

2020 CSR REPORT

Foxconn Industrial Internet Co., Ltd.



About This Report

Introduction

This report is the 2020 Corporate Social Responsibility (“CSR”) Report released by Foxconn Industrial Internet Co., Ltd. (hereinafter “Foxconn Industrial Internet”, “Company”, “the Company”, “Fii”, “We”) and its subsidiaries, communicating Fii’s philosophy, strategies and performances of corporate social responsibilities.

This report is the third CSR report issued by Fii since it was listed on the Shanghai Stock Exchange in 2018. We will continue to publish the CSR report annually as part of our commitment to good corporate citizenship. We are intended to innovate and develop the industrial internet, promote industrial transformation and upgrading, serve the vast number of small and medium-sized enterprises (SMEs), and drive sustainable social development.

Reporting Scope

This report covers Fii and its subsidiaries. In the report, the data on “Employee Care and Incentives for Growth”, “Clean Technology, Green Development”, “Responsible Procurement”, and “Joining Hands with Society for Public Welfare” is derived from 22 domestic subsidiaries engaged in intelligent manufacturing (communication and mobile network equipment, cloud computing and industrial internet) and industrial internet operations in China.

Reporting Period

This report covers the period from 1 January to 31 December 2020, while some information in this report is beyond this period for the improvement in comparability and disclosure timeliness.

Data Source

All information and data disclosed in this report are from the official documents, statistical reports and annual reports of Fii. Financial information quoted in this report is in RMB.

Reporting Principles

The content of this report is prepared in accordance with the Core option of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), and with reference to relevant contents of the Guideline on Environmental Information Disclosure by Listed Companies, the Guideline for the Compilation of Corporate Social Responsibility Reports, the Notice on Improving the Information Disclosure of Poverty Alleviation Work of Listed Companies issued by the Shanghai Stock Exchange, and the Guidance on Social Responsibility of Electronic Information Industry (SJ/T 16000-2016) and Evaluation Index System for Social Responsibility Governance of the Electronic Information Industry (T/CESA 16003-2017).

Third-party Assurance

In order to fully respond to the demands from various stakeholders and ensure that the report is more substantive, TUV SUD (“TUV SUD”), the third-party inspection, testing and certification agency, has specifically been hired by Fii to carry out an independent, objective and fair assurance in accordance with the AA1000 certification standard v3 “Type I, Medium Degree” plan, and the assurance report is attached to this report.

Access

This report is published electronically and can be viewed or downloaded online at the official Fii website (<http://www.fii-foxconn.com>).

Feedback

If you have any comments, suggestions or questions about this report, please feel free to contact us at:

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Fii Contributing to Sustainable Development

The year of 2020 was an extraordinary year. Facing the sudden outbreak of COVID-19, our business operations showcase the systematic and long-term performance of social responsibilities, where the best practice is to unravel social issues with corporate core competence.

Over the past year, Fii has prioritised the safety of the employees and partners in upstream and downstream industries. Supported by governments at all levels, we took it all in our stride with effective implementation, building production lines of masks within 72 hours and completing the self-production of masks and mask making machines within a few days by virtue of intelligent manufacturing, which demonstrated our success in pandemic prevention and rapid resumption of work and production. In our normal work practices, we protected the production safety of our employees through improving the CSR organisation, refining the working mechanism and strictly following job requirements.

Boasting such traits of the manufacturing industry as standardisation and normalisation, Fii completed various tasks. In 2020, we deepened our sustainable development strategy, successively introducing multiple management policies regarding the code of conduct for corporate social responsibility and chemical management, etc., in an effort to normalise the business practices of the company and upstream and downstream partners in the industry chain while laying a solid foundation for corporate ever-lasting presence with high-quality and high-level CSR development. We are committed to intelligent and green manufacturing as a leader in technical innovation and a provider of technology-driven services. The overall solution of manufacturing

lighthouses, intelligent buildings, 5G-based IoT applications and other projects have performed well in clean technologies, energy efficiency management as well as intelligent control, and will be launched in more cities in the future. Adhering to the strategy of “intelligent manufacturing + industrial internet”, we are moving towards the vision of “serving global manufacturing, benefiting worldwide industries” at a firm pace.

The new blueprint for the 14th Five-Year Plan is unfolding with clear objectives in respect of social and environmental issues such as ecological and environmental protection. China explicitly states that it strives to peak carbon dioxide emissions by 2030 which is a key task in economic and social development. We are intended to orderly promote the carbon management and energy system optimisation and proactively respond to the climate change mitigation, exerting all our energy to contribute to the new development landscape of “new infrastructure construction + dual circulation” with our strengths, with a view to devoting ourselves to modernising the global manufacturing industry for a more sustainable future.

This year, we made a forward-looking overall planning and built up our strength from both inside and outside the company. Fii will centre around creation based on our accumulated strength in the coming 2021. We will remain committed to our missions and continue to forge ahead. Upholding the philosophy of “data-driven, core interconnection, ecological co-construction, value sharing”, Fii will constantly apply technology to more fields with concerted effort, in an attempt to contribute to the sustainable development of society with our intelligent technology.



Fii Chairman
Li Junqi

李軍旗

Strengthening and Continuing our Cause, and Unwaveringly Moving Forward: Stepping into A Bright Future Together

As a global consensus, sustainable development is the responsibility of and opportunity for enterprises, and a key element of new commercial civilisation. The global spread of COVID-19 materially affected social economy and people's lives, enriching the meaning of our sustainable development strategy. As a world's leading provider of intelligent manufacturing services and industrial internet solutions, Fii demonstrated our determination to embrace the trend of the new era and to base ourselves on technology, as well as our enthusiasm for exploring new paths to fulfill corporate social responsibility.

Over the last year of pandemic fighting, acting as a pioneer in the industrial AI field, we expanded, innovated, and researched and developed independently. We realised self-sufficiency and accelerated work resumption internally and provided a solid back-up for the whole society to fight the pandemic externally. We cooperated with Asclepius Meditec to develop oxyhydrogen atomizers, donated supplies to government departments and demanding units, and provided free services via the Fii Developer Center. We also supported enterprises in working online, and helped many registered units via the Safe Resumption of Work App. Over the last year, from self-help to helping others and from duty to dedication, we introduced new service models, becoming a spark that illuminated the industry.

Meanwhile, as a global advocate of green manufacturing, we integrated scientific and technological innovation with green production, and fulfilled our responsibilities with industrial technology. From source control to process management and even end-of-pipe control, we applied technology to production and finally improved the efficiency of environmental protection. In addition, the concept of green management is deeply rooted in Fii's business operation. We conducted industry-wide management system innovation and application,

promoted the adoption of green supply chain management by suppliers, and improved energy efficiency and controlled pollutant emission through resource recycling, pollution control, waste disposal and digital environment technology. In 2020, we focused on environmental innovation and delivered satisfactory environmental performance, drawing a blueprint for sustainable development of the world.

We also thoroughly implemented the industry consensus of "people-oriented" by strengthening risk management, ensuring production safety, and valuing staff opinions. Fii has been adhering to the concepts of social responsibility, such as employment equality, employee diversity, and prohibition of child labour and forced labour, actively fulfilling our responsibility to employees. Meanwhile, we actively assumed social responsibilities. For example, we established a sunshine factory for the severely disabled and set up various barrier-free spaces, giving more disabled people a sense of dignity and retaining the vitality of the company.

In the last year, Fii was brave and determined, intelligent and aggressive, and highly recognised by society. Fii was rated as an "Outstanding Enterprise in Fighting COVID-19" in the 10th China Charity Festival in 2020 and selected as a constituent stock of the Hang Seng Corporate Sustainability Index. Looking forward, we will brave the wind and the waves. On the road of sustainable development, regardless of raging undercurrents or deep-running still waters, we will uphold the 5E concept, namely increasing employment, stimulating economic growth, promoting education, focusing on environmental protection, and reducing energy consumption. We will strengthen and continue our cause, and unwaveringly move forward on the road of green environmental protection and scientific and technological innovation, with an aim to benefit worldwide industries and step into a bright future together with numerous enterprises.



CEO and President
of CSR Committee
of Fii
Brand Cheng

Performance Highlights

Economy



Operating income
for 2020

RMB
431.786
billion



Year-on-year increase
in the operating
income of the
industrial internet
industry

130.85 %



Year-on-year increase
in the operating income
from cloud solution
providers

70.5 %



R&D expense

RMB
10.038
billion

Environment



Annual operating
income from clean
technologies over

RMB
175.3
billion



Annual number of
new patents in clean
technology

190



Accumulated
number of patents in
clean technology as
at the end of 2020

587



Number of green
factories of Fii

6



Total annual
investment in
environment, health
and safety (EHS)

RMB
391
billion

Society



Key suppliers
signing the Code
of Conduct

100 %



Collective contract
coverage

100 %



Overall average
employee
satisfaction

8.37
points¹



Investment in
public welfare and
supplies over

RMB
26.74
billion

¹ Each dimension in the employee satisfaction survey is scored on a 10-point scale

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About the Company

Technology Empowering Future

Fii adheres to the two-wheel drive strategy featuring “intelligent manufacturing + industrial internet”, and combines the “three hard and three soft” strategy to produce a wide range of products and businesses, deeply explores smart factories, smart homes, smart transportation and other fields, and is committed to creating a diverse ecosystem of industrial internet. The company actively responds to the nation’s call for “new infrastructure” and focuses on the development in important technological fields represented by industrial internet, 5G and cloud computing + edge computing. With the smart factory as the total digital solution, Fii has established a number of leading “lighthouses” in the world, involving auto parts, household equipment, building materials and other industries, and some factories have already included in the “lighthouse” list developed by the World Economic Forum. Fii has actively cooperated with local governments also, in 2020, Fii jointly implemented the smart valley project with the local governments of Foshan and Hengyang. In addition, Fii also cooperated with local governments such as Jincheng and Shenzhen to build the Smart Valley. The innovative ecosystem featuring “intelligent manufacturing + 5G industrial internet” combined with industrial resource platforms aims to promote industrial internet services in different places.

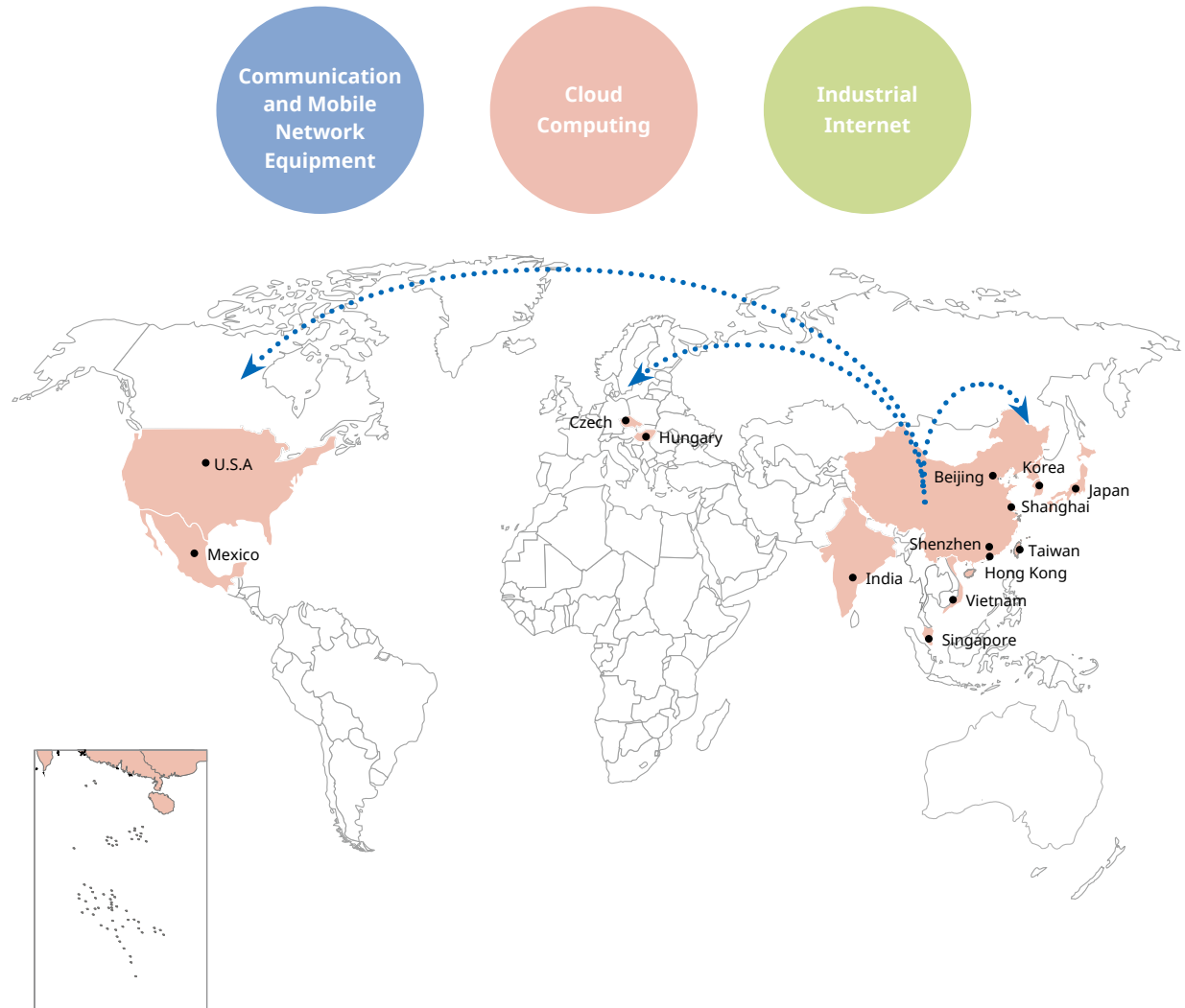
Put People First for Long-term Development

Encompassing massive amount of industrial data and top industrial internet talents in the industry, Fii is a worldwide pioneer in the industrial internet field. The experienced management team having in-depth insights provides the company with advanced deployments in the global economic operating cycle and envisions the overall development trend of the electronic smart manufacturing industry. Meanwhile, we have formulated a number of systems to fully protect the rights and interests of all employees. In 2020, the labour union has achieved 100% employee coverage. As of the end of 2020, the company had a total of 196,159 employees, realised a revenue of RMB 431.786 billion, and had multiple manufacturing bases in Shenzhen, Zhengzhou, Jincheng, Jiyuan, Taiyuan, Nanning, Tianjin, Hebi and Shanghai.

Global Footprint & Coordinated Production

Making full use of the global operating system and supply chain system, Fii coordinates the production planning around the world, and uses the most effective production method to meet the delivery needs of customers in different regions and at different time zones, and effectively mitigate local macroeconomic risks. So far, Fii has carried out business operations in many countries and regions such as China, Taiwan and Hong Kong, the United States, Singapore, the Czech Republic, and Japan, while carrying out optimization activities including automation and intelligence to promote the development of the global economy.

Fii is the world's leading provider of intelligent manufacturing and industrial internet solutions.

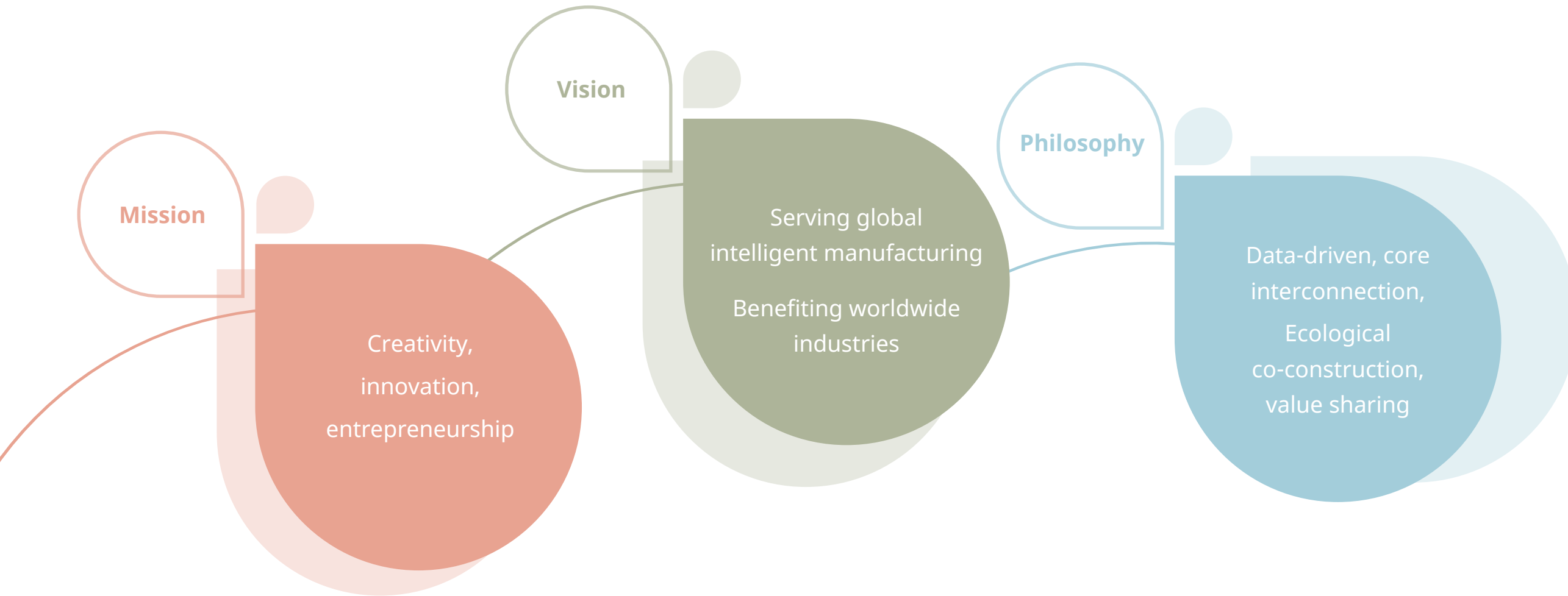


Long-term Stability for Brilliance

For years, Fii has been adhering to the philosophy of "Aspiring to brilliance" and has always included sustainable development as one of the company's core principles. Whilst investing in and building intelligent manufacturing and technology services, we proactively undertake and fulfil corporate social responsibilities, continue to contribute technology services and intelligence to customers, peers and the society, and are committed to achieving sustainable social development powered by innovative technologies and a better future fuelled by the industrial internet.

Corporate Vision & Mission

Keeping in mind the mission of creativity, innovation, and entrepreneurship, we spare no effort to play our role and exert our influence as a leader in the industry, and continue to uphold the philosophy of "data-driven, core interconnection, ecological co-construction, value sharing". We effectively promote the transformation and upgrading of intelligent manufacturing, utilizing industrial big data, industrial AI and industrial applications to achieve the strategic goal of building a new industrial internet ecosystem, and ultimately achieve the vision of "serving global intelligent manufacturing, benefiting worldwide industries".



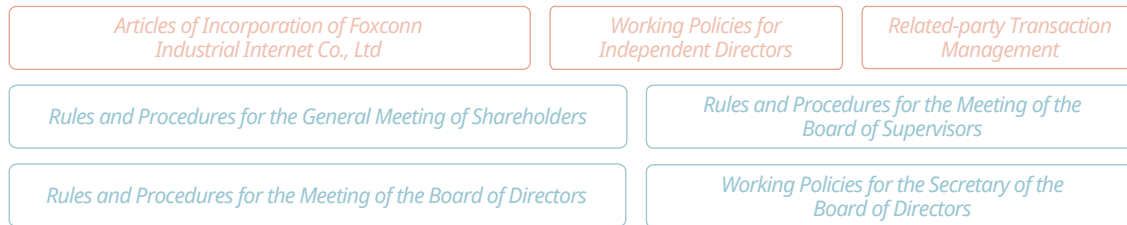
Corporate Governance

Governance Structure

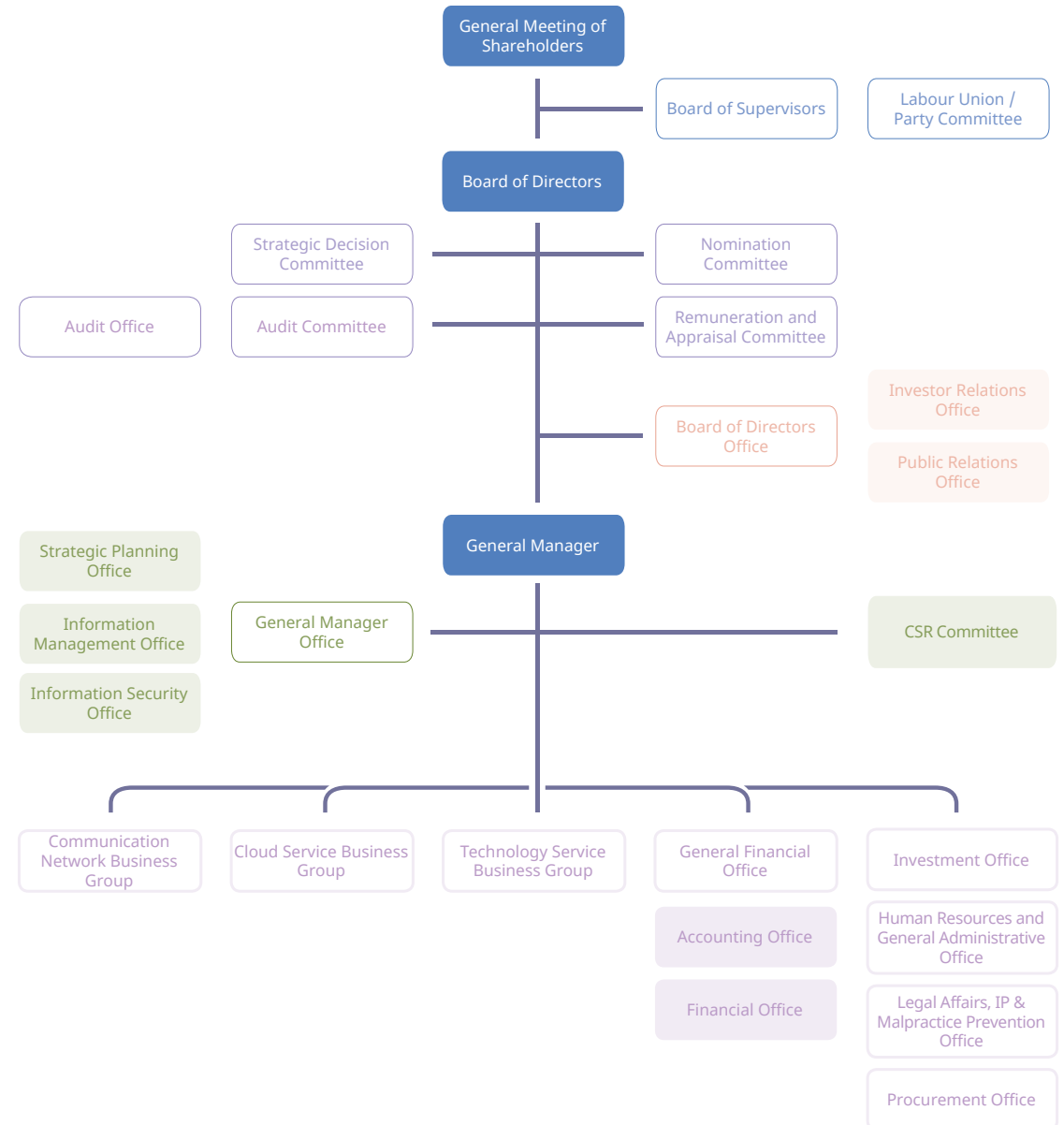
Fii has established a governance structure in line with relevant laws and regulations including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*. This comprises the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and senior management, forming a well-balanced and interacting system among the authorities, decision-makers, supervisors, and management. We have also formulated and implemented the *Articles of Incorporation of Foxconn Industrial Internet Co., Ltd.* and other governance policies.

Four special committees under the Board of Directors assist in decision-making and monitoring in terms of strategic decisions, nomination, remuneration and appraisal, and audit. We also engage independent directors to participate in decision making and supervision to enhance the objectivity of decisions made by the Board of Directors.

Governance systems of the Board of Directors of Fii

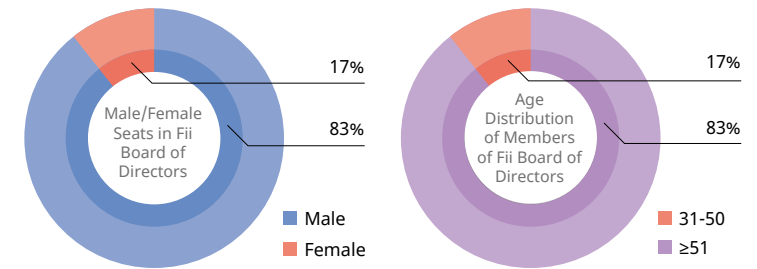


They aim to clarify the company's business objectives and scope, and strictly stipulate the scope of work, authorities, and obligations and responsibilities of the company's management including shareholders, directors, and supervisors. At the same time, it is made clear that the company should comply with standardised processes for various procedures in its operation, and promote the company's steady development by an open and transparent management method.



Board of Directors

Fii's Board of Directors consists of six directors, including two independent directors, both of whom have extensive operational experience and a strong industry reputation. We have disclosed board members' resumes, positions held in other companies, and other background information on our website and in our annual report.



Audit Committee

Fii has set up an Audit Committee under the Board of Directors and formulated the *Rules and Procedures for the Meeting of the Audit Committee*. These measures strengthen the Board of Directors' decision-making, enhance the supervision of our financial results and business activities, exert the independence and effectiveness of our internal control system, and protect the interests of all stakeholders.

The Audit Committee is responsible for proposing to hire or replace external audit organisations, coordinating communication between the external audit organisation and relevant internal functions including internal audit, and overseeing and evaluating the work of the external audit organisation. The Committee also supervises the implementation of the internal audit system, reviews the financial report and issues opinions, audits the internal control system and assesses the effectiveness of internal control, intercompany transaction control, and daily management. In 2020, the Audit Committee held 7 meetings, with 100% attendance of all committee members.

Remuneration and Appraisal Committee

Fii has created a Remuneration and Appraisal Committee under the Board of Directors and formulated the *Rules and Procedures for the Meeting of the Remuneration and Appraisal Committee*. These support a sound appraisal and remuneration management system for directors and senior management while improving the corporate governance structure.

The Remuneration and Appraisal Committee is mainly responsible for developing remuneration plans or schemes for directors and senior management of Fii. It reviews the duty performance of directors and senior management and conducts annual performance appraisals. It also creates plans for rewards, penalties, and equity incentives, and oversees the implementation of remuneration policies. In 2020, the Remuneration and Appraisal Committee held 5 meetings, with 100% attendance of all committee members.

Strategic Decision Committee

Fii has established a Strategic Decision Committee under the Board of Directors and formulated the *Rules and Procedures for the Meeting of the Strategic Decision Committee*. The Committee helps us to define our development plan, enhance our core competitiveness, improve the investment decision-making process, facilitate wise decisions, improve the efficiency and the quality of decision-making process, and strengthen our corporate governance structure.

The Strategic Decision Committee offers suggestions for long-term development strategies and major investment decisions, material capital operations, and investment financing plans that require approval by the Board of Directors, and other major issues affecting the company's development. In 2020, the Strategic Decision Committee held 1 meeting, with 100% attendance of all committee members.

Nomination Committee

Fii has moved to standardise the election procedures for directors and senior management, optimize the composition of the Board of Directors, and improve the corporate governance structure. To support this, it now has a Nomination Committee under the Board of Directors, along with the *Rules and Procedures for the Meeting of the Nomination Committee*.

The Committee offers suggestions on the Board of Directors' scale and composition based on Fii's operations (including asset size and equity structure). It studies the election criteria and procedures for directors and general managers and helps find and review qualified directors and senior management candidates. In 2020, the Nomination Committee held 1 meeting, with 100% attendance of all committee members.

Risk Management and Control

Fii has established a complete internal management and control system covering technology development, safe production, sales management, quality control, and financial accounting. We timely identify and monitor potential risks and take effective risk control measures based on the Risk Management Policies. We have implemented relevant management systems for each subsidiary according to the *Management Policies on Subsidiaries of Foxconn Industrial Internet Co., Ltd.* In 2020, the company's legal affairs, audit, information and CSR units set up a working group to initiate the establishment of a global risk control and compliance management committee. We will establish an enterprise risk management (ERM) operation system by making reference to the overall risk management framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), ISO31000 risk management standards, etc., and continuously improve the company's ability to respond to risks.

Crisis Management

Fii lays stress on risk management and hires professional risk consultants to help plan and improve our crisis management mechanism. Through preparatory research work on risk assessment, classification of crisis events, establishment of start-up mechanisms and handling organisations, and establishment of crisis handling procedures, a clear foundation has been basically established. The crisis handling process effectively enhances the organisation and orderliness of crisis response.

