and review relevant legal certification documents for supplier manufacturing environments (including environmental assessments and approvals, verified environmental protection documentation, and pollution discharge permits) and also require the said supplier to ensure environmental compliance. If the supplier is found to have incurred zero-tolerance violations relating to “discharge of untreated toxic and hazardous substances or materials,” or if environmental violations are not improved upon, the supplier will lose its status as a qualified supplier. The Group conducted environmental risk assessments on 31 new suppliers in 2020. All suppliers were found to comply with Group requirements.

The Group fully understands the importance of public monitoring for environmental compliance relating to supply chains. Therefore, we actively collaborate with external parties such as the Institute of Public Environmental Affairs (IPE). We use the IPE Blue Map application to monitor supplier environmental compliance performance and provide improvement counseling for suppliers that incur environmental violations. Violation records are removed from the Blue Map website for suppliers following environmental reviews and verification of rectification effectiveness. In 2020, we assisted 40 suppliers with environmental violations to remove their records.

## Online seminar for supplier PRTR reporting

The Group continues to encourage suppliers with high environmental risks to report and disclose Pollutant Release and Transfer Register (PRTR) data on the IPE PRTR platform. To help suppliers better understand the Group's requirements for environmental management of green supply chains, the Group hosted an online PRTR reporting seminar for suppliers to guide suppliers in reporting PRTR data. Under our guidance, 110 suppliers completed reporting of PRTR data.

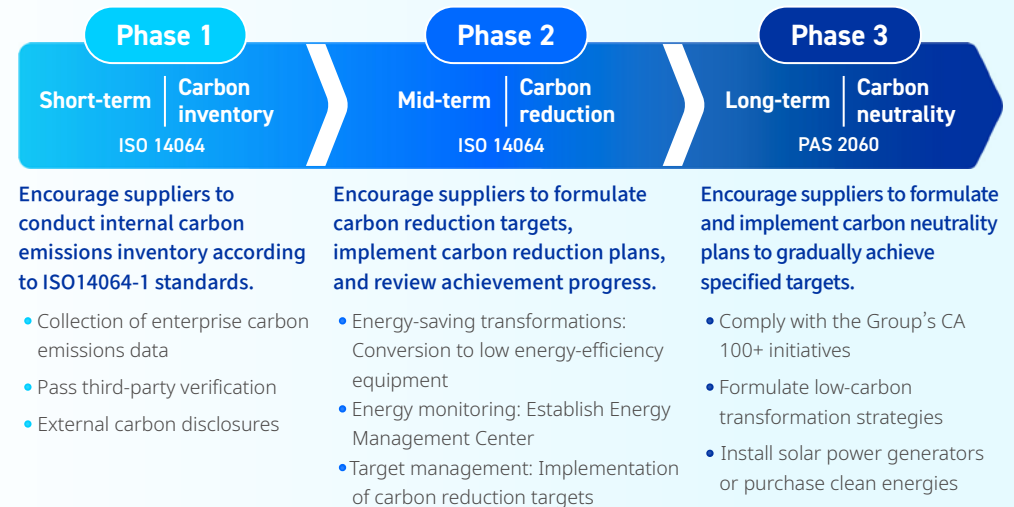


## Supplier Energy and Carbon Reduction Management

Over time, we have gradually strengthened our energy and carbon reduction management measures, which have brought us ever closer to our goal (Control the maintain average global temperature increases within 1.5°C and mitigate climate change impacts). Governments around the world have announced national goal, net zero emissions. There are also increasing energy and carbon reduction requirements for our brand enterprises and NGOs in the supply chain.

We announced at the end of 2020 that GHG emissions policies across the value chain are consistent with the goals of the Paris Agreement and we aim to achieve the goal of net zero greenhouse gas emissions by 2050. Therefore, we are planning to advance the carbon emissions management measures for our supply chains and commence carbon neutrality measures. In 2020, the Group encouraged 165 suppliers to conduct annual energy and carbon reduction actions and assisted 88 suppliers in implementing greenhouse gas inventories; 58 suppliers also completed ISO 14064-1 verification.

### The Group's energy and carbon reduction strategy for suppliers



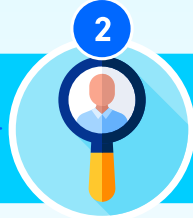
## Supplier GHG Promotion Process

- Establish core carbon management team for the Group supply chains



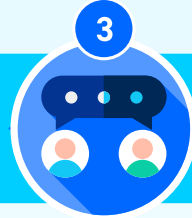
**Establish teams**

- Formulate selection standards
- Select suppliers



**Supplier selection**

- Convene supplier GHG forums to explain carbon management policies, goals, and requirements to suppliers
- Implementation of supplier management platform



**Supplier education**

- GHG inventory
- Efficiency enhancement and identification of carbon reduction opportunities



**Collection of carbon information**

- Formulate goals and indicators
- Train suppliers
- Energy reduction audits



**Establishment of capabilities**



**Incentives and recognition**

- Provide incentives to high-quality suppliers



**Corresponding CDP questionnaires**

- Corresponding CDP questionnaires for business units



**Compilation of results**

- Compilation of supplier carbon management results reports



**Performance verification**

- ISO 14064-1 inventory verification
- Performance verification of carbon reductions and increased productivity
- Verification of lowered costs



**Supplier performance monitoring**

- Supplier on-site audits and improvements
- Scorecard performance reviews
- Adjustment and implementation of procurement policies

At present, more and more countries have announced carbon neutrality targets and policies, thereby increasing the ratio of clean energies for each country and indicating a gradual decrease in the installed capacity of traditional coal generators. We predict that clean energies will become a major trend in the future. Therefore, the Group will actively work with

collaborating suppliers to promote clean energy usage within the supply chain, set an example for our suppliers, implement advancements in clean energy items, and work with our end clients to build a zero-emissions supply chain and contribute to the mitigation of global climate change impacts.



# Promotion of Mutual Growth

## Guidance for Establishment of Supplier RBA Management Systems

The Group requires suppliers to comply with labor, health and safety, environmental, ethics and management system, as well as establish and maintain an effective CSR management system with regular assessments and continued improvements. We encourage our suppliers to complete third-party RBA VAP audits. Suppliers who have obtained RBA gold or platinum verifications are exempted from the Group's annual CSR audits.

In practice, we found that many suppliers had a strong willingness to implement RBA management systems despite having relatively weak management capabilities. Therefore, in 2020, the Group worked in tandem with professional consulting agencies to provide comprehensive diagnosis, management personnel training, counseling and verification, and technical audit processes. Under our pilot counseling scheme, a total of 3 key suppliers successfully implemented RBA management systems. The Group plans to assist more suppliers in implementing RBA management systems in 2021 and help to enhance supplier CSR management capabilities.



## Counseling process for supplier implementation of RBA management systems



## Participation in Setting of National Standards for Green Supply Chains

Following the government's active promotion of green manufacturing, we utilized our abundant green supply chain management experiences to obtain an opportunity to participate in the setting of national green manufacturing standards, provide technical support, and lead the electronics industry in developing green supply chain management systems.



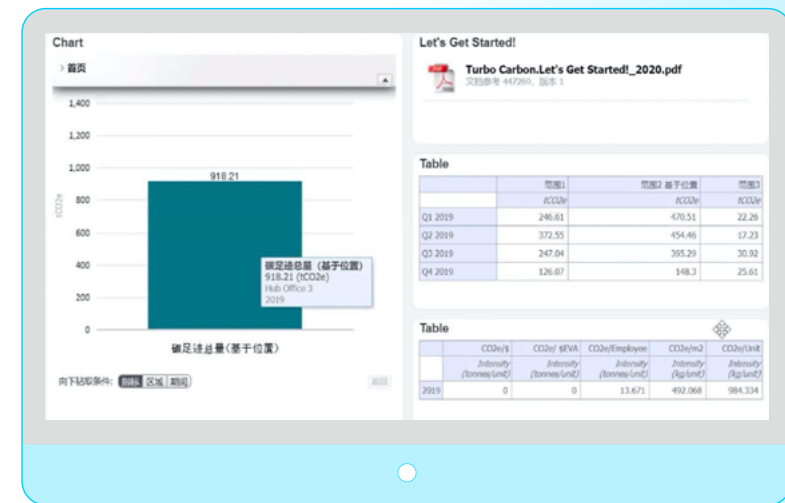
The following standards were released in November 2020 and went into effect in March 2021.

- “Green manufacturing - Green supply chain management in manufacturing enterprises - Control of purchase” (GB/T 39258-2020)
- “Green manufacturing - Green supply chain management in manufacturing enterprises - Specifications of informatization management platform” (GB/T 39256-2020)



## Online Energy and Carbon Reduction Seminar

To enhance supplier energy and carbon reduction capabilities, the Group hosted an online energy and carbon reduction seminar for 30 pilot suppliers attended by a total of 52 supplier representatives. We also conducted online training for supplier GHG inventories to ensure that suppliers possess GHG inventory capabilities, which can prepare for the goal of zero GHG emissions in the value chain by 2050. Additionally, the Group also provided online GHG inventory tools during the seminar in response to the COVID-19 pandemic to reduce pandemic exposure risks for all personnel.







# 5

## Environment



Climate Change



Environmental Management System



Water Resource Management



Waste Management



Chemicals Management



## Management approach for material issues

### Climate change responses

#### Meaning to the Group

Following the UN's adoption of the Paris Agreement, climate change has become an issue of focus for all governments and enterprises. As a world-class company, the Group has a duty to lead the industry towards a low-carbon economy and society.

#### Policies and Commitments

The Group proposed the 1.5°C carbon reduction initiative, put forward three climate targets, and continues to advance energy and carbon reduction measures and other environmental impacts that mitigate the impacts of climate change, thereby achieving our responsibilities of protecting the environment and caring for the planet as we exert our influence on global industrial chains.

#### Goals and Targets

##### Short-term goals

- Adhered to NDCs and carbon emissions policies of local governments and complied with international and local environmental protection laws, incurring zero violations.
- Proposed commercially ambitious 1.5°C carbon reduction scenario, which we expect to be validated and approved by the Science Based Targets initiative (SBTi) by 2023.
- Respond to and act upon the 3 goals proposed by the Climate Action 100+ Steering Committee:
  - a Strengthen climate change governance.
  - b Take action toward the group's greenhouse gas (GHG) emissions across the value chain.
  - c Provide disclosures in accordance with the Climate-Related Financial Disclosure Recommendations (TCFD).

- Achieved waste conversion rates of 100% and lowered incineration rates to less than 10%.

##### Mid- to long-term goals

- GHG emissions across the value chain are consistent with the goals of the Paris Agreement and aim to achieve the goal of net zero GHG emissions by 2050.
- Achieve zero waste factories.

#### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

#### Evaluation of the Management Approach

- Our energy and carbon reduction division conducted quarterly and annual energy reduction evaluations to achieve our energy and carbon reduction goals.
- We conduct external audits for management systems such as ISO 14001, ISO 50001, and ISO 14064-1.
- We hold management review meetings each year to discuss and track our energy and carbon reduction targets.

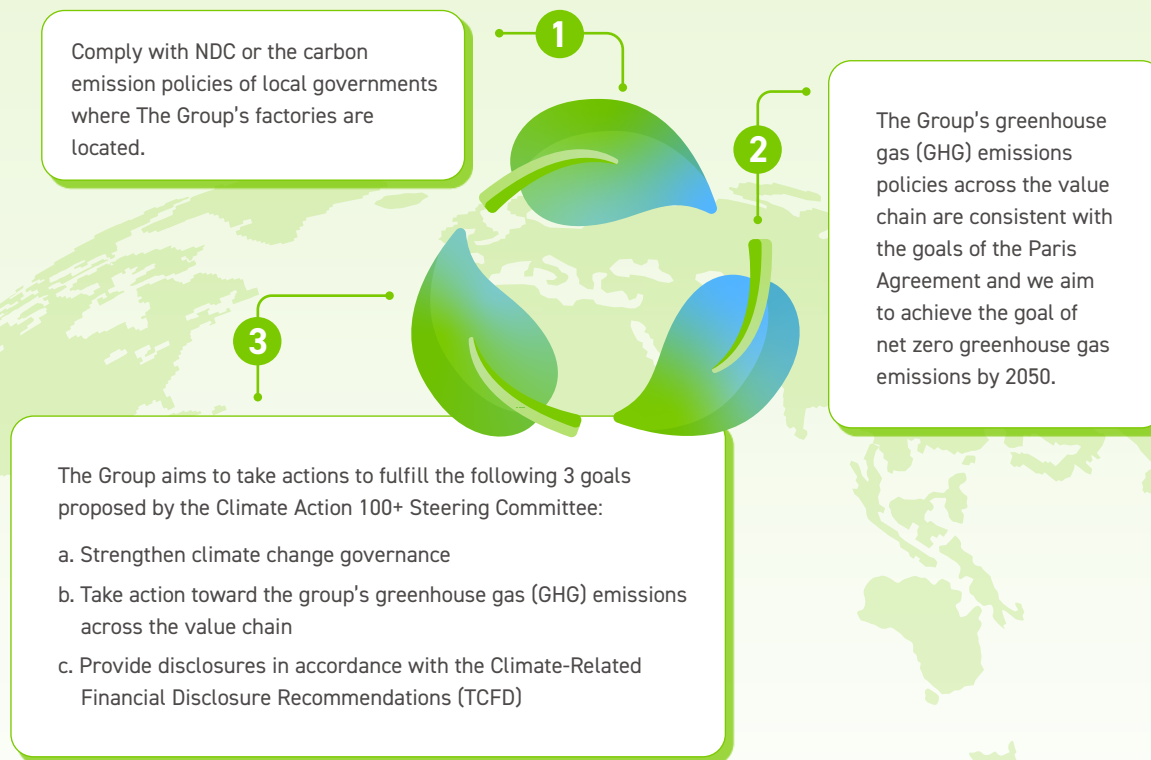
#### Specific Actions

- In 2020, CO<sub>2</sub> emissions per unit of revenue reduced 4.44%, and reduced 23.27% compared with 2015, achieving the Group's intermediate climate goals.
- The Group's energy-saving target for 2020 was 4.50%. The actual energy-saving rate was 5.18%; cumulative energy reductions from 2016-2020 amounted to 26.06%, successfully achieving the Group's mid- to long-term energy-saving goal.
- Invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh, total carbon reductions of 312,083 tCO<sub>2</sub>e, and energy-saving benefits equivalent to 1.339 billion NTD.
- Total global usage of clean energies reached 1,048.56 million kWh, and clean energy usage ratios were 12.45%.



