

6 Net Zero Performance and Outlook



6.1 Net Zero Performance Assessment Indicators and Annual Achievements

To achieve Hon Hai's net zero vision, we set 2020 as our base year and proposed corresponding environmental protection goals and commitments related to net zero emissions, green resources, water conservation and environmental protection, waste reduction and recycling. Apart from the Group's overall goals, we have also formulated annual targets for each factory and department, which we periodically track and review.

Hon Hai's Net Zero achievements over the past 3 years

Theme	2020 Net Zero Vision Performance	2021 and 2022 Net Zero Vision Performance	Future Implementations and Goals
Resource Management	<p>[Water Resource Management]</p> <ul style="list-style-type: none"> Water consumption intensity for 2020 was 0.1618 tons per 10,000 NTD <p>[Waste Reduction and Recycling]</p> <ul style="list-style-type: none"> Internal plastic recycling ratio in factories for 2020 was 44% We plan to sign a memorandum of cooperation with UL Enterprise and establish a pilot "Zero Waste Zone" at our Longhua Factory 	<p>[Water Resource Management]</p> <ul style="list-style-type: none"> Water consumption intensity for 2021 was 0.146 tons per 10,000 NTD, 1.5% lower than for 2020 <p>[Pollution Prevention]</p> <ul style="list-style-type: none"> Installation ratios for industrial wastewater quality monitoring systems at our factories was 79.3% in 2021 In 2022, we established our Que Vo 1 factory in Vietnam as a pilot factory with an air quality monitoring system <p>[Waste Reduction and Recycling]</p> <ul style="list-style-type: none"> Internal plastic recycling ratio in factories for 2021 was 41% As of year-end 2021, our Longhua Factory has received the Zero Waste to Landfill Operations Gold-Level Certification, and our Hengyang and Kunshan factories have received the highest Platinum level certification Our Nanning Factory received the Zero Waste to Landfill Operations Gold-Level Certification in 2022, and our Tianjin Factory is in the process of obtaining certification 	<p>[Water Resource Management]</p> <ul style="list-style-type: none"> Reduce water use intensity by 6% before 2025 <p>[Pollution Prevention]</p> <ul style="list-style-type: none"> Complete 100% of industrial wastewater discharge and water quality monitoring system installations by 2025 Establish at least 3 pilot factories with air quality monitoring systems by 2025 <p>[Waste Reduction and Recycling]</p> <ul style="list-style-type: none"> Raise proportion of internally recycled plastics in factories to 60% by 2025 Obtain at least 5 UL2799 Zero Waste to Landfill Operations Gold-Level Certifications by 2025
Energy Management	<ul style="list-style-type: none"> Formulated the "Audit Procedures for Energy-Saving Projects" and "Audit Procedures for Energy-Saving Management," and set annual energy conservation goals at the beginning of each year The Group's actual energy conservation ratio was 5.18%, which exceeded our annual target of 4.5%, and constituted a reduction of 26.06% (2016-2020) compared with the base year, successfully achieving the Group's mid- to long-term energy-saving goal Audited all energy conservation projects. The Group identified 1,551 projects in violation of regulatory requirements in 2020, all of which have been corrected, reducing power wastage by 167,000 kWh and decreasing expenditures by 41.1 million NTD 	<ul style="list-style-type: none"> Formulated the "Audit Procedures for Energy-Saving Projects" and "Audit Procedures for Energy-Saving Management," and set annual energy conservation goals at the beginning of each year Proportion of green electricity usage for 2021 was 5.17% of overall energy usage Achieved actual energy conservation rate of 5.56% and successfully met our annual target for energy conservation (5%) Implemented 1,587 energy-saving projects with energy-saving benefits equivalent to 1.3 billion NTD in 2021 	<ul style="list-style-type: none"> Raise proportion of green energy usage to more than 50% by 2030