Fii continues to deepen corporate crisis management. By conducting risk assessment seminars and conducting management interviews for risk assessment, the crisis management mechanism has been firmly implemented, and the company's ability to manage and respond to risks has been comprehensively improved. Fii expects to carry out risk emergency drills in 2021, continues to expand risk management methods and strengthen risk management awareness.



Risk Evaluation

We analysed internal and external factors to identify 25 risks covering areas including external, compliance, strategy, and operations. We then evaluated each risk's possibility and severity. We incorporated 13 high-priority risks into the crisis management plan, creating crisis management procedures for them.



Classification of Crisis Events

We classified crisis events into three levels. If the event reaches level three, the crisis management plan must begin immediately. If any of the 13 crisis events occurs, notifications must happen within the specified time based on the event level. In 2020, Fii updated the *Notification Guideline of Fii Major CSR Events*, reviewed existing threats through the risk identification and analysis procedure, and clearly defined major events under Fii's control. Meanwhile, we revised the notification procedure and notifying staff according to Fii crisis management plan in order to effectively communicate major CSR events and improve our rapid response to changes.



Emergency Start-up Mechanism

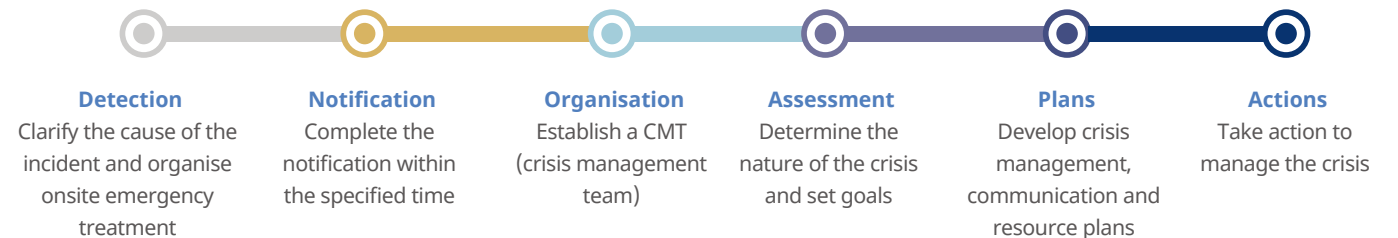
When starting the crisis management plan, at the command of the commander, the leader of the crisis management team will set up teams for operations, support, logistics, media, and others to ensure specialized crisis management, communication, and resource planning.



Setting up crisis management process

We have implemented three procedures: determining the nature of the crisis before the action, setting the target of crisis management, and drawing up the plan of crisis management. These ensure that the crisis management team and relevant units are clear on the crisis and the purpose and steps of each action and take immediate and effective actions.

Fii Crisis Management Process



Operational Risk Management

Our globalized R&D, design, manufacturing, assembly, and delivery strategy enables us to meet our customers' delivery needs across different time zones through the most efficient production methods. It protects us from the impact of the complex and changeable international situation and the risks of instability in the world economy. We have also developed an industrial internet system to track our global inventory level, letting us place purchase orders based on our controlled inventory level and reduce our inventory backlog and capital risks.

We will continue to increase R&D input, strengthen training for our core talent teams, and implement our global strategic layout to meet our customers' needs with cutting-edge technology, quality products and professional services and to mitigate the risks that may arise from industrial changes.

Financial Risk Management

The global situation is complex and changeable, which leads to changes in financial markets. Fluctuations in exchange rates and material prices expose us to more risks in our operations. We reduce our financial risk through measures including foreign exchange forward contracts and currency swap contracts. We also watch for fluctuation in raw material prices and have established a strategic cooperation mechanism with suppliers, upgrading our supply chain management system to protect us against price volatility

Occupational Safety Risk Management

Fii attaches great importance to the risk management and control in occupational safety, strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Work Safety Law of the People's Republic of China* and has established a safety committee. In 2020, Fii further improved the risk control system, and reduced the impact of related risks on work safety and operations by conducting audit monitoring, audit training, and data analysis in terms of the operational safety of electrical facilities and the effectiveness of the fire control system. Fog AI, an application for safety and disasters, launches efficient safety information collection with an integral data collecting and exchanging system, for risk warning, disaster notification, response to command, and safety and disaster prevention. Fog AI is used for comprehensive safety performance assessment by means of calculation on the accident record, track frequency, equipment failure rate, proper rate and statistics of potential risks to predict and give feedbacks on potential risks in a timely manner and nip risks in the bud.

Business Ethics

Oversight for Ethics issues

Fii attaches great importance to the company's internal control and has established a sound supervision system. The senior management is responsible for supervising business ethics issues to arranging for special audits related to economic responsibilities and business ethics, and regularly reporting relevant audit results to the Board of Directors. As the highest supervisory authority, the Board of Directors of Fii is responsible for reviewing the internal control mechanism and audit results, and further putting forward requirements and making overall arrangements for our business ethics audit and internal control compliance.

In accordance with the guidelines of the internal management system such as the *Articles of Incorporation of Foxconn Industrial Internet Co., Ltd*, Fii has clarified the requirements and standards for the internal supervision by the directors and senior management, and carried out internal control evaluation and supervision actions, strict diagnosis and review of potential high-risk aspects in operations, and timely rectification of problems found. In addition, we actively explore innovative supervisory models based on our own business characteristics, continuously strengthen supervisory efforts, and optimize the supervisory system to lay a solid foundation for the promotion of good corporate governance and steady development.

Business Ethics Policy

Adhering to the ethical requirements of "Fulfilling Social Responsibilities and Sustainable Growth", Fii has established corporate business ethics standards and formulated the *Fii's Corporate Social Responsibility Code of Conduct*. The company has clearly divided and strictly defined the content of suspected malpractice, corruption, and corporate business ethics to ensure that the system is implemented in every aspect of operations through regular training and presentations, assessments and evaluations. Fii strictly abides by the *Administrative Measures on Malpractice Prevention*, the *Reporting and Complaint Management Measures* and other internal systems. In 2020, we set up an Malpractice Prevention Department responsible for internal integrity culture building and malpractice prevention and other work. We are dedicated to implementing the company's integrity building by setting up and making public multiple reporting channels, conducting regular integrity training/education and carrying out internal ethics audit.

Anti-corruption

Fii has deepened employees' knowledge and understanding of corporate integrity culture by formulating and implementing the *Employee Handbook*, the *Regulations on Management of Discipline Violations by Employees*, and the *Code of Conduct for Employees to Combat Corruption and Uphold Integrity*. Meanwhile, we require all new recruits to read and sign the honesty and integrity clauses to strengthen the honesty and integrity of the company.

Anti-bribery

The *Integrity Commitment* of Fii clearly stipulates that employees are prohibited from committing or promising to bribe, presenting valuable articles, gifts and banquets to interested parties in order to achieve the purpose of transactions. Meanwhile, Fii defines property and gifts to include shares, securities, and intangible assets, ensuring that bribery is strictly prohibited during the company's operations.

Anti-corruption by suppliers

Fii requires suppliers to sign integrity agreements such as *Supplier Proactive Statement* and *Manufacturer's Commitment* before the performance of the contract. Suppliers are strictly prohibited from paying or obtaining benefits by illegal means, and they should promise to prevent any embezzlement or misappropriation of company assets. Meanwhile, the company requires them to participate in integrity publicity and training to reduce the risk of suppliers' corruption in the process of contract performance.

Reporting Channels

Fii has formulated and strictly abided by the Reporting and Complaint Management Measures. We encourage employees to report violations of laws, regulations and disciplines, and various frauds and infringements, and establish and publicize multiple reporting channels on our website. The whistle-blower can report by telephone, text message, WeChat, express mail, letter, e-mail, face-to-face report, or appoint others to be a proxy for reporting.

Malpractice Prevention & Reporting Channels

Internal call
(560)15111

Mobile phone
86+13266815111
(24/7)

Email Fii.JB15111@gmail.com
Fii-JB15111@fii-foxconn.com

Address 2F, Building C1, Foxconn Technology Park, Donghuan Er Road, Longhua District, Shenzhen
50F, Rongchao Headquarters Tower, Nanshan District, Shenzhen

Protection of Whistle-blowers

Fii pays special attention to the protection of whistle-blowers, including the protection of the personal rights, property rights, work rights, democratic rights, reputation rights and other legitimate rights and interests of whistle-blowers, to ensure that the whistle-blowers are protected from retaliation. Fii appoints dedicated persons to manage the whistle-blower's information, reporting clues and reporting materials. In the event of leak or loss of case materials, the relevant personnel must immediately report to the department leader, who will report it to the superior, and take remedial measures as soon as possible.

In order to encourage all employees to participate in building the business ethics and the company's integrity, Fii has set up incentive measures for whistle-blowers. According to the accuracy of the clues provided by the whistle-blower and his/her contribution in the investigation process, Fii divides the whistle-blower rewards into four levels, and provides substantial rewards to the whistle-blower according to the response level.

Internal Audit of Business Ethics

Fii insists on integrity and continuously strengthens the company's business ethics. In order to effectively promote the philosophy of "keeping honesty, advocating integrity, and penalizing corruption", we have clearly defined and stipulated anti-fraud behaviours in the *Employee Handbook* and *Code of Conduct for Employees to Combat Corruption and Uphold Integrity*. In addition, Fii has gradually implemented internal audit actions of business ethics, and gradually increased the frequency of audits, conducted internal ethical audits for all operating parks, and issued reports and recommendations based on audit results to provide effective guidance for the company toward compliant operations in the future.

Employee Training on Business Ethics

For a long time, Fii has focused on building compliance awareness and culture. In order to strengthen management and supervision, the company specially sets up the legal affairs office responsible for the internal compliance building of the company. Through regular training, publicity, assessment and other activities, the employees' legal and compliance awareness is continuously strengthened.

Fii lays emphasis on the integrity education of its employees. When a new recruit enters the company, Fii conducts online courses for each employee under the theme of "honesty and integrity". The curriculum includes the company's integrity system, employee's code of conduct, and future job red lines. At the same time, the integrity of employees is evaluated by means of examinations to ensure that every employee attaches importance to and participates in the company's integrity building. In addition, the company regularly organises integrity publicity conferences and organises employees to watch integrity education videos to continuously strengthen the honesty and integrity awareness of employees at all levels. Integrity training targets 100% of directly and indirectly employed staff.

Integrity Training Summary In 2020, Fii carried out a comprehensive integrity training,

with a total of
415,174
trainees

a total of
475,636
hours

Integrity training covered
100 %
of directly and indirectly
employed staff



Training on Suppliers' Business Ethics

The company focuses on compliance with laws and regulations in the process of external cooperation. Fii provides suppliers with business ethics training on time, and requires partners to disclose the labour, health and safety, environmental practices, business activities, structure, financial condition and performance of the participants in accordance with relevant regulations and industrial practices when the suppliers are enrolled. It is resolutely forbidden to forge records or make a false report of actual operating data in the supply chain.

Repression of Unfair Competition

To maintain a positive corporate image, Fii strictly abides by national or international laws and regulations on fair competitions and emphasizes customer values and rights. We prohibit employees from setting prices that may lead to a product monopoly, from participating in agreements that restrict product or service supply, and from boycotting any customer or supplier in form of agreement. We will take prompt measures to justifiably deal with any violations that may undermine the corporate image or breach any application law.

Sustainable Development Strategy

Fii takes "smart industry, green technology" as its strategic development direction to serve the manufacturing industry. It focuses on the development of seven smart industries, namely "cloud computing, mobile terminals, IoT, big data, AI, Industrial Internet, and automated robots" and green technology applications, combines and uses six data streams of "personal flow, process flow and logistics" on the physical side, and "information flow, financial flow, and technology flow" on the virtual side. We apply 5C messages (Connection, Conversion, Cyber, Cognition, Configuration) as important tools to four F scenarios (Factory, Facility, Field, Fleet), achieves the three goals of "Work reduction, worry reduction and waste reduction", completes the transition from "being beneficial to oneself" to "being helpful for the world". We help small- and medium-sized enterprises to transform and upgrade and continue to create and consolidate sustainable development results together with them to create shared value for the industry chain.

Guided by our vision and strategy, we increase investment and R&D input in "smart industry, green technology", fully grasp important opportunities brought by energy structure transformation, and the rapid development of clean technology and the industrial internet, and give full play to our unique advantages.

Fii is deeply aware that the sustainable development of an enterprise is based on firmly fulfilling its own social responsibilities and continuously meeting the development needs of the society. This year Fii made significant advances in the sustainable development in the following two aspects.

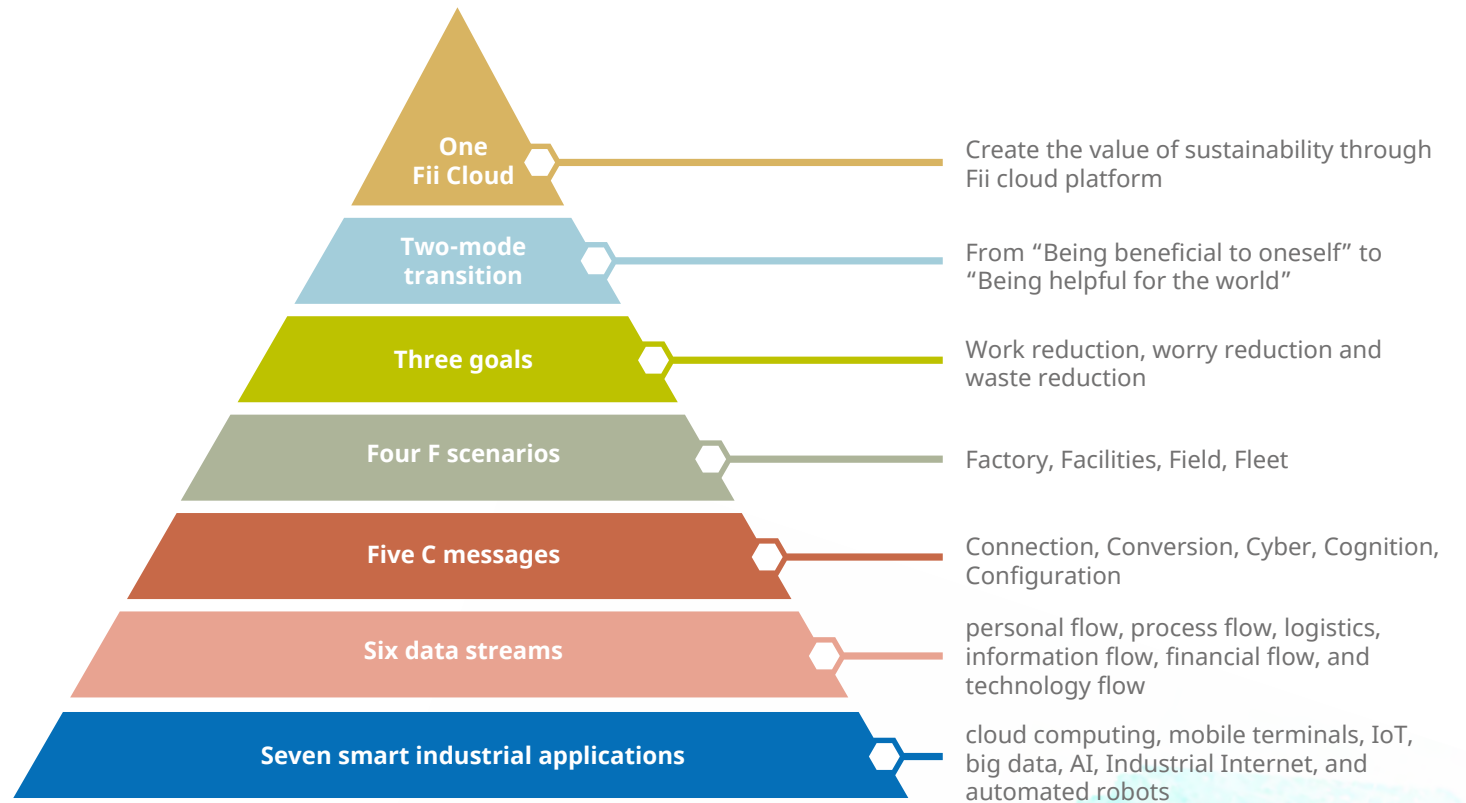
Continue to Assume Social Responsibilities

Fii has further improved the CSR management structure, formulated and implemented the *Corporate Social Responsibility (CSR) Code of Conduct*. The code of conduct put forward Fii's policies and statements regarding eight areas: I. Ethics, II. Labor and Human Right III. Health and Safety, IV. Environment, V. Management Systems (listing the basic management elements required to comply with this code), VI. Responsible Sourcing of Minerals, VII. Anti-Corruption Policy and VIII. Anti-Trafficked & Forced Labor. Managers at all levels are required to fulfil corporate social responsibility and strengthen corporate governance efficiency through sustainable operations and management.

Seize Green Opportunities

Fii's two-wheel-drive strategy featuring "Intelligent Manufacturing" and "Industrial Internet" can actively help industrial enterprises achieve the goals of circular economy and energy saving and emission reduction. It is a concrete manifestation of seizing green market opportunities through clean technology. Therefore, the R&D and sales of clean technologies are one of Fii's core businesses.

The company actively promotes clean technology product innovation and business development, strives to grasp the market opportunity of clean technology, uses industrial internet to achieve the great national mission of carbon neutrality. Through the promotion of cloud computing equipment, industrial automation and system/process optimization, we are exporting the systems and technology to other companies, realizing the export of technology and services, and assisting industrial enterprises to achieve the goal of safe, efficient, green and intelligent production by intelligent and digital means.



Composition of Fii Sustainable Development Strategy

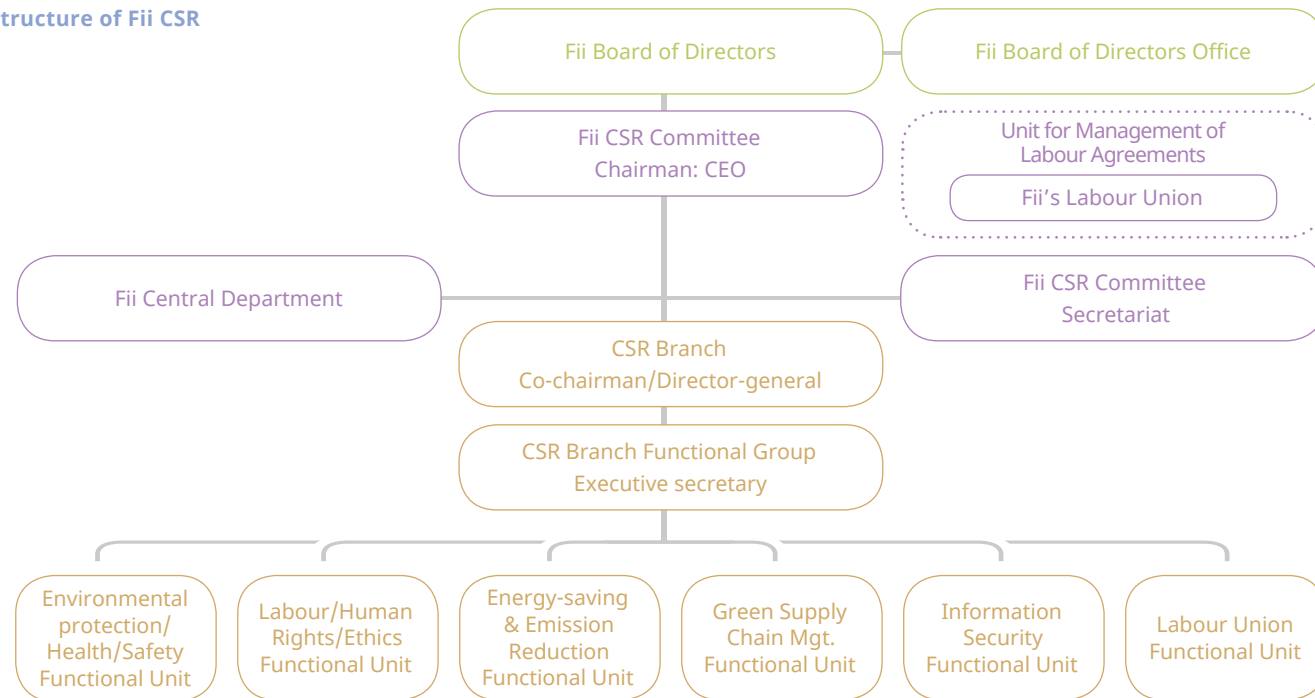
Management Mechanism of Sustainable Development

The Fii Board of Directors is the ultimate undertaker of responsibility for the company's sustainable development. It urges Fii's management to adhere to the principles of business ethics, integrates the company's sustainable development-related issues with the daily management of business operations, and determines the company's short-, medium- and long-term strategies, visions, goals, and operational performance for sustainable development. Specific functions include:

- Organise and appoint members of the Fii CSR Committee;
- Evaluate and determine the risks and opportunities related to the sustainable development of Fii, and incorporate the operational policy into the agenda of the Board of Directors for regular discussion;
- Ensure the effectiveness of the sustainable development risk management and internal control mechanism of Fii, as well as the management's adherence to the principles of business ethics, honesty and integrity, and compliant operation;
- Formulate the vision, policy, strategy for sustainable development governance and management, and related work priorities and goals of Fii;
- Regularly review the sustainable development performance of Fii, receive reports from the management and make replies;
- Reply to all the information related to the sustainable development of Fii to be disclosed.

The Fii management needs to report to the Board of Directors various sustainable development business plans and work progress and results to enable the Board of Directors to timely perform the responsibility for supervising the above-mentioned sustainable development issues.

Organisational Structure of Fii CSR Committee



Strategy	Planning			Execution
<p>Board of Directors</p> <ul style="list-style-type: none"> - Supervise the management to implement and practise business principles; - Determine sustainable development strategies, visions, goals, and performance; 	<p>Chairman of CSR Committee</p> <ul style="list-style-type: none"> - Organise a CSR committee, establish a dedicated organisation, integrate resources, formulate CSR policies, and regularly report related work to the Board of Directors; 	<p>Secretariat of CSR Committee</p> <ul style="list-style-type: none"> - Identify, implement, and check CSR-related policies and key issues, and assist with continuous improvement of related management processes; 	<p>Central Administration Department</p> <ul style="list-style-type: none"> - Practice CSR related systems, implement CSR related policies and plans, and collaborate with the committee to carry out and execute related work; 	<p>Branch of CSR Committee</p> <ul style="list-style-type: none"> - To improve the company's operation management and accomplish corporate vision, 6 functional units are expected to carry out trans-departmental integration addressing relevant issues.

In 2020, the Fii's CSR Committee formulated the *Management Measures for the Organisation and Operation of Fii CSR Committee*. It makes clear that Fii is concerned about the impact on various stakeholders and takes into account the economic, environmental, safety, and social responsibilities of production activities of the company. Fii maintains good corporate governance, strictly abides by business ethics, and is committed to implementing social responsibilities, promoting sustainable development of the company, and maintaining basic human rights. Fii attaches great importance to issues relevant to the above respects. Based on the above requirements, the management formulated corresponding evaluation and supervision mechanisms. In the sustainable development-related fields, the corresponding evaluation indicators were formulated and matched with the corresponding managers and management teams to quantify their work effects and directly link them to their performance bonuses. All these are aimed at the real fulfilment of management responsibilities.

Communication with Stakeholders

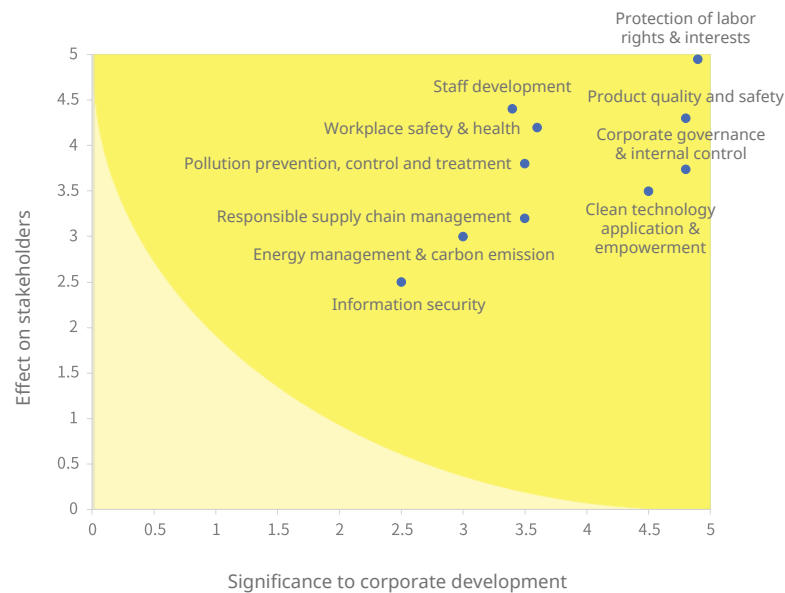
The requirements and expectations of stakeholders are an important source of information for Fii to judge its own sustainable development. Fii uses the degree of mutual influence between the company's operations and the stakeholder as the criterion to determine important stakeholders, and maintains close communication with important stakeholder groups, collects their opinions, and facilitate management's all-round judgment on the importance and performance of its sustainable development.

Stakeholders	Relationship with Fii	Highlights	Communication channel
Employees	The stability of the employees is the cornerstone of the continuous operation of Fii. The satisfaction and growth of employees is an important responsibility of Fii in operation	Safety and health, equal rights, wages and benefits, training and promotion, corporate culture	Employee hotline, worker's congress, employee activities, labour union
Customers	Persistent trust and support from customers are the main driving force for Fii's development	High-quality products, safety products, environmentally friendly products, first-rate services, network security, privacy protection, clean production solution	CSR activities, pre-sale communication, after-sale services, teleconference, regular audits
Suppliers	Partnership with suppliers to aid Fii's steady growth	Procurement requirements, stable relationship, good procurement practices	Annual supplier conference, supplier management platform, regular supplier training, supplier verification
Investors & shareholders	Fii is obliged to ensure long-term steady returns for investors' support and trust	Financial performance, risk control, governance improvement, seize the market opportunities for clean technology, non-financial information disclosure	General meeting, investor roadshow, annual report, performance report, CSR report
Community & environment	We always attaches importance to harmonious social relationship	Employment creation, compliant operation, social impact, environmental impact, harmonious community	Information disclosure, field visits, charitable activities, questionnaire, volunteering activities
Government & regulatory agencies	Compliance with requirements and support to the requirements of governments and regulatory authorities are among our core priorities.	Compliant operation, job creation, economic contribution	Subject to supervision, participation in various seminars
NPOs and industry associations	Supervision and expectations from NPOs and industry associations serve as valuable guidance in our long-term operation	Social impact, environmental impact, compliant operation	Telephone communication, irregular survey, CSR activities

Significant Issues for Sustainable Development

Through continuous communication with a wide range of stakeholders, and consultation with experts on industrial and sustainable development, we have further updated and clarified the significant issues for our own sustainable development, set up a matrix of significant issues for sustainable development, and made explanations on 10 significant issues:

Fii Matrix of significant issues for sustainable development



Issue	Explanation	Correspond to UN SDGs
Protection of labour rights & interests	Protect all labour rights and interests, provide equal pay and promotion opportunities to all employees, and ensure that no child labour, forced labour, and various types of discrimination is present in all workplaces	5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities
Product quality and safety	In accordance with the requirements of various laws and regulations or even higher than them, pick out and develop safe and high-quality materials and apply them to manufacturing process to ensure the delivery of safe and high-quality products to customers	12 Responsible Consumption and Production
Corporate governance & internal control	Establish a complete governance mechanism and an internal control system to ensure that corporate operations meet various compliance requirements, and continuously improve internal business ethics and culture, and by providing training and improving mechanisms ensure that management and employees recognize and comply with business ethics	16 Peace, Justice and Strong Institutions
Clean technology application & empowerment	Seize the market opportunity of green development, vigorously develop clean technology, and be active in its internal application and external empowerment	9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 13 Climate Action
Workplace safety & health	Strictly implement various safety and health protection measures to provide all employees with a comfortable and reassuring workplace	3 Good Health and Well-being, 6 Clean Water and Sanitation, 8 Decent Work and Economic Growth
Employee development	Provide employees with a fair work environment, diversified training resources, and personalized development space	4 Quality Education, 8 Decent Work and Economic Growth
Pollution prevention, control & treatment	Strictly control the discharge of different pollutants, and continuously reduce the amount of pollutants generated in the production process by optimizing the production process and selecting environmentally friendly materials	11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 14 Life Below Water, 15 Life on Land
Responsible supply chain management	Improve environmental protection, labour, human rights protection, compliant procurement and other requirements to suppliers, effectively implement them in warehouse entry, annual review and other aspects of the supply chain management, and support suppliers to improve their corresponding performance through training and rewards	12 Responsible Consumption and Production, 17 Partnerships for the Goals
Energy management & carbon emission	In response to the nation's determination to cope with climate change, reduce energy consumption and carbon emissions by updating production equipment and improving production support, and actively research and develop clean technology applications aiming at reducing energy consumption	7 Affordable and Clean Energy, 13 Climate Action
Information security	In terms of mechanism, awareness, and technology, ensure the internal information security of the enterprise and no leakage of customer information	12 Responsible Consumption and Production

Economic Contributions

Enterprises need to actively assume economic responsibilities and create economic value for the society. With the advantages of large-scale industrial production, Fii creates a number of employment opportunities and makes significant contributions to the local economy. In 2020, the realised operating income was RMB431.786 billion, a year-on-year increase of 5.65%; the gross profit was RMB19.746 billion; the net profit attributable to shareholders of the listed company was RMB17.431 billion; the total expenses was RMB16.43 billion, a YOY increase of 17.81%, earnings per share of RMB0.88; and the social contribution value per share was RMB2.23².