## The Group Climate Action 100+ Net Zero Emission Goal and Commitment

Following the UN's adoption of the Paris Agreement and confirmation of global carbon reduction targets, governments all around the world have voluntarily proposed Nationally Determined Contributions (NDCs) and carbon neutrality targets. As a leader in the global electronics and technology industries, the Group has a duty to realize its social responsibilities. Therefore, we submitted our commercially ambitious 1.5°C carbon reduction statement to the SBTi and committed to a goal of zero emissions by 2050. We have proposed three climate targets to pave the way for global industries and a future of low-carbon economies and societies.



## Climate Change

The Group has proposed three climate targets in response to climate change impacts and has adopted internationally recognized standards and frameworks to analyze and manage global climate change trends and international responses. We identified and assessed climate risks and opportunities for the formulation of climate change adjustments and mitigation strategies. Climate change issues were compiled by our energy and carbon reduction division. The Group formulated energy and carbon reduction plans and guidelines for each factory which were implemented by the energy and carbon reduction units at each factory to reduce carbon emissions and energy resource usage. Our energy and carbon reduction division is responsible for regular reporting of implementation results to the F&A division, allowing senior management to keep abreast of climate impacts in the Group and facilitate better decision-making. Additionally, we plan to disclose our climate change response measures through participation in the Carbon Disclosure Project (CDP).

We are making strides toward our three climate targets and continue to advance our energy and carbon reduction measures for mitigation of climate change impacts, thereby achieving our responsibilities of protecting the environment and caring for the planet as we exert our influence on global industrial chains.

## Risks and Opportunities

In order to respond to climate change impacts, we take stock of internal operations, legal regulations, client requirements and expectations, and international development trends and research reports; identify and assess climate change risks and opportunities; and propose

relevant response measures to reduce and prevent adverse effects of climate risks while remaining attentive of climate opportunities, thereby establishing a culture of environmental sustainability which is beneficial for the Group.

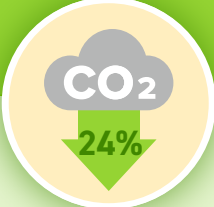
Climate Risks	Financial Impacts	Description	Group Responses
 <p><b>Transformation risks</b> Enhanced emissions - reporting obligations</p>	Increased operating costs	The Group is legally required to report, disclose, and comply with environmental laws. We continually lower our carbon emissions to reduce legal impacts on the Group, increasing our operating costs.	To achieve China's Work Plan for Controlling Greenhouse Gas Emission during the 13 <sup>th</sup> Five-Year Plan Period, we set 2015 as our base year and planned to achieve an energy-saving rate of 22% by 2020. The Group has invested large amounts of human and financial resources in improving energy-saving technologies. In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh and energy-saving benefits equivalent to 1.339 billion NTD.
 <p><b>Physical risks</b> Increased severity of extreme weather events such as cyclones and floods</p>	Increased operating costs  Increased indirect operating costs	Some of our factories are located in areas with extreme weather risks, which could cause operational interruptions, damage to facilities, or impact the Group's delivery schedules, increasing operating costs.  Some of our factories are located in areas with extreme weather risks. If production capacities fall or are interrupted, if product delivery is interrupted, or if our supply chains are impacted, this could cause reduced production capacity due to insufficient component amounts, which in turn affect our delivery schedules.	We have formulated emergency response plans and related measures. Our CSR team actively collaborates with various departments to implement social and environmental measures using systematic methods that effectively resolve and mitigate risks for our factories and suppliers.

Climate Opportunities	Financial Impacts	Description	Group Responses
 <p><b>Use of more efficient production</b></p>	<p>Reduced operating costs</p>	<p>As a leading global technology company, we strive to improve energy efficiency and have commenced various energy-saving projects. To achieve China's Work Plan for Controlling Greenhouse Gas Emission during the 13<sup>th</sup> Five-Year Plan Period, we set 2015 as our base year and planned to achieve an energy-saving rate of 22% by 2020. We reduce operating costs for the Group through continued improvement of production and energy usage efficiencies.</p>	<p>We fully utilize our technological advantages to expand application of IoT and energy usage through implementation of incentive measures, energy-saving audits, and enhancements of energy-saving technologies, thereby continuing to improve our production and energy usage efficiencies. In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects with total energy savings of 506 million kWh and energy-saving benefits equivalent to 1.339 billion NTD.</p>
 <p><b>Use of lower-emission sources of energy</b></p>	<p>Reduced indirect operating costs</p>	<p>Most of our clients are brand enterprises, many of which are requiring suppliers to improve their environmental performance. We consider it our duty to make continued advances in environmental performance, including gradual increases of clean energies. We increased our installation capacity for clean energies and generated power for internal usage to reduce operating costs.</p>	<p>In 2020, the Group achieved a total installed capacity of 257MW and generated 284.97 million kWh per year through self-generated and purchased energies. Total global usage of clean energies reached 1,048.56 million kWh in 2020, and clean energy usage ratios were 12.45%.</p>
 <p><b>Use of public-sector incentives</b></p>	<p>Reduced indirect operating costs</p>	<p>China's "Made in China 2025" initiative plans to complete the construction of thousands of green factories by 2020 with financial support from the central government and financial institutes while also providing support for key projects in different regions, indicating that green manufacturing has become a future trend.</p>	<p>Our own goal of transformation to new industries, supplemented with financial support from local governments, helped to accelerate the Group's transformation processes. Additionally, we have formulated the "Action Plan for Evaluations of Green Factory Construction Projects" and are working to build and obtain certification for green factories. As of 2020, 19 of our legal entities have obtained the honorary title of "National Green Factory," and 1 legal entity obtained the honorary title of "National Green Supply Chain Management Corporation."</p>

**Greenhouse gas emissions**

**The Group's short-, mid-, and long-term goals**

**2016-2020 GHG and carbon reduction goal**



Carbon emissions per unit of revenue were reduced by **24%** in 2020 compared with the base year of 2015

**Established SBT 1.5°C carbon reduction goal**



We proposed a commercially ambitious **1.5°C carbon reduction** scenario and pledged to achieve zero emissions by 2050. We put forward our SBT carbon reduction commitment in 2021, and we expect this to be validated and approved by the Science Based Targets initiative (SBTi) by 2023.

**2050 net zero emission goal**









Achieve **net zero GHG emissions** across our value chain by 2050.

**Refine and allocate energy and carbon reduction targets to different business groups**

Formulate procedures for evaluating energy and carbon reduction management and implementation status in different business groups, and reward business groups with remarkable achievements in energy-saving measures. We conduct quarterly and annual comprehensive evaluations and implement regular reviews and revisions each year.



## Work plan for energy and carbon reduction measures

Key tasks	Description/requirements	Purpose/meaning
 <p><b>Implement energy-saving policies and regulations</b></p>	<p>We use governmental policies and regulations as a basis for mandatory tasks such as promoting energy and carbon reduction measures; coordinating management; implementing energy management plans; reporting energy usage; obtaining certification for energy management systems; establishing energy management centers; auditing energy usage; formulate energy-saving plans; compiling energy-saving self-assessments, and evaluating new, converted, and expanded energy-saving projects.</p>	<p>We respond to governmental laws and policies through supervisory and evaluation measures, which help to improve our credit ratings.</p>
 <p><b>Promotion of green manufacturing systems</b></p>	<p>We continue to implement our "Action Plan for Evaluations of Green Factory Construction Projects," promote the establishment of key factories and apply for national certifications relating to green factories, green supply chains, green campuses, and green products.</p>	<p>We have established green manufacturing management systems and applied for certifications to enhance our corporate brand image and obtain government funding and incentives.</p>
 <p><b>Diagnosis of industrial energy-saving measures</b></p>	<p>We diagnose main processes, key energy usage systems, key technologies, and equipment and promote technical consultations and technological transformations and upgrading.</p>	<p>Explore energy-saving potential and promote the implementation of energy-saving measures to reduce costs and enhance efficiency.</p>
 <p><b>Action plan for enhancing professional skills</b></p>	<p>We host training for professional skills, job skills, and new apprenticeships and organize training for entry-level workers, mid-level workers, senior-level workers, technicians, and senior technicians.</p>	<p>Enhance climate change awareness in employees and cultivate professional energy and carbon reduction talent.</p>
 <p><b>Full certification and audits of revised energy management systems</b></p>	<p>We encourage Group entities to implement updated ISO 50001:2018 systems and obtain verification to commence implementation of systematic energy and carbon reduction tasks.</p>	<p>Improve operations of energy management systems to ensure long-term implementation of energy management mechanisms.</p>
 <p><b>Execute key energy-saving projects</b></p>	<p>We focused on improving comprehensive efficiencies of magnetic suspension and air-conditioning units, application of advanced energy-saving electrical systems, promotion of radiative cooling materials, optimization of CNC oil mist purification systems, the transformation of systems for recycling and enhancing energy efficiency of waste heat from air compressors and boilers, and other energy-saving tasks through our energy management center.</p>	<p>Reduce energy waste, improve energy efficiency, achieve annual energy and carbon reduction targets, and complete government and Group evaluations of energy and carbon reduction targets.</p>

Most of the Group's carbon emissions stem from Scope 2 emissions. In order to achieve our climate change targets and maximize Group benefits, we continue to implement and obtain third-party verification for ISO 50001:2018 Energy Management Systems and ISO 14064-1 GHG Inventory. We also encourage and guide our suppliers in implementing and obtain third-party verification to identify energy and carbon reduction risks and opportunities within our entire value chain.

In accordance with the Work Plan for Controlling Greenhouse Gas Emission during the 13<sup>th</sup> Five-Year Plan Period in China, which requires carbon reduction goals of 18%, we formulated the goal of reducing carbon emissions by 24%. We formulated GHG and carbon reduction targets for 2016-2020. Our carbon emissions per unit of revenue for 2020 were reduced by 24% compared with the base year (2015). We have further adjusted our targets for each year. In consideration of impacts from the COVID-19 pandemic on Group revenues for 2020, we lowered our target to 23.14% and revised our annual target for 2020 to 4.27%. In 2020, our direct GHG emissions (Scope 1) were 152,602 tons CO<sub>2</sub>e, and indirect GHG emissions (Scope 2) were 5,265,000 tons CO<sub>2</sub>e. Carbon reductions for 2020 were 4.44%, and carbon emissions for the year were reduced by 23.27% compared with 2015, achieving the Group's intermediate climate goals. We will continue to strive for net zero GHG emissions across our value chain by 2050.

### Scope 1 and Scope 2 GHG emissions in 2020

Unit: tons CO<sub>2</sub>e

	Asia	South America	North America	Europe	Total
Scope 1	139,975	208	10,279	2,140	152,602
Scope 2	5,093,313	15,240	119,260	37,187	5,265,000
Total	5,233,288	15,448	129,539	39,327	5,417,602

### Scope 3 GHG emissions in 2020

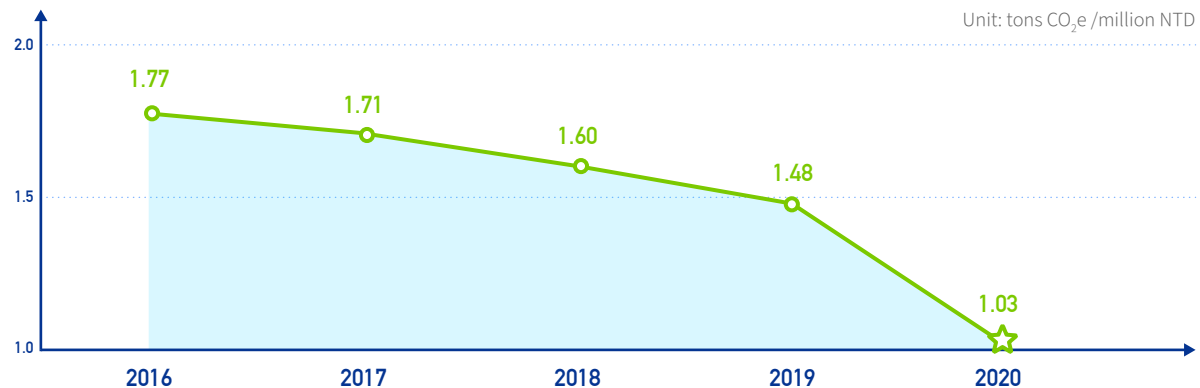
Unit: tons CO<sub>2</sub>e

		Total
Scope 3	Emissions from upstream transport and distribution for goods	102,140

- Notes:
1. Emissions factors for natural gas and heat were derived from China's "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Electronic Equipment Manufacturing Enterprises (Trial)"; emission factors for diesel and gasoline were taken from the UK's "2020 Government Greenhouse Gas Conversion Factors for Company Reporting"; emission factors for electricity used the electricity emission factor for China (0.6167kgCO<sub>2</sub>e/kWh) taken from the IEA Emission Factors 2020.
  2. The Global Warming Potential (GWP) used in the table was taken from the "IPCC Fourth Assessment Report (2017)."
  3. GHGs include carbon dioxide.
  4. We used the financial control criteria to compile GHG volumes.