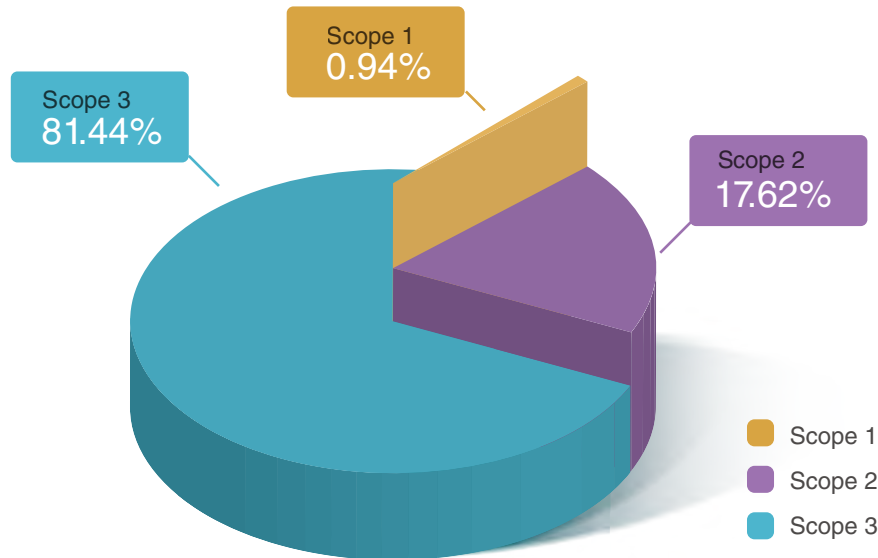
Theme	2020 Net Zero Vision Performance	2021 and 2022 Net Zero Vision Performance	Future Implementations and Goals
Management of Greenhouse Gases	<ul style="list-style-type: none"> Market-based emissions of Scope 1 and Scope 2 greenhouse gases in 2020 were 5,476,802 tCO₂e Implemented 1,751 energy-saving projects with total carbon reductions of 312,083 tCO₂e and energy-saving benefits equivalent to 1.339 billion NTD 	<ul style="list-style-type: none"> Market-based emissions of Scope 1 and Scope 2 greenhouse gases in 2021 were 6,010,866 tCO₂e Implemented 1,587 energy conservation projects in 2021 with total carbon reductions of 320,925 tCO₂e Consolidated and virtualized servers in 2021, increasing our cloud computing power by 20 times and reducing carbon emissions by 702 tCO₂e each year. Responded to the SBTis, conducted a carbon inventory, and officially submitted the SBTi Standard Commitment application in April 2022 Became a TCFD supporter Became a founding member, committee member, and supervisor of Association of Taiwan Net Zero Emissions 	<ul style="list-style-type: none"> Achieve net zero emissions of greenhouse gases by 2050 Using 2020 as the base year, reduce emissions by 21% before 2025; by 42% before 2030; and by 63% before 2035
Supply Chain Management	<ul style="list-style-type: none"> Assisted 88 electronics suppliers in implementing greenhouse gas inventories; 40 electronics suppliers also completed ISO 14064-1 verification 	<ul style="list-style-type: none"> In 2021, we have coached and promoted 98 electronic suppliers to complete carbon inventory and 51 to complete ISO14064-1 verification In 2022, we have coached and promoted 110 electronic suppliers to complete carbon inventory and 55 to complete ISO14064-1 verification In 2021 and 2022, promote electronic suppliers to reduce carbon emissions by 225,500 tCO₂e By 2022, 12 electronics suppliers have signed the Renewable Energy Commitment to use renewable energy 10 electronics suppliers have obtained UL 2799 Zero Waste to Landfill certification by 2022 	<ul style="list-style-type: none"> Promote 45 suppliers to use 100% renewable energy to produce Hon Hai products by 2025; and further assist 75 suppliers by 2030 and more than 100 suppliers by 2050 Drive 25 suppliers to obtain UL 2799 Zero Waste to Landfill certification by 2025