In 2020, three major businesses were as follows:

- The revenue of communication and mobile network equipment in 2020 increased by 3.87% year-on-year, of which the annual revenue of smart home increased by 11.3% year on year.
- Cloud computing business revenue increased by 7.6% year on year, accounting for 40.70% of the company's overall revenue. Its main growth momentum came from the growth of CSP (Cloud Solution Provider) customer business, of which the revenue increased by 70.5% year on year.
- Industrial Internet business revenue grew to RMB1.44 billion in 2020, a YOY increase of 130.85%, mainly driven by the lighthouse business and the intelligent manufacturing solutions integrating software and hardware to outside companies.

To improve employees' life quality and steer the progress of surrounding communities, Fii spares no effort and inputs a large amount of resources and talents to drive overall sustainable development. In 2020, in order to promote local development and employment, the company hired a number of local employees in the area where the park is located. The localisation rates of employees in Nanning, Guiyang, Jincheng and Hebi cities all exceeded 90%.

In 2020, the subsidiaries of Fii accounted for

9.33 % Guiyang's annual exports

3.83 % Nanning's annual exports

bringing significant economic benefits to the local areas

Financial Performance of Fii (monetary unit: RMB100million)

Items	2020	2019
Total operating income	4,317.86	4,086.98
Operating profit	197.16	211.07
Total profit	197.46	211.32
Net profit	174.27	186.06
Net profit of shareholders	174.31	186.06
Other comprehensive income, net of tax	-2.04	1.51
Total comprehensive income	172.23	187.57
Interest expense	5.89	7.53
Total tax	30.93	29.83
Employee expense	230.22	212.28
Government subsidy	15.78	16.06

² Social contribution value per share = earnings per share + (total tax + employee expense + interest expense + total public welfare investment - social cost) / total share capital at the end of the period. The social contribution value per share is calculated in line with the Notice of Improving Listed Companies' Assumption of Social Responsibilities and publishing the Shanghai Stock Exchange' *Guideline on Environmental Information Disclosure by Listed Companies*.

Honours

In 2020, Fii was deeply involved in the R&D and innovation of the industrial internet, and continued to assist in compliant operations and employment, demonstrating corporate social responsibility. For our outstanding performance in employment, economic value, technological research and development, social responsibility and other fields, we have won wide recognition from all walks of life, and 25 honours including the 13th place in the New Economy Top 500, dual cross-platform, Zhanlu Award, China smart factory benchmark and being selected as a constituent stock of the Hang Seng Sustainability Index.

Awarder	Honours	Awarder	Honours
Excellent employer Human Resources and Social Security Bureau of Shanghai Municipality, Shanghai Federation of Trade Unions, Shanghai Enterprise Confederation/ Shanghai Entrepreneurs Association, Shanghai Federation of Industry and Commerce	Shanghai Qualified Enterprise for Harmonious Labour Relationship	Technology R&D e-works	China Benchmark Smart Factory 2020
Human Resources and Social Security Bureau of Jiyuan Demonstration Area	2020 Level A Enterprise Disseminating Labour Security Law in Jiyuan Demonstration Area	Internet Weekly	2020 Industrial Internet Solution Providers Top 100 in China
Economic Contributions 21 data news lab.	Ranked 27th of China Top 500 Listed Companies by Market Cap	Ministry of Industry and Information Technology	2020 Top Ten Cross-sector and Cross-field Industrial Internet Platforms
Securities Times	One of the 40 Most Respected Listed Companies Chairman honoured as one of the "40 Most Respected Entrepreneurs"	Forbes China	Zhanlu Award, the Most Vigorous Platform Award in Global Industrial Intelligence Summit
EqualOcean	Enrolled in Enterprise Vitality 100 Index of China's New Economy 2020	Industrial Internet World, Communication Industry News	Ranked 7th on Industrial Internet New Infrastructure Pioneer List 2020 Top 10 Excellent Solutions of Industrial Internet New Infrastructure 2020
Ministry of Industry and Information Technology	White Paper of the Most Valuable Enterprise of China's Digital Economy 2020	Industry and Information Technology Bureau of Shenzhen Municipality	Shenzhen 5G Industrial Application Demonstration Project
China Enterprise Evaluation Association	Ranked 13th of New Economy Top 500	Industry and Information Technology Department of Guangdong Province	Smart Manufacturing Pilot Demonstration Project of Guangdong Province 2020
Hang Seng Index	Included in Hang Seng Sustainability Index for consecutive 2 years	Industry and Information Technology Department of Guangdong Province	Experimental plan of 5G+ Industrial Internet Application Demonstration Park
36Kr Venture Capital Academy	36Kr King of China new infrastructure top 50	Social Responsibility The 10 th China Philanthropy Festival	The Enterprise with Outstanding Contribution to Pandemic Prevention and Control 2020 CEO honoured as the Annual Business Leader with Social Responsibility
Tonghuashun	The Most Influential Award	Securities Times	Social Responsibility Award of China's Listed Companies
		Securities Times	Excellent Board of Directors of China's Listed Companies
		DataYuan.com	The Enterprise with Highest Social Responsibility in China's Data Intelligence Industry



Social Responsibility Award of China's Listed Company



The Best Board of Directors of China's Listed Company



The Enterprise with Highest Social Responsibility in China's Data Intelligence Industry

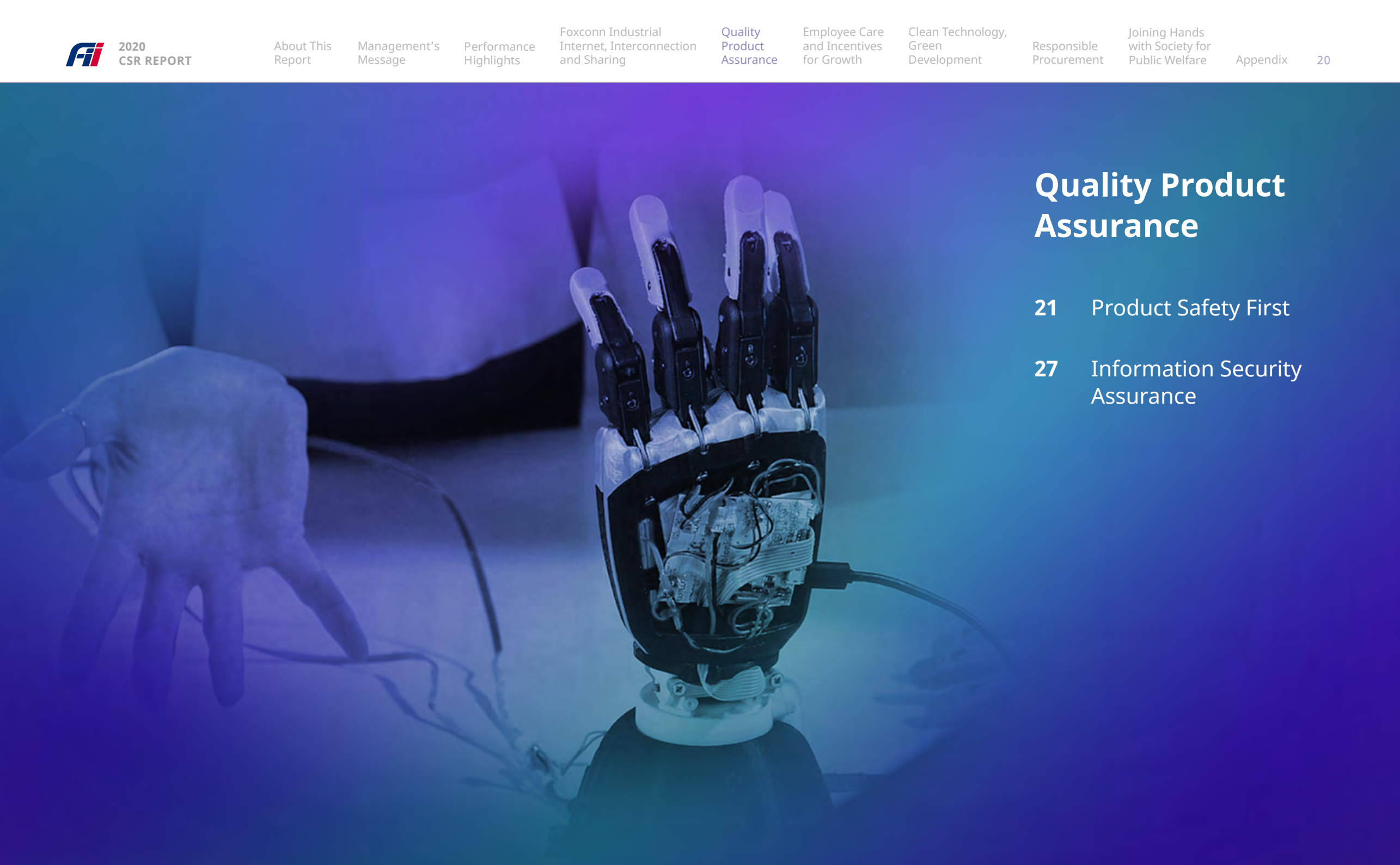


The Most Influential Award

Quality Product Assurance

21 Product Safety First

27 Information Security
Assurance



Foxconn Industrial Internet understands that quality products and services are cornerstones for the sustainable development of enterprises. Therefore, we are always committed to improving the product safety management system and optimizing customer experience.

Product Safety First

Fii attaches great importance to product quality and safety. We follow close to the line of the requirements of the *Product Quality Law of the People's Republic of China* and other laws and regulations in the operation area, and perform standardised quality management in accordance with the requirements of international quality management system to ensure product quality and safety.

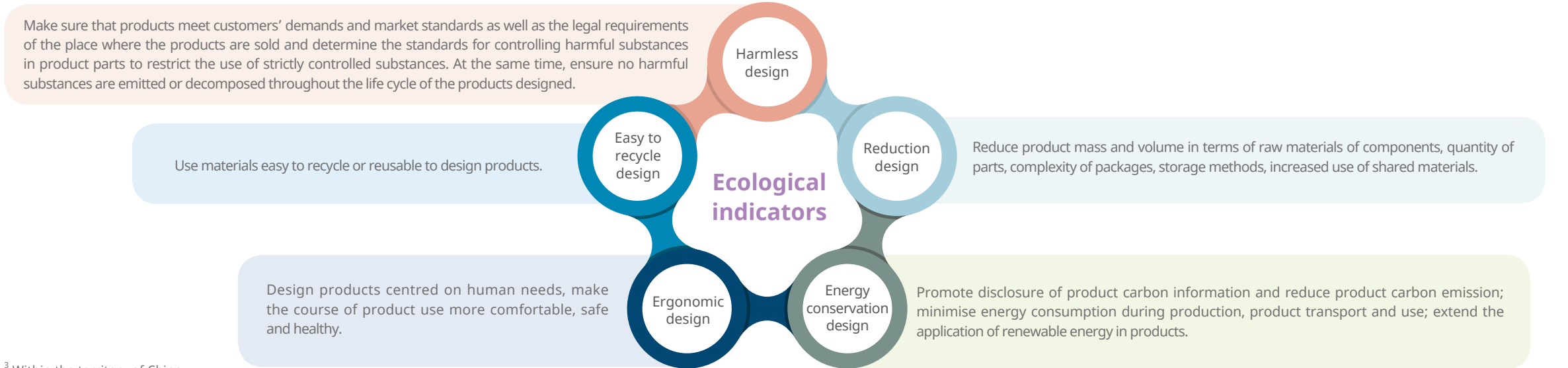
Product design management

Fii adheres to the operation concept of "continuous improvement" to understand deeply customer needs, keep investing in new technology research and development, and constantly improve production efficiency and product quality. All the affiliates carrying out production activities of Fii³ have passed the ISO9001 quality management system certification, and ensure that the product quality is in line with the international product quality standards and external customers' requirements.

While guaranteeing product quality and production efficiency, Fii strictly follows the requirements of such ecological indicators as "harmless", "reduction", "energy conservation", "easy to recycle", and "ergonomics" for independently

designed products in *Foxconn Environmental Design Specification* to ensure that products conform to environmental regulations and customer and market needs. The Specification makes clear that R&D units shall abide by the principle of product Design for Environment (DfE) to carry out product design activities revolving around product life-cycle on the premise of accommodating the requirements of technology, safety, function and market.

Through control of the product life cycle from design to production, Fii escalates the environmental performance of products while assuring product quality and safety and builds an environmentally friendly corporate image.



³ Within the territory of China

Chemical safety management

Fii is involved in multiple types of production activities during operations, where a variety of chemicals are used. Fii is well aware that chemical safety concerns employees' health and safety as well as product quality and safety. Therefore, we pay high attention to the chemical safety management.

In chemical safety management, we have established internal management systems for process of chemical procurement, access, transportation, storage, use and waste disposal involved in our production, including the *Process Specifications on Safety Control Over Chemical R&D, Introduction and Use*, the *Management Measures on Procedure Safety Assessment, Acceptance and Implementation*, *Management Specifications on Harmful Substances and Materials*, *Chemical Management Policy*, and *Specification for Safety Management of Hazardous Chemicals* in accordance with the *Regulation on the Safety Management of Chemicals*, the *European Union's Restriction of Hazardous Substances Directives (RoHS)*, the *European Union's Regulation Concerning Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)*, and other relevant laws to effectively standardise the application and operation of chemicals in all key steps of Fii's daily operations. Meanwhile, to ensure the chemical safety management can be effectively implemented and carried forward, Fii organises supervision and implementation of chemical management efforts of each business group conducted by the environment, health and safety (EHS) management department to manage chemicals in a standard way. While ensuring internal control of harmful substances in electronic components and products involved in production, the supplier can meet the control requirements of Fii, so as to use chemicals in a responsible manner.

As the world's leading provider of intelligent manufacturing and industrial internet solutions, Fii acts in concert with all business groups' EHS management departments to systematically sort out chemical types involved in the production process of the business groups based on their respective business characteristics so as to evaluate the effectiveness and coverage of the chemical management system and ensure all the chemicals used by Fii in the operation can be correctly identified and are under overall control. During the reporting period, Fii's chemical management system covered all chemicals involved in the process of production and operation, and the EHS management departments collaborated with the production management departments to supervise and implement the chemical safety management.

Measures of chemical life-cycle safety management

To guarantee the chemical safety management is carried forward, Fii has formulated the *Chemical Management Policy* to standardise our chemical safety management measures. The policy requests that in the use of chemicals involved in production, in addition to complying with the laws and regulations on chemical registration, use, disclosure and management and customers' requirements, Fii shall avoid using substances that may harm the environment or human health in products and during product manufacturing in order to assume our social responsibility.

Fii ensures the safe use of chemicals by exerting tight control over the chemical life cycle:

Chemical procurement

- In accordance with the *Environmental Protection and Social Responsibility Undertaking* of Foxconn Industrial Internet, we require suppliers to comply with the laws and regulations on the control of hazardous substances in electronic and electrical products in various countries and regions.
- Fii will evaluate the suppliers' hazardous substance testing mechanism and its implementation in the *Green Product Risk Rating Assessment Form for Suppliers*, including the independent hazardous substance testing capability and the testing equipment calibration qualification and capability of suppliers.
- Suppliers are required to fill in the *Ingredients or Parts List of Environmental Management Substances*, declare the content of hazardous substances contained in the products or components provided, and provide test reports of the materials corresponding to different ingredients or components. The test items include cadmium (Cd), lead (Pb), mercury (Hg), hexavalent chromium (Cr⁶⁺), polybrominated biphenyl (PBB), polybrominated diphenyl ester (PBDE), Di (2-ethylhexyl) phthalate (DEHP), benzyl butyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP).

Chemical access

- Fii regularly updates the *REACH Candidate SVHC Declaration* according to REACH regulations and increases types of substance to make clear the access information about all chemicals of very high concern.
- In R&D or introduction of a new chemical, our EHS professionals need to evaluate and manage the possible risks caused by the chemical to personal health and environment, and inspect and confirm the effect of risk control measures.

Chemical transportation

- We require to use qualified vehicles to handle and transport chemicals and pick up and place them carefully.
- Carriers are required to be qualified for corresponding transportation models.

Chemical storage

- We establish an internal management system of warehouse entry and exit, and record and specify the flow of hazardous chemicals into and out of warehouse in details.
- We store chemicals by warehouse, category and area, and strictly control the stocks of hazardous chemicals and the temperature and humidity of storerooms.
- Dedicated staff is responsible for managing storerooms and conducting safety hazard inspection from time to time to ensure chemical warehousing safety.

Chemical use

- Production activities: Fii applies chemicals in accordance with the *Regulated Chemical Substance List, Specification for Hazardous Substances and Materials Management, Foxconn Design for Environment Guideline* and other internal management systems to properly control the amount of use of chemicals and product application.

- For chemicals of very high concern such as hazardous chemicals, we keep detailed records, timely file the amount of use, and develop standard operating processes (SOP) for different types of chemicals.
- Operators shall receive corresponding training to fully understand operation specifications and risks.
- We establish the product environmental design process, and employ the analysis tool Life Cycle Assessment (LCA) to keep a close eye on product carbon footprints. The analysis tool analyses the input and output of energy and resources in each unit process including product raw materials, product manufacturing, transportation and use as well as waste disposal, to reflect the environmental information about product life cycle. The input resources include materials and energy; and the outputs include emissions to the atmosphere, water and soil in addition to products.

- After the completion of production activities, Fii will test the delivered products or commission a third-party professional institution to conduct standard tests, and review the *REACH Candidate SVHC Declaration* for strict control over the application of chemicals in products. At the same time, we periodically disclose the amount of use of chemical substances restricted and monitored on our official website to improve the transparency of Fii's chemical use.

Chemical disposal

- Waste chemicals must be transferred and disposed of by the qualified hazardous waste disposal organisation entrusted by the EHS Management Department.

Moreover, to safeguard the safety management of chemical use, Fii requires in the *Corporate Social Responsibility Code of Conduct* that all business groups shall identify and evaluate potential emergencies and practices and implement corresponding emergency plans and response procedures to minimise their impacts. In addition, all business groups shall comply with local laws as well as national laws to conduct emergency drills.

Case: Chemical leakage emergency drill

On 18 June 2020, Fii Shenzhen Park held a chemical fire drill. In the drill, by spraying simulated gas to trigger smoke alarm, we simulated the fire caused by chemical leakage from warehouse. To maintain good order on the drill site, all company staff on the job were divided into communication team, command, control team, rescue team and fire-fighting team and their duties were specified.

- Communication team: going to the scene to identify fire condition, and notifying the command of the fire caused by chemical leakage without delay
- Command: informing the rescue team to put on protection kits without delay, and assigning the fire-fighting team to the scene with firefighting equipment
- Control team: imposing martial law, and closing rainwater pipes to avoid outflow of pollution sources
- Rescue team: turning on stand-by exhaust fans for forced exhaust before entry into the scene, and holding Volatile Organic Compound (VOC) concentrate detectors for monitoring and determining whether the concentration reaches a safe level at 25% of lower explosive limit, and then carrying out containment and decontamination
- Fire-fighting team: controlling the initial fire taking place at the scene



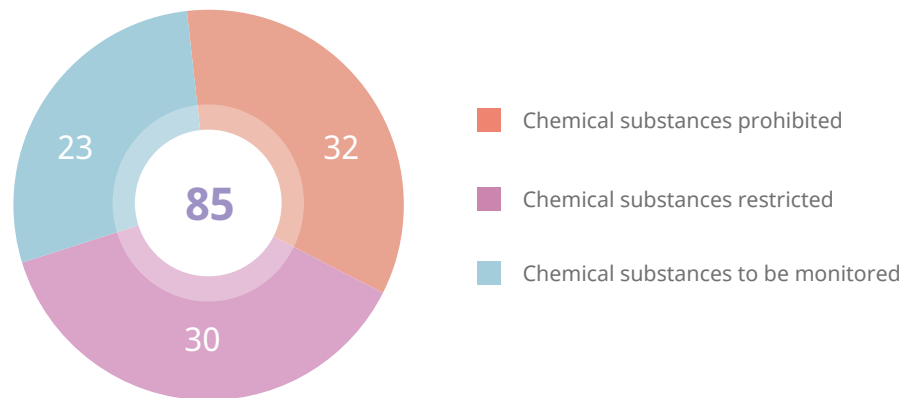
Chemical reformulation management

Fii has been committed to identifying the scope of chemicals substance to its control through relevant management policies to strictly control the formulation of chemical substances in products. Currently, we have established internal control standards and management processes of chemical substances in line with Fii's operation condition based on relevant international, national and industry standards such as RoHS, REACH, and WEEE. In the meantime, we have conducted control of chemical substances contained in designed and manufactured products by class, determined and regularly updated chemical control lists and directories in the processes of R&D, procurement, quality management, etc., and formulated a Regulated Chemical Substance List in line with Fii's operation condition.

In addition, we maintain active communication with suppliers, partners and other stakeholders, and understand clearly relevant laws and regulations as well as customers' requirements so that the chemicals applied to products can better satisfy the management requirements.

- **In the stages of product design and commissioning:** we have developed clear R&D introduction and usage process specifications and strictly implemented the Management of Change (MOC) procedure while the department requesting the R&D organises the Safety Data Sheets (SDS) and risk assessments.
- **In the stage of chemical application:** Fii's EHS Management Department assesses the potential environmental risk in chemical application according to national standards occupational hazard prohibition standards, our internal *Regulated Chemical Substance List*, and other relevant standards and internal policies to exclude high-toxicity chemicals. We develop a low-toxicity substance replacement plan for prohibited and restricted chemicals in the *Regulated Chemical Substance List* to constantly reduce the chemical safety risks.

Current Regulated Chemical Substance List of Fii



For the achievement of green production, Fii identifies potential environmental risk in chemicals, and continuously applies higher standards to its chemical use rules to search for more environmentally friendly substitutes. During the reporting period, Fii kept pushing forward the chemical replacement to reduce the use of high-pollution, high-risk chemicals.

Demonstration of chemical replacement	Description of results
High-COD detergent optimisation and replacement	After the detergent was introduced, the COD concentration of the chemical tank dropped from 63,500mg/L to 14,000mg/L, down by 77.9%.
Detergent DL-170A in place of GC-014	As the pH value changed from 12-14 to 6.5-9.5, the strong base turned into weak base, which was less corrosive.
Nitrogen-free desmut in place of nitric acid	Nitric acid was an explosive hazardous substance, while the substituting chemical contained no explosive component, thus was less hazardous.
VI detergent DG-1120 in place of C-AK6849	The new material's composition was not occupationally hazardous, thus was less harmful to human health.
VI impregnation A-1 detergent in place of C-AK7849	As the pH value changed from 11.4-12.2 to 7.7-8.3, namely, from strongly basic to neutral, the corrosiveness was lowered.

The company controlled chemicals with high standards prior to the issuance of relevant regulations. Multiple mandatory Chinese national standards on Volatile Organic Compounds (VOCs), including the *Limit of Harmful Substances of Industrial Protective Coatings*, the *Limits of VOCs in Printing Ink*, the *Limits for Volatile Organic Compounds Content in Cleaning Agents* and the *Limit of Volatile Organic Compounds Content in Adhesive*, were issued on 4 March 2020. The company started carrying out inspections and targeted management for chemical VOCs and making improvement plans with suppliers, including optimisation, replacement and elimination plans for multiple chemicals, 6 months before the above regulations were issued, and completed the VOCs control plan 3 months before the official enforcement of the regulations in the end.

For other chemical components which are not subject to specific regulatory requirements, Fii also proactively tests the composition and makes corresponding verification of substitutes. As of the end of the reporting period, Fii cooperated with external customers on audits and complied with internal quality control requirements when inspecting incoming product materials. None of the incoming materials contained harmful substances and all of them met the requirements of QC080000 harmful substance management system.

Chemical phase-out plan

In order to mitigate production safety risk and elevate product quality safety, Fii would develop a chemical phase-out directory in accordance with customers' requirements and relevant laws and regulations. We managed the regularly phase-out chemicals through the environment protection contract, and updated the control list of chemicals applicable to products for our business and corresponding phase-out plan on a regular basis.

In 2020, Fii's Communication Network Business Group phased out 17 chemicals including detergent 301-A, detergent C-AK6849, GC-014, nitric acid, detergent SC-200, flux TF-9000-5C, flux TF-9000-1, white latex/white glue CN8605, heat-conduction glue Loctite384, cyanoacrylate adhesive/dry glue Loctite401, descaling agent, release type lubricant, antirust film, Jiadan peelable membrane - antirust, industrial film antirust agent, dehumidifying antirust agent WD-40, and release agent.

Digital safety management

Taking "safety first, prevention first, comprehensive treatment" as the production safety policy, Fii has achieved "specialisation, digitalisation, visualisation" in the production process, and ensured the implementation of risk control measures such as real-time monitoring in production and risk prevention in advance, in order to promote safe and carefree production management.

Automated mechanical safety cloud

Fii has analysed automated mechanical safety management pain points and developed the "specialisation, digitalisation and visualisation" program to achieve safe production.

Pain points

- Due to different production machinery brands and mixed use of old and new equipment, there are safety risks, and high management and transformation costs.
- If the safety protection device of the machinery and equipment fails to alarm effectively, it will lead to injuries and casualties.
- The old model cannot collect or extract the safety signal of the equipment.
- Hidden danger is caused due to the maintenance personnel's failure to operate according to the safety operation standards.
- The operators do not have uniform safety awareness and clear recognition of safety production.
- The company relies on manual inspection and troubleshooting of equipment problems, which is time-consuming and laborious with low efficiency. Problems cannot be discovered in time.

Solutions

Safety specialisation

Fii industrial security gateways shall be set for different models of equipment through which the relevant data is uploaded to the mechanical safety cloud to facilitate unified management of equipment and solve the difficulties that old equipment cannot be developed and integrated.



Safety digitalisation

- Mechanical operation shall be standardised to eliminate the randomness of manual operation.
- Effective signals shall be extracted to reduce the cost.
- Data-based mechanical operation shall be ensured to improve the management efficiency.



Digital safety model

Safety visualisation

All equipment hidden dangers shall be uploaded to the cloud through the industrial safety gateway to ensure that the problem is visible at any time. The safety management shall be assigned to the lower levels to realise safety data visualisation, and actively discover potential safety risks.

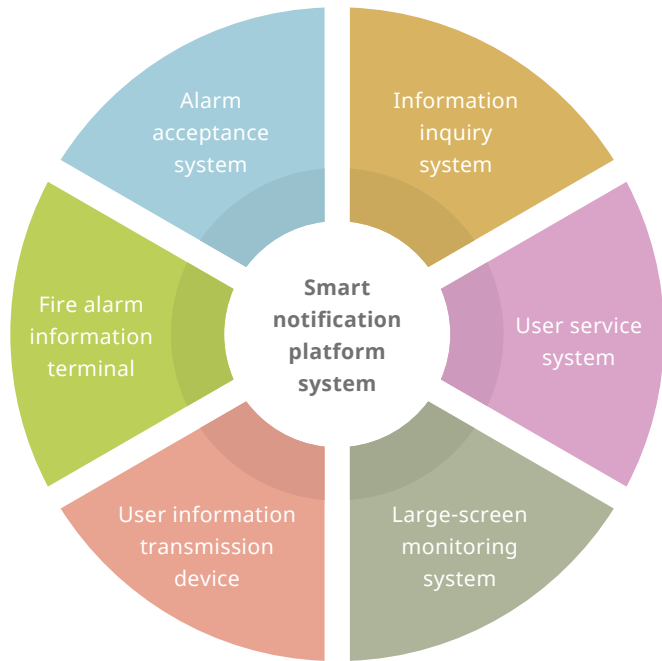


Data cloud platform

Smart fire control cloud

Fii has always regarded fire safety hazards as the primary safety control requirement in the process of enterprise operation. To reduce the potential fire risks in the process of enterprise operation, Fii has launched the smart fire control cloud, developed the Fii smart fire control cloud platform through integration of the fire-fighting IoT, AI, big data, cloud computing and other functions, in order to achieve comprehensive control of fire safety.