### Carbon emissions per unit of revenue for 2016-2020

Unit: tons CO<sub>2</sub>e /million NTD



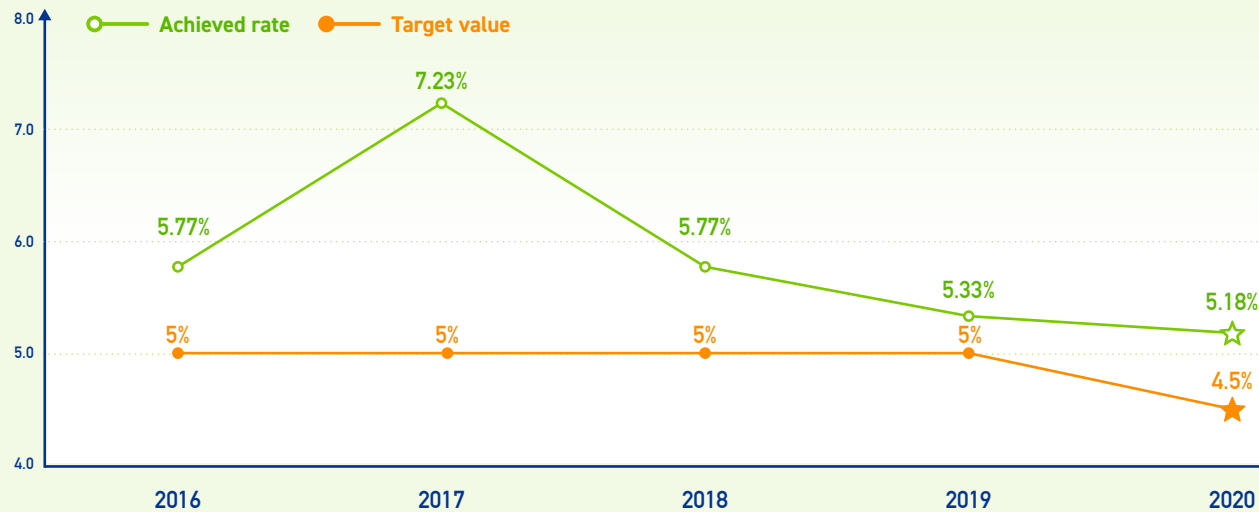
Notes: Carbon emissions per unit of revenue for 2016-2020 encompass Scope 1, Scope 2, and Scope 3 carbon emissions.

## Energy Management

We systematically manage our energy use through the implementation of the ISO 50001 Energy Management System and third-party verifications to identify risks and opportunities for reducing energy use and enhancing energy efficiencies. Additionally, the Group has formulated the “Audit Procedures for Energy-Saving Projects” and “Audit Procedures for Energy-Saving Management” for continued implementation and transformation of energy-saving technologies. We also conduct internal energy-saving audits at factories to enhance energy usage efficiency. Additionally, the Group is also actively developing new energy and carbon reduction technologies, products, and business models, exploring our energy-saving potential, and promoting transformation and upgrades to increase benefits. We ultimately hope to optimize our energy and carbon reduction systems for continuous improvement. Furthermore, in line with goals relating to global energy transformation and low-carbon economic development, we continue to increase installation capacity by installing and

purchasing rooftop- and ground-mounted solar stations. We also directly purchase other clean energies to raise our usage volumes and ratios of clean energy while reducing GHG emissions. Most of the Group's factories are concentrated in China. In order to meet the energy-saving goals of China's Work Plan for Controlling Greenhouse Gas Emission during the 13<sup>th</sup> Five-Year Plan Period, the Group has established a mid-to-long-term energy-saving goal: compared to the base year (2015), reduce energy consumption by 22% in 2020, equivalent to about 1,723 million kWh in energy-savings. At the beginning of each year, the Group formulates energy-saving goals for the said year and communicates these to our business subgroups. Incentive measures are also implemented to enhance the development of energy-saving technologies in each subgroup. The Group's energy-saving target for 2020 was 4.50%. The actual energy-saving rate was 5.18%, a reduction of 26.06% compared with the base year, successfully achieving the Group's mid- to long-term energy-saving goal.

Achievement of energy-saving targets fro 2016-2020



Notes: We calculated cumulative energy-saving rates over the 13<sup>th</sup> Five-Year Plan Period by 2016-2020 by weighting the energy-saving rates for each individual year.

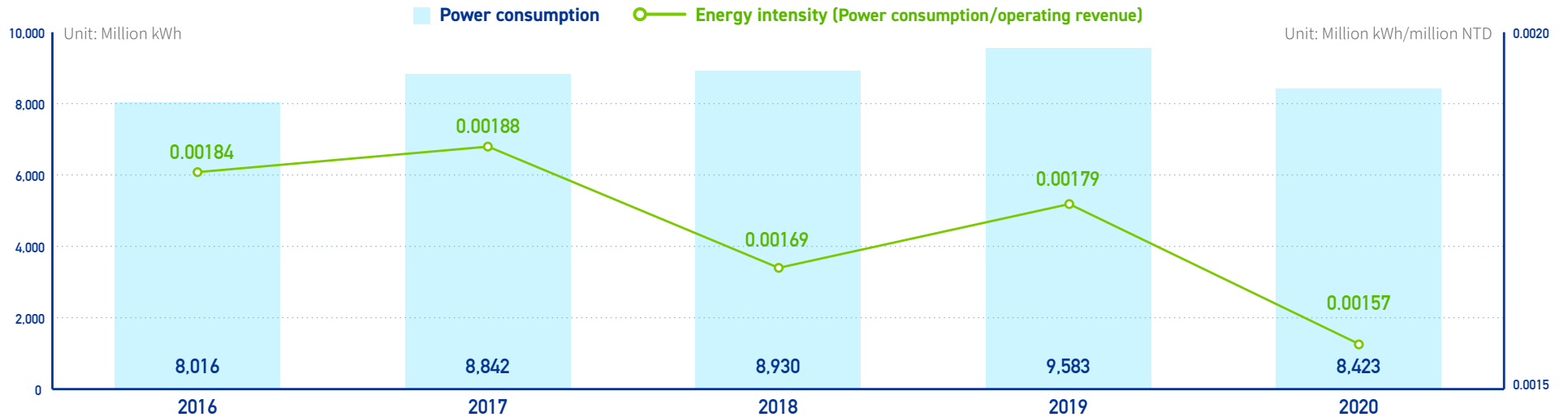
**Cumulative energy-saving rate during the 13<sup>th</sup> Five-Year Plan Period**

- Target value **22%**
- Achieved rate **26.06%**

### Global energy consumption in 2020

	Purchased electricity		Fuel									Energy consumption
	Power consumption		Natural gas		Gasoline		Diesel		Steam		Heated water	GJ
	Million kWh	GJ	Thousand cubic meters	GJ	Tons	GJ	Tons	GJ	Tons	GJ	GJ	
Asia	8,173	29,423,348	62,943	2,452,992	315	13,568	34,891	1,489,752	601,238	2,265,104	431,199	36,075,963
South America	29	104,098	0	0	0	0	69	2,948	0	0	0	107,045
North America	173	622,329	3,471	135,285	20	871	901	38,486	2,716	10,232	112,915	920,118
Europe	48	173,434	795	30,968	78	3,345	66	2,817	0	0	67,971	278,536
<b>Total</b>	<b>8,423</b>	<b>30,323,209</b>	<b>67,209</b>	<b>2,619,245</b>	<b>413</b>	<b>17,784</b>	<b>35,927</b>	<b>1,534,003</b>	<b>603,954</b>	<b>2,275,336</b>	<b>612,085</b>	<b>37,381,662</b>
Notes	1. Electricity heating value is calculated as 860 kcal/kWh 2. Natural gas heating value is calculated as 9,310 kcal/cubic meters 3. Gasoline heating value is calculated as 10,300 kcal/kg			4. Diesel heating value is calculated as 10,200 kcal/kg 5. Liquefied petroleum gas heating value is calculated as 12,000 kcal/kg 6. Steam heating value is calculated as 900Mcal/t			7. The above heating values are taken from the Chinese national standards ("General Principles for Calculation of Comprehensive Energy Consumption"; GB/T2589-2008)					

### Electricity usage in 2016-2020



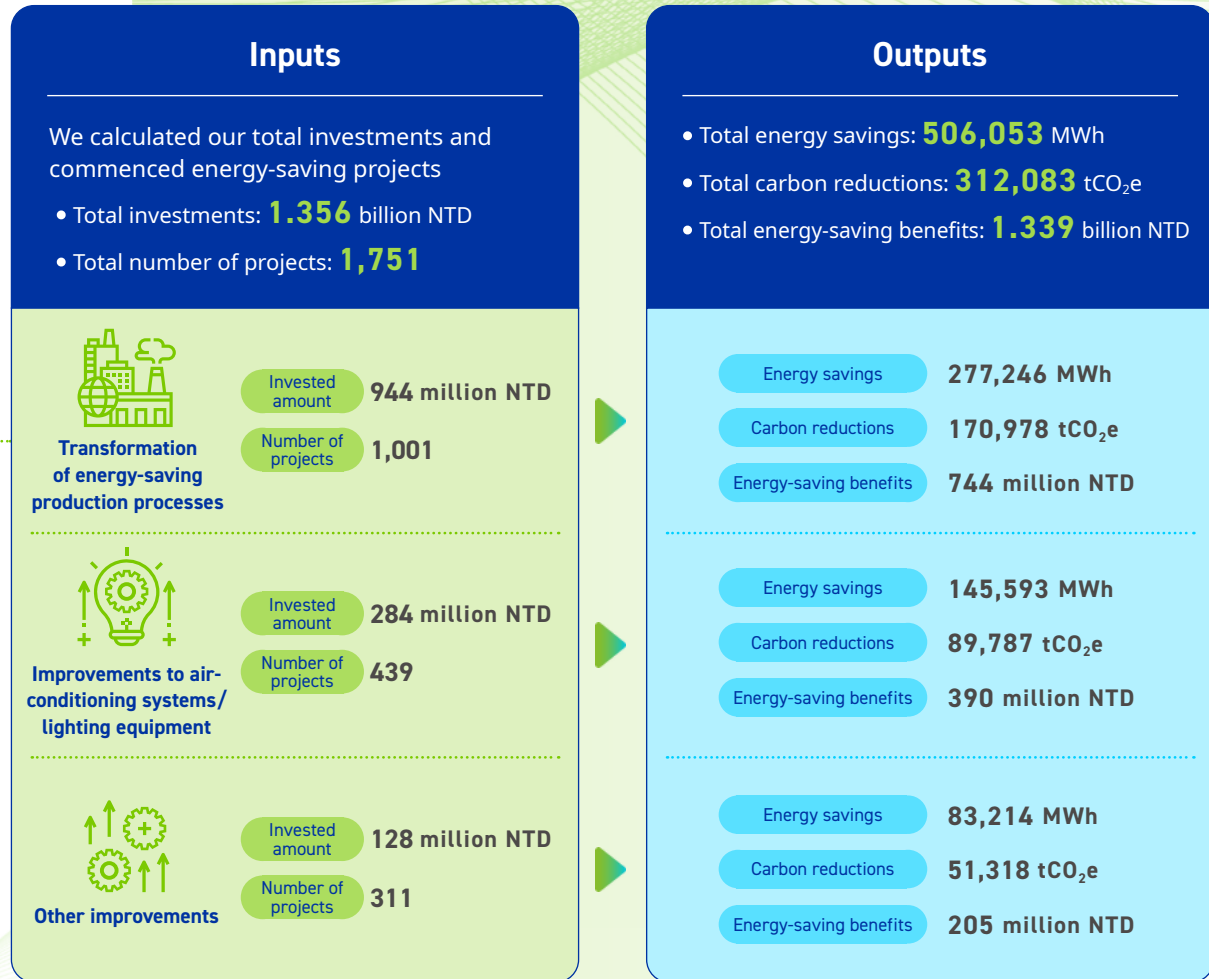


## Energy-Saving Technological Transformations

In 2020, we invested 1.356 billion NTD in 1,751 energy-saving projects encompassing transformation of energy-saving production processes, improvement of air-conditioning systems/lighting equipment, and other improvements. Total energy savings were 506 million kWh, equal to total carbon reductions of 312,083 tCO<sub>2</sub>e, and energy-saving benefits were equivalent to 1.339 billion NTD.

## Energy Reduction Audits

For effective implementation of energy and carbon reduction projects, the Group reviews actual performance and benefits, and our Energy Resource Management Committees conduct annual audits and review all projects to the achievement of energy and carbon reduction goals. In 2020, the Group found 1,551 projects in violation of regulatory requirements, mainly for the following three types of equipment: air compressors, air-conditioners, and lighting systems. We have completed 100% of all improvement measures, reduced power wastage by 167,000 kWh, and decreased expenditures by 41.10 million NTD.



## Energy-Saving Incentive Mechanisms

To enhance employee emphasis on climate change and internalize relevant concepts into the core cultures of each department, the Group formulates “Appraisal Items and Scoring Guidelines for Energy Management” each year. Appraisal items include energy management, energy reduction systems, implementation of energy-saving measures, supervision of energy reduction measures, and energy-saving KPIs. Detailed quantitative scores are presented for each item, and those ranking within the top 3 for the quarter/year or other teams that obtained high scores are awarded bonuses and incentives. We provide group and individual cash rewards for outstanding energy-saving technological transformation projects that enhance energy efficiency. In 2020, we awarded 3.47 million NTD to 11 teams and 6 individuals with outstanding energy-saving contributions.