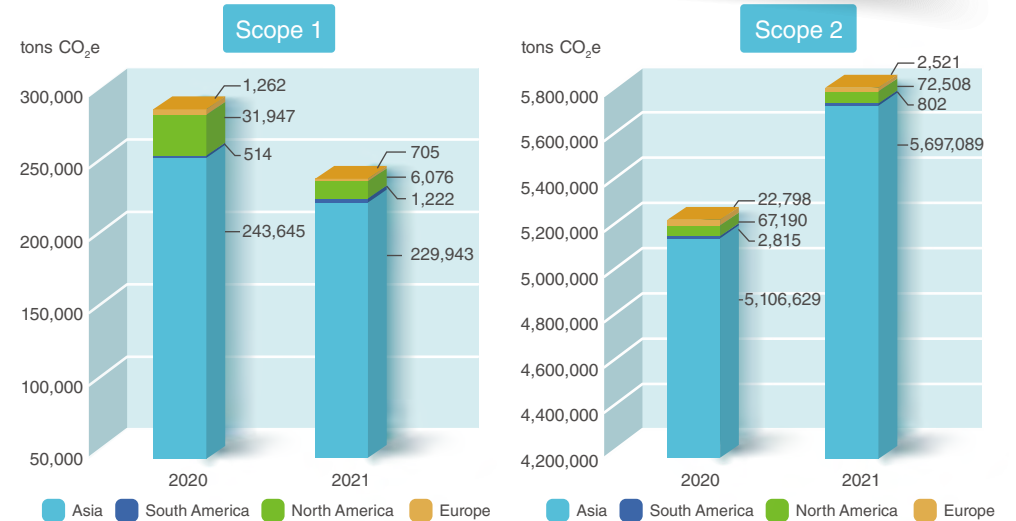
6.2 Greenhouse Gas Inventory

In order to achieve Hon Hai's net zero emissions target, we required our factories to conduct ISO 14064-1 greenhouse gas inventory and obtain third-party verification. As of 2021, the coverage rate for inventories conducted at our factories on all continents has surpassed 99%. Our market-based emissions for 2020 included 0.94% Scope 1 (direct) emissions, 17.62% Scope 2 (indirect from generation of purchased energy) emissions, and 81.44% Scope 3 (all other indirect value chain) emissions. Our Scope 1 and Scope 2 greenhouse gas emissions in 2021 rose by 9.75% compared to the base year (2020; 5,476,802 tCO₂e), mainly due to revenue growth and business expansion, which increased our electricity usage and in turn raised our greenhouse gas emission volumes. Hon Hai will actively formulate plans, implement carbon reduction projects, and use renewable energies to reach our net zero emissions goal for 2050.

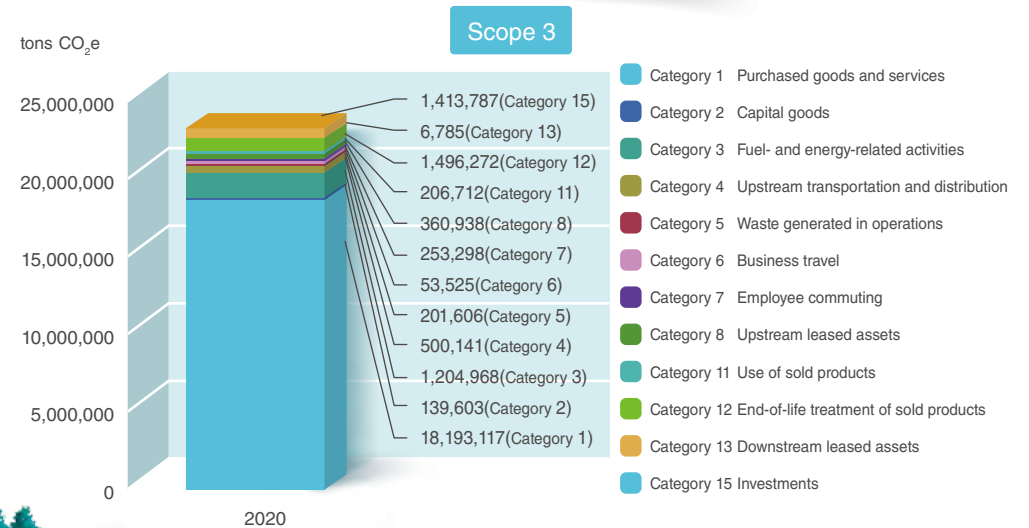
Hon Hai (market-based) greenhouse gas emission types in 2020



Hon Hai (market-based) Scope 1 and Scope 2 greenhouse gas emission volumes over past 2 years



Hon Hai Scope 3 greenhouse gas emission volumes for 2020



Hon Hai's Scope 1 emissions over past 2 years

(Unit: tCO₂e)

Year ^(Note 8)	Asia	South America	North America	Europe	Total
2020	243,645	514	31,947	1,262	277,369
2021	229,943	1,222	6,076	705	237,946

Note 8: Inventory coverage rates for 2020 and 2021 were over 99%.

Hon Hai's Scope 2 emissions over past 2 years (market-based)

(Unit: tCO₂e)

Year ^(Note 9)	Asia	South America	North America	Europe	Total
2020	5,106,629	2,815	67,190	22,798	5,199,433
2021	5,697,089	802	72,508	2,521	5,772,920

Note 9: Inventory coverage rates for 2020 and 2021 were over 99%.

Hon Hai's Scope 3 emissions in 2020

(Unit: tCO₂e)

Inventory Items	2020 Emission Volumes ^{Note 10}
Category 1 Purchased goods and services	18,193,117
Category 2 Capital goods	139,603
Category 3 Fuel- and energy-related activities	1,204,968
Category 4 Upstream transportation and distribution	500,141
Category 5 Waste generated in operations	201,606
Category 6 Business travel	53,525
Category 7 Employee commuting	253,298
Category 8 Upstream leased assets	360,938
Category 11 Use of sold products	206,712
Category 12 End-of-life treatment of sold products	1,496,272
Category 13 Downstream leased assets	6,785
Category 15 Investments	1,413,787
Total	24,030,752

Note 10: We are currently conducting Scope 3 greenhouse gas emissions inventories for 2021 and expecting to complete the process in the first quarter of 2023 at the earliest; these figures will be disclosed in our next annual Sustainability Report and CDP survey.