Smart notification platform system



The smart fire-fighting cloud platform integrates multi-system and multi-brand fire control host protocols through the smart notification platform system, collects the fire safety data to analyse the monitoring information of fire-fighting equipment/facilities, alarm, map form, and videos, discovers potential comprehensive fire safety problems, and reports fire in real time through APP to realize the integration and presentation of cross-unit fire-fighting data, and timely processes alarms to achieve the purpose of eliminating potential safety hazards.

Service functions of the APP



Smart patrol inspection

- Notification and execution of patrol inspection task for user transmission device
- Notification and execution of patrol inspection task for fire-fighting facilities

Disaster prevention bulletin

- Fire alarm notification
- Fire-fighting facilities status statistics and inquiry

Maintenance and protection of fire-fighting facilities

- Notification and execution of maintenance and protection task for fire-fighting facilities
- Notification and execution of facilities failure reporting and troubleshooting

Information Security Assurance

As an advocate of green manufacturing and an enabler of the intelligent transformation of traditional manufacturing, Fii has been deeply engaged in the research and development of innovative technologies, developing the Foxconn Industrial Internet Platform (Fii Cloud) enabling data-driven decision making, providing one-stop Internet transformation and upgrading solutions for traditional manufacturing enterprises, and innovating the ecological manufacturing system. The effective operation of the data platform cannot be separated from the information security assurance. We constantly optimise the internal information management ability, strengthen the internal management level, and provide customers with better service experience.

Fii has strengthened the information security protection mechanism by improving the internal information security management policy and system construction and achieved internal information security control through the promotion of risk identification and awareness for internal information protection.

Construction of information security system

Fii strictly follows the *Cybersecurity Law of the People's Republic of China* and the laws and regulations of other business regions. We have formulated and implemented internal management systems including *Information Security Management White Paper*, *Information and Network Security Staff Manual* and *Information Security Policy* with reference to the ISO27001 information security management system. As of the end of the reporting period, some subsidiaries passed the ISO27001 system certification. In addition, information security is the key to ensuring the stable operation of Fii's cloud computing business group as a provider of cloud computing related equipment and services. Therefore, in order to improve the information security management framework, the cloud computing business group established and implemented the *ISO27001:2013 Information Security Management System Project* in June 2020 and worked with other business groups to improve Fii's information security management system. As of the end of the reporting period, our business groups gradually improved the ISO27001 system certification according to the business development needs. The cloud computing business group is expected to achieve the ISO27001 system certification in its global sites in 2021.

Information security control means

Fii takes a variety of measures to strengthen the security of network systems. In 2020, we carried out penetration testing, vulnerability improvement and system upgrade on the internal information systems through anti-virus management, system development and maintenance security, emergency plan and other measures, in order to comprehensively strengthen the security of the information system network environment, and eliminate potential information security risks.

Risk identification and response

In order to implement information security management, Fii regularly organises business groups to identify potential risks in information network security according to their own business characteristics and formulates corresponding measures to ensure the security of the network environment based on the risks.

Ransomware

- To patch and keep software up to date
- To strengthen firewall rules and spam filters
- To implement in-depth defence, strong password, multi-factor authentication, data protection, offline backup, network traffic and short and single activity monitoring, intrusion monitoring and network detail separation

System vulnerabilities

- To periodically review the list of information assets and proactively report the scope of impact if any
- To implement vulnerability scanning, fixes, or network isolation to handle abnormal conditions

Phishing email

- To advise users to avoid giving out personal information and pay attention to the sender's information before clicking or opening an attachment
- To conduct phishing email test to improve employees' information security awareness
- To make anti-spam filtering settings and filter the emails that are not sent from the company's servers
- To block the known malicious Internet Protocol addresses (IP addresses) and executable attachments

Physical and environmental security

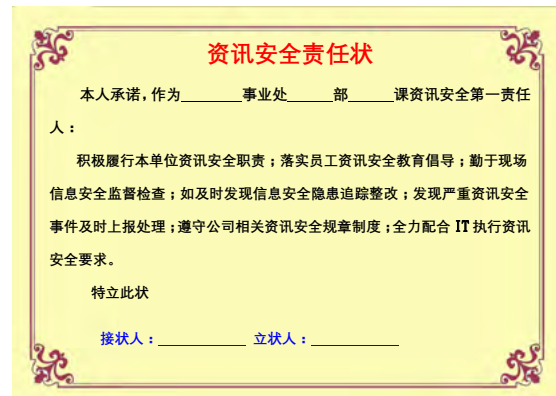
- Only authorised persons can access information systems, equipment and the corresponding operating environment
- Access to the machine room must be authorised and audited regularly
- The CCTV monitoring records of the machine room shall be kept for 90 days, and the records of the persons entering the machine room shall be kept for one year
- Third-party suppliers with access must comply with the Information Security Policy of the company when accessing the system, and show compliance proof when necessary

Customer's information security

- To develop standardised procedures for creating, reading, updating and deleting customer's intellectual property (IP) documents, such as designs, product specifications, schematics and drawing documents
- To provide role-based access control and file encryption for customer's IP documents
- To monitor the activity log of the users accessing and processing files
- Those who participate in the project designated by the customer shall receive information security education and training, and sign the project confidentiality agreement
- In order to strengthen the privacy protection of customer's products, double-factor login authentication is implemented on the computers of the personnel who have access to the confidential information of the customer to prevent the disclosure of customer's privacy due to the disclosure of the computer password

Information Security Responsibility Certificate

In addition, to implement the responsibility of information security protection and strengthen the security protection, some sites of Fii's communication and mobile network equipment business group require the supervisors at division level and above to sign the *Information Security Responsibility Certificate*. As of the end of the reporting period, the completion rate of the sites requiring the signing of responsibility certificates reached 100%.



Risk audit

We attach great importance to the network security and privacy protection for ourselves and our customers. Therefore, we carry out regular information security risk audit and make rectifications within specified time periods to ensure effective privacy protection. During the reporting period, there was no disclosure of customer privacy.

In 2020, Fii carried out multiple security risk audits on a regular basis for different potential information security risks through a variety of ways.

Audit method	Audit contents	Audit projects carried out in 2020
Online audit	To check whether the actual operation is consistent with the information security management requirements through online spot check, and compare the collected evidence with the audit criteria, so as to produce audit findings.	- Data backup planning and disaster drill - Information asset management
On-site interview	To have interviews with relevant staff to understand the existing management methods and operation models.	- Terminal protection - Privilege management
Self-evaluation form	Each site shall evaluate the operational maturity of the existing site management methods and operation models by comparing with the evaluation contents in the self-evaluation form.	- Access control - Vulnerability scanning, system updates, and patch jobs
File and system audit	To check whether the actual implementation of information security management is consistent with the requirements of information security management by checking the relevant records and online systems.	- Information security incident management - Information security awareness training
Customer's audit	Customers regularly verify information security and visit the company for on-site audit from time to time.	

Information network security training

In order to ensure the information security, Fii provides online and offline training courses for internal employees on prevention of internal and external network attacks, intrusions, interference, destruction, illegal use and network operation accidents. The network security training takes the form of combining training and examination to improve the internal staff's ability to identify network information security risks and deal with crises, and ensure the integrity, confidentiality and availability of Fii's network data. During the reporting period, there was no incident of production loss caused by a virus attack in Fii.

General training	Professional training	Diversified training model
<ul style="list-style-type: none"> - Information security education and training for all staff - In-house phishing testing and additional training for staff caught in the phishing - Personnel who deal with customers and have access to new products should receive the product information security training 	<ul style="list-style-type: none"> - Vulnerability scanning training - Terminal protection training - Internal auditor training - ISO27001 on-boarding education and training 	<ul style="list-style-type: none"> - Network security quiz activity - Poster design competition - Cyber security expertise competition

Information security training course

During the reporting period, we used online and offline channels to conduct all-staff training. The 2020 Fii privacy protection training summary:

a total of
536,250
person-times

training hours totalling
788,403
hours





Employee Care and Incentives for Growth

- 31** Attraction and Retention of Talents
- 34** Protection of Human Rights
- 36** Talent Development
- 38** Occupational Health and Safety
- 40** Employee care
- 42** Special Topic — Ensuring Employee Health and Resuming Work and Production Steadily During Pandemic

We, adhering to the “people-oriented” business philosophy, ensure our employees’ basic rights and interests and occupational health and safety across the board to create a fair, just and open development platform, care about our employees’ lives and grow together with our employees.

Attraction and Retention of Talents

We regard talents as our most valuable assets for corporate development. We build a diverse and professional team of talents and improve our attraction to talents by means of competitive wages and benefits as well as a harmonious and inclusive corporate culture, and are committed to providing our employees with satisfying working and life experience.

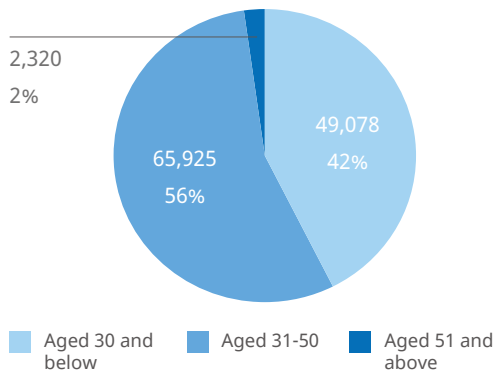
Structure of Human Resources

As at the end of 2020, Fii had 196,159 regular employees⁴ in total, including 19,605 managerial and 176,554 non-managerial employees⁵. Faced with the long-term trend of industrial automation and the short-term shock of the COVID-19 outbreak for employment in 2020, we still took the social responsibility of creating jobs and the employer’s responsibility for our employees, and enhanced our employees’ level of expertise and skills through skill training and supports to academic education, while coping with the pandemic and embracing the trend of intelligent manufacturing and industrial upgrading with all our employees. In 2020, we did not have any mass layoff.

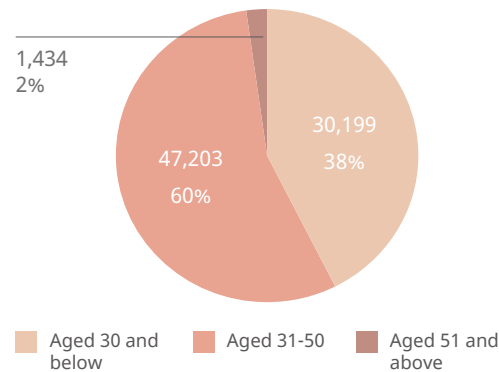
The company is committed to creating an equal and diverse work environment to promote mutual respect and exchanges among employees of different generations from different ethnic groups and with different cultural backgrounds. We have 11,938 minority employees and 1,560 disabled employees. We have 117,323 male employees and 78,836 female employees at a male-female ratio of 1:0.67, representing a year-on-year increase in the percentage of female employees.

Adhering to innovation as a driver, Fii keeps recruiting high-calibre and well-educated talents and optimising the staff structure to constantly improve the professionalism of our team of talents. As at the end of 2020, nearly 30% of our employees had college degrees or above, and more than 30% of our employees were managers or professional technicians. Due to the disappearance of the demographic dividend in mainland China, we were faced with manpower shortage and difficulties in recruiting workers. As a result, we devoted ourselves to the improvement of product design, manufacturing and services based on the industrial internet and transformation to the industrial digitalisation by developing intelligent manufacturing. In order to enhance the work efficiency and the product yield, we reduced our demand for manpower engaged in repetitive, monotonous or dangerous operations every year, kept developing the automation and the industrial internet and applied digital technologies to build intelligent factories and manufacturing lighthouses. Meanwhile, we strengthened the skill training for our employees on production lines for automation, digitalisation and professionalisation and assisted our employees in learning the knowledge and skills adaptive to the times of intelligent manufacturing so that our ordinary workers were transformed into technicians, and both the objectives of career development and revenue growth were achieved. During the reporting period, our two-wheel drive strategy featuring “intelligent manufacturing + industrial Internet” was implemented with the support of the structure of talents which was constantly optimised and upgraded, with the percentage of managerial employees increased to 9.99% from 8.18% (2019) and the percentage of professional technicians increased to 24.33% from 22.74% (2019).

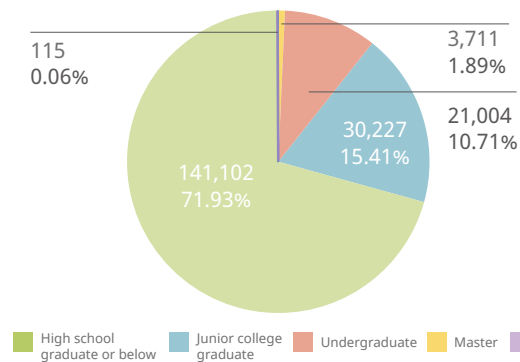
Profile of male employees by age



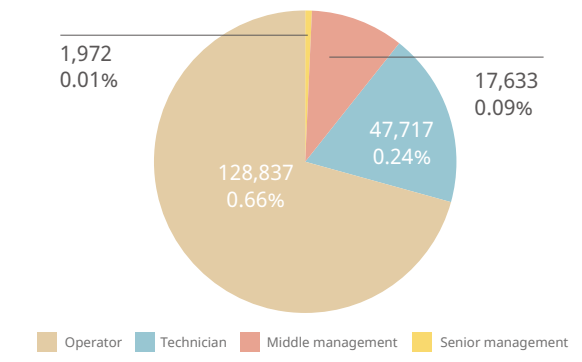
Profile of female employees by age



Distribution of employees by educational background



Distribution of employees by managerial position



⁴ The scope of this data refers to operations across the globe, and this scope is also applicable to the number of male and female employees in this section.

⁵ Managerial employees comprise senior managers and middle managers, while the non-managerial employees comprise professional technicians and operators.

Recruitment and Retention of Talents

In 2020, we expanded our recruitment channels in various forms to recruit talents and standardised the talent management in compliance with our open, fair, legal and compliant recruitment policies, in order to ensure the supply of talents. We strictly abide by regulations including the Notice on *Further Standardising Recruitment and Promoting Women's Employment and the Regulations on Employment of Disabled People*. We have issued internal policies including the *Non-Discriminatory Operating Procedures and the Regulations on Management of Recruitment of Basic Human Resources*. This helps us promote the employment of women and disabled people without discrimination due to differences in gender, age, nationality, place of birth, race, nationality, language, disability, marital status, pregnancy, sexual orientation, religious belief, party, union employees, social class, or political affiliation. As at the end of the reporting period, labour contracts were signed with 100% of the regular employees who were directly recruited by us and our subsidiaries.

In view of the impact of the COVID-19 on recruitment in the traditional form, we actively exploited new channels and new media and built a multi-dimensional and diverse recruitment platform integrating online and on-site recruitment. We used social media and online recruitment fair to propagandise our recruitment, and conducted online interviews via the online system to make up for the reduced on-site recruitment with online resources and ensure that talents could be smoothly recruited during the pandemic control period.

For adherence to the equal and non-discriminatory principle in our employment policies, we treated our regular employees and dispatched workers equally to

ensure that our employment management complied with the requirements of local labour regulations, guarantee that all workers were working legally and voluntarily and forbid employing child labour and forced labour. By creating the *Regulation on Labour Dispatch Management* and the recruitment company assessment mechanism, we have strengthened the compliance and legal operation and management of dispatch companies. We take several actions including due diligence on labour dispatch companies, on-site audits at recruitment points, secret visits to new employees, new regime of blacklist of dispatch companies and conclusion of *Labour Dispatch Service Agreement* to constantly improve the diverse employment channels according to the actual situation and to guarantee the rights and interests of workers.

Competitive Salary Incentives

We have formulated the *Regulations on Compensation and Benefits* to create fair and competitive overall salary policies and system for all employees and to motivate our employees to create value. Our employees' compensation consists of fixed salaries (standard salaries, job allowances and post allowances) and variable salaries (year-end bonuses, bonuses for target achievement, performance bonuses, etc.)

We follow the principle of "equal pay for equal work" (applicable to regular and non-regular employees) and determine compensation based on an employee's expertise, skills, duties and other factors, free from any variance due to gender, ethnic group, religion, political stance, marital status and other factors. Our basic salary provided for our employees is superior to the local minimum wage standard, and we maintain the basic salary ratio between men and women at nearly 1:1.

The ratio of the starting salary of the operators in the main production bases to the local minimum wage standard

Area	During probation period	After probation period
Central China	1.06	1.11
North China	1.12	1.25
South China	1.08	1.22
East China	1.04	1.18
West China	1.04	1.07
Taiwan	1.21	1.21

Average salary of employees in main production bases (male/female ratio)

Employee category	Male	Female
Management level	1.00	0.95
Non-management	1.00	0.92

Fii has formulated diverse incentive measures to build an effective incentive mechanism and ensure that talents are retained. The company has developed a series of internal systems including the *Practice for Management of Employee Promotion, Practices for Salaries, Performance Assessment and Promotion, Practice for Guidance on Performance Assessment and Incentives and Restraints*. In the reporting year, we evaluated all employees who should receive regular performance and career development appraisals based on their performances, working competence, potential, teamwork, training and development and other aspects, and set up the year-end bonus, performance bonus, timely incentive bonus, etc. We also set up multiple internal prizes for employees, including selection and commendation of excellent employees and excellent managers, May

Day labour model commendation, and worker pioneer commendation, in order to highly affirm employees' work performances and professional qualities and to encourage high-performing employees to stay long for development.

We keep implementing the equity incentive plan for employees, which is applicable to excellent professional technicians and managers, to help attract and retain talents, enhance the cohesion and working enthusiasm of employees and align employees' career growth with our business strategic objectives. As at the end of 2020, more than 5,000 employees participated in the equity incentive plan, leading the industry in terms of the application scope and employees covered.

Benefit Plans Superior to Statutory Requirements

We have a diverse and flexible benefit system for our employees to assist them in keeping the balance between work and their life. Our employees are insured by the social insurance as required by the local laws of the place where our business is operated, for example, we provide the “five social insurances and one housing fund” for all of the regular employees in our company and subsidiaries in the Chinese Mainland⁶. In addition to statutory welfare, we also provide employees with a number of benefits that are superior to the legal requirements.

Fii's superior to statutory practice and scope of eligible employees

	Item	Description of superior-to-statutory practice	Percentage of eligible employees
Daily living	Staff accommodation	Employee dormitory	100%
		Talent apartment and renting allowances	Employees meeting the requirements of the local government's policies on talents
	Shuttle bus	Free shuttle buses to and from dormitory	100%
Medical and healthcare	Commercial insurance	Additional benefit of complete medical self-insurance	100%
	Health examination	Free routine physical examination once a year	100%
	Gratuitous treatment	Free traditional Chinese medical diagnosis and treatment, massage for health care, special gratuitous treatment for female employees, etc.	100%
	Nucleic acid testing	Free nucleic acid testing	Employees who returned to work during the pandemic period
Other benefits	Coordination for the admission qualifications of children	Assistance for the children of non-local employees in enrolment issues.	Non-local employees
	Care for employees	Allowances for high temperature and low temperature, festival subsidies (gifts for Chinese New Year, Mid-autumn Festival and Dragon Boat Festival), birthday party (or birthday gifts), marriage subsidy, labour union gifts, sports meet, etc.	100%
	Employee assistance and consolation	Assistance for employees in difficulty, assistance for employees' immediate family, consolation and assistance for employees' families and disasters, hospitalization visits, funeral consolation, etc.	Employees who have the relevant demands

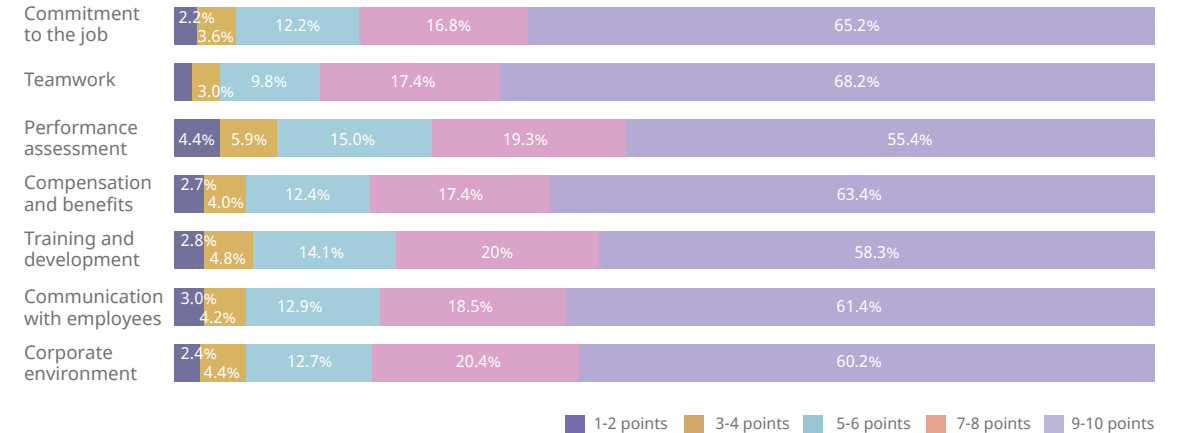
⁶ They represent the endowment insurance, the medical insurance, the unemployment insurance, the work-related injury insurance and the maternity insurance and the housing provident fund as specified by Chinese laws and regulations such as the Labour Contract Law, the Social Insurance Law and the Regulations on Management of Housing Provident Fund, etc.

Employee satisfaction

We conduct the annual survey of employee satisfaction, covering all of our businesses, with a view to learning our employees' feedback on the corporate culture, values, working conditions, etc. The survey results and suggestions on improvement are the key references when we are making our working plan. In 2020, we completed our first employee satisfaction survey across the company, covering all of our subordinate business groups. As a result of this survey involving questions (elements) about teamwork, performance assessment, compensation and benefits, communications with employees, corporate environment, etc., the exact core demands of the employees of each group were discerned based on the comparison and analysis of age, educational background, seniority and other features of employees. The survey results indicated that our employee satisfaction was scored 8.37 points out of possible 10 points on the whole, with each element highly scored (9-10 points) by more than 50% of our employees and poorly scored (1-4 points) by just 10% of our employees, reflecting our employees' wide recognition of their work experience.

To be more specific, three elements, namely the performance assessment, training and development and communication with employees, were scored lower than the overall score. Based on the features of feedback from the employees of business groups, we proposed the improvement target and measures for implementation, which covered the communication of management systems, enhancement of diversity and practicability of training, and strengthening of team communications. We intended to conduct targeted communication activities, diversify the training forms by adding on-site practical operations and visits and take specific actions such as communications for team building to enhance the employees' sense of achievement and satisfaction in work.

Results of the employee satisfaction survey in 2020



Protection of Human Rights

Fii strictly implements labour compliance and persists in operating an equal and open employment model. We comply with the laws and regulations of the locations we operate including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Provisions on Employment Service and Employment Management*, and the *Interim Provisions on Labour Dispatch*. We formulate a sophisticated internal management system, adhere to the concept of legal and compliance employment and protect the legitimate rights and interests of employees.

Policies on Labour and Human Rights

The company proactively responds to the international initiatives and standards including *Universal Declaration of Human Rights (UDHR)* of the United Nations, *International Labour Organisation Core Conventions (ILO Core Conventions)*, *Ethical Trading Initiative (ETI)*, *Responsible Business Alliance (RBA) Code of Conduct*, formulates the *Foxconn Industrial Internet Co., Ltd. Corporate Social Responsibility (CSR) Code of Conduct Policy*, discloses the policies on labour and human rights of the company, and respects and protects the human rights of employees. We have set up a comprehensive audit system and a standard comparison system. We conduct risk assessment and annual audit in accordance with laws and

company policies every year, and require the responsible units to correct the problems found in time, in an effort to ensure the rights and interests of employees.

We rigorously follow the requirements of RBA Code of Conduct in operations. Some of our production bases have achieved certifications under the RBA Code of Conduct and ISO45001 or OHSAS18001 (occupational health and safety management system) to supervise their labour management according to certification requirements.



Nanning and Tianjin Parks completed RBA Audit with high scores and received the "silver" certificate in 2020

The company clearly states our position on labour and human rights protection in the *Corporate Social Responsibility Code of Conduct Policy*, covering eight categories: freely chosen employment, prohibition of child labour employment and protection of young workers, maternity protection and health protection for female employees, non-discrimination, humane treatment, wages and benefits, working hours and freedom of association.

Key Aspects of Human Rights Protection and Management Practice	
Freely Chosen Employment	<ul style="list-style-type: none"> - Formulate and strictly comply with internal systems such as <i>Practice for Management of Employees' Freely Chosen Employment</i> and <i>Practice for Prohibition of Forced Labour</i>, opposing any form of forced labour - Ensure that employees can freely resign or terminate their employment relationships at any time
Prohibition of child labour employment and protection of young workers	<ul style="list-style-type: none"> - Strictly comply with internal policies such as <i>Practice for Labour Protection of Young Workers</i>, <i>Management Practice for Prohibition of Child Labour</i> and <i>Regulations on Intern Recruitment and Employment Management</i>, implementing adequate and effective measures of employment and protection for apprentices, interns, and student workers - Formulate and abide by the <i>Practice for Relief of Child Labour</i>, ensure that child labourers who enter the company using fake identities or for any other reason can be timely found, and handle child labour events properly
Maternity protection and health protection for female workers	<ul style="list-style-type: none"> - Formulate <i>Labour Protection Practice for Female Workers</i>, clarifying working scope banned and protection measures for female workers in special periods such as menstruation, pregnancy and lactation - Provide one-hour per day for lactation and special facilities such as a mommy cabin to lactating women
Non-Discrimination	<ul style="list-style-type: none"> - Strictly comply with the <i>Regulations on Management of Recruitment of Basic Human Resources</i>, and <i>Non-Discrimination Practice</i>, eliminating any discrimination in the recruitment and employment process - The company should not take or support any discrimination or harassment actions for any reason regarding personnel management affairs in terms of recruitment, promotion, performance evaluation, remuneration, training opportunity, etc.
Humane Treatment	<ul style="list-style-type: none"> - Carry out a series of theme training, clarifying the Company's requirements of human rights protection for employees and response guidelines when suffering or discovering inhumane behaviours - Establish multiple reporting channels and internal systems such as <i>Practice for Anti-Retaliation Management</i>, protecting the privacy and safety of informants
Working Hours	<ul style="list-style-type: none"> - Guarantee that our employees' working hours do not exceed eight per day and forty hours per week on average, and pay overtime fees according to national standards if they work overtime - For employees at production sites, a break time of 10-15 minutes should be guaranteed after they work for 2 consecutive hours, and the break time should be calculated as normal working hours
Freedom of Association	<ul style="list-style-type: none"> - Formulate and strictly comply with the <i>Measures for the Management of Free Association</i> - Operate a sound and complete labour union system in our headquarters and at each park, supporting voluntary participation or withdrawal to meet the different demands of employees of each subsidiary - Set up labour unions in the parks, group-level labour unions, department-level labour unions, and labour union groups to form a four-level labour union organisation system, ensuring the efficient and transparent operation of labour unions - Employee coverage and collective contract coverage of Fii unions remained at 100% in 2020

Training of Policies on Labor and Human Rightscoverage

all regular and non-regular employees (including security personnel in the parks)

annual total
555,881
participants

hours of training
1.15million
hours

During the reporting period, each business group of the company conducted various training activities related to labour and human rights policies, including induction training covering the content of human rights, special training about the Corporate Social Responsibility Code of Conduct Policy, APP online learning and other forms, covering all regular and non-regular employees (including security personnel in the parks), delivering 1.15 million hours of training to 555,881 participants. During the reporting period, we did not discover any discrimination, forced labour or other violations of the Corporate Social Responsibility Code of Conduct Policy of the company.

Employee Communication

Fii hopes to establish a harmonious labour environment in which we listen to employees' demands and respond through multiple communication channels, as well as promote labour-management cooperation in a friendly and harmonious way.

In terms of employee communication, we have established workers' congress in accordance with law, making progress in corporate democracy. Meanwhile, we have established a Labour Dispute Mediation Committee comprising employee representatives, representatives of business groups, legal representatives, representatives of the Group's labour union and invited representatives from the government's Labour Department. We adhere to the principle of legality, fairness, timeliness and consultation when mediating employee labour disputes.

We set up a unified care and support hotline in each site. We integrate 25 rights protection mechanisms in six categories, including the labour union mailbox, the president mailbox, the party and the league mailbox,

the president hotline, the rights protection hotline, the help hotline, and the labour union website. Employees can express their opinions and suggestions by calling our 78585 hotline, which will be transferred to the care centre. The care centre offers timely feedback to relevant departments according to the urgency of employees' demands. In the reporting year, the care centre had fielded requests from 4,694 employees with a completion rate of 100%.

In order to understand and meet employees' demands more quickly and directly, we hold a mobilisation meeting every quarter and hold employee forums in each site to regularly understand employees' needs and make improvement and provide solutions according to employees' feedback. In addition, we also set up face-to-face communication methods including a chairman reception day and employee visit to narrow the distance between the company and employees. We release the results of employee opinion adoption and communication via channels including the Foxconn People's Daily and monthly work announcement, so that employees can understand

the role of their own feedback in the development and construction of the company and improve their sense of belonging.