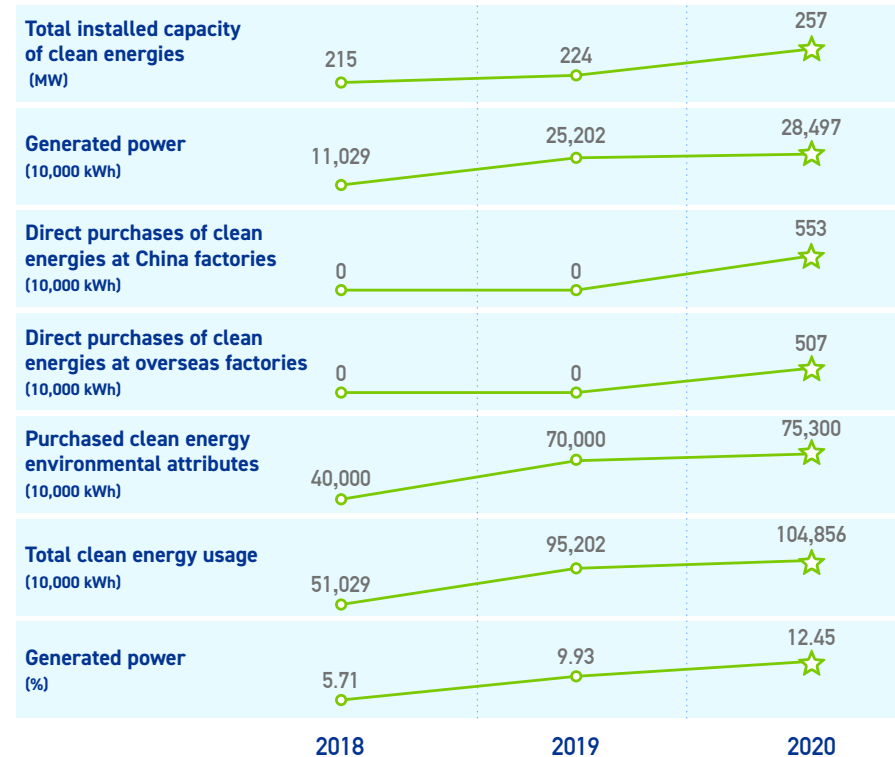
Unit: NTD



## Development and Usage of Clean Energy

Clean energy has become one of the most important international issues, and governments from all countries have formulated clean energy usage targets to reduce the usage of high-pollution fuels and make strides toward low-carbon energy structures. As a leader in the electronics industry, the Group has a duty to promote low-carbon developments. Therefore, the Group is actively increasing installation capacity by installing and purchasing rooftop- and ground-mounted solar stations while also directly purchasing other clean energies. In 2020, the Group achieved a total installed capacity of 257MW and generated 28,497 million kWh per year. Our overseas factories purchased 5.07 million kWh of clean energy. Additionally, our factories in China directly purchased environmental attributes equivalent to 753 million kWh. Our usage of clean energies reached 1,048.56 million kWh, and clean energy usage ratios were 12.45%.

### Clean energy usage for 2018-2020



# Environmental Management System



We have given priority to environmental protection principles since our establishment. The Group has implemented and completed verification of ISO 14001 Environmental Management Systems at all its factories starting from the construction phases, and we also use the “Plan, Do, Check, and Action (P-D-C-A) model” to promote continuous improvements. We confirmed environmental considerations arising from our production processes, activities, and services; assessed all environmental considerations and their impacts on the environment; and compared their severity and other factors through comprehensive evaluations to ensure prior identification of major potential factors, then formulated improved measures and operating processes that reduced and prevented the impacts from these factors. Additionally, we simultaneously operate environmental treatment facilities and factory production processes to ensure that our wastewater, exhaust emissions, and waste materials comply with local regulatory requirements. We incurred no major environmental protection violations in 2020.

To realize our low-carbon and green manufacturing targets, we gradually implemented green factory and green supply chain management measures into our operational locations in accordance with China's green manufacturing standards. We conducted self-evaluations to facilitate continued optimization and improvement. Following on-site evaluations by third-party institutes and government evaluations, **19 of our legal entities have obtained the honorary title of “National Green Factory,” and 1 legal entity obtained the honorary title of “National Green Supply Chain Management Corporation.”**

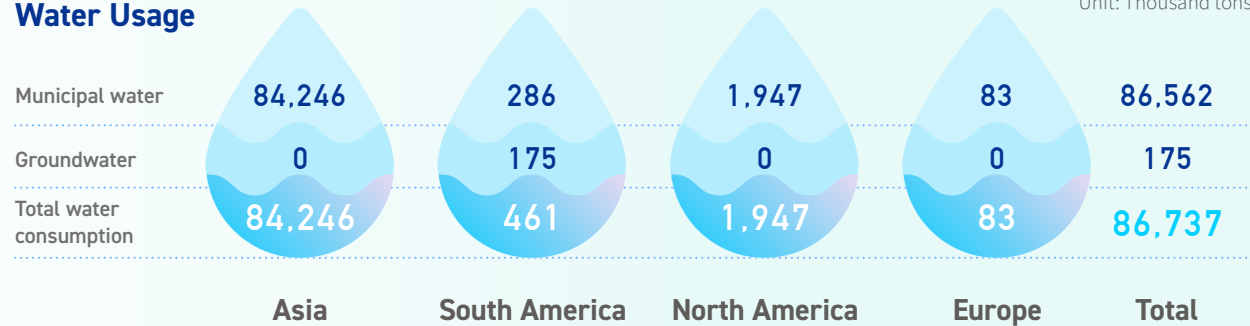
## Water Management

Municipal water is the main water source used in all our factories. We do not impact surrounding water sources. Our factories conduct reviews of water-saving plans and water facilities each year to reduce water consumption. Additionally, we actively promote recycling and reuse of water resources and have incorporated renewable/biodegradable components into our production materials to effectively reduce environmental impacts of production processes.

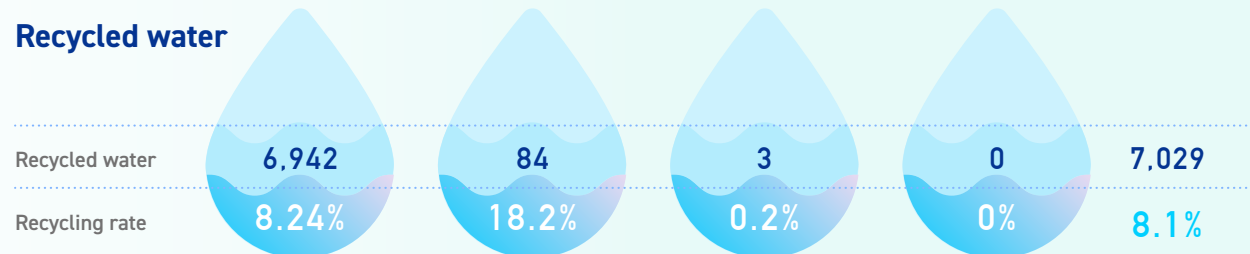
We expect to carry out comprehensive water management plans at our factories in China in 2021. Following identification of water resource risks, we began promoting various water-saving measures and reducing the discharge of standard wastewater to achieve our goals relating to the effective usage of water resources, reduced wastewater discharge and decreased environmental impacts.

### Water Usage

Unit: Thousand tons



### Recycled water



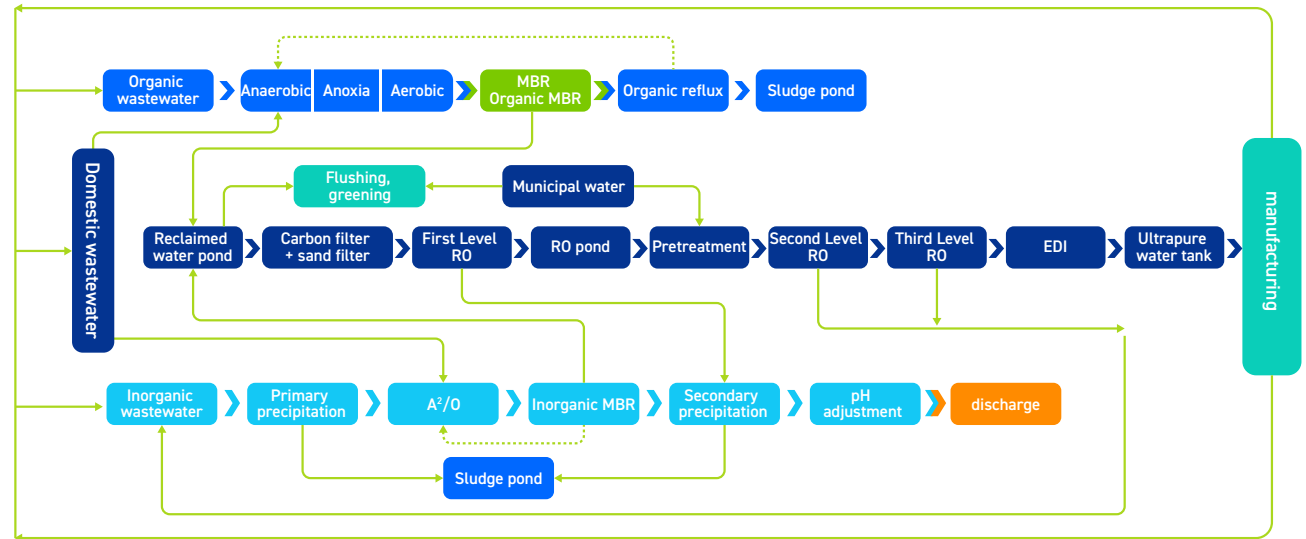
## Wastewater Management

The Group works to optimize production processes to reduce water consumption at the source. We also actively implement wastewater recycling procedures and reuse treated domestic wastewater in production processes and environmental greening, greatly reducing our impact on external environments. Additionally, to ensure that our wastewater does not cause environmental pollution, all factories have wastewater treatment facilities that are regularly inspected and maintained by dedicated personnel. Discharged wastewater complies with sewage standards and is periodically inspected by qualified external institutes. No environmental pollution incidents occurred in 2020.

	Asia	South America	North America	Europe	Total
Domestic wastewater	67,396	369	1,558	66	69,389
Industrial wastewater	12,273	-	-	-	12,273
Total wastewater discharge	79,669	369	1,558	66	81,662

Unit: Thousand tons

### Water reuse system



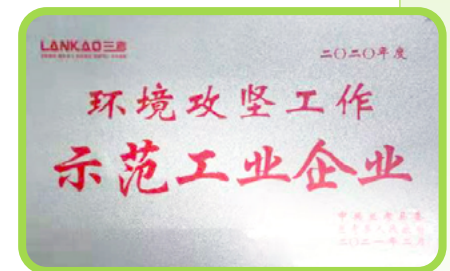
### Wastewater management case from our Longhua Factory

We established 5 wastewater treatment plants at our Longhua Factory. We process industrial wastewater using physical precipitation, chemical precipitation, and oxidation-reduction treatments to reduce pollutants and monitor water quality during all processes to confirm pH values, COD, ammonia nitrogen levels, phosphorus levels, and heavy metal levels. Our domestic wastewater is treated with A2O (anaerobic-anoxic-oxic) processes paired with membrane filtration processes. Effectively treated wastewater is tested to ensure that it complies with relevant standards before it is reused or discharged through municipal pipelines. We expect to launch an environmental monitoring platform at our Longhua Factory in 2021. The platform will be used for real-time monitoring of wastewater treatment processes and help us increase our wastewater usage and reduce discharge volumes through quantitative management and analysis.

### Wastewater management case from our Lankao Factory

The Group conducted risk identification for water resources at all our operational locations in China and discovered our Lankao Factory was situated in an area with severe water scarcity; the local government had issued the "Action Plan for Water Conservation in Lankao County" to promote industrial water conservation efforts, increased efficiency in high water-consuming industries, and active efforts in cascade usage of recycled water for the establishment of ten water conservation benchmarking enterprises by 2023.

In order to comply with national water conservation policies and establish a corporate image associated with green environment benchmarks, we implemented a wastewater recycling system at our Lankao Factory. We recycled 62.28% of consumed water in 2020, generating approximately 19.81 million NTD. In the future, we plan to implement smart systems for intelligent remote monitoring, report analysis, early warning, and risk prevention, and parameter adjustments, making it our goal to obtain AWS International Water Stewardship Standard certification.





# Waste Management

Since the industrial age, large amounts of solid waste have been generated due to the needs of manufacturing processes and private individuals. Waste that is not properly disposed of can enter the soil, water sources, and the air; cause pollution to the environment; and produce large amounts of waste that take a long time to decompose, affecting future generations. Waste has become an environmental issue of increasing importance. Because of this, the Group has implemented “zero waste” policies at all key factories in China to gradually reduce amounts of incinerated and landfill waste, ensuring compliance with maximum limits of 100% waste conversion rates and 10% incineration rates. Our “zero waste” policies have become one of our most important strategies. These policies minimize generated waste through source reduction of raw materials; the Group is also actively engaged in recycling and reuse of inner and outer packaging materials, which enhance waste recycling and reuse rates. All our factories have waste management units that are responsible for routine management of various waste materials, a compilation of data, and supporting other units in implementing waste reduction and recycling tasks.

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

## Establish zero waste factories to strengthen environmental management for our supply chains and clients



The Group signed a memorandum of cooperation with UL, a global safety certification company, in January 2021 to make our Shenzhen Longhua Factory a “zero waste” demonstration site. Waste is managed through digital cloud technologies, which make it possible to track waste volumes and conversion rates in real-time. Our quantitative system is used to implement waste reduction targets and track improvements; we are gradually expanding the scope of the system to encompass the entire Group to realize our “zero-waste factories” goal, build upon our philosophy of “sustainable management=EPS+ESG,” and set an example for the industry.

To ensure that our products and the products of our clients meet the highest environmental specifications, we included our supplier partners in this memorandum of cooperation. Our central procurement and supply chain management departments have already convened suppliers for systematic training based on the framework laid out in this memorandum of cooperation to enhance their professional skills and technologies as we make strides toward our “zero-waste factories” goal.

Following the implementation of our system, we established different “zero waste targets” based on product manufacturing processes. We firstly required all units and entities with assembly processes to achieve 90% conversion standards within the first year. This target will be gradually increased and implemented for different manufacturing processes at our other entities. In the future, we will continue to execute more green production and smart manufacturing projects, as well as other projects related to environmental protection. We invite participation from our supply chain partners, clients, and employee so we can gradually build our green manufacturing capabilities and create momentum for our next stage of growth.

# Chemicals Management

We strive to purchase and use materials with low environmental and human impacts in compliance with governmental laws and policies, standards and regulations of international organizations and conventions, and client regulations, as well as to ensure environmental protection and personnel safety. We have established a chemicals and hazardous substances

management system to assess and track our usage of chemicals, thus achieving unified, standardized, and regulated management as we fulfill our commitments to green products and our CSR.

## Procurement



The Group tracks the safety of chemicals and hazardous substances starting from the source. In compliance with regulatory requirements, we rigorously review supplier qualification documents, including government-issued chemical production licenses, transportation licenses, and qualifications of transportation personnel. We also require our suppliers to provide true and accurate technical safety manuals and other safety information, as well as chemical mass spectrometry reports. We immediately cease procurement from suppliers found to be unqualified.

## Storage, transportation, and use



We use safety data sheets (SDS) to determine hazard levels of chemicals and comply with storage regulations following isolation, division, and separation. Hazardous chemicals used on site are stored in dedicated chemical cabinets. Safety measures are implemented for all storage facilities, including the establishment of adequate firefighting equipment, safety signs, preventive measures for fires and explosions, and preventive measures for leakages. We strive to ensure chemical storage safety through multiple layers of inspections, including daily spot checks, professional inspections, and random inspections from government and supervisory institutes. Vehicles transporting chemicals must be manned by drivers with government-issued operating qualifications and must be accompanied by personnel familiar with chemical properties and safety measures to prevent combustion, explosion, and poisoning incidents from occurring during transport.

Additionally, safety assessment processes (including assessments of impacts from environmental pollution and hazards to humans) are activated for all new and alternative chemicals used within the Group. Relevant units submit applications to the environmental, fire, and industrial safety departments for recordkeeping and can commence usage of chemicals once they have passed assessments from our environmental, fire, and industrial safety departments.

## Training and drills



To ensure the management of chemical safety, all chemical management personnel have to pass training and obtain relevant qualifications before they can begin work. Relevant personnel undergo retraining each year and are required to undergo reassessments once their qualification documents have expired. To prevent emergency chemical incidents, the chemical management units at all factories conduct at least one emergency drill every six months to ensure rapid responses and enhance safety awareness.

## Waste disposal



To ensure that our chemicals do not cause environmental or human damage, we rigorously control disposal processes for chemical waste. Recycling and reuse potential, as well as risks from waste storage and disposal, are considered starting from the procurement stages. We entrust waste disposal processes to qualified companies and audit their recordkeeping, on-site equipment, and processes for hazardous waste every six months, thus ensuring that disposal procedures comply with legal and requirements.

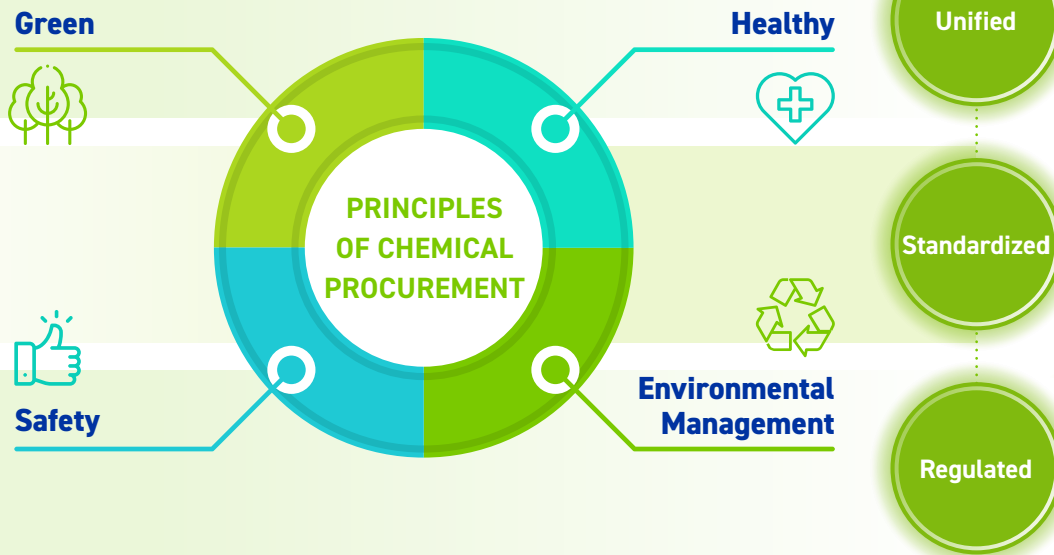


In 2020, our factories in China procured 106,556 tons of chemicals. In accordance with the REACH SVHC List (211 items); RoHS-EU & RoHS-CN (10 substances); the Stockholm Convention on Persistent Organic Pollutants; the Minamata Convention on Mercury; the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; Announcement of the Ministry of Ecology and Environment, the Ministry of Commerce, and the General Administration of Customs on Issuing the Catalog of Toxic Chemicals Strictly Restricted in China (2020) (8 substances); and catalogs of prohibited, restricted, and controlled hazardous chemicals issued by local provinces/cities, we identified 14 hazardous substances which were incorporated into our improvement action plan for 2021. We plan to reduce and replace these substances to enhance the management performance of hazardous substances. Additionally, in 2021, we established a task force responsible for formulating hazardous substances management policies and establishing a comprehensive process management program for adding/using/revising hazardous substances. The Group systematically controls chemical procurement, usage, and management. We also regulate green, healthy, safety, and environmental management requirements of chemical procurement processes not specified in our “Specification for Hazardous Substances and Materials Management” as part of our efforts to reduce and eliminate the use of hazardous substances; reduce impacts on the environment and human health; and establish unified, standardized, and regulated management of hazardous substances.

## Proactive Chemical Management

We have gradually eliminated certain chemical substances from our manufacturing processes and use the GreenScreen® framework and US EPA Safer Choice Program to assess alternative substances. We replaced all hazardous substances (GreenScreen® Benchmark 1 and 2) used during our final production processes with environmentally friendly alternatives.

We have shifted our focus to the safety of chemicals from our upstream suppliers, shared our experiences with the industry, and joined the IPC team to provide suggestions for the formulation of electronics industry usage standards. We hope that sharing our best practices can promote collaboration within the ICT industry and facilitate the wider use of green chemicals.







# 6

## Social Participation



Support for the Disadvantaged



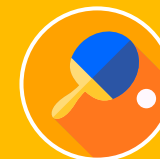
Rural Education



Technology Education



Multidimensional Education



Sports Sponsorship



# Social Participation

## Management approach for issues

### Community investment and participation

#### Meaning to the Group

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

#### Policies and Commitments

The Group believes that “life knows no limitations,” and therefore works to integrate Group resources and deploy the core capabilities of our innovative technology manufacturing business, support education efforts for disadvantaged groups, provide resources for rural areas, strengthen the foundations for the Group’s technology education programs, promote innovation and multidimensional development, and sponsor sports activities, in order to fulfill the corporate social responsibilities of the Group.

#### Goals and Targets

##### Short-term goals

- Annual support for disadvantaged groups, social welfare initiatives, and other institutions and groups were serving rural areas.
- Continuous annual deployment of the professional skills and resources of the Group in support of technology education promotion.
- Encourage students to take up table tennis and identify those with potential to provide further training in order to cultivate sportspeople.

##### Mid- to long-term goals

- Become part of the social safety net by assisting socially disadvantaged populations in need of care and providing support resources in a timely fashion.
- Strengthen the foundations of technology education to foster scientific talent that can provide technological leadership for the future.
- Cultivate sportspeople to compete internationally and promote interest in sports.

#### Grievance Mechanism

Please see Section [Stakeholder Communication and Responsibilities](#) for details.

#### Evaluation of the Management Approach

We host annual management review meetings to discuss effective ways to deploy resources and expand the depth and breadth of our social influence in a meaningful way.

#### Specific Actions

The Group is focused on:



**Support for the Disadvantaged**



**Rural Education**



**Technology Education**



**Multidimensional Education**



**Sports Sponsorship**

# Social Influence of the Group

## 1 Examine Internal and External Needs

- UN Sustainable Development Goals
- CSR policies of the Group
- Actual needs of society

## 2 Assess the Professional Capabilities and Resources of the Group

- Total funding of 245 million NTD
- Annual review for optimization

## 3 Axis Items



### Support for the Disadvantaged



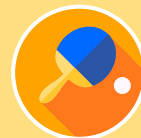
### Rural Education



### Technology Education



### Multidimensional Education



### Sports Sponsorship

## 4 Goals

Increase education levels for disadvantaged groups to assist them in tapping their unlimited potential and moving forward with their dreams and aspirations.

Broaden the horizons of children from rural areas and provide opportunities for them to challenge themselves and realize their potential.

Provide advance preparation for novel technology education based global trends, in order to strengthen the science capabilities of the next generation.

Deployment of multidimensional means beyond traditional schooling to help children discover their confidence and skills, in order to develop a one and only unique self.

Provide systematic long-term training to cultivate superior youth sportspeople to compete on a global stage.

## 5 Social Influence

- Foxconn Scholarship Program awarded a total of 40 million NTD to 760 students to assist them in their studies.
- Taiwan Hope Primary School provided instruction for about 8,000 person-classes.
- Support for the Agape Love and SST Caring to provide a welcoming shelter.
- Support for the Dandelion Hearing & Language Association to provide disadvantaged hearing-impaired student.
- Support for the Walking Project to bring students to all counties in Taiwan, eventually achieving an epic 360-kilometer trek.
- Organized five “Meet the Future” that helped 240 children experience work in different professions.
- Organized quantum computer technology training camps for the teachers and students of high schools and vocational schools.
- Organized quantum teaching materials for high school and vocational school students.
- Published the first high school and vocational school AI textbook.
- Support for the Jiamei Care Association to help 7 dropouts rediscover their confidence.
- Provided support for arts groups to help them weather the pandemic.
- Invited a hundred children from social welfare organizations to attend the International Children’s Film Festival.
- Cultivated 21 sportspeople in 2020, the sportspeople have achieved a stellar record and won medals in several international competitions.

# Support for the Disadvantaged

## GOALS OF THE GROUP



According to statistics from the Ministry of Health and Welfare, there are 650,000 people across Taiwan listed as being from low-income or middle-low-income households, and there are many other borderline families that are unable to receive governmental support as they do not meet certain criteria. Besides these economically disadvantaged groups, there are other disadvantaged groups that need help due to disabilities or dysfunctional families. In light of this, the Group wishes to provide resources to assist these disadvantaged groups in overcoming their difficulties and realizing their aspirations.

## SOLUTIONS PROVIDED BY THE GROUP

The Group opts to provide assistance directly to those in need, as well as to support front-line groups in various areas, in order to help disadvantaged groups to overcome the limitations imposed by their economic situation, physical or mental disabilities, or family situation, and assist them in moving forward with their dreams and aspirations.

## CONTRIBUTIONS TO THE SDGS BY THE GROUP



## Agape Love and SST Caring for Youth Projects

For children who dropped out of school due to dysfunctional family situations, halfway schools can provide them with a haven, yet government regulations stipulate that these children must leave the halfway schools where they live and study during weekdays to go home on weekends and holidays. Because halfway schools cannot provide board for their students on weekends and holidays, this means that many children with no home to return to must wander the streets during this time, and this also raises the risk that they may stray into questionable paths. The Agape Love Pathway School has therefore elected to provide a safe and comfortable home for such students during weekends and holidays and further recruited counselors to offer care and companionship to fill the gap left by the absence of family care. To ensure the continuity of this project, the Group provides funds in sponsorship. This project can reduce delinquency arising from students having no place to go, and the care and tutoring provided by the teachers at the school can also help students to improve their English ability and other skills, which is important for their growth and development.



## Dandelion Hearing & Language Association

Although early therapy for the hearing impaired has continued in Taiwan for twenty years now, and with the assistance of medical aids and early treatment, hearing-impaired children can learn to hear and speak with relatively less difficulty, but once children reach the age of six and are forced to leave early therapy, there are very few support resources available in society to sustain continued learning. The Group, therefore, supports the Dandelion Hearing & Language Association in organizing classes for hearing-impaired schoolchildren of elementary and junior high school age and provide special needs education for families with hearing-impaired children. Instructors with a professional background in speech-language pathology and special needs education are recruited to teach English, thereby opening a window upon the world for students.



## Foxconn Scholarship Program

2020 recipients  
**760**  
students

Cumulative recipients  
**2,209**  
students

2020 total awards  
**40**  
million NTD

Cumulative awards  
**140**  
million NTD



### Naming and origins of the Foxconn Scholarship Program

Legend has it that whales of a particular species are the loneliest whales in the world because their calls are at an unusual frequency of 52 hertz, higher than the other whale, and thus they cannot be heard by other whales. Even so, these whales continue to call and breach in the hope that their aspirations will be heard.

This is why the Group chose to name the Foxconn Scholarship Project for as the “Whale”, as this is in line with the “ocean” concept of the name of Hon Hai. In light of this, the Group is willing to support them in their brave efforts to forge ahead, pursue their dreams, and conquer the blue ocean before them.

According to the 2017 statistics from the Ministry of Health and Welfare, the number of people from low-income and middle-low-income households across Taiwan exceeds 650,000 persons, of which 240,000 persons are under the age of 18. These people have experienced long-term poverty even before their college years, and getting an education represents their only route to a better life. In view of this, the Group initiated the Foxconn Scholarship Program in 2017 in the hope of assisting them in persisting in their studies without care or distraction. At the same time, the Group decided that they would not limit recipients by whether they had official government verification of low-income and middle-low-income household status but would also accept applications from students verified and recommended by reputable third parties.