Fii strictly abides by the *Labour Law of the People's Republic of China* when it comes to major operational changes. We promise to notify employees and their representatives at least 30 days in advance of any such changes that may affect their rights, giving them sufficient time to respond.

In order to better protect the legitimate rights and interests of employees, we offer professional skills training and rights consulting services for employees. We carry out law popularisation activities and provide legal aid services to help them understand the law so that they can defend their legitimate rights and interests. We proactively organise employees to participate in policy interpretation courses on work-related injury policy, social insurance policy, etc., which interpret the laws and regulations closely related to themselves in all aspects.

Talent Development

In order to enable Fii's employees to obtain sufficient growth space and opportunities, Fii offers an open and transparent training system and career development route to all employees to continuously improve employees' comprehensive ability and promote the common development of the company and the talents.

Career Promotion

Fii provides employees with a well-established career development structure, and offers fair promotion opportunities based on their abilities and work performance. We strive to be objective and fair when promoting employees, assessing all of our employees annually and promoting employees according to the assessment results. Meanwhile, in order to maximise the effectiveness of the assessment, we encourage our assessors at all levels to strengthen the communication with evaluated personnel, pointing out their strengths and potential for improvements and making improvement plans for them to foster the continuous improvement of the employees. If employees have

any objection to assessment results, they can directly talk with their supervisors. If the problem is still not solved, they can appeal to the Human Resources Department, and ensure their career development by adequate communication.

Learning and Training

Fii is committed to the development of intelligent manufacturing, industrial software, industrial big data, industrial AI and other technologies. Under the strategic guidance of technological development in emerging industries, we formulate training plans

according to the performance targets of public institutions, and properly carry out training at all levels through different levels of training planning. Furthermore, we also set up diverse training programs to meet the improvement demands of new employees, in-service employees, internally transferred employees, promoted employees and other employee groups in terms of professional technology, academic education, leadership and management ability, helping all staff in the company grow together.

New Employee Training

Fii has prepared induction training to help onboard new employees, including policy, discipline, safety and health knowledge, and life training to help them adapt to the work and life of the company faster and better.

Industrial Internet Academy

Fii continues to promote cooperation with well-known universities and professional consulting institutions at home and abroad. We develop courses covering management, general knowledge, technology, on-the-job training and academic education, and hold competitions to help employees upgrade their skills, technical lectures and other activities. At the same time, we continue to promote in-depth collaboration between our industrial big data experts and local researchers alongside our large-scale talent cooperation project in Cincinnati to jointly press ahead with research project and improve the scientific research level of both sides.

Academic Education

Fii promotes academic education and encourages employees to apply for higher education for self-development by taking advantage of our cooperation network with well-known universities at home and abroad. The academic education covers programs to higher levels including junior college, undergraduate, master's, and doctorate degrees. All regular staff can apply for academic promotion projects suitable for their own academic background. In 2020, we carried out cooperation projects with Tianjin University, Wuhan University, Harbin Institute of Technology, Renmin University of China, Xidian University, Beijing University of Posts and Telecommunications and other universities to create opportunities for employees to improve their academic qualifications. We also provide scholarships to motivate employees with outstanding academic performance. In 2020, there were 1,251 employees who participated in on-the-job academic education, and we provided scholarships of RMB2 million for these employees.

Management Ability and Leadership Training

Based on the leadership needs at all stages of employees' career development, Fii has designed a comprehensive and continuous training program concerning management ability and leadership throughout all stages of employees' career development, and covering all employees at all levels, aiming to improve the ability of key talents and provide talent guarantee for the implementation of the corporate strategy. Our leadership and management training system consists of four aspects, including cultural power, general ability, professional competence and leadership, supporting the company to cultivate the key and core management teams.

In-Service Training

Fii invites internal professionals and industry professional lecturers to deliver plenty of skills courses, in an attempt to help employees improve their work quality. In addition, we actively promote government cooperation to organise skills training, promote employees to pass training appraisal and assessment, obtain national vocational qualification certificates, help employees obtain government skills promotion subsidies, and optimise the structure of skilled talents within the department. We also create training plans for directors at all levels for junior, middle, and senior executives, and provide corresponding management courses to strengthen our managers' leadership, communication, and crisis handling abilities, as well as the training on integrity, discipline and culture to foster harmonious relationship between the management and primary-level employees.



Training of Talent Development

all regular and non-regular employees

annual total investment
500million
RMB

annual total training
17.08million
hours

annual average
47.37
hours per person

In 2020, all regular and non-regular employees in Fii received the training conducted or introduced by the company. The annual total cost of training reached RMB500 million and the total training hours of all employees were 17.08 million hours, with an average of 47.37 hours per person.

In order to promote the positive cycle between training and employees, we encourage employees to conduct course satisfaction assessments for each course so that we can improve our courseware and develop new courseware according to the survey results. At the same time, for the development of technology, Fii uses education to empower employees, together with data analysis, artificial intelligence and other related businesses, opens up an "Industrial Internet Talent Training Class" with 38 courses in total, including training such as the Application of Industrial Artificial Intelligence and the Data Analysis and Mining, so as to help employees master more complex skills and constantly transform to high-tech talents, and provide employees with energy sources for vertical and horizontal development.

Occupational Health and Safety

Fii is committed to providing employees with a healthy and safe working environment so that they can focus on work, and fulfils the corporate social responsibility while ensuring stability and safety in production and operation. With the aim of "creating a completely safe working environment with no hidden dangers", we pursue the goals of no injury, no occupational disease and no accident, continuously enhance safety performance and create the best work environment. Under the strategy of "intelligent manufacturing + industrial internet", we continue to improve the automated and intelligent production level, make good use of the advantages of intelligent manufacturing, improve the work environment of employees, and give priority to the jobs with high labour intensity and possible occupational hazards and easily causing fatigue in the introduction of automated process, in an attempt to reduce the risk of occupational health and safety, creating a safer, healthier and more comfortable work environment for employees. In the reporting year, the total investment in environment, health and safety (EHS) of the company was RMB391 million.

Environment, Health and Safety (EHS)
total investment
391 million
RMB

Safety Management System

Fii strictly abides by local laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Work Safety Law of the People's Republic of China*, and follows the international occupational health and safety management system and standards to build a safety management system. More than 80% of Fii's subsidiaries carrying out production activities have obtained OHSAS18001 or ISO45001 certification. We have established the Safety and Health Committee by level, which is responsible for the planning, management and audit of the safety and health work in the sites under our administration. As at the end of the reporting

period, the total number of our Safety and Health Committee members was 1,898, including 1,306 employees' representatives, accounting for 68.8% of the total number. In 2020, all facilities of the company proactively responded to the government policy of work safety in the location they operate, communicated and worked closely with the safety management departments of provincial and municipal governments in their locations, making improvements and obtaining recognition in such areas as meeting the standards of work safety and constructing a dual prevention system of work safety risks and hidden dangers.

Safety Risk Prevention and Control

Fii strives to improve the prevention and control of occupational health and safety risks and continues to strengthen essential safety. We assessed possible production process risks, implemented the source prevention and control mechanism and developed corresponding emergency measures. We have created documents such as the *Safety Inspection Operation and Hidden Danger Solution in Sites*, *Production Safety Accident Emergency Plan* and *Radiation Accident Emergency Plan* to ensure that we have adequate countermeasures when an accident occurs. At the level of operation management, our Risk Control Technology Department helps each site analyse and assess operational risks across several areas including process technology, building structure, public equipment, safety management, fire protection, security systems, and natural disaster

protection, and also conducts on-site risk rating surveys for high-risk sites. In 2020, we further improved the risk control system, carried out audit monitoring, audit training, data analysis and other work in the aspects of operation safety of electrical facilities and fire control system effectiveness, in an effort to reduce the impact of relevant risks on production safety and operation.

We propose a corresponding improvement action plan and set rectification period according to the results of risk rating surveys, promote rectification according to the degree of urgency for improvement and continue to follow the improvement so as to increase the work safety level of each site. For the 176 improvement suggestions identified in risk survey of each site in 2019, the improvement completion rate reached nearly 100%

as at the end of the reporting year.

In addition, in the production process of the sites, we also post hazard signs in production workshop areas where hazard sources exist, alerting employees to protect themselves in the production process. In the meantime, we regularly monitor workshop environments, supervise and audit first-aid box placements, and detect and assess occupational hazards to strictly control potential workplace safety risks. In order to enhance safety awareness of the company, we set safety goals including timeliness rate of rectification, injury rate per one million working hours, and a production safety input index to encourage the safety in production within the company.

Safety Training

Fii focuses on the health and safety of employees and standardises employee operation behaviour in the production workshop to facilitate safety in production and improve employees' safety awareness by organising safety awareness training, fire safety emergency drill, work safety and other activities for employees.

With the development of company, all our business groups pay close attention to safety. In order to create a cultural atmosphere for safety in the company and fully guarantee the personal safety and property safety of our employees, we require that fire drills and other practical drill activities should be held at least once every six months, and constantly refine our emergency plans in line with the actual situation. Our practical drill activities help improve our employees' disaster response abilities and escape skills of on-site personnel, ensuring that they can control the accident development and evacuate the personnel at the scene of the accident in a short time during fires or other emergencies and minimise losses caused by the accident. Besides, we also conduct competitions to improve employee safety awareness, substituting competition for training to strengthen employees' safety emergency capabilities.

Case: Automated Machinery Safety Improvement Training

In order to improve the safety of the robot manufacturing system and ensure the development of intelligent manufacturing alongside the safety improvement of employees, the company carried out multi-stage training in Shenzhen and Nanning Parks under the Automated Machinery Safety Improvement Project, including machinery risk assessment, protection of human-machine interface, robot safety requirements and so on; and meanwhile, the company further implemented intensive training for Small Machinery Experts (SMEs) comprising two modules of "prevention of unexpected start-up of equipment" and "reliability checking calculation of safety circuit" and arranged courses of on-site practice, which effectively improved the safety expertise and analysis ability of R&D and equipment engineers on the robot production system.



Training class



On-site practice



Group photo of training

Safety Audit

Each of our major production unit aperiodically conducts internal and external audits each year to improve internal safety management standards and standardise safe operation. These audits help identify problems and propose improvement measures to protect employee rights and interests. Meanwhile, we set up a Technical Committee for Work Safety and Damage Prevention, strictly implement the safety work requirements, establish the safety evaluation mechanism and stress the importance of work safety in the form of a key performance indicator (KPI) to improve the safety awareness of workers in the parks. We regularly troubleshoot safety issues, conduct safety inspections of site and special instruments, track and eliminate potential hazards, and strive to achieve 100% safety in production.

Safety Management Performance

We take "creating a completely safe working environment with no hidden dangers" as our safety goal and rigorously implement the formulated safety accident management system. Once an accident occurs, the company requires the on-site personnel and competent units to report immediately, upload the accident to the industrial accident declaration management system, establish an accident investigation team to investigate and handle the accident, and write and archive the accident report. To reduce the occurrence of similar accidents, we also develop a risk assessment and improvement plan, and extend the cases to other sites horizontally to carry out the same type of safety inspections. In 2020, Fii experienced 173 recordable industrial accidents with a work-related injury rate of 0.42 per million working hours, down 21% year on year.

Occupational Health Management

In line with national standards such as the Technical Specifications for Occupational Health Monitoring and the e, the company formulates the Occupational Health Protection Operation Specifications and other operation guidelines to prevent, control and eliminate occupational hazards and standardise the range of occupational contraindications and labour protection requirements for people at the occupational health monitoring posts and special operation posts. The Specifications require all functional departments to properly arrange occupational disease prevention education and training courses, and to conduct regular hazard detection, assessments and filing in the workplace. During the reporting period, each business group of the company conducted a number of management optimisation projects according to their occupational health management demands, and achieved good results.

Annual Key Performance of Occupational Health Management

qualification rate of occupational hazards detection

100%

physical examination rate of on-the-job personnel at occupationally hazardous posts

100%

licenced employment rate for occupational health monitoring posts

100%

Employee care

We pay close attention to our employees' emotional and personal development needs. A Fund Review Committee, Female Employee Committee, and other institutions in the labour union system ensure all-round care for employees. We strive to understand our employees' interests and hobbies, organising a diverse array of activities to improve their sense of belonging and fulfilment happiness from many aspects and assist them in keeping the balance between work and their life.

Employee care activities

In 2020, we continuously organised diverse employee care activities covering health, service, and skills, and focused on improving employees' life quality. We provided employees with free annual physical examinations for them to know their physical conditions on a regular basis, and each site's infirmary regularly organised free clinic activities at front-line production workshops for employees to get medical treatment nearby. In addition to physical health services, we also offered psychological health consulting services for employees and psychological consultants in each site. Employees could conduct psychological consultations about life and work on the telephone or on-site.

Case: Tianjin site set up a psychological counselling room

A psychological counselling room was set up in Tianjin site in September 2020. There were professional psychological consultants who helped employees with their psychological problems. Employees could reserve psychological counselling courses online. Regular psychological activities were also organised in the counselling room. Monthly and quarterly publications related to the work and life of employees were prepared and issued to guide and help employees to develop healthy living habits.



Psychological counselling room in Tianjin site

We carried out cultural and sports activities both online and offline after full consideration of the pandemic control, taking into account the gathering restrictions of all regions for pandemic prevention and control. During the severe phase of the pandemic, innovative online activities were carried out in each site to enrich the life of employees, including online yoga class, online marathon and online karaoke. When all regions were gradually recovering from the pandemic,



Online yoga class



Mobile game competition

Maternity benefits and care

We provide female employees with benefits and care superior to that legally required. We have internal policies providing employees with maternity leave, paternity leave, maternity allowances and other benefits. Specifically, we established a “mommy cabin”, a maternity lounge, and the pregnant mothers’ hotline for female employees in the workplace. We also offer a series of courses for pregnant mothers, about such as infants’ nurse, baby care, and child massage. We provide yoga and other training courses for all female employees.

In 2020, our overall maternity leave return rate reached 95.75%, meaning that the assistance provided for employees on leave did help with their adaptation and returning to work.

Item	Male	Female
Employees who took maternal (paternity) leave in 2020	4,353	3,610
Employees who should return to work after maternal (paternity) leave in 2020	4,347	3,611
Returned employees after maternal (paternity) leave in 2020, during the reporting period	4,243	3,377
Return rate	97.61%	93.52%

cultural and sports activities were resumed in parks. We managed cultural and sports activities in strict accordance with the pandemic control manual. Through activity reservation and registration, regular site disinfection, mask wearing at non-exercising time and other measures, we helped employees keep healthy, promoted their work-life balance, and enhanced employee cohesion on the premise of meeting the requirements for pandemic prevention and control.



Football match



Family day

Support activities for needy employees

Fii has established the employee life guarantee mechanism, taking positive actions in providing employees in need with assistance for immediate family members, family disaster relief, employee wedding blessings, hospitalisation visits, and funeral condolences. This year we spent over RMB5.8 million organising these support activities. We also established a WeChat official account exchange platform to communicate our support policies and standards and help needy employees timely communicate with the labour union.



Supporting forum for employees in need



Family support for employees in need



Distributing supplies to express sympathy



Education support to children of non-local employees



New Year's Eve dinner



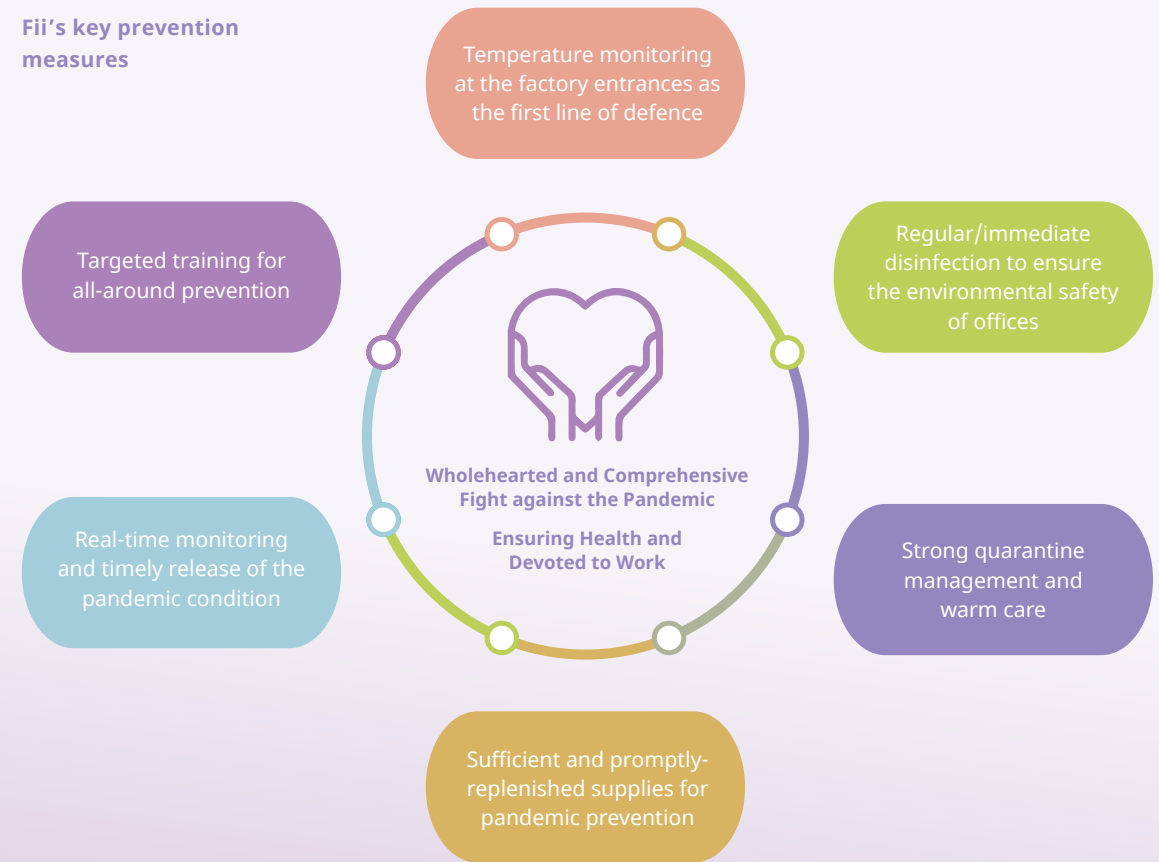
Holiday gifts

Special Topic

Ensuring Employee Health and Resuming Work and Production Steadily During Pandemic

The sudden outbreak of coronavirus disease (COVID-19) at the beginning of 2020 has had a far-reaching impact on almost all industries in the world. Fii adhered to the tenet of wholehearted and comprehensive prevention of COVID-19 and ensuring health and devoted work of employees. We drew on the State Council's *Guidance of Prevention and Control Measures for Enterprises and Institutions to Return to Work and Resumption of Production* and the guidance of academician Zhong Nanshan to resume work and production in a scientific and orderly way. We have ranked "pandemics" as a high risk in the 2019 crisis management plan and established risk response mechanisms including the *Practice for Control of Infectious Diseases and Epidemics and Emergencies*, and the *Contingency Plan for Public Health Emergencies* as the management basis for the response to COVID-19 and resumption of work and production. Based on our valuable experience on daily management and successful fight against SARS, we created a strategy of "government-enterprise coordination, full mobilisation, scientific prevention and control, and exact execution of policies" for handling the situation, with nine "anti-pandemic military areas" and built a comprehensive staff health and pandemic prevention network in each park in the form of "flocking, teaming and grouping". We made arrangements in "quarantine, prevention and isolation" and worked in seven areas to protect our employees: staff screening, pandemic prevention mechanism, internal management, equipment and materials, cleaning and disinfection, education and training, and employee care. With the joint efforts of all employees, we completed the resumption of work and production rapidly, and the relevant practices have been widely recognised.

Fii's key prevention measures



Zhengzhou Advanced Collective in Fighting against COVID-19



"Outstanding Enterprise" for Fighting against COVID-19 in 2020

As of the end of 2020, Fii held 145 meetings on fighting against COVID-19 and made three major pandemic prevention achievements:

Protecting employee health

With the support of governments at all levels, we have established human, technical, and physical defence systems to ensure both pandemic prevention and production. For human defence, we have operated a care hotline and a health hotline to provide online psychological counselling, health counselling and other services for employees. In terms of technical defence, we have worked with ecological partners to integrate a pandemic prevention system based on image big data technology. Intelligent infrared thermal imaging temperature monitoring systems have been installed at the entrances and exits of all parks for real-time monitoring of the health status and dynamic movements of our hundreds of thousands of employees, so as to speed up our response. For physical defence, we have introduced a mask production line for the first time into Longhua Park. The automatic mask production line was established and mass production was started within 72 hours.

Contributing to the fight against the pandemic

The company actively delivered mask production equipment and supplies, and collaborated with upstream and downstream industries to prevent the pandemic and resume production together. The mask production of Fii met the safeguard needs of nearly one million employees of its parent company Foxconn Technology Group, thereby alleviating the pressure on the public demand for masks. The pandemic prevention management APP for own use built a solid defence against COVID-19 for the whole company, and laid the foundation for rapid resumption of work and production. In cooperation with a medical technology company, we donated 1,000 oxyhydrogen atomisers to Wuhan Municipal People's Government at the early stage of the pandemic, which worth RMB50 million and could be used in the rehabilitation of COVID-19 patients. Fii assisted in the production of those atomisers, contributing the power of intelligent manufacturing to the fight.

Through those measures, Fii resumed work and production in a short time and no employee in mainland China was infected with COVID-19 during the resumption of work and production. Meanwhile, by leveraging our own manufacturing and logistics network strengths, we kept delivering masks and supplies to upstream and downstream supply chains to enable sharing of pandemic prevention materials.

On 20 March, Premier Li Keqiang once again held a dialogue on phone with Zhengzhou Park from Beijing. He highly affirmed the pandemic prevention by Fii, saying that the rapid resumption of work and production of hundreds of thousands of employees not only encouraged the upstream and downstream small and medium-sized enterprises, but also contributed to the national and local economy.

Ensuring business continuity

After the outbreak, by virtue of daily management and the experience in dealing with major disasters, Fii established a comprehensive health and pandemic prevention network for employees in all parks in the shortest time, and fought against the pandemic through "quarantine, prevention and isolation". Through two months of efforts, work and production basically returned to normal as before the Chinese New Year by the end of March 2020. Through solid system management, the company resumed both operation and production. The operation remained stable throughout the year, without severe fluctuations caused by the pandemic. The company continued to provide jobs and made important economic contributions.

In January 2021, Zhengzhou site stepped up its efforts to fight against the pandemic. All employees were required to receive nucleic acid testing. Through beforehand rehearsal, the testing field was divided into a buffer area, a sampling waiting area and a sampling area for orderly sampling. Based on the testing results, the company protected employees' health and reduced business risks from the COVID-19, thus ensuring continuous and steady supply. During the Chinese New Year in 2021, in response to the national call for "staying put during the Chinese New Year", Fii appealed to all employees to stay put during the Chinese New Year, and all the subsidiaries and the company provided corresponding subsidies and benefits for employees staying put. Besides, the company set up an emergency team for pandemic prevention, and vaccination priority was given to more than 20,000 employees staying put before the Chinese New Year, aiming to actively protect the health of employees and ensure production and pandemic prevention after the festival. On the eve of Chinese New Year, Li Junqi, Chairman of Fii, and other group executives visited front-line employees staying put and gave them red envelopes and New Year gifts, wishing them a "warmest" Chinese New Year.



Vaccination assistance to employees



Chairman consoling employees staying put



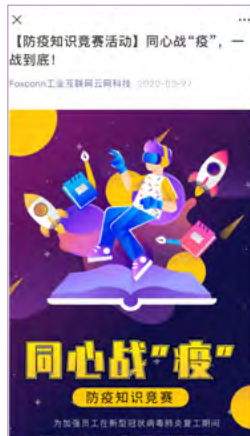
Chairman visiting the dormitories of employees staying put

As the pandemic was put under control in mainland China, operation and production were fully resumed, and the pandemic prevention and control became normal practice. Fii kept employees on alert through online and offline communication and publicity in addition to maintaining a high-level prevention and control system. A series of psychological counselling activities were carried out in parks to help employees pay attention to and adjust their mental conditions under the pandemic stress, so as to maintain a positive production and living atmosphere in parks.

Online publicity



Pushing pandemic prevention articles via the official account



Online activities



Online learning



Communication of the joint protection team

Offline activities



Putting up posters of pandemic prevention knowledge



Rebroadcasting pandemic prevention videos at designated points



Hanging pandemic prevention banners

“Jointly Fighting against the Pandemic – Smile Action” in Nanning Park

Seven sub-theme activities were carried out in the park, including an award-winning quiz on pandemic prevention knowledge, a competition of hand-copied newspapers on pandemic prevention, and a contest of selfies of the most beautiful smiling face, in order to keep employees on alert and create a positive atmosphere in the park.



Clean Technology Green Development

- 46** Clean Technology,
External Empowerment
- 54** Internal Applications of
Clean Technology

Fii's green development and environmental protection are mainly reflected in the export of clean technology capacity and its environmental responsibility in the production process.

Clean Technology, External Empowerment

We actively promotes innovative development and green development of products and carries out clean technology research and development and sales represented by "intelligent manufacturing + industrial Internet", which is the core strategy for the business development of the company. The company seeks to leverage the market opportunities of clean technology, promote industrial automation and system/process optimization, and deepen research on product energy saving technology, in a bid to help users achieve the goal of safe, efficient, green and intelligent production.

Clean Technology Strategy

As a world's leading provider of integrated solutions for intelligent manufacturing and industrial Internet, we are moving towards the vision of "serving global manufacturing, benefiting worldwide industries" at a firm pace, adhering to the strategy of "intelligent manufacturing + industrial Internet".

"Intelligent manufacturing" is to ensure that the production results can be perceivable, predictable and controllable, and the automation, digitalisation, networking and intelligence of the manufacturing process can be realized to achieve a carefree smart production model.

"Industrial Internet" is to build a cross-industry and cross-disciplinary industrial internet platform on the basis of intelligent manufacturing, achieving interconnection with customers and supply chain in the process of product design and manufacturing, to achieve the optimisation and allocation of resources for customized and on-demand manufacturing while reducing waste and inventories, in an effort to avoid unnecessary loss in the manufacturing and logistics processes

The core elements of the strategy of "intelligent manufacturing + industrial Internet" are "Three Hard and Three Soft":

Three hard elements of intelligent manufacturing
materials, tools and equipment

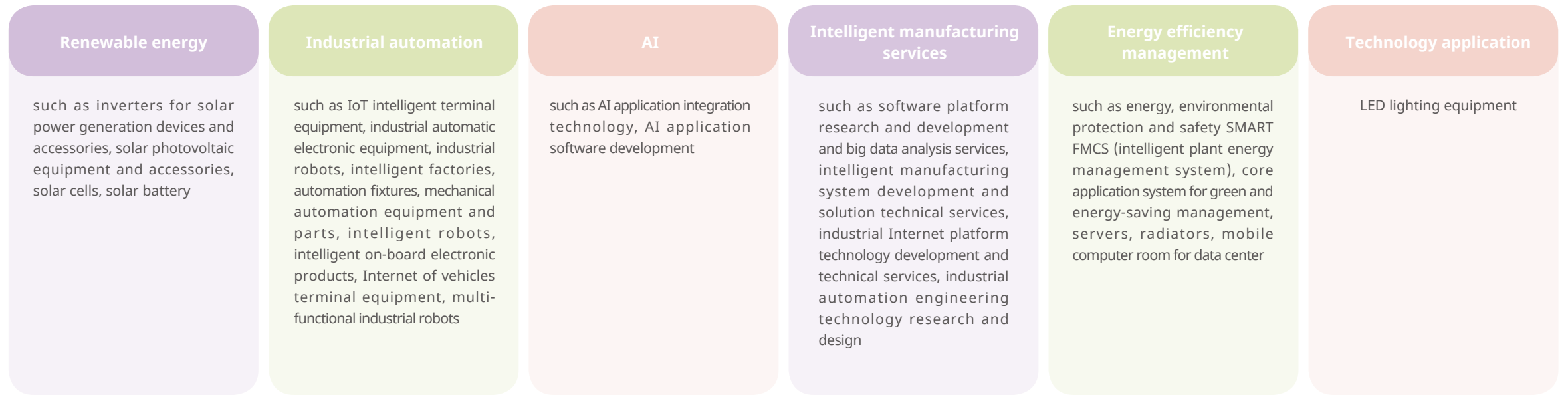
Three hard elements of industrial internet
cloud, network and terminal

Three soft elements
industrial big data, industrial AI and industrial software

Business landscape of clean technology

In 2020, as guided by the two-wheel driving strategy of “intelligent manufacturing + industrial Internet”, Fii combined industrial Internet, AI, big data, 5G and other technologies to build a new manufacturing digital capability and innovative scientific and technological service model empowered by clean technology, in order to improve its manufacturing efficiency, serve more manufacturing industries through cross-industry and cross-field industrial Internet platform services and achieve quality enhancement, efficiency improvement, cost reduction, and inventory reduction by leveraging on the manufacturing experience and technical expertise, as well as the application capability in many complex production scenarios.