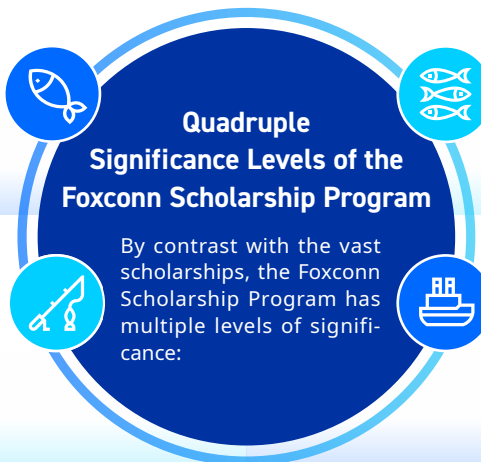
Foxconn Scholarship Program is provided to college and postgraduate masters and doctoral students. In 2020, due to the COVID-19 pandemic, the number of recipients was increased, and an anti-pandemic bonus award was provided to 400 shortlisted applicants that did not make the final list of recipients. As a result, a total of 760 students received scholarships in 2020, with 360 students receiving a 100,000 NTD scholarship and 400 students receiving a 10,000 NTD anti-pandemic bonus award, for a total of 40 million NTD awarded. Over the past four years, the Group has awarded more than 140 million NTD in scholarships, making this the largest scholarship program in Taiwan. The Group hopes to help even more young students seeking to rise above their circumstances and provide them with an opportunity to fulfill their dreams and tap into their own unlimited potential.



Letter of thanks from a recipient, expressing gratitude that her tuition fees were provided for.

### Gift resources

Provide a 100,000 NTD scholarship to allow them to focus on their studies.



### Gather collaborators

Established a Facebook and LINE to allow recipients to share their thoughts and support for one another.



Recipients voluntarily organized a beach-cleaning activity.



Chairman Young Liu especially made time to attend the camp and encouraged the recipients.

### Provide education

Host camps with invited professional speakers to increase their competitiveness.

### Place others on the right path

Link resources and offer the internship to help them board the ship and set sail for the wide ocean.



The Group assists recipients in gaining more opportunities for employment.



Dedicated link to the Foxconn Scholarship Program

Click to view the tutorial video on the application process for the Foxconn Scholarship Program

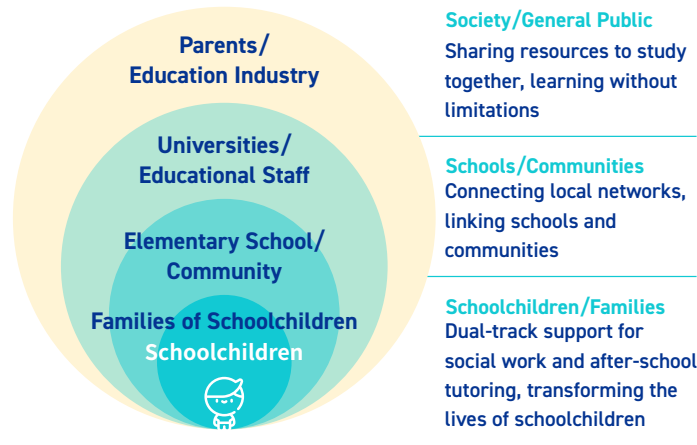
Click to view the video of the Opening Session for the 2020 Fourth Foxconn Scholarship Program Award Ceremony

Click to view all triple-recipients in the third year of the Foxconn Scholarship Program

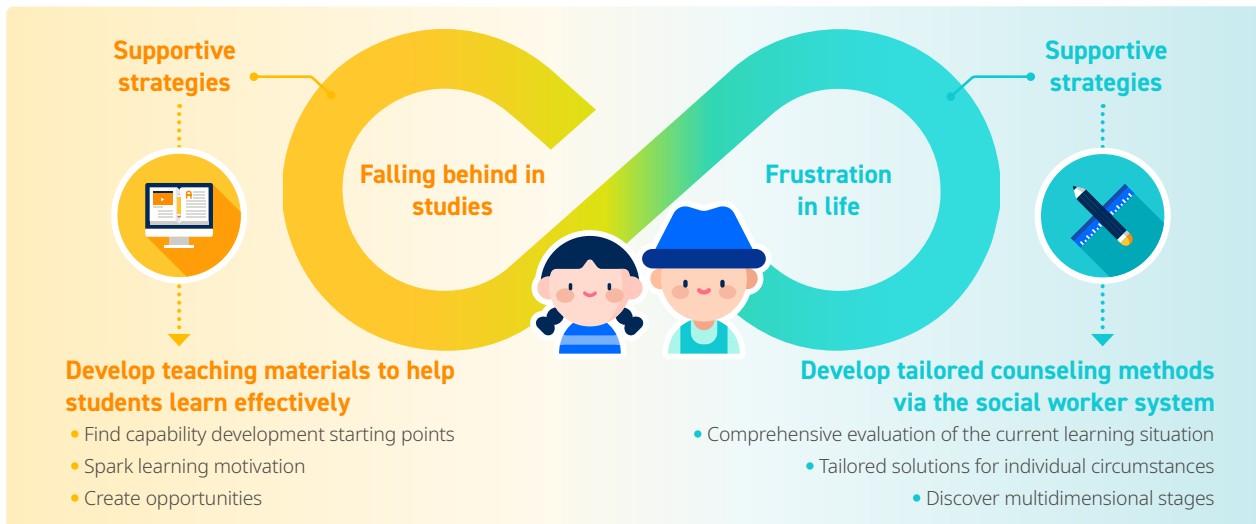


## Taiwan Hope Primary School

If it were possible, all children would wish that they excelled in their studies and received full marks on every test, but for some children, their family circumstances mean that they have been left to pasture, and they may not have known how to do their homework since a very early age. As a result, they are very frustrated with their studies at school as well. In light of this, Taiwan Hope Primary School specially provides free after-school tutoring services for elementary school students from economically disadvantaged or dysfunctional families, thereby offering these students a place to do their homework in peace, where teachers can provide extra tutoring as well. It is hoped that with such support, these students will no longer view their studies with trepidation but will be able to derive confidence from their improving studies and display better overall performance as a result of this.



### Problems faced by students



### Teaching results

Annual number of supported students  
About 8,500 person-classes

Cumulative number of supported students  
Over 100,000 person-classes

Number of trained instructors  
Over 20,000 person-classes

Following one semester of after-school tutoring  
Over 90% of schoolchildren saw improvement



Taiwan Hope Primary School especially designed a set of colorful and exciting after-school tutoring materials, with the hope that students who have lost interest in their school textbooks can rediscover the joy of learning.



The dual-track support provided by teachers and social workers not only helps children to improve their studies but also provides care and assistance to children with family difficulties.



Dedicated link to Taiwan Hope Primary School



View the introductory video for Taiwan Hope Primary School

# Rural Education



## GOALS OF THE GROUP

Rural areas are relatively lacking in education resources, and rural children are thus limited in their experiences and perception of the world. The Group hopes to broaden the horizons of students from rural areas and encourage these children to challenge themselves, dare to dream, and put in a solid effort to make their dreams come true.

## SOLUTIONS PROVIDED BY THE GROUP

The Group actively makes efforts to understand the needs of rural areas and either provides direct assistance or collaborates with local frontline groups to provide aid. The Group is focused on bringing multi-dimensional education to rural areas so that students can discover their own hidden potential and learn and grow.

## CONTRIBUTIONS TO THE SDGs BY THE GROUP

<p><b>TARGET 1-4</b></p> <p>EQUAL RIGHTS TO OWNERSHIP, BASIC SERVICES, TECHNOLOGY AND ECONOMIC RESOURCES</p>	<p><b>TARGET 4-1</b></p> <p>FREE PRIMARY AND SECONDARY EDUCATION</p>	<p><b>TARGET 4-5</b></p> <p>ELIMINATE ALL DISCRIMINATION IN EDUCATION</p>	<p><b>TARGET 8-5</b></p> <p>FULL EMPLOYMENT AND DECENT WORK WITH EQUAL PAY</p>	<p><b>TARGET 8-6</b></p> <p>PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING</p>
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## Island Circumnavigation Project for Special Needs Students

As a saying goes, one must read ten thousand books and walk ten thousand miles in order to gain knowledge, but what about students with disabilities? Reading ten thousand books may already be more difficult for them as compared to the average person, and walking ten thousand miles requires even more courage and perseverance. However, a special needs educator from rural Zhushan in Nantou decided to take eight students with disabilities on an epic trip to circumnavigate Taiwan in order to help them challenge themselves and also develop living skills to function better in society. Along the way, students will volunteer in several projects, so as to let them know that they, too, can serve others. The Group provides sponsorship for this Island Circumnavigation Project, and took the initiative of requesting the educator to add another accompanying adult to enhance safety. The Project was divided into three stages: in the first two stages, students were trained in travel itinerary development and public transport route-planning, while the actual island circumnavigation took place in the third stage. During the circumnavigation, students engaged in volunteer work in order to enhance their confidence and help them learn and grow from this epic journey.

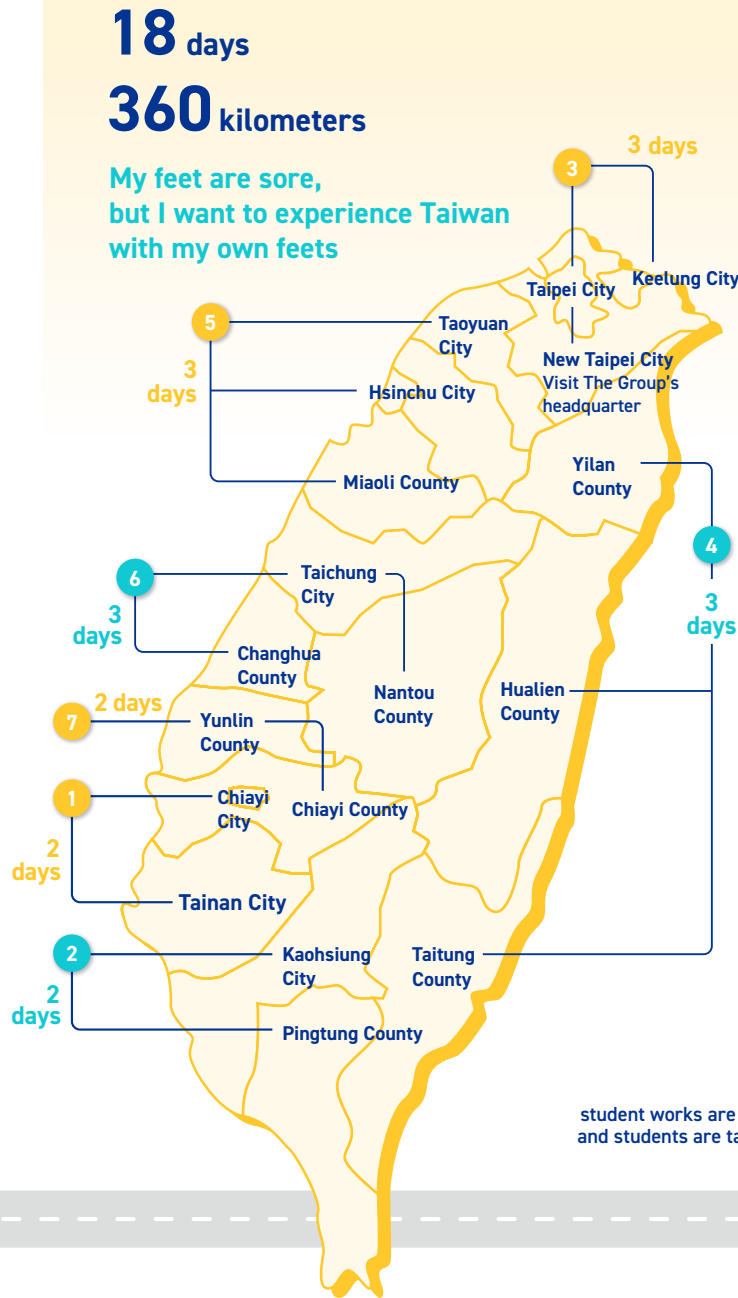


The above image pictures pre-trip discussions by special needs students in preparation for the Island Circumnavigation Project.



## Heshun Elementary School Learning by Walking Project

Heshun Elementary School is a rural school located in the southwestern corner of Chiayi County, with over 60% of students from single-parent, skipped-generation, or foreign spouse families. The students are relatively disadvantaged, and resources are limited. However, five years ago, Heshun Elementary School began taking students on learning by walking projects to see Taiwan and gain a better understanding of themselves. The Group supports this Project and further encourages students to write essays on the things they saw and heard during their 18-day, 360-kilometer journey around Taiwan. The essays are posted to the Facebook page and Instagram account of the Group, and students also practiced contacting local reporters to provide them with written press releases. Following these 18 days of hard work, the students had become mini-Ironmen and mini-authors. During these five years of the Learning by Walking Project, Heshun Elementary School fostered two Presidential Education Award winners, and even though this may not have any direct connection to the Project, it still signifies that rural students can rise and excel. Therefore, through this Project, the Group hopes to encourage more students to go beyond school and see other parts of Taiwan besides their own hometown in order to broaden their horizons and comprehensively enhance their abilities.



- 1** Priority enrollment for students from single-parent, skipped-generation, new immigrant, or disadvantaged families
- 2** Conduct one month of basic physical training
- 3** Prior to setting out, students practice contacting and issuing press releases to local reporters, to train the writing skills of these elementary school students
- 4** Organize 7 learning by walking sessions across Taiwan, spanning 18 days of criss-crossing Taiwan on foot, step by step, with about 20 kilometers of walking per day for a total of 360 kilometers
- 5** At the end of each session, a report is posted to the Group Foundation Instagram account and Facebook page, to train the compilation and editing abilities of participating students.
- 6** At the end of the entire event, student works are compiled into picture books and published, and students are taught to edit and splice a documentary film.