The company and its subsidiaries actively promoted clean technology related business, mainly covering the following six areas:



In the future, Fii will continue to invest in the development of industrial Internet related technologies and products, in order to achieve the research and development of 5G network transmission, high-speed computing and big data center, equipment acquisition and interconnection, industrial Internet and data integration, intelligent analysis and application, as well as general standard product portfolio, and apply these technologies to clean technology related product solutions such as automated work island, Micro Cloud, data intelligent analysis and applications.

Business development outcomes of clean technology

We have succeeded in gradually transforming ourselves into a technical service company that serves the outside world, which mainly includes two business capabilities to assist enterprises to achieve digital green transformation:

- Building a complete intelligent manufacturing and industrial Internet capability, and creating a one-stop manufacturing digital transformation service:

Building cross-industry, cross-field industrial Internet platform capabilities, creating Micro Cloud and App application SaaS (Software as a Service) based on different industrial scenarios, and achieving quick, standardized and lightweight delivery;

- Integrating industrial big data, artificial intelligence technology, intelligent production and operation management software and other core applications to achieve a full-scene one-stop enterprise digital transformation service capability:

Covering digital transformation consulting, lean and automation transformation, networking and data acquisition equipment, intelligent factory application (Warehouse Management System (WMS)/Advanced Production System (APS) /Electronic Manufacturing Services (EMS)/ Micro Cloud/smart logistics, etc.), industrial Internet platform for enterprises, digital organisation consulting and training service ability.

Achievements of Fii in promoting clean technology businesses:

Green data center

With the continuous development of 5G, high-efficiency computing and semiconductor technologies, chips are becoming more powerful and calorific. To solve the heat dissipation bottleneck of traditional air cooling technology and achieve the goal of high efficiency and energy saving, Fii has researched the most advanced heat dissipation technology, including Liquid Cooling (PUE<1.2) and Immersion Cooling (PUE<1.06) heat dissipation solutions, and applied the technology from the system architecture to important cooling components, in order to provide customers with more eco-friendly, more comprehensive, more flexible, and more real-time environmental solutions and services.

Guiyang Green Tunnel Data Center of the company has obtained the U.S. LEED Platinum certification, with full marks in the energy-saving and water-saving. It is the first data center in China to obtain this certification.

In 2020, the company built a green and efficient computing data center in Wisconsin, USA, which utilized Modular Data Center (FoxMOD) to support cloud applications such as High Performance Computing (HPC), Data Pond, AI Big Data Analysis, Machine Learning and Deep Learning. In addition, natural cooling mechanism was designed based on the local climate of Wisconsin Valley Science Park to achieve the energy saving target of PUE less than 1.14.

Industrial IoT infrastructures

The communication channel between the automatic work island and the Fog AI has been established through the sensor, controller and gateway, making Fog AI the coordinator and decision maker of the services of each unit on the automatic work island. With the deployment of 5G in the factory, Industrial +5G scenario applications can achieve more timely, low latency and wide-connected applications.

Intelligent light poles

In the "Smart Sanshan" project in Sanlong Bay, Foshan, Guangdong, Fii helped to set up a total of 938 intelligent light poles on the 13.3km long smart road, creating a new complex urban integration infrastructure integrating intelligent LED lighting, video AI, event monitoring, vehicle-road collaboration, vehicle-traffic guidance, safety warning and other intelligent modules and facilities. The intelligent light pole features single lamp control based on the Narrow Band Internet of Things (NB-IoT), which can intelligently adjust the brightness of the street lamp according to the surrounding environmental changes such as the size of the traffic flow and the intensity of illumination, greatly improving the fine management level of public lighting and saving power resources and operation and maintenance costs. In addition, severe weather warnings can be realized through real-time monitoring of environment and meteorology, data sharing with the Meteorological Bureau and the Bureau of Ecology and Environment.

Automation core equipment and integration services

Precision manufacturing equipment with a series of dismantlable mechanical arm, intelligent conveyor belt with visual algorithm, Mobile Robot Automated Guided Vehicle (AGV) and the supporting controller and system, can substitute for manual labour and address the challenges in grabbing, handling, storage and equipment operation of workpieces of different shapes, sizes, and weights in different scenarios. In addition, it can be integrated into different automatic work islands and supporting monitoring systems according to production business requirements.

Building vertical industry & regional industrial Internet platform

We have improved the industrial chain element allocation through technology and industrial resource services, completed the construction of regional operation headquarters in Qingdao, Hangzhou, Fuzhou and Shenzhen, as well as the deployment of Smart Valley in Jincheng, Hengyang and Foshan, and worked with leading domestic infrastructure enterprises to build industrial Internet platforms for automotive parts and building materials vertical industry.

Automation core equipment and integration services

Precision manufacturing equipment with a series of dismountable mechanical arm, intelligent conveyor belt with visual algorithm, Mobile Robot Automated Guided Vehicle (AGV) and the supporting controller and system, can substitute for manual labour and address the challenges in grabbing, handling, storage and equipment operation of workpieces of different shapes, sizes, and weights in different scenarios. In addition, it can be integrated into different automatic work islands and supporting monitoring systems according to production business requirements.

Cloud platform

Based on the powerful computing, storage, algorithm and computing power, we can provide basic common services, on one hand serving the Fog AI and automatic work island to solve the problems of intelligent production within the company, and on the other hand supporting the customization, collaboration and mining of the business outside the company.

Digital applications of smart factory

From the five aspects of data decision-making and operation, industrial mechanism Micro Cloud, digital lean, data governance and intelligence, we have realized three scenarios of intelligent production, intelligent management, intelligent logistics and integration optimization through network and data acquisition connection capacity, data platform analysis support and lightweight scene application.



Case: Green Building: Application of Energy-Saving Smart Building

Fii uses intelligent hardware and software for energy saving and emission reduction of the building, so as to reduce building operating costs, improve environmental protection benefits, and bring more comfortable office environment and more smooth office experience to employees. At present, smart buildings have been applied to office buildings in Hangzhou, and actively empower local enterprises.

Application results

1. Air conditioning & energy saving:

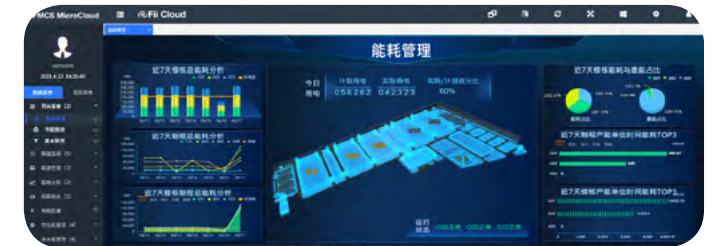
- Automatic ON/OFF time of air conditioning is set, and ON/OFF and temperature of air conditioning are adjusted intelligently according to the indoor and outdoor temperature.
- The ON/OFF and temperature of air conditioning are adjusted according to the regional division and the degree of overlapping.
- High energy consumption caused by the hardware problems of air conditioning equipment is reduced by the anomaly detection of the air dampers of air conditioners.

2. Lighting & energy saving

- When any person enters the room, the system automatically adjusts the curtain position and the lighting brightness (photochromic and electrochromic glass) according to the indoor lighting environment, so that the indoor lighting can be kept in a comfortable state.
- When nobody is in the room, the lighting device will turn off automatically.
- The lighting device can be controlled remotely in abnormal state.

3. Water control

- The system can judge whether there is any water leakage or



someone forgot to close the faucet based on the water meter value read by the electric valves and the number of persons and time of water use in the area, and give timely alarm and notice to close the water valve.

- In addition, it can monitor whether there is any abnormal water consumption through big data analysis of the history of water meter.

4. Plug and socket

- For high energy consumption and high risk equipment such as microwave oven, the function of automatic shutdown at preset interval when no one is present can help save energy and ensure safety.
- When the staff are off duty or anyone is not present for a long time, the power will be shut down to achieve energy saving.

5. Smart air switch

- In case of fire alarm, the air switch will be disconnected.

6. Self-supplied energy systems for the buildings

- Solar glass panels are installed to collect solar energy, and the distributed energy system is built to supply power to the building.

Capitalising on the above intelligent industrial application, industrial sensing and edge computing, Fog AI, industrial AI, AI intelligent services, cloud computing platform, intelligent green building and other technologies, Fii can help users achieve safe and efficient production, achieving the goal of green and intelligent production and operation.

At present, Fii has become the technical service provider for customers in different industries, providing them with intelligent production and operation solutions, and achieving economic and environmental benefits.

Customers	Projects	Performance and Value
IT solution providers	<ul style="list-style-type: none"> - Automatic production line - 5G+ factory logistics - Informatization and Micro Cloud - Data middle platform - AI quality management and equipment maintenance 	<ul style="list-style-type: none"> - Achieving a total manpower reduction of 60% - Achieving an increase in annual income of RMB 20 million
High-tech manufacturers	<ul style="list-style-type: none"> - Intelligent decision support system - Advanced Production System - Intelligent cloud network platform 	<ul style="list-style-type: none"> - Overall production capacity increased by 5% - Inventory turnover reduced by 5% - Decision making efficiency improved by 30% - Production efficiency improved by 10%
Automotive parts enterprises	<ul style="list-style-type: none"> - Consulting and Top-level Design - Intelligent decision support system - Advanced Production System - Smart logistics - Full process flexible automatic production line - Digital management of assets throughout their life cycle 	<ul style="list-style-type: none"> - Per capita output value increased threefold - Overall Equipment Effectiveness (OEE) increased by 20% - Production manpower reduced by 20% - Energy consumption per RMB 10,000 of output value reduced by 50% - Inventory turnover reduced by 50%
Industrial custom complete sanitary ware enterprises	<ul style="list-style-type: none"> - Manufacturing execution system (MES) - Supplier relationship management (SRM) system - Manufacturing Lighthouse Design - Smart logistics system - AR (Augmented Reality), MR (Merged Reality) Virtual Experience Centre - Integrated casting with smelting 	<ul style="list-style-type: none"> - Efficiency improved by 30% - Inventory turnover improved by 10% - Good rate improved by 8%
Aluminum wheel manufacturing enterprises	<ul style="list-style-type: none"> - Industrial Internet network - Digital lean - AI quality detection 	<ul style="list-style-type: none"> - Per capita output increased by 10% - Equipment OEE improved by 5%-7% - Total manufacturing cost reduced by 5%-7% - Digital operation rate increased to 80-90%
New energy vehicle enterprises	<ul style="list-style-type: none"> - Central data management system for punching and welding - Big data-based enterprise operation decisions - Full life cycle management of equipment 	<ul style="list-style-type: none"> - OEE improved by 10% - Equipment cost reduced by 10%-15% - Plan accuracy improved by 20% - Digital operation rate increased to 40-50%

Customers	Projects	Performance and Value
Smart home metering electronic products enterprises	<ul style="list-style-type: none"> - Digital production line of electronic desk clock 	<ul style="list-style-type: none"> - Per capita output per hour increased by 32% - Manpower demand reduced by 24%
Machinery technology enterprises	<ul style="list-style-type: none"> - Lean consulting project of smart factory - Construction consulting project of smart factory 	<ul style="list-style-type: none"> - Comprehensive equipment efficiency improved by 15%-20% - Effective operation time increased by 3%-5% - Work-in-process Inventory reduced by 40%

Fii received high recognition from FTSE Russell ESG (Environmental, Social and Governance) for its operating income from clean technology in 2020⁷. Its annual operating income exceeded RMB 175.3 billion, with green revenue from clean technology accounting for 40.7%.

Both the application results of clean technology solutions and the direct revenue generated by Fii are attributable to our continuous efforts to strengthen clean technology research and development in different areas. During the reporting period, Fii was granted 190 new patents in clean technology fields such as energy management, industrial automation and process optimization, and as of 2020, the total number of clean technology-related patents reached 587.

Number of new patents in clean technology in 2020	190
Number of new patents in energy management in 2020	9
Number of new patents in industrial automation in 2020	162
Number of new patents in process optimization in 2020	16
Number of new patents in prevention and control of pollution in 2020	3

Fii will continue to implement the two-wheel driving strategy of “intelligent manufacturing + industrial Internet” for the purpose of “serving global manufacturing and benefiting worldwide industries”. This is our mission and the direction and responsibility of our continuous efforts in the future.

⁷ According to the ESG rating of FTSE Russell, the green revenue of Fii mainly came from the revenue generated by cloud computing business.

Clean technology development plan

Maintaining leading position in electronic information industry

- **Expanding business field:** We will continue to develop the core business of the company and expand the intelligent manufacturing fields of electronic information products such as mobile phone precision parts and smart wearable products, cloud computing, network and mobile communication, and smart home based on the global industrial deployment.
- **Improving R&D capacity:** We will build a market moat with years of research and development achievements to maintain competitive advantages. We will further move towards the vertical integration mode of core components and precision modules, master core technologies and core equipment, make breakthrough in key components, so as to form a complete industrial chain that is independent and controllable, and launch more products with high gross profit.
- **Overall ecosystem upgrade:** We will expand the production management mode of "smart factory + industrial Internet", form a new industrial ecosystem, and realize the evolution and upgrading of the whole ecosystem. Taking precision tools as an example, thanks to the manufacturing process, processing materials and processing equipment it masters, Fii can span the whole industrial chain, and realize green cycle of materials with advanced technology, thus maintaining its leading position in the market of precision mechanical parts for smart phones.

Vigorously promoting core technology R&D and talent training

- Enhancing high-end R&D and application R&D

We have established Fii Research Institute and the Intelligent Manufacturing and Industrial Internet Innovation Center, worked with domestic and foreign research institutions and enterprises to carry out high-end technology R&D, and made breakthroughs in core technologies in the fields of new generation information technology and industrial application, industrial software, additive manufacturing and new materials, automation and robotics, and ultra-precision machining, in order to provide strong technical support for the development of the company.

- Training of multi-level talents through joint efforts

Based on Fii Research Institute, we have strengthened the cooperation with famous universities and vocational colleges to jointly cultivate high-end R&D, application and versatile talents, and establish a multi-level talent echelon, in order to lay a talent foundation for the sustainable development of the company in the fields of intelligent manufacturing, industrial Internet and new energy vehicles.

Enabling different industries to realise clean production through industrial Internet

In 2020, the Fii Cloud platform of the company again won the title of cross-industry and cross-field industrial Internet platform awarded by the Ministry of Industry and Information Technology. As a benchmark for the industrial Internet platform, the company will continue to play the leading resource advantages in the future, actively promote a series of solutions for different customers, different scenarios, different industries, and help all industries achieve green production through the industrial Internet.

- **For large enterprises:** Based on the world-leading standard of "Manufacturing Lighthouse", we have developed the overall solution of "Manufacturing Lighthouse" for the transformation and upgrading of large enterprises, including hardware and software integration, top-level design, management operation and maintenance, so as to effectively reduce the cost and inventory, and improve the quality and efficiency of large enterprises.
- **For small and medium-sized enterprises:** We have developed a Micro Cloud in multiple vertical fields based on the national industrial Internet platform to provide cloud services to small and medium-sized enterprises and attract them to the "cloud" platform, so as to address the challenges of insufficient production capacity caused by the production cycle of Fii as a giant enterprise, improve the technology level of upstream and downstream enterprises, and drive the industrial chain upgrading.
- **For government customers:** Through co-investment, co-operation and co-operation with the government, we will export "Smart Valley" projects integrating research and development, demonstration and application, talent training, innovation and entrepreneurship, and give full play to the capabilities of Fii in resource integration, hardware and software integration, and industrial chain forging, in order to explore the digital transformation needs of government customers, create new business models, improve the industrial chain and value chain, and form a new industrial ecosystem and industrial clusters.

Tapping into new energy vehicle industries

We will enter the intelligent manufacturing of core parts of new energy vehicles through high-end precision manufacturing technology and manufacturing lighthouse model, and vigorously develop in the field of new energy vehicles by penetrating into the Internet of vehicles through Internet of Things and on-board systems.

- **In terms of production and manufacturing:** we will enter a new field of core parts of electric vehicles, and apply materials, tools, equipment technologies and unique manufacturing processes and technological capabilities obtained in the electronics industry over the years to new energy electric vehicles, striving to achieve the lightweight and precision of electric vehicles.
- **In terms of market expansion:** based on the Group's strategic blueprint in new energy vehicles, as well as thousands of domestic and foreign manufacturers and suppliers on the MIH⁸, we plan to constantly expand the market size and influence of on-board video and audio multimedia and Internet of Vehicles system.

⁸ The automotive chassis and software platform developed by Foxconn

Clean technology cooperation and initiatives

Industrial development is not dependent on a single company, but the win-win cooperation of the whole industry and even the industrial chain. Fii actively works with all sectors to promote industrial development and talent training, puts forward clean technology-related initiatives, and gives full play to its influence to generate industry value.

Fii plays an important role in a number of industry associations, promoting the development of the overall industry and the promotion and R&D of clean technology solutions.

Industrial Big Data Innovation and Development Alliance of China	5G and Digital Industry Development Promotion Association	Committee for the Promotion of Industrial Internet	Alliance of Blockchain Industry, Z-park	Internet+ Development Association of China
Work Committee for Industrial Internet Platform Ecosystem	China Intelligent Manufacturing System Solutions Integrator Consortium	Shenzhen Information Industry Association	Shenzhen Industrial Internet Alliance	Shenzhen Industrial Internet Industry Association
China Customization Industry Alliance	China Unicom 5G Application Innovation Alliance	Guangdong Industrial Internet Alliance	Alliance of Industrial Internet	Zhuhai Industrial Internet Association

Working with partners from all walks of life to promote industrial development

Establishing Shenzhen Fii Intelligent Manufacturing Industry Innovation Center Co., Ltd. with partners from all walks of life

While accelerating the new industrial ecosystem in Shenzhen, promoting the overall upgrade and transformation of the industry chain and making a strategic blueprint through outbound investment, Fii will, by leveraging on its own advantages in technology, talent and management accumulated over the years, work with government and enterprise partners to actively incubate innovative businesses on the basis of its own advantages and capabilities.

Advocating “industrial value upgrade partner”, and jointly achieving end-to-end sustainable development of the industry

In order to promote better industrial transformation and upgrading and maintain stable and long-term development, Fii has proposed a new concept of “industrial value upgrade partner”. According to Liu Zongchang, Chief Data Officer of Fii, the purpose and vision of Fii are very clear, that is, to cooperate with industrial partners and ecological partners to jointly build cross-industry, cross-field and cross-regional service capabilities, and achieve large-scale replication of solutions such as the manufacturing lighthouse, so that each enterprise can optimize the end-to-end value chain, achieve high-quality operation and sustainable development, promote the industry migration to higher value-added products and services, and maximize the efficiency of factor allocation.

Promoting industrial cooperation and proposing industrial initiatives

Participating in the Digital China Summit and delivering the keynote speech

In October 2020, the third Digital China Summit was held in Fuzhou City, Fujian Province. Co-hosted by the Cyberspace Administration of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the People’s Government of Fujian Province, the summit brought together leading companies in China’s digital economy and Internet of Things industries, and was a platform to display the latest achievements in the progress toward Digital China. During the summit, Fii, as a core force to build Digital China, participated in the signing and release of the Southeast Digital Transformation Fund and the launching ceremony of cross-strait industrial Internet cooperation and demonstration. Mr. Li Junqi, Chairman of Fii, was invited to deliver a keynote speech titled “Opportunities and Challenges of the Industrial Internet in the Special Period” at the sub-forum of the Industrial Internet, and delivered a speech as an enterprise representative at the closing ceremony of the summit.



Chairman Li Junqi participated in the launching ceremony of cross-strait industrial Internet cooperation and demonstration



Chairman Li Junqi made a keynote speech at the sub-forum of the Industrial Internet

Displaying industry solutions, and making in-depth exchanges with all sectors

On 21 October 2020, at the Conference on the Integration of Industrialization and Industrial Internet Platform held in Suzhou, Jiangsu Province, industrial Internet, top ten double cross-industry and cross-domain platforms, key industry platforms, epidemic prevention and production resumption solution enterprises represented by Fii, appeared with the leading achievements in the field of industrial Internet, typical cases, development experience and other wonderful appearance. They demonstrated the remarkable results of in-depth integration of industrialization and IT application in promoting industrial transformation and upgrading and boosting economic and social development.

Mr. Wang Zhijun, Member of the Party Leading Group and Vice Minister of the Ministry of Industry and Information Technology, Mr. Huang Rong, Vice Chairman of All-China Federation of Industry and Commerce, Mr. Xu Kunlin, Member of the Standing Committee of the CPC Jiangsu Provincial Committee and Secretary of the CPC Suzhou Municipal Committee and other leaders visited the booth of Fii and exchanged views with Mr. Li Junqi, Chairman of Fii, and Mr. Liu Zongchang, Chief Data Officer of Fii.

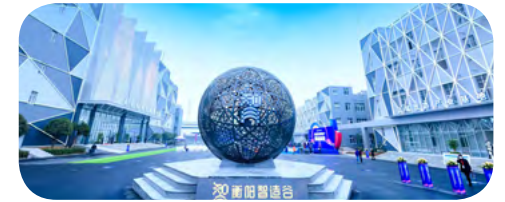


Mr. Liu Zongchang, Chief Data Officer of Fii, exchanged industrial Internet achievements with the leaders

Supporting scientific research in colleges and universities and training industrial talents

Creating Smart Valley to promote the integration of production, learning, research and application

Hengyang Smart Valley: The People's Government of Hengyang City, High-Tech Investment (Group) Co., Ltd. and Fii worked hand in hand to build Hengyang Smart Valley project, in order to create China's first intelligent manufacturing + industrial Internet world "manufacturing lighthouse" application demonstration and popular science education base, and high-level public training base integrating production and education and industrial tourist attractions. The project, based on the local industry development characteristics, is designed to build a new industrial cluster of intelligent manufacturing, promote the integrated development of production, learning, research and application, and export scientific and technological services to the outside world, so as to help small and medium-sized enterprises achieve the transformation and upgrading of "automation, digitalisation, networking and intelligence", while making up the weakness of Hengyang industry, sharing the lighthouse experience, enabling ecological industry.



The landmark of Hengyang Smart Valley



The comprehensive display platform for the achievements of "Smart Manufacturing + Industrial Connectivity + 5G" of Hengyang Smart Valley

Foshan Smart Valley: The People's Government of Foshan City, Fii, and Foshan Sanlong Bay Holdings Co., Ltd jointly built Foshan "Smart Valley" in Sanlong Bay High-end Innovation Cluster Zone. Based on Foshan's high quality resource endowment, strong industrial foundation and the leading technological advantages of Fii in intelligent manufacturing and industrial Internet industries, the project is designed to deepen the integration of the new generation of information technology with the real economy and accelerate the replacement of the old and new drivers of the real economy. Focusing on intelligent manufacturing, industrial Internet technology and related hardware and software products, the "one center, one base and two institutes" (that is, manufacturing innovation center, industrial Internet industrial demonstration base, industrial Internet research institute, industrial Internet institute) will be built, in order to build a "smart manufacturing + industrial Internet" ecosystem with Foshan characteristics, and create a scientific and technological innovation demonstration zone integrating research and development, application demonstration, talent training, innovation and entrepreneurship.



Signing ceremony of the agreement on building Foshan Smart Valley

Organising artificial intelligence data competitions together with universities and colleges

On 10 May 2020, the "First Industrial Artificial Intelligence Data Competition Defense Meeting and Closing Ceremony" jointly held by Fii and Shanghai Jiaotong University Michigan College. It was successfully held through online video. The competition consisted of two topics, "prediction of residual life of aero-engine" and "virtual measurement of the wear rate of semiconductor CMP (Chemical-Mechanical Planarization) process material". It lasted for one month and attracted a total of 96 student teams from the Michigan College. Fourteen winning teams were selected for the final defense. At the defense meeting, the jury composed of professors and industry experts gave final scores to the participating teams based on the rationality and innovation of the modeling.



Professor Li Jie, Director of the Center for Industrial Artificial Intelligence of the University of Cincinnati, delivered a speech at the opening ceremony of the defense meeting

Internal Applications of Clean Technology

The application of clean technologies in the production activities of Fii has not only fully verified its benefits, but also reflected the unwavering implementation of clean production and environmental responsibility by Fii.

Comprehensive results of clean technology

To truly realize the environmental benefits of clean technology in production, single point application is not enough, coordinated and comprehensive applications of green production are required. Based on the environmental policy of “preventing and controlling pollution, continuously reducing waste, providing eco-friendly products, saving energy, protecting the environment, and running a green enterprise pragmatically”, Fii has been committed to investing resources in green research and development, such as green product design, carbon emission reduction, process management, energy and resource management and supply chain management, in order to achieve the comprehensive applications of innovative, energy efficiency and green technology in the manufacturing industry.

Production monitoring and analysis

Ubiquitous deep interconnection and dynamic perception of production factors such as people, equipment and materials can be realized based on the industrial Internet, and 3D visualization technology can be used to dynamically display the running state of the production workshop, which can effectively solve the difficulty in obtaining global information and poor timeliness in the workshop.

Fii Shenzhen Factory has built an intelligent production real-time status monitoring system, which uses IoT network to remove data barriers such as equipment, logistics and person, acquire real-time whole-domain data and carry out real-time monitoring analysis and visual display on tasks, quality, inventory, energy consumption and other elements, thus greatly improving the overall and refined management of workshop.

Energy consumption and emission management

Through the real-time monitoring of the whole process of energy production and consumption, an energy consumption analysis model based on historical and real-time data can be built to accurately predict the consumption of a variety of energy media and carry out comprehensive balance and optimal scheduling, so as to reduce the extra energy consumption caused by abnormal condition fluctuations.

Fii Chengdu factory has deployed an energy management system to automatically collect ambient temperature and pipe network pressure data on the production line through sensors, estimate the average demand of ice water and compressed air according to different seasons and scenarios, and automatically regulate the production of energy media and supply of power resources on demand. It realized power saving by 5% and reduced the electricity cost by RMB 2 million annually.

“Smart Factory” and “World’s Manufacturing Lighthouse” are the most comprehensive embodiment of Fii’s cleaner production technology

Based on lean factory deployment optimization and business integration, Fii promotes full-scene integration of intelligent production line, logistics, testing, operation and maintenance, decision-making, and creates a new paradigm of intelligent manufacturing to achieve extreme cost reduction, quality improvement and efficiency improvement. In the Shenzhen Smart Factory of Fii, the whole production process is integrated with supply chain intelligent decision making, surface mount intelligent manufacturing platform, automatic flexible assembly production line, AI intelligent sorting and shunting system and production big data decision center, achieving a 30% increase in production efficiency, a 5% reduction in inventory turnover, and a 92% reduction in production manpower.

In 2019, Fii’s “Smart Factory” was successfully selected into the first batch of Global Manufacturing Lighthouse of the World Economic Forum. The honor, awarded by the World Economic Forum in conjunction with McKinsey, is designed to praise the companies that are leading the way in integrating cutting-edge technologies used in the fourth industrial revolution. There were only 44 “World’s Manufacturing Lighthouse” as of January 2020.

At present, Fii has a number of smart factories in China, numerous production and research and development sites in 11 countries, and more than 20,000 research and development personnel. In the eight years from 2012 to now, Fii has significantly upgraded the smart factory, from automation to digitalisation, networking, and then to the third generation of intelligence, constantly updating and iterating to improve the intelligence and benefits in factory production and operation.

Typical applications of intelligent clean technologies of Fii in its own production process

Single-point improvement	Intelligent manufacturing	Tool life management, Smart equipment scheduling and correction, Product quality detection, Smart logistics scheduling, Production monitoring and analysis, Energy consumption and emission management	
	Digital management	Equipment troubleshooting and operation maintenance, Intelligent task assignment, Smart decision management	
Overall optimisation	Intelligent manufacturing	Smart production line/ workshop	Transparent management of all production factors of “human, machine, material, method and environment”
		Smart factory	APS overall intelligent production system and material planning
Coordinated optimization of the upstream and downstream of the industry chain	Network-based synergy	Smart supply chain , Integrated industry chain, Customer needs perception	

Giving priority to energy conservation and carbon reduction

Climate change governance is a common cause of mankind and a national strategy. As a member of the industrial manufacturing industry, Fii has applied clean technologies and solutions to its own production process to optimize the production process and improve the production efficiency, with an aim to fully assume the responsibility of energy saving and carbon reduction, and give full play to the outstanding environmental benefits of its clean technologies in the production process.

In 2020, the key energy saving and carbon reduction technology transformation and upgrading projects of Fii factories mainly include: Energy efficiency improvement of air compressor/refrigerating unit, introduction of magnetic levitation refrigerating unit, energy efficiency improvement of motor, oil mist purification and frequency conversion transformation of CNC machine tools, time control improvement of auxiliary equipment, introduction of intelligent vacuum generator, steam humidification/waste heat recovery, process integration, and process optimisation.

Energy efficiency improvement and transformation of air compressor/refrigerating unit

Air compressor and refrigerating unit are important equipment in production, but also important energy-consuming equipment. In 2020, we carried out iteration & updating on air compressors and refrigerating unit in Taiyuan, Jiyuan and Hebi plants, optimized and upgraded their operating mechanisms and monitoring systems, and recycled waste heat for heating, thus significantly improving energy use efficiency and achieving energy saving and emission reduction.

Technical transformations	Energy-saving benefit
Replacement of the magnetic levitation water machine	It is estimated that the annual energy saving is more than 4.46 million kWh
Key technical measures to improve the efficiency of the system	Power saved for air compressor and refrigerating unit: 680,000 kWh
Recovery of waste heat of air compressor for heating, making full use of residual heat	Power saving thanks to recovery of waste heat of air compressor: 5.06 million kWh
System early warning and monitoring and operation load adjustment to reduce system energy consumption	Total converted CO ² emission reduction: 5,149 tons of CO²



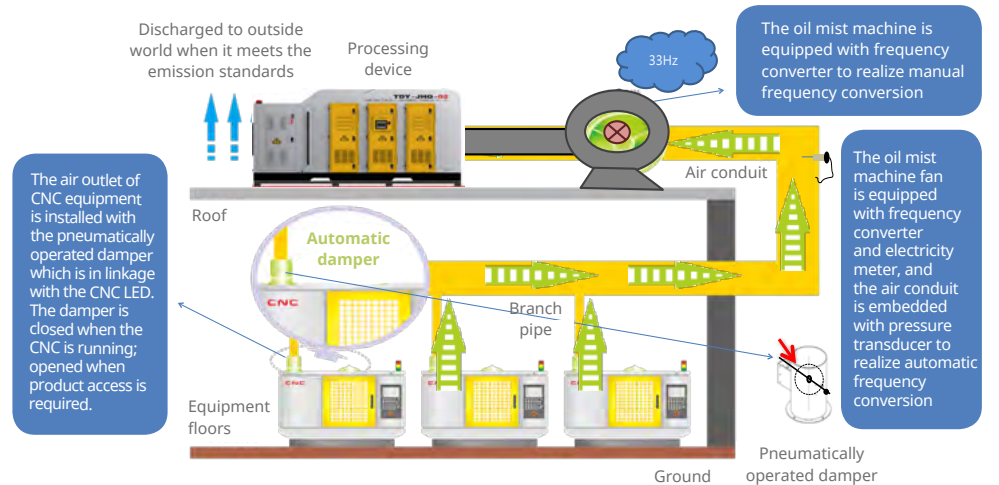
Recovery of waste heat of air compressor operating system and air compressor for heating



Refrigerating unit operating system

Jincheng Park achieved energy saving benefits by installing frequency converter for oil mist machine

Jincheng Park installed frequency converters on 114 oil mist machine fans, covering 4,767 oil mist purification devices, reducing fan power consumption and saving 6.05 million kWh in total. Thanks to the improvement, the negative pressure of the workshop is reduced, while the energy consumption of heating in winter and air conditioning in summer is reduced, and the external noise is reduced. It has achieved the energy saving benefit of RMB 3.45 million by far.



Scheme diagram for the energy-saving solution of oil mist machines in Jincheng Park

In order to improve and implement the performance of environmental management in a more comprehensive way, the Fii parks are constructed according to the advanced environmental system standards. They have been recognized by the outside world and obtained authoritative certification.

Energy system certification

10 industrial parks
obtained the ISO 50001
energy system certification

Fii has obtained the ISO 50001 energy system certification in 10 industrial parks, including Zhengzhou Comprehensive Bonded Zone, Zhengzhou Processing Zone, Jincheng, Taiyuan, Jiyuan and Hebi.



Greenhouse gas emissions accounting and verification

7 industrial parks
obtained the third party
certifications

7 industrial parks of Fii have completed the GHG inventories and obtained the third party certifications, including the Shanxi and Shenzhen parks.



Green factory certification

6 green factories

Jincheng Industrial Park, Taiyuan Industrial Park, Zhengzhou Processing Zone and Jiyuan Industrial Park were awarded Green Factory by the General Office of the Ministry of Industry and Information Technology in 2020. As of the end of the reporting period, there were 6 green factories in Fii.

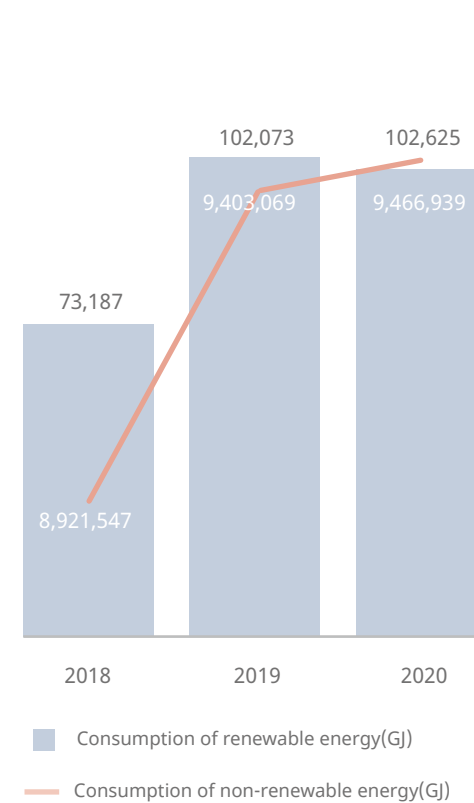


The carbon reduction actions of Fii have been effectively implemented. In 2020, despite the continuous expansion of production scale, the overall carbon emissions were flat or even slightly decreased, and the carbon intensity was significantly decreased, which reflected the determination of Fii to reduce carbon and the effectiveness of carbon reduction measures.

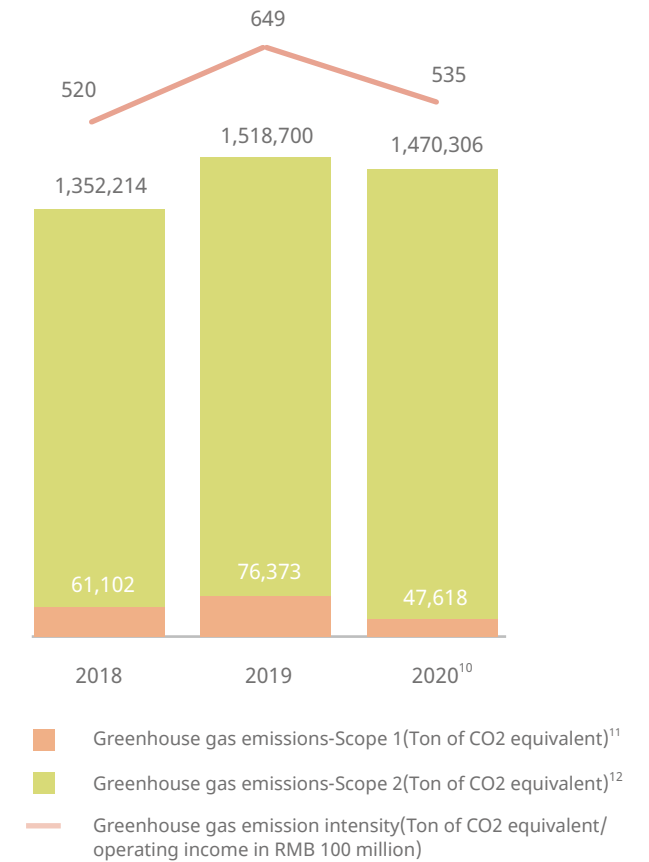
Energy consumption data of Fii in 2018-2020⁹

Type of energy	Unit	2018	2019	2020
Solar energy	MWh	20,330	28,359	28,507
Natural gas	10 thousand Nm ³	2,291	2,186	1,923
Purchased electricity	MWh	2,018,514	2,173,917	2,232,239
Gasoline	Ton	185	106	91
Diesel	Ton	500	191	182
Heat	GJ	146,445	152,897	148,872
Purchased steam	Ton	207,871	209,806	187,691
Total energy consumption	GJ	8,994,734	9,505,142	9,569,564
Energy consumption intensity	GJ/operating income in 100 million of RMB	3,311	3,869	3,376

Total energy consumption of Fii in 2018-2020



Greenhouse gas emission data of Fii in 2018-2020



⁹ Unless otherwise stated, all data in this section, covers the legal persons of Foxconn Industrial Internet Co., Ltd. in mainland China and Taiwan

¹⁰ Emissions generated from the emission sources directly controlled or owned by the company

¹¹ Indirect GHG emissions from the purchased electricity, steam, heating and cooling for self-use

¹² According to the UL2799 standard, the waste conversion rate is the weight of the waste treated by means of elimination, reduction, reuse, recycling, composting, anaerobic and biofuel, divided by the total weight of the waste generated

Innovations in water saving and waste reduction

All the industrial parks of Fii carry out pollutants monitoring and management in accordance with the internal pollutant emission management system. In addition, they entrust third-party professional organisations to monitor and properly dispose of pollutants, and constantly improve the efficiency of resource use and reduce the production of waste water, gas and waste through various special actions.

During the reporting period, no major environmental incidents and pollution accidents occurred in the industrial parks of Fii.

Water resources management

Water consumption data of Fii in 2020

Data index	Unit	2020
Water consumption	Ton	14,717,510
Water consumption intensity	Ton/operating income in RMB 100 million	5,192

Wastewater data of Fii in 2020

Total wastewater	Ton	5,404,545
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Recycled water data of Fii in 2020

Reuse amount of reclaimed water	Ton	650,547
Reuse amount of gray water	Ton	8,557
Recycled amount of production process water	Ton	67,890
Steam condensate	Ton	10,392
Reuse amount of concentrated water	Ton	1,605,022
Circulating water in the cooling tower	Ton	84,006,326
Total reuse amount of recycled water	Ton	86,348,734

Water resources management results

Water resources monitoring and auditing:

- Each water equipment in the workshop is equipped with an independent water meter to accurately measure water consumption;
- The workshop water inspection and audit process is improved, and manager accountability is implemented to standardize the water use in workshop.

Water resource management and control system for SMART FMCS (Facility Monitoring Control System):

- Through SMART FMCS, the intelligent factory management and control system, the management personnel in the park can remotely monitor the pure water quality data and wastewater reuse rate in real time, and use the digital platform to monitor the equipment and system to improve the water reuse rate.

Reclaimed water/concentrated water recycling project:

- In order to reduce waste water discharge and increase sewage reuse rate, reclaimed water and concentrated water are reused to achieve the purpose of saving water.
- Reclaimed water can be reused for greening, pharmaceutical preparation and toilet flushing, while concentrated water can be reused for toilet flushing and other purposes.
- The heavy metal wastewater is treated by the heavy metal zero discharge system and reused at the production site.

Production process water recycling project:

- In the cleaning process, the spray water and the overflow water are reused to clean the ground.
- Water of good quality drained from the purge tank of washing machine before coating can be recycled.
- The cleaning waste water is reused to prepare the cutting solution.

High concentration chemical oxygen demand (COD) cleaning agent optimization and improvement project:

- We actively promoted the improvement of chemical agents with high pollution factors and encouraged the plants to replace them with low COD concentration cleaning agents. The reduction rate of COD was as high as 77.9%, which reduced the environmental risk of excessive discharge of wastewater.

Waste gas emission control

In terms of waste gas emission, volatile organic compounds (VOC) are the most important and unavoidable gas emissions in the production process of the industrial parks. Fii requires all parks to continuously promote the management of VOC emissions and optimise emissions through the source control, process control and terminal management, while strictly complying with the emission regulations.

Promoting VOC governance project

1. **Implementing strict environmental admittance standards for construction projects:** VTo strictly implement the environmental impact assessment of construction projects involving VOCs, and implement the reduction and substitution of VOCs emissions in the same amount or by times within the region.
2. **Promoting replacement at the source:** To promote the use of raw and auxiliary materials and products with low (no)VOCs content and low reactivity. In the process where VOCs content (mass ratio) of raw and auxiliary materials are lower than 10%, unorganised emission collection and treatment measures are not required. 100% compliance control of VOC-related chemicals is required.
3. **Enhancing control on unorganised emission:**To fully implement the Control Standards for Unorganised Volatile Organic Discharge and strengthen the all-round, full chain, and closed-loop management of VOCs containing materials. In 2020, 26 sets of waste gas emission monitoring facilities were installed at VOCs discharge outlets.
4. **Improving comprehensive VOCs management efficiency:** To improve the waste gas collection rate, the operation rate of treatment facilities and the removal rate of treatment facilities. In 2020, 531 sets of electrical monitoring equipment were installed in gas-related production equipment and treatment facilities, and 100 sets of new VOCs treatment facilities such as UV photolysis + activated carbon adsorption were deployed.
5. **Establishing and improving enterprise ledger:** To establish raw and auxiliary materials ledger to record VOCs raw and auxiliary materials name, composition, VOCs content, purchase amount, usage amount, inventory, recycling method, recycled amount and other information, and save the relevant certification materials

Waste gas emission data of Fii in 2020

□□□□	Unit	2020
NOx	Ton	24.62
SOx	Ton	21.45
Volatile organic compound	Ton	171.51
Particulate matter	Ton	79.09

Waste management

Fii has further promoted waste reduction in the industrial parks and worked with international organisations to promote zero-landfill solutions in the parks, which have achieved positive results.

Cooperating with UL to promote the construction of zero waste park

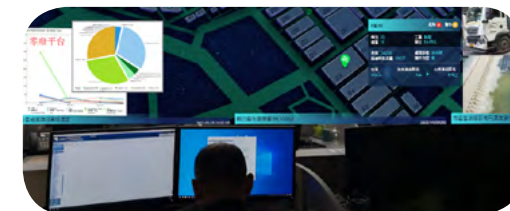
In cooperation with UL, Longhua Industrial Park of Fii plans to gradually build the park into a “Zero Waste Park” demonstration base, as a pilot for the Group. The demonstration base pilot project will integrate UL’s management and certification system, digitize waste management in the cloud, and import it into UL system based on UL2799 zero waste to landfill standard. The management personnel can obtain the information of all kinds of waste in real time, such as the output and conversion rate, and make tracking and improvement. The waste in the park will be managed digitally, and the reduction basis will be implemented through the quantification system, in an effort to set up the industry benchmark.

The system will cover the supplier partners to ensure that our products and our customers’ products meet the highest environmental standards in the industry. Procurement and supplier management departments have also gathered suppliers for systematic training under the cooperation framework to accelerate the construction of “Zero Waste Park”.

Upon the coverage of the system, the responsible department will set different “zero waste targets” according to the different manufacturing processes of its products. The assembly process units will be required to achieve a 90% conversion rate in the first year, followed by gradual improvement and expansion of the process to other institutions, so as to move towards the goal of a comprehensive “zero waste park”. In the future, the company will launch more environmental protection projects related to green production and intelligent manufacturing. Supply chain partners, customers and employees will be invited to participate in these projects, so as to gradually build the soft power of the company in green manufacturing, which will become a new momentum for our growth in the next stage.



“Zero Waste Park” demonstration base of Longhua Industrial Park



Introduction of UL Turbo Waste Management module



Vietnam factory actively promoted zero waste landfill

With the target of achieving UL2799 zero waste to landfill standard, Fii Vietnam factory actively promotes zero waste landfill

Zero landfill measures:

- Inside the factory: To promote waste reuse and reduction to reduce waste from the source.
- Outside the factory: To reduce the amount of waste landfill outside the factory through recycling, power generation, anaerobic digestion, biofuel, composting and other transformation ways, make full use of the residual value of waste in light of materials and energy.

Zero landfill results:

The two production entities of Fii located in Que Vo and Quang Chau in Vietnam have achieved remarkable results through a series of efforts to promote the zero-landfill of waste. According to internal inquiry, the waste conversion rate¹³ reached 95.48% and 99.68%, respectively.99.68%

Recycled material data of Fii in 2020

Data index	Unit	2020
Reused materials	Ton	30,667
Recycled materials	Ton	471

Hazardous waste data of Fii in 2020

Data index	Unit	2020
Total amount of hazardous waste transferred	Ton	34,203
Recycled amount	Ton	17,303

General industrial solid waste data of Fii in 2020

Data index	Unit	2020
Total amount of general industrial solid waste generated	Ton	103,953
Recycled amount of general industrial solid waste ¹⁴	Ton	91,472

Household and office waste data of Fii in 2020

Amount of household and office waste generated	Ton	14,160
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¹³ According to the UL2799 standard, the waste conversion rate is the weight of the waste treated by means of elimination, reduction, reuse, recycling, composting, anaerobic and biofuel, divided by the total weight of the waste generated

¹⁴ Recycling methods include waste recovery and recycling, waste energy recovery, etc.

Responsible Procurement

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Responsible Procurement

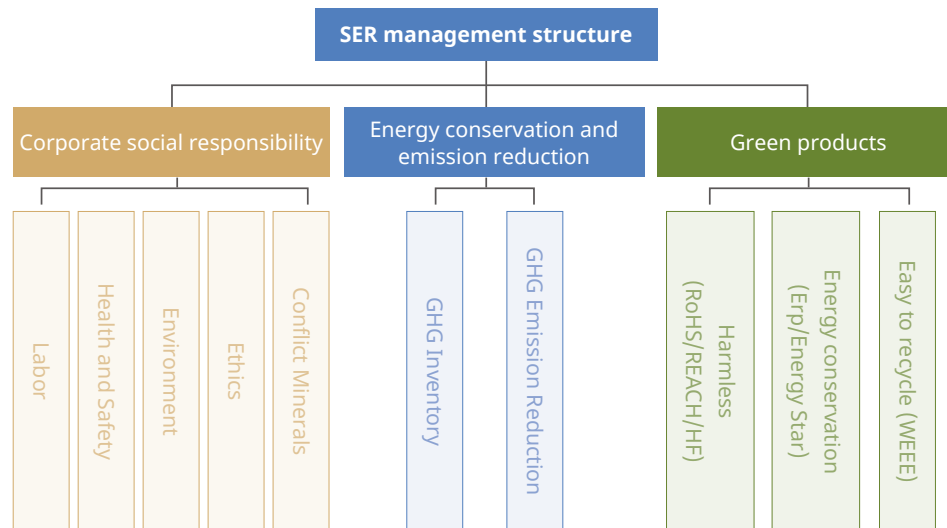
Fii is well aware that sustainable development of the company calls for collaboration along the supply chain. As such, Fii has always worked with suppliers to drive up the social responsibility performance of the industry chain as a whole and build a sustainable supply chain.

Responsible Supply Chain

Suppliers are important partners in Fii's operation process. We have been committed to improving the social responsibility system of the supply chain to enhance the control of social responsibility risks in supplier management.

Management structure

Fii attaches great importance to the supply chain management and has set up a supplier Social and Environmental Responsibility (SER) system to conduct special management and supervision of suppliers. Under three management themes of corporate social responsibility, energy conservation and emission reduction, and green products, the company has set up various subtopics for supplier management and improvement. While constantly perfecting our internal supplier management process, we implement the responsibility supply chain in all areas.

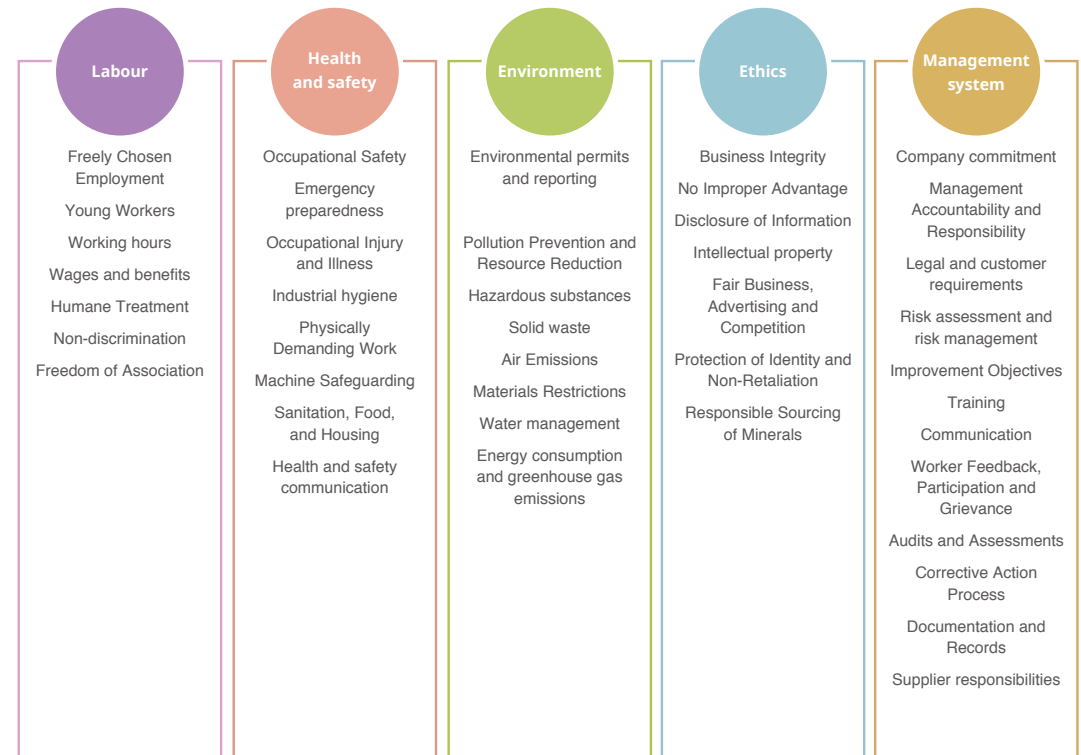


Policy requirements

Fii has been dedicated to a complete responsible supply chain, requiring all suppliers to strictly comply with the laws and regulations as well as industry standards in the countries where they operate. Meanwhile, Fii supervises suppliers' social responsibility behaviours in accordance with the Responsible Business Alliance(RBA)7.0 standard and the Foxconn Supplier Social and Environmental Responsibility Code of Conduct. Our policies cover all suppliers that have transactions with us and all entities affiliated to us.

Identification of supply chain risks

According to the requirements of the above policies and regulations, Fii has identified risks on the supply chain, involving the social responsibility management topics in multiple areas including labour management, health and safety, environment, ethics and management system. Specifically, the risks and related topics are as follows:



To urge suppliers to improve their management, we have established six "Zero Tolerance" behaviours of suppliers in the light of the above risks to ensure that suppliers observe relevant requirements.

Topic	"Zero Tolerance" behaviours
Labour management	Employment of child labour
	Employment of forced labour/prison workers
Chemical safety	Discharge of untreated toxic and harmful substances or materials
Health and safety	Any health or safety problems that immediately endanger the lives of employees or cause serious injuries
Business ethics	Provision of false information to Fii
Corporate governance	Retaliation against employees based on their interaction with inspectors

In 2020, 100% of Fii's 661 key suppliers executed Foxconn Supplier Social and Environmental Responsibility (SER) Code of Conduct. Of them, 101 have passed the certification of ISO14001 environmental management system and 57 have passed the certification of OHSAS18001 (or ISO45001) health management system.

In 2020, Fii had 18 new suppliers, of whom 7 were subject to audits in accordance with the environmental and social standards. In the year, Fii did not introduce any supplier that had actual and potential significant negative impacts on the environment and society.

In the meantime, Fii has established the supplier risk assessment system and documentations such as Supplier SER Management Survey in accordance with QC080000, ISO14001, ISO45001 and other systems to set annual SER management objectives and assess and review suppliers' SER information. The assessment covers all aspects of the SER management system, including the green product management system, hazardous substances testing mechanism, working hours of labour, responsible sourcing of minerals and other aspects.

2020 annual SER management objectives



SER risk assessment process

Suppliers subject to SER risk assessment by category		Risk assessment process
Material renewal	Suppliers with added/changed basic information	When establishing a supplier's file, evaluating the supplier's SER and Green Product (GP) risk levels, and conducting risk assessment according to Supplier's Basic Information Card and other relevant data.
Approved supplier	Suppliers on the Group's AVL (Approved Vendor List)	Sending Supplier SER Management Survey to suppliers based on management or project needs and following up their responses.
Classified by risk type	High-risk suppliers	1. Carrying out education and training, and keeping related records and assessment results; 2. Including them in the on-site audit plan, and requesting for audit at least once a year to push them for continuous improvement; 3. Including them in the Scorecard system and manage them in accordance with Supplier Appraisal/Audit Management Practices, where the completeness of suppliers' SER/GP and other management systems is guaranteed through suppliers' self-assessment filing, suppliers' self-assessment and video appraisal/audit, entrusted appraisal/audit, and on-site appraisal/audit.
	Medium-risk suppliers	1. Conducting the audit at least once every three years; 2. Including key medium-risk suppliers in the Scorecard system and managing them in accordance with Supplier Appraisal/Audit Management Practices.
	Low-risk suppliers	Conducting the audit of low-risk suppliers according to customer requirements.

Responsibility management

Fii keeps reinforcing suppliers' responsibility management. We adopt different management means and mechanisms to newly admitted suppliers and suppliers fulfilling contracts, and meanwhile ensure effective operation of all parts of the supply chain.

Protection of human rights

We implement a strict supplier introduction system, requiring suppliers to sign the Environmental Protection and Social Responsibility Undertaking and assume the corresponding social responsibilities for labourer's human rights protection, environmental protection, etc., which include complying with the Responsible Business Alliance Code of Conduct and establishing an effective labour, health and safety management system. At the same time, suppliers shall commit to passing the certification of ISO4001 environmental management system and ISO45001 occupational safety management system. If any SER exceptional event occurs as a result of the supplier's poor management, such as strike and fire, the supplier shall report it immediately to Fii and take measures quickly for solution so as to minimise the negative impact on employees and Fii.

Transparent procurement

Fii has always been committed to building a transparent supply chain and creating a transparent procurement atmosphere that is fair, open and just for suppliers. We strengthen the internal integrity supervision mechanism, set up a malpractice control department in Central Legal Affairs Office, establish the work process for malpractice control, and make available multiple channels for corruption reporting to prevent corruption, irregularities for favouritism in the processes of bidding and procurement. In the meantime, we demand that suppliers sign Supplier's Proactive Declaration, Supplier's Undertaking and other integrity agreements before performing contracts, and participate in integrity communication and training to mitigate suppliers' corruption risk during contract performance. In the reporting period, there was no supply chain-related corruption event in Fii.

Responsibility audit

For partnering suppliers, Fii has established a strict supply chain audit system. We seek and collect applicable laws and regulations as well as customer standards from suppliers, combine external standards and internal control standards and require secondary suppliers to observe the relevant terms. We have also formulated secondary supplier on-site audit practice and signed contracts with secondary suppliers. By effectively implementing the annual plan, following up the implementation process and formulating improvement measures timely, we reduce the risks in procurement, quality and environment.

In 2020, Fii conducted on-site audits of 115 medium- and high-risk suppliers, and achieved a rectification completion rate of 93%.

Supplier communication

Fii anticipates to grow together with suppliers. We regularly organise and hold the conference of suppliers to promote communication and exchange, and strive to create a sound business atmosphere for win-win cooperation.

Case: Online seminar of suppliers - Pollutant Release and Transfer Register (PRTR)

The Global Procurement Supply Chain Management Office organised an online PRTR seminar on the afternoon of 9 September 2020, involving 66 suppliers. The online seminar was intended to build up suppliers' knowledge and understanding of the PRTR database of the Institute of Public and Environmental Affairs (IPE) through training to facilitate the PRTR completion by the suppliers. It helped Fii control effectively the raw materials used by the suppliers in the production process, enabled reciprocal bond among the enterprises so that they could reduce effectively the pollution generated in the production process and build a sustainable supply chain together.

Case: Session on green product management

On 24 December 2020, Fii held a session for suppliers with the theme of "interpretation of and response to EU RoHS2.0 exemption and Substances of Concern in Product (SCIP)". Through the explanation and analysis on supplier introduction, appraisal verification, audit coaching, and performance review, we helped suppliers deeply understand the green product management model. In the meantime, we encouraged suppliers to engage in GP system certification and HS testing mechanism certification and drove them to actively fulfil the green supply chain responsibility. The session not only promoted the communication between Fii and the suppliers but also contributed to the provision of high-quality products and services to customers.



Case: Corrective & Preventive Action Request (CAR) improvement seminar of supplier's SER

To improve suppliers' social and environmental management, Fii organised an online CAR improvement seminar. For the SER management requirements, we proposed a detailed solution to enhancing suppliers' SER competence and strengthened the cooperation from suppliers through the reward and disciplinary mechanism. Meanwhile, we reviewed in details SER projects of each brand supply chain and put forward improvement recommendations. Through scenario analysis and online Q&A, we strengthened suppliers' understanding of customer needs and built a sound foundation for high-efficiency collaboration in the future.