## “Meet the Future” Career Exploration Project

To expand the horizons of students from rural areas and help them gain an in-depth understanding of the workings of different professions, thus creating incentives for students to explore and build their future careers and plan their future lives, the Group invites talented members of different professions to visit rural schools and give talks, engage in discussions, provide hands-on training, or participate in interactive games, so that students can understand the knowledge and skills required in different workplaces. In 2020, five sessions of the “Meet the Future” Career Exploration Project was held, with a total of 240 students participating. Teachers and students had a hugely favorable response, and all wished that the Project could be continued, while other schools also wrote with requests to host Project sessions after seeing related reports in the news, thereby attesting to the success of the Project.



### Shigang Junior High School X Baker Wu Pao-chun

Baker Wu Pao-Chun was invited to Shigang Junior High School to share his personal experience of how he went from an unsophisticated rural child to become an internationally renowned baker. He also provided hands-on instruction to let students experience the process of breadmaking and expressed his hopes that besides gaining a feeling of satisfaction from their achievements.

[Click to view the video](#)



### Shanshui Junior High School X China Airlines Flight and Ground Staff

Pilots, flight attendants, and maintenance engineers were invited to Shanshui Junior High School. Students were also able to engage in a simulation of work on flights, including issuing orders in Mandarin and English as a pilot, making broadcasts and practicing for emergency situations as a stewardess, and understanding the structures of a plane and putting together a model under the instructions of engineers.

[Click to view the video](#)



### Shinan Junior High School X Golden Bell Award-Winning Screenwriter Michelle Hsieh

Top screenwriter Michelle Hsieh was invited to Shinan Junior High School to unmask the mysteries of the film and television industry and guide students in the art of screenwriting based on her own professional experiences and her Taiwanese drama screenplays. Even as a Golden Bell award-winning screenwriter, some of her screenplays will be revised more than ten times, and she used this example to encourage students to not be afraid of failure.

[Click to view the video](#)



### Da-An Junior High School X Internet Celebrity Dietician Ricky

Internet celebrity dietician Ricky was invited to Da-An Junior High School to share his experiences of traveling north alone to find work and eventually moving into a slashie life. He also demonstrated the nutrition pitfalls most likely to be encountered by junior high school students, such as at breakfast places or drink shops, and provided tips for healthier eating.

[Click to view the video](#)



### Shin-She Junior High School X Internet Celebrity Special Effects Engineer Huber

Internet celebrity special effects engineer Huber, with more than 300,000 fans, was invited to Shin-She Junior High School to share his experience of pursuing and realizing his dreams. He also led students in using editing software to create their first films.

[Click to view the video](#)



# Technology Education

## GOALS OF THE GROUP



As technology continues to develop, what we consider to be “hi-tech” or “sci-fi” today may become a normal part of daily life in the future. Therefore, the Group aims to strengthen the foundations of technology education, shrink the distance from technology for the next generation and help them to embrace technology now and become leaders of technological development in the future.

## SOLUTIONS PROVIDED BY THE GROUP

The Group makes use of its core capabilities and resources and collaborates with renowned institutions, scholars, and experts, to promote efforts to engage teachers and students to participate in technology education, with an emphasis on AI and quantum technology. The Group also provides separate resources for teachers, college, high school, vocational school, and junior high school students, respectively, to strengthen the foundations of technology education.

## CONTRIBUTIONS TO THE SDGs BY THE GROUP



## Quantum Computing Seed Instructor Training Camps

The Group recognizes the importance of quantum technology and has thus especially made advance plans to jumpstart quantum education as soon as possible. The Group is therefore collaborating with the Taipei City Education Bureau to organize quantum education instructor training camps for high schools and vocational schools, with free attendance for high school and vocational school teachers, in order to facilitate the launching of quantum courses in these schools and strengthen the foundations of quantum education. For these training camps, several professors from NTU, Chung Yuan Christian University, and several other universities were invited to serve as instructors, including Professor Ching-Ray Chang, Director of the NTU-IBM Quantum Computing Center. The instructors worked together to prepare a 60-hour curriculum, and 25 seed teachers completed training and received certificates of recognition. These seed teachers will now be able to provide classes on quantum technology at Taipei City high schools and vocational schools.

As the training camps have received great acclaim, the Group will work with the Taipei City Education Bureau to organize the second round of high school and vocational school quantum education instructor training camps and will also work with these seed teachers to compile teaching materials for quantum education in high schools and vocational schools, to facilitate future classes and teaching.



## AIGO AI Foundation-Building Series Events for High School and Vocational School Students

The AI Foundation-Building Series Events for High School and Vocational School Students were organized by the Institute for Information Industry, in collaboration with the Group and other co-organizers. The series attracted 2,941 students to register for the online course, and a further 600 students were selected to participate in a one-day practical camp based on their learning performance in the online course. Finally, the top-performing 29 high school and vocational school students in the one-day camp were selected to participate in a company visit. The Group arranged for students to visit the 5G laboratory of an affiliate company, Asia Pacific Telecom Co., to gain a firsthand view of operations at a network management center, and understand how 5G can serve as the engine to accelerate AI technological development. Following the visit, an AI symposium was hosted with the Group's Industrial Internet and Semiconductor Subgroup, during which the proprietary AI edge computing device fully developed by the Group, BOXiedge, was presented to students. The unique OpenPose algorithm can automatically detect the human skeletal structure and change according to different poses and movements, and this can be used in movement therapy and fall prevention to accelerate the development of applications for smart medicine and care, as well as serve as a tracker of abnormal crowding and potentially violent acts that can be used to enhance social security. The myriad uses of the algorithm and device left students in awe.



**Introduction to Artificial Intelligence enables high schools and vocational school to develop AI-related courses.**



**Introduction to Artificial Intelligence won the 2020 Editor Prize.**

After reading this book and completing part of the research projects, we gained a better understanding of artificial intelligence and realized that artificial intelligence was not as remote and out of reach as we had imagined but was actually accessible enough to be used even by high school students. In the future, we certainly hope to have more opportunities to gain an in-depth understanding of knowledge related to artificial intelligence and we look forward to applying this to many different fields.



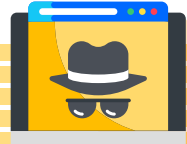
### Introduction to Artificial Intelligence Book-Gifting Activity

The Group deployed professional staff and also invited several experts from Academia Sinica, NTU, Yang-Ming Chiao Tung University, Chengchi University, and Central University to collaborate upon the compilation of the first high-school textbook on AI in Taiwan, Introduction to Artificial Intelligence. Following the publication of this textbook, through an application process, the Group provided over 19,000 volumes for free to high schools and vocational schools around Taiwan and further organized Introduction to Artificial Intelligence teacher training camps and student camps for high school and vocational school students at Taipei First Girls High School and other schools, in order to bring AI into high schools and vocational schools around Taiwan. These efforts began bearing fruit in September 2020, when Taipei First Girls High School organized a Multidimensional Elective Course on Artificial Intelligence. The Group has continued to gift more than 3,000 books to schools and other institutions in order to ensure that all teachers who wish to provide instruction in artificial intelligence will have teaching materials to use. The care and effort put into the compilation of this book were recognized in the form of the 2020 Editor Prize, a Book Prize awarded by the Taipei International Book Fair.



## Support for the Institute for Information Industry First EDUATHON for Educational Data Application

The Group supports the innovative ideas of younger generations and hopes to integrate international databases from diverse fields and industries to jointly address global issues. Therefore, the Group has supported the Institute for Information Industry in co-organizing the First EDUATHON for Educational Data Application, which attracted 90 teams and over 350 students from colleges and universities all over Taiwan. The event allowed students with an interest in data analysis to try out their skills and can help Taiwan to develop strong talent in data analysis for the future.



## Summer Camps for High School and Vocational School Students

The Group is collaborating with the NTU-IBM Quantum Computing Center to host free quantum education summer camps for high school and vocational school students and attracted about 400 applications for 50 available slots. In response, the Group increased the number of slots to 60, and used online testing to select the best students to attend. Besides basic lectures on quantum science given by professors, students were also able to use the IBM quantum computer under guidance to learn about the principles of quantum phase and high-speed computing. Following three intensive days of learning, a strong foundation was established for quantum education, and participating high school and vocational school students were able to gain a better understanding of quantum science. The hands-on experience with the IBM quantum computer also enabled students to rapidly grasp the basics of quantum technology and served to broaden the technological horizons of the next generation.



## The First Taiwan Science Festival-Large-Scale Science and Arts Theater

To promote technology education, the Group sponsored a large-scale theater event as part of the First Taiwan Science Festival organized by the Ministry of Education, *Lawgiver Under the Starry Sky ~ The Life of Kepler*. Six performances of this theatrical event were held in northern, central, and southern Taiwan, attended by an estimated 60,000 people. This was the largest attendance of any single event during the Taiwan Science Festival. At the same time as using soft means to promote technology education, the Group also invited employees and members of disadvantaged groups to attend the theatrical performances as well.



# Multidimensional Education



## GOALS OF THE GROUP

The Group has a long-term focus on social needs and also listens to the voices of different groups. The Group hopes to help children find their own interests and skills to develop a unique self.

## SOLUTIONS PROVIDED BY THE GROUP

The Group actively works with various institutions, and taps into different connections to provide children with diverse learning opportunities, so as to help children discover themselves, develop fortitude, and live exciting lives.

## CONTRIBUTIONS TO THE SDGS BY THE GROUP



## SYNTREND Esport Talent Cultivation Project

In recent years, the eSports industry has gradually received more attention internationally, and the government has passed legislation that officially includes eSports in the sports industry. As the need to cultivate eSports talent grows ever more important, the Group hopes to provide teenagers with a correct concept of eSports and create a positive environment for the eSports industry. Therefore, the Group collaborated with SYNTREND to design four free professional eSports curriculums, including Practical Assembly of Water-Cooled eSports Equipment and Game Design and IP Management, among others. These curriculums comprised 30 courses held over the course of five days and were attended by a total of 246 students. Other activities and events, such as the Esport School Presentation, eSports Competition Against AI Players, Game Character Cosplay, and Game Launch Experience, were also organized, and students from eSports-related departments were invited to present their new works and results to encourage them to continue to work hard and better themselves.



## Jiamei Care Association Light and Salt Project

No person is naturally inclined to play truant or drop out of school, and many dropouts are either victims of family circumstances that prevent them from studying in a stable environment or face frustrations in learning at school and have not yet developed a proper and mature self-identity to weather such difficulties. Under such conditions, if someone can accompany and assist them in finding their interests and natural talents and give them confidence, these children will be able to return to the straight and narrow. The Group, therefore, provides support and sponsorship for this Project, which offers tailored instruction for each student, and has fostered several junior high school dropouts to pass tests and become accredited horticultural therapists, floral designers, and baristas. These successful experiences not only help students to build their self-worth but also enable them to learn a trade. The Project also connects students with teachers and students in school or long-term care sites in the community to train them to use their professional skills to return to school and lead teacher-student exchange groups or to serve the elderly at community care sites. This helps students to cultivate positive human interactions, as well as increase their social participation.





## Children's Renaissance Art Event Ticket-Gifting Activity

Art can serve as a conduit for both happy and sad emotions, through which one can feel that “at this very moment, somebody in this world understands my feelings,” thus providing an outlet to express one’s own emotions. Therefore, exposure to the arts is quite important, and psychological studies include art therapy as well. If extrapolated to the extreme, it can be inferred that the flourishing of the arts will also contribute to a stable society.

However, the COVID-19 pandemic devastated the art industry in Taiwan, and many arts groups faced closure. Therefore, as soon as the pandemic receded in 2020 and artistic performances were allowed again, the Group actively initiated an anti-pandemic children’s version of the Renaissance and sponsored 12 parent-children arts groups by purchasing over one thousand tickets. These tickets were gifted to disadvantaged children across Taiwan so that they could attend these performances and have an opportunity to cultivate their artistic sense. Arts groups also received support to weather the pandemic, allowing them to continue with their creative work and creating a win-win situation for both disadvantaged children and arts groups.

The programs included in this Project were quite diverse, comprising theater, puppetry, picture book performances, saxophone concerts, percussion performances, and chamber music recitals. These programs were held all over Taiwan; besides Taipei, Taichung, and Kaohsiung, performances were also held in Hsinchu, Miaoli, Nantou, Chiayi, Pingtung, Hualien, and Taitung. The purpose of this was to allow children across Taiwan to have a chance to view these exciting performances and experience the best of art.

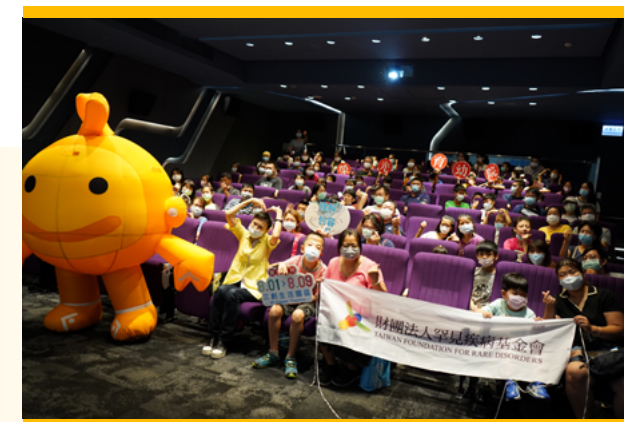


**Chao Tzu Chiang, Director of IfKids Theatre, stated that after suffering the twin blow of the pandemic and flood damage at their offices, leading to losses of more than 1 million NTD, it was thought that they could no longer continue; but thanks to the timely support of the Group, their theater troupe was able to continue operations.**

## International Children's Film Festival

Films are an alluring art form, and the Group, therefore, organized a special screening at the Taiwan International Children’s Film Festival, inviting a hundred children from orphanages and social welfare foundations to view the award-winning film, Captain Morten and the Spider Queen, which won Best Animation at the Schlingel Film Festival in Germany. The Group hopes that all children in attendance can have the courage and wisdom to overcome the challenges and difficulties that they face, just like the hero of Captain Morten and the Spider Queen, and as long as they believe in the unlimited potential of life, they will be able to live uniquely exciting and fulfilling lives.

Wang Yung-Ho, CEO of the Foxconn Education Foundation, made a special appearance to watch the film together with children from orphanages and social welfare foundations to help them make the most of their last few days of summer vacation. Another mystery guest appeared at the venue — the highly popular mascot of the film festival, Tiffi. Tiffi attracted the gaze of every child upon appearing, and there was much jostling for photos. This surprise added to the joyful atmosphere of the screening.



# Sports Sponsorship



## GOALS OF THE GROUP

By supporting the “10-Year Table Tennis Seed Project” operated by the arena owned by table tennis champion Chuang Chih-Yuan, the Group hopes to foster even more talented table tennis players to compete for the nation on the world stage, while also attracting other corporations to assist with sports development.

## SOLUTIONS PROVIDED BY THE GROUP

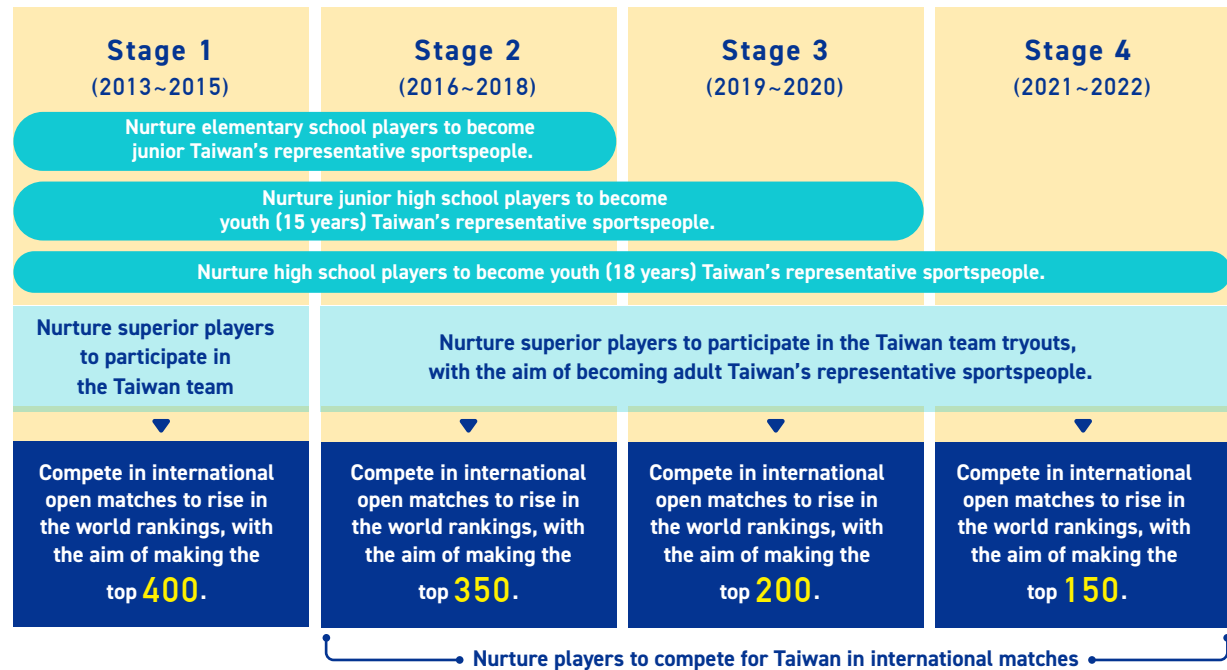
The 10-Year Table Tennis Seed Project was initiated in 2013 and established goals for four major stages of development, with the aim of systematically cultivating superior youth talent to play stably at home and gradually move to compete abroad.

## CONTRIBUTIONS TO THE SDGS BY THE GROUP



## 10-Year Table Tennis Seed Project

To discover and nurture superior youth sportspeople, the Group initiated the 10-Year Table Tennis Seed Project in 2013, providing 6 million NTD annually for a total of 60 million NTD. Systematic cultivation is provided through long-term professional table tennis training and counseling, with the aim of improving individual performance. This Project has fostered more than 40 sportspeople to date, of which 21 are still undergoing training, and 17 are already qualified Taiwan’s representative sportspeople.



The goals of the first three stages have already been achieved and even exceeded. For example, the goal of Stage 2 was to nurture players to achieve the top 350 in the world rankings, but **in 2018, there were already two players who respectively achieved world rankings of 80 and 123**. In addition, sportspeople nurtured in this Project won bronze in the Taipei 2017 Universiade and silver in the Naples 2019 Universiade, and also made the team for the 2017 and 2019 World Table Tennis Championships. In Stage 3, three players were selected in 2020 to the 2021 adult team, **representing a quarter of the 12 players on the team**, and these excellent results received wide acclaim in the table tennis community.

The results of the Project have been quite exemplary thus far, and the Group hopes that these sportspeople can become famous internationally, as well as increase awareness and interest in sports and exercise for society in general.

# Appendix

## Appendix I. GRI Standard Reference

### General Disclosures

Disclosure Number	Disclosure	Chapter	Page
GRI 101:	Foundation 2016 (GRI 101 does not include any disclosures)		
GRI 102:	General Disclosure 2016		
<b>Organizational profile</b>			
102-1	Name of the organization	Company Overview	<a href="#">P.13</a>
102-2	Activities, brands, products, and services	Company Overview	<a href="#">P.14</a>
102-3	Location of headquarters	Company Overview	<a href="#">P.13</a>
102-4	Location of operations	Company Overview	<a href="#">P.18</a>
102-5	Ownership and legal form	Company Overview	<a href="#">P.13</a>
102-6	Markets served	Company Overview	<a href="#">P.13</a>
102-7	Scale of the organization	Company Overview Chapter 1: Corporate Governance - Financial Performance	<a href="#">P.13</a> <a href="#">P.22</a>
102-8	Information on employees and other workers	Chapter 2: Employee Overview	<a href="#">P.50</a>
102-9	Supply chain	Chapter 4: Policies for Sustainable Management of Suppliers - Supplier Management System	<a href="#">P.79</a>
102-10	Significant changes to the organization and its supply chain	No significant changes within the reporting scope	
102-11	Precautionary Principle or approach	Chapter 1: Corporate Governance - Risk Management	<a href="#">P.23</a>
102-12	External initiatives	Monte Jade Science and Technology Association of Taiwan、Taiwan Electrical and Electronic Manufacturers' Association、Taiwan Transportation Vehicle Manufacturers Association、Taiwan Association of Machinery Industry、Taipei Computer Association、Taiwan Mold & Die Industry Association、Sinocon Foundation! Taiwan Inc.、Responsible Business Alliance (RBA)	
102-13	Membership of associations		

Disclosure Number	Disclosure	Chapter	Page
<b>Strategy</b>			
102-14	Statement from senior decision-maker	Letter from our Chairman	<a href="#">P.4</a>
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	Chapter 1: Corporate Integrity - Group Code of Conduct	<a href="#">P.29</a>
<b>Governance</b>			
102-18	Governance structure	Chapter 1: Corporate Governance - Group Structure and the Board of Directors Chapter 1: Corporate Social Responsibility	<a href="#">P.21</a> <a href="#">P.39</a>
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	Chapter 1: Corporate Social Responsibility	<a href="#">P.40</a>
102-41	Collective bargaining agreements	Chapter 2: Communication and Protection of Employee Rights – Protection of Employee Rights	<a href="#">P.56</a>
102-42	Identifying and selecting stakeholders	Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.40</a>
102-43	Approach to stakeholder engagement	Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.40</a>
102-44	Key topics and concerns raised	Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.40</a>
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	Chapter 1: Corporate Governance - Financial Performance 2020 Annual Report	<a href="#">P.22</a> <a href="#">2020 Annual Report</a>
102-46	Defining report content and topic Boundaries	About this Report Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.3</a> <a href="#">P.40</a>
102-47	List of material topics	Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.44</a>
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	Chapter 1: Stakeholder Communication and Responsibilities	<a href="#">P.40</a>
102-50	Reporting period	About this Report	<a href="#">P.3</a>
102-51	Date of most recent report	About this Report	<a href="#">P.3</a>
102-52	Reporting cycle	About this Report	<a href="#">P.3</a>



Disclosure Number	Disclosure	Chapter	Page
102-53	Contact point for questions regarding the report	About this Report	<a href="#">P.3</a>
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	<a href="#">P.3</a>
102-55	GRI content index	Appendix I. GRI Standard Reference	<a href="#">P.125</a>
102-56	External assurance	Appendix II. Independent Verification Statement	<a href="#">P.130</a>

## 8 Material Issues



Disclosure Number	Disclosure	Chapter	Page
Material Issues			
<b>Financial performance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 1: Sustainable Governance	<a href="#">P.20</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Chapter 1: Corporate Governance - Financial Performance	<a href="#">P.22</a>
<b>Corporate governance and risk management</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 1: Sustainable Governance	<a href="#">P.20</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
No applicable GRI topic			
<b>Occupational health and safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 3: Health and Safety	<a href="#">P.64</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		

Disclosure Number	Disclosure	Chapter	Page
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Chapter 3: Health and Safety Chapter 3: Occupational Health and Safety	<a href="#">P.65</a> <a href="#">P.65</a>
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter 3: Occupational Health and Safety - Safety Audits and Risk Identification	<a href="#">P.67</a>
		Chapter 3: Occupational Health and Safety - Health and Safety Trainings and Drills Employees can leave work conditions that they believe may cause injury or illness on their own without any sanctions.	<a href="#">P.72</a>
	403-3 Occupational health services	Chapter 3: Occupational Health and Safety - Safety Audits and Risk Identification	<a href="#">P.67</a>
		Chapter 3: Employee Health Promotion - Health Promotion Activities	<a href="#">P.74</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 3: Occupational Health and Safety	<a href="#">P.65</a>
	403-5 Worker training on occupational health and safety	Chapter 3: Occupational Health and Safety - Health and Safety Trainings and Drills	<a href="#">P.72</a>
	403-6 Promotion of worker health	Chapter 3: Employee Health Promotion	<a href="#">P.74</a>
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 3: Occupational Health and Safety - Safety Audits and Risk Identification	<a href="#">P.67</a>	
	Chapter 3: Occupational Health and Safety - Shared platform for safety improvement and innovation	<a href="#">P.69</a>	
403-8 Workers covered by an occupational health and safety management system	Chapter 3: Occupational Health and Safety	<a href="#">P.65</a>	
<b>Ethical management and legal compliance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 1: Sustainable Governance	<a href="#">P.20</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Chapter 1: Corporate Integrity	<a href="#">P.30</a>
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chapter 1: Corporate Integrity	<a href="#">P.29</a>
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Chapter 5: Environmental Management System	<a href="#">P.105</a>

Disclosure Number	Disclosure	Chapter	Page
<b>Innovation and R&amp;D</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 1: Sustainable Governance	<a href="#">P.20</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
No applicable GRI topic			
<b>Climate change responses</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 5: Environment	<a href="#">P.94</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-2 Proportion of senior management hired from the local community	Chapter 5: Climate Change	<a href="#">P.96</a>
<b>Supply chain management</b>			
RI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 4: Supply Chain Management	<a href="#">P.78</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Chapter 4: Policies for Sustainable Management of Suppliers - Supplier Management Processes	<a href="#">P.82</a>
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Chapter 4: Policies for Sustainable Management of Suppliers - Supplier Management Processes	<a href="#">P.82</a>
<b>Employee rights and diverse equality</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Chapter 2 Employees	<a href="#">P.48</a>
	103-2 The management approach and its components	Chapter 1: Stakeholder Communication and Responsibilities - Scope of Material Issues and Materiality Analysis	<a href="#">P.46</a>
	103-3 Evaluation of the management approach		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Chapter 2: Communication and Protection of Employee Rights - Human Rights Policy	<a href="#">P.56</a>

<sup>1</sup>Major environmental protection violations are defined as violations incurring penalties of more than 100,000 RMB (equivalent to 430,000 NTD). Penalties of more than 100,000 RMB impact on the Group's credit rating.

## Appendix II: Independent Verification Statement

### INDEPENDENT ASSURANCE OPINION STATEMENT

#### 2020 HON HAI Corporate Sustainability Report

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

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

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

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

#### Scope

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

1. The assurance scope is consistent with the description of 2020 HON HAI Corporate Sustainability Report.
2. The evaluation of the nature and extent of the HON HAI's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

#### Opinion Statement

We conclude that the 2020 HON HAI Corporate Sustainability Report provides a fair view of the HON HAI CSR programmes and performances during 2020. The corporate sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the HON HAI and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate HON HAI's efforts recognized by its stakeholders.

Our work was carried out by a team of corporate sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that HON HAI's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

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

- a top level review of issues raised by external parties that could be relevant to HON HAI's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 8 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.

#### Conclusions

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

#### Inclusivity

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

#### Materiality

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

#### Responsiveness

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

#### Impact

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

#### GRI Sustainability Reporting Standards (GRI Standards)

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

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

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

#### Competency and Independence

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

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2020104  
2021-06-10

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.  
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**Responsible Unit** | CSR Committee

**Responsible Person** | Martin Hsing

**Edit team** | Allen Shen, Doreen Tsai, Edward Yang, Elaine Liu, Enking Chen,  
Gang Huang, Kuan Chen

**Address** | No.2, Ziyou St., Tucheng Dist., New Taipei City 236, Taiwan

**Tel** | +886-2-2268-3466, ext. 560-25859

**Email** | [fgsc-03@foxconn.com](mailto:fgsc-03@foxconn.com)

**Website** | [www.honhai.com](http://www.honhai.com)



**HEADQUARTERS**

**NO.2, ZIYOU ST., TUCHENG DIST., NEW TAIPEI CITY 236, TAIWAN**

**WWW.HONHAI.COM**