Cooperation in the industry

Fii promotes peer cooperation in the industry and offers advices to drive better performance of social responsibility by the industry.

Fii gets fully involved in industry cooperation and promotes the CSR system building in the industry

Fii and its business partners jointly held an online IPC release to explain and analyse the IPC-1401 standard for CSR management system. Oriented to customers' needs, we applied the IPC-1401 standard to help the marketing department respond to customers' CSR requirements and increase customer satisfaction and the purchase department manage suppliers' CSR and prevent suppliers' risks, taking the management of the two processes as risk cases.

The IPC-1401 standard was issued worldwide in 2017 and was widely recognised by the industry. To better satisfy enterprises' needs, the IPC-1401 standard puts forward a CSR management system oriented to enterprises or business, integrates CSR as a customer's request and an attribute of products and value chain into business and process, and improves enterprises' competitiveness through CSR innovation.

At the session, division chief Huang Yixiu, a representative of Fii, lectured on how to assist the marketing department to respond to customers' CSR request and increase customer satisfaction in the marketing process. He explained the impacts of CSR strategy on dealing with new customers and new orders when new customers were involved in the early stage through positive and negative cases, in an attempt to propose customer-oriented CSR, focus on the CSR risks and opportunities of customers and investors' concern as well as business and internal operation, and improve competitive strength.



Fii's division chief Huang Yixiu passed on experience

Green Supply Chain

Fii is committed to working together with our suppliers for a sustainable supply chain. We control our suppliers from the source to improve the environmental performance of our supply chain and reduce the greenhouse gas emission of supply chain and the environmental hazards during the manufacturing process for the purpose of co-existence with the environment.

Management of carbon emissions of supply chain

In 2020, we updated the Environmental Protection and Social Responsibilities Undertaking version 7.0 to require our suppliers to conserve energy and reduce emissions, including:

- Complying with the regulations and policies on energy conservation and emission reduction of the country or region where a supplier operates its business, responding to the policies on and requirements for the supplier's carbon survey and emission reduction, promising to build a carbon management system (ISO14064) at an organisational level, and practically implementing the policies on and requirements for energy conservation and emission reduction by us and our terminal customers.
- The suppliers subject to the carbon management should ensure that the information about GHG inventories data and GHG emission reduction is disclosed on the carbon emission management system, and reports on GHG inventories reviewed or authenticated by a third party with professional qualifications are provided on an annual basis.
- The supplier having the potential to conduct energy conservation should agree to proactively implement the technical improvement solution for energy conservation and should verify the achievement of emission reduction to ensure that the data it provides meets the requirements for reliability.

In accordance with the requirements of QC080000 standards, customers, legal compliance and green products management, we set the Assessment Form of Supplier's Green Products Management System and the Assessment Form of Risk Levels of Supplier's Green Products to determine the following assessment standards for our suppliers' performance in environmental protection:

Internal standard for assessment of supplier's green product	Content of assessment of supplier
Audit Form of Supplier's Environmental and Social Responsibilities	- The hazardous substances, solid waste, exhaust emission, water resource management, energy consumption and greenhouse gas emission mechanisms should be assessed
Assessment Form of Supplier's Green Products Management System	- The raw materials purchased by the supplier should be sampled for inspection, and the products checked could be ensured to meet the environmental requirements - The supplier and its relevant production people should be trained for the knowledge about environmental protection and to know the requirements of environmental protection for the product - As for the high-risk materials involved in the manufacturing, their environmental monitoring record should be available - The supplier should make the final confirmation that the products to be shipped meet the requirements of environmental protection, and ensure that environmental protection labels are attached to product packages in conformity with the customer's requirements
Assessment Form of Risk Levels of Supplier's Green Products	- Whether the mechanism is built for the green products management system and whether the suppliers are QC080000 certified - The internal auditors for the green products have been trained by an external institution and have been qualified as QC080000 internal auditors - The supplier's interpretation and response to the regulations on environmental protection such as RoHS2.0 and REACH, and the supplier's management on abnormalities in environmental protection and implementation of the management measures, including the environmental treatment process of hazardous substances and the tracing mechanism for abnormalities in environmental protection

GHG inventories of supply chain

For an active response to the national requirements and the customers' requirements for carbon emission reduction, we gradually include energy conservation and emission reduction in our corporate operation and decision-making, and disclose the emission reduction results of our upstream suppliers to the public and our terminal brand customers, so as to work with our partners to achieve the targets of energy saving and emission reduction.

In order to gradually push forward the work plan for the carbon emission reduction for supply chain, we implemented the internal pilot zero emission for our supply chain in accordance with ISO14064 and other standards in 2020, for the targets set out below:

Target	Measure
Short-term target	- Collection of carbon emission data - Verification by a third-party professional institution - Disclosure of carbon emission data to the public
Mid-term target	- Improvement for energy saving: Replacement of the equipment with low energy efficiency - Energy monitoring: Establishment of energy management centre - Target management: Attainment of the target of emission reduction
Long-term target	- Formulation of the strategies for low carbon transformation and renewable energy - Establishment of owned photovoltaic solar system or purchase of renewable energy

In 2020, we conducted 128 on-site audits of our suppliers' green products, with 91% qualified on average.

Digitalised management of supply chain

In order to further improve the management of green products and push forward the digitalised transformation of green supply chain, we integrated on-line platforms into a green supply chain management platform with such functions as information query, compliance management and management improvement.

Meanwhile, we select some suppliers as the ones subject to carbon management and upload their information to the supplier carbon emission management platform to monitor the data of their carbon emission and the implementation progress of emission reduction scheme, with a view to enhancing our suppliers' carbon management.

Functions of on-line platform	Introduction to functions
Information query	<ul style="list-style-type: none"> - Standards specified by the relevant laws and regulations - Government policies - Industry dynamics - Basic information about the supplier - Information about the supplier's GP management
Compliance management	<ul style="list-style-type: none"> - GP risk assessment - Declaration of hazardous substances of materials - Hazardous substances test report - Initiation of SCIP survey
Management improvement	<ul style="list-style-type: none"> - RoHS-REACH module data management and analysis - the SCIP report of the materials containing excessive Substances of Very High Concern (SVHC) - the improvement to be made by the supplier with exemption within a prescribed time limit - Replacement of the material supplier failing to meet the requirements for improvement

GHG emission management process	GHG emission management content
Selection of the suppliers subject to carbon emission management	<p>The suppliers subject to carbon emission management shall meet all of the following requirements:</p> <ol style="list-style-type: none"> 1. E-procurements from controllable and manageable suppliers (accounting for 80% of the transaction amount). 2. A manufacturer's goods are manufactured in mainland China or Taiwan, with the current focus on the supply chain in Greater China. 3. A supplier emits over 3,000 tons of CO2e carbon dioxide annually or consumes electricity of more than 3.30 million kWh annually.
Target setting	<ul style="list-style-type: none"> - The carbon emission intensity should be reduced by 24% in 2020 as compared with that in the base year (2015), as required by the carbon emission management policies of the management platform for supplier greenhouse gases. - Any supplier emitting more than 8,000 tons of carbon dioxide annually should be certified for ISO50001 energy management system, which should be always effective.
Review of carbon emission reduction scheme	<ul style="list-style-type: none"> - The suppliers should submit their carbon emission reduction schemes and results to the greenhouse gas management platform. - Based on a supplier's basic data, such as the electricity consumption, gasoline, diesel, refrigerant, liquefied natural gas, coal and other emission data, the above supplier's total carbon emission and intensity should be analysed to review its carbon emission reduction target and target attainment.
Review result	<ul style="list-style-type: none"> - The disclosure of the carbon emission data of supply chain should be improved gradually. - The result of carbon management for supply chain, including but not limited to total carbon emission, carbon intensity, result of carbon emission reduction, achieving rate of emission reduction and other performances, should be reported to our terminal customers or government agencies.

Fii helped 77 suppliers to be registered for PRTR in 2020.

Fii helped 58 suppliers register for accounts of the Institute of Public and Environmental Affairs (IPE) platform in 2020. So far, we have had 245 suppliers registered for accounts of the IPE platform.

In 2020, Fii identified the records of 33 suppliers which were in violation of rules on the IPE website and prompted 54 suppliers to be reviewed for removal of violation record (GCA).

No Conflict Minerals

As an electronics manufacturer with a strong sense of corporate social responsibility, we actively respond to the requirements of the international community to ensure that neither our own nor the entire supply chain contains “conflict minerals” in procurement. We are committed to advancing the management, control and review of conflicts in the supply chain. At present, we have formed an overall management and control system and an efficient and scientific management mechanism in line with our operating conditions.

Management Structure

To put into practice the responsible mineral purchase, Fii has established a perfect hierarchical management architecture with clearly defined functions.

Functional Unit	Functional division
Conflict minerals management project leader	Coordinate the conflict minerals management in each business group
Director-general/ Director	<ol style="list-style-type: none"> 1. Plan conflict minerals management process and set management objectives 2. Guide the conflict minerals management work of each business group 3. Organise personnel of relevant departments and suppliers to conduct education and training on conflict minerals 4. Reply to and review of Conflict Minerals Reporting Templates (CMRTs) from suppliers of each business unit 5. Supervise the implementation progress and target achievement of each business unit 6. Resource integration and external acquisition of resources and platforms 7. Support customer conflict minerals requirements and customer audit matters
Business Unit Officer	<ol style="list-style-type: none"> 1. Coordinate the daily management needs of internal conflict minerals 2. Coordinate internal and business group's central resources 3. Promote the achievement of supplier survey goals 4. Respond to conflict minerals requirements of internal customers
QA/PM	<ol style="list-style-type: none"> 1. Be responsible for communicating customer's conflict minerals investigation requirements within the business unit 2. Assist in responding to customer requirements 3. Communicate with customers about conflict minerals management
Purchaser	<ol style="list-style-type: none"> 1. Manage conflict minerals, collecting and submitting supplier information 2. Promote and assist suppliers in conflict minerals investigation 3. Interface with suppliers on conflict minerals management (such as the signing of Environmental Protection and Social Responsibility Undertaking and smelter information traceability)

Management Policy

Following the requirements of the e, Fii requires suppliers to sign the Environmental Protection and Social Responsibility Undertaking, strictly implements the relevant standards of international organisations and industry organisations. We do not accept or use conflict minerals from the Democratic Republic of Congo and the surrounding countries and regions. Furthermore, we establish an anti-conflict mineral management system in accordance with the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas developed by the Organisation for Economic Co-operation and Development (OECD), and trace the source of gold, tantalum, tin, tungsten and cobalt contained in products provided to Fii, ensuring the use of conflict-free smelters certified by the Responsible Minerals Initiative (RMI) or equivalent institutions. In addition, the company will regularly (at least once a year) use RMI CMRT or Cobalt Report Template (CRT) to truthfully declare the use and source information of 3TG (tantalum, tin, tungsten and gold) and cobalt in products.

In 2020, Fii issued Conflict Minerals Reporting Templates (CMRT) to 2,043 suppliers related to conflict minerals, and effectively retrieved 1,937 suppliers' questionnaires, with a coverage rate of 95%.

Fii has built a scientific management and control structure in conflict minerals. We have set up conflict minerals management project leaders to coordinate the conflict minerals management in various business groups and mobilise various function units to perform coordinating and planning.

Management Practice

In order to ensure that products comply with the requirements of conflict minerals regulations, Fii has formulated clear management norms and procedures for conflict minerals management in supply chain management.

Supplier Enrolment

- In accordance with the Conflict Minerals Management Procedures, Fii clarifies the key control points and risk points of conflict minerals and implements corresponding screening and control measures when enrolling suppliers. We also clarify the requirements of conflict minerals to the enrolled suppliers and require suppliers to provide certification documents of conflict minerals;
- For enrolment, suppliers should carefully read and sign the Procurement Statement concerning "Conflict Minerals", be clear about the qualification requirements of the enrolled suppliers, and promise not to accept and not to use "conflict minerals" from the Democratic Republic of Congo and the surrounding countries and regions.

Supplier Management

- Once enrolled, the supplier shall sign the Environmental Protection and Social Responsibility Undertaking to supervise and constrain itself, its subcontractors, and upstream suppliers to fully respond to the environmental and social responsibility requirements of Fii during the performance of the contract. In the process of cooperation, suppliers should timely respond to the audit requirements Fii put forward on suppliers' conflict minerals management, and provide relevant certification or audit information, including but not limited to the Material Composition Declaration (MCD), test reports, due diligence reports on conflict minerals and other information. In addition, the supplier shall ensure the authenticity and accuracy of the information provided;
- Fii requires the enrolled suppliers to strictly abide by the Supplier Responsible Mineral Sourcing Management Process, Corporate and Social Responsibility Code of Conduct, Supplier Social and Environmental Responsibility Code of Conduct and other internal regulations, and clarifies the requirements to be followed in the process of suppliers' management of conflict minerals;
- Conflict minerals e-management: Fii continues to optimise the management of conflict minerals, and internally build a Smart Guard conflict minerals management platform to regularly update the customer's CMRT/CRT by an information-based means, and set up the supplier list, distribution and CMRT/CRT supplier division, so as to timely track the conflict minerals management status of suppliers and customers.

Suppliers Training

Fii regularly communicates the requirements of conflict minerals management to suppliers using online and offline methods to supervise the fulfilment of their social and environmental responsibilities, and emphasises the firm stand Fii takes of not accepting and not using conflict minerals.

Supplier Risk Assessment & Audit

Fii conducts audit and risk assessment on suppliers in line with RMI audit standards, and exercises integrated supply chain management and control over suppliers based on CMRT responses provided by upstream suppliers. In addition, we regularly collect conflict minerals management information from suppliers to promptly promote suppliers to conduct conflict minerals management investigation. Moreover, according to the assessment results, the company divides suppliers into three levels of "high-, medium-, and low-risk". High-risk suppliers may be subject to further audits and verifications in accordance with supplier management regulations. Suppliers are requested to make improvement by reducing high and medium risks to low risks.

Based on the customers' needs and the continuous improvement of Fii's own requirements, we gradually began researching on other metal procurement. In 2020, we updated our investigation about cobalt and the cobalt control requirements in the Environmental Protection and Social Responsibility Undertaking and Supplier Responsible Mineral Sourcing Management Process in the internal management system. In addition, suppliers are required to control cobalt in the contracts signed with them. The Supplier Responsible Mineral Sourcing Management Process clearly indicates that suppliers shall trace the source of the relevant minerals involved in the supply chain (including but not limited to tantalum, tin, tungsten, cobalt, mica or any other minerals the supplier is notified of by Fii), regularly use CMRT, CRT, Mica Reporting Template (MRT) to honestly inform Fii of the use status and source information of the relevant minerals contained in products, and ensure the use of smelters audited by Responsible Minerals Assurance Process (RMAP).

In 2020, Fii screened out a total of 499 suppliers for cobalt management surveys, and the supplier response rate was 84%

In addition, while strengthening the suppliers' conflict minerals management, Fii has carried out internal targeted training for employees to comprehensively improve the management level. In 2020, we improved employees' awareness of conflict minerals management by the "online and offline" means in combination.

- **Online training:** Through the establishment of an education and training system, Fii offers courses such as "Introduction to Cobalt Management Investigation" and "CRT Filling and Review Guidelines" for all employees.
- **Offline training:** Fii is committed to building a conflict minerals information sharing platform by sharing relevant laws and regulations, conflict minerals information on the website of the Chartered Institute of Procurement & Supply (CIPS), the conflict minerals evaluation forms, and other relevant documents.



Joining Hands with Society for Public Welfare

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Community Care
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for Targeted Poverty
Alleviation

Fii have been engaged in activities in the society for a long term. We stick to the operational concepts of “love, confidence, and determination”, play the role of a corporate citizen, that is, “taken from the community, giving back to society”. Whether in factory establishment or participation in social activity planning, we constantly make active contribution to local communities and cities revolving around the idea of having substantive and prolonged positive influence on the locality.

In 2020, through our strategy of combining sustainable development with social welfare, we always laid equal emphasis on economic and social benefit in business development, responded actively to the call of the State Council in its Circular on Issuing the Poverty Alleviation Plan for the 13th Five-Year Plan Period, and assumed our corporate social responsibilities by developing industries, improving education, and uniting the eastern and western regions for property alleviation. Meanwhile, our labour unions or love clubs or other organisers gathered volunteers to take part in a variety of social welfare events that enhanced employees’ cohesiveness, consolidated corporate culture and continuously created corporate value through external public service.

Focusing on Community Care

Fii centres on the people and drives social development and community construction. We organised hiking for public welfare, caring donations and other events on the Public Welfare Day and show our care to the community. In 2020, we input RMB26.74 million in the public welfare projects, and 42,597 employees participated in volunteering projects to embrace social inclusion.

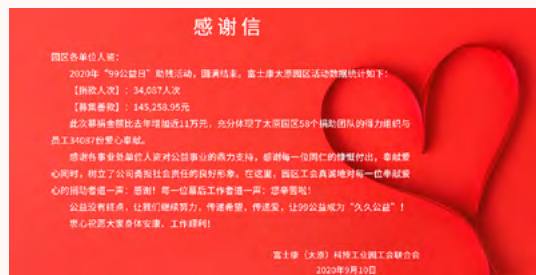
Award: “Star of Caring Donation”



Fii Tianjin Park was honoured with the “Star of Caring Donation” Taida Charity Award 2020 in the project of counterpart poverty alleviation between the eastern and western regions.

Case: 9.9 Public Welfare Day

“9.9 Public Welfare Day” is an extensive mass public service event sponsored by Tencent Public Welfare with the joint efforts from many social entities. To respond to the motto of “extensive mass public service”, our labour union called all employees to get involved through an innovative public service mode. From 7 to 9 September 2020, 34,087 people showed their care by donating more than RMB140,000 in total.



Case: Hiking for health and public welfare

The labour union of Fii Taiyuan Park organised “hiking for health and public welfare” for several times in 2020. Based on the online intelligent sports App platform, employees were able to exercise at the place and time of their free choices, and the awards to individuals and teams were all used for public welfare. On 9 November 2020, the labour union of Taiyuan Park brought the public welfare activity to Shanxi Secondary Specialised School for Special Education. Our donation included braille paper and various other goods urgently needed for teaching. The president Zhang Yongliang extended gratitude to Fii on behalf of the school and the students. This activity fully manifested Fii’s care for the community and contribution to the society.



Case: Contribution to civilised and health city

In June 2020, on the occasion of building Nanning into a national civilised city, the labour union of Fii Nanning Park organised employee volunteering service teams for the building of a national civilised city and carried out and mobilised all staff to participate in the anti-pandemic and hygienic “five cleaning actions”, “five good manners” of civilised Nanning, and the activity of advocating new trends in response to the call of the Federation of Labour Unions. We provided services to 3,250 people and injected new vitality to the civilised city building.



Case: “Helping the aged” caring activity

In July 2020, Fii Chongqing Park held a “helping the aged” caring activity. 80 employees of Fii sent greetings and best wishes to the elderly in local nursing homes. In addition, they inquired about the old people’s needs for living and paid great attention to their mental health, chatted with them, and accompanied them to take part in various activities. Other than giving material help to the old people, we provided more care and support mentally and enhanced their happiness.



Working Together for Targeted Poverty Alleviation

The year 2020 is crucial to the goal of building a moderately prosperous society in all respects, and it is the year to win the battle against poverty in an all-round way. The Foxconn Industrial Internet actively responded to the government’s call for “targeted poverty alleviation”, and offered generous assistance in poverty alleviation through industrialization, education and society. This year, we continued to carry out partner assistance activities, conducting donation activities for rural schools in poverty-stricken areas such as Guangxi, Henan, Hebei and Gansu, helping to promote the development of local characteristic agriculture and planting industry, and helping to expand the sales channels of agricultural products, etc., and were committed to making further progress in building a “beautiful countryside”. In 2020, the company invested a total of RMB 1.87 million in targeted poverty alleviation, contributing to the fight against poverty.

A Glimpse of Anti-poverty Donation in 2020

We aided in building Chengdong Kindergarten, stadium, library and other venues in Guanghe County, Linxia Hui Autonomous Prefecture, Gansu Province through poverty alleviation projects, and donated books, electronic products and other materials in a total of **RMB 1 million**.

We donated a support fund of **RMB 400,000** as the response to the promotion of the counterpart support and the scheme of collaboration on poverty alleviation between the eastern and western regions with high quality of Tianjin.

We promoted the poverty alleviation by industrial development and consumption in Fengshan County, Hechi City, Guangxi Province through the corresponding poverty alleviation project, helped local residents to achieve poverty alleviation and increase their income, using a total donation of **RMB 300,000**.

We cooperated with China Disabled Persons Association, investing **RMB 30,000** to help the disabled improve their environment and conditions on the participation in social life.

Case: Targeted Poverty Alleviation in Gutang Village

In 2020, our subsidiary launched a series of events aimed at assisting Gutang village, Guzhai Yao Minority Township, Mashan County, Nanning City. In response to the call from Nanning Municipal Party Committee & Nanning Municipal Government, Fii implemented in-depth poverty alleviation to Gutang Village in terms of employment promotion, industrial development and learning/teaching assistance. During the reporting year, the company totally invested over RMB130,000 in Gutang Village.

In the face of the pandemic, the company donated anti-pandemic materials to Gutang village, including face masks, ear thermometers and disinfectants. We carried out an activity to help the aged on the Double Ninth Festival, giving away articles of daily use, rice, flour, oil and other offerings. To help students return to school, we also donated to Gutang Primary School carpets, cups and quilts as well as winter/summer school uniforms. All donation totalised RMB47,000.

As for employment assistance, the company took in farmers from Gutang village, alleviating local employment stress by training and helping them, especially for the impoverished people.

As to the support in industrial development, we assisted local residents in expanding their distribution channels of agricultural products, including local chickens, citrus, etc. Employees and their family members were also mobilised to buy these unsalable products, achieving a total revenue of RMB83,000 for farmers.



"The Support & Care-giving" Event

To carry out the "Fii assistance" policy and assist Hebi City of Henan Province in successfully overcoming poverty, an outdoor "support & care-giving" event was held by Fii Hebi Park labour union. 78 employees and their family members went to the Houliuzhuang Village of Xunxian County to pick 650kg apples, helping address local fruit-unsalable problems and passing positive energy.



Overview of Charity Projects in 2020

In June 2020, Hangzhou Park fulfilled the devotion culture of the company, providing schoolbags and stationeries worth RMB10,000 to 100 impoverished students in Kaili, Guizhou Province.

In October 2020, through the anti-poverty via consumption project Jiyuan Park helped famers residing in Jiyuan Mountain to sell 375kg of unsold walnuts and 7,500kg of sweet potatoes, consoling 650 impoverished/high-performance employees.



Appendix

Assurance Statement



Independent Verification Statement

To the management and stakeholders of Foxconn Industrial Internet Co., Ltd.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Foxconn Industrial Internet Co., Ltd. (hereinafter referred to as "Fii" or "the Company") to perform an independent third-party verification on 2020 Corporate Social Responsibility Report of Foxconn Industrial Internet Co., Ltd. (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Fii and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Fii and provided to TÜV SÜD. The scope of verification is limited to the said information. Fii shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by Fii during the reporting period from January 1st, 2020 to December 31st, 2020, including economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at below listed location, Headquarter of Fii address at 2nd Floor, C1, Foxconn Technology Park, Longhua District, Shenzhen, Guangdong, China.

Data and information boundary of this verification:

- The scope of verification is limited to the data and information of Fii and its subsidiaries covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- Data and information of Fii's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.


Limitations

- The verification process is conducted in the above scope and place. Sampling and verification is adopted for the data and information in the report by TÜV SÜD, and only the stakeholders within the organization are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information on and before December 31st, 2019 are beyond the scope of this verification.

Basis for the Verification

TUV SUD Certification and Testing (China) Co., Ltd. Shanghai Branch
No.151 Heng Tong Road,
Shanghai 200070

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Web: http://www.tuvsud.com



This verification process was conducted by TÜV SÜD's expert team with highly experienced in the corporate social responsibility, economic, social, environmental and other relevant areas and drew the conclusions thereof. The verification referred to the following standards:

- AA1000as v3, Type 1 Engagement and Moderate Assurance
- TÜV SÜD Procedure of Verification on Sustainability Report

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-the-spot review of all supporting documents, data and other information provided by Fii; tracing and verification of key performance information;
- Special interview with the representative of Fii's board of directors; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe the Report prepared by Fii adheres to the requirement of AA1000AS v3.

The verification team has drawn the following conclusions on this Report:


Inclusivity	Fii has identified the internal and external stakeholders such as employees, customers, suppliers, investors and shareholders, community and environment, government and regulatory agencies, NGOs and industry associations, and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
Materiality	Fii has established the process of substantial topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	Fii has disclosed the management approach of key issues that stakeholders concern, such as labor management, product quality and safety, corporate governance, clean technology opportunity, workplace safety and health, responsible supply chain management, etc., to fully respond to the demands and expectations of stakeholders.
Impact	Fii has set up a CSR committee to identify, monitor and assess the direct and indirect impacts of substantial topics to stakeholders, and formulated corresponding risk management mechanisms for the impacts.

Recommendations on Continuous Improvement

- It is recommended that the company increase the response rate of questionnaires communicated by stakeholders, enhance stakeholders engagement, and ensure the substantial participation of stakeholders.

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Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Fii are two entities independent of each other and both TÜV SÜD and Fii and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the company. The verification is completely neutral. All the data and information in the Report are provided by Fii. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch




AA1000
Limited Report
000-437V3-988CG

Zhu Wenjun
TÜV SÜD Sustainability Product Manager
May 14, 2021
Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this verification statement shall prevail, while the English translation and the traditional Chinese version are used for reference only.

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GRI Standards Index (2018)

GRI Standards	Disclosure Title	Report Section(s)
Organisational Profile	102-1	Name of the organisation About This Report
	102-2	Activities, brands, products, and services About the Company
	102-3	Location of headquarters About This Report
	102-4	Location of operations About the Company
	102-5	Ownership and legal form Introduction
	102-6	Markets served About the Company
	102-7	Scale of the organisation About the Company
	102-8	Information on employees and other workers Employee Care and Incentives for Growth
	102-9	Supply chain Responsible supply chain
	102-10	Significant changes to the organisation and its supply chain Responsible Procurement
	102-11	Precautionary principle or approach Corporate Governance
	102-12	External initiatives Protection of Human Rights
	102-13	Membership of associations Clean Technology, External Empowerment
Strategy	102-14	Statement from senior decision-maker Management's Message
	102-15	Key impacts, risks, and opportunities Management's Message, Corporate Governance
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour About the Company, Corporate Governance
	102-17	Mechanisms for advice and concerns about ethics Corporate Governance
Governance	102-18	Governance structure Corporate Governance
	102-19	Delegating authority Sustainable Development Strategy
	102-20	Executive-level responsibility for economic, environmental, and social topics Sustainable Development Strategy

GRI Standards	Disclosure Title	Report Section(s)
Governance	102-21	Consulting stakeholders on economic, environmental, and social topics Sustainable Development Strategy
	102-22	Composition of the highest governance body and its committees Corporate Governance
	102-23	Chairman of the highest governance body 2020 Annual Report Page 88
	102-24	Nominating and selecting the highest governance body Corporate Governance
	102-25	Conflicts of interest 2020 Annual Report Page 88
	102-26	Role of highest governance body in setting purpose, values and strategy Corporate Governance
	102-27	Collective knowledge of highest governance body Sustainable Development Strategy
	102-28	Evaluating the highest governance body's performance /
	102-29	Identifying and managing economic, environmental, and social impacts Sustainable Development Strategy
	102-30	Effectiveness of risk management process Corporate Governance
	102-31	Review of economic, environmental, and social topics Sustainable Development Strategy
	102-32	Highest governance body's role in sustainability reporting Sustainable Development Strategy
	102-33	Communicating critical concerns Sustainable Development Strategy
	102-34	Nature and total number of critical concerns Sustainable Development Strategy
	102-35	Remuneration policies Attraction and Retention of Talents
	102-36	Process for determining remuneration /
	102-37	Stakeholders' involvement in remuneration /
	102-38	Annual total compensation ratio /
	102-39	Percentage increase in annual total compensation ratio /

GRI Standards	Disclosure Title	Report Section(s)
Stakeholder Engagement	102-40	List of stakeholder groups Sustainable Development Strategy
	102-41	Collective bargaining agreements Protection of Human Rights
	102-42	Identifying and selecting stakeholders Sustainable Development Strategy
	102-43	Approach to stakeholder engagement Sustainable Development Strategy
	102-44	Key topics and concerns raised Sustainable Development Strategy
Reporting Practice	102-45	Entities included in the consolidated financial statements 2020 Annual Report Page 206
	102-46	Defining report content and topic boundaries About This Report
	102-47	List of material topics Sustainable Development Strategy
	102-48	Restatements of information Not Applicable
	102-49	Changes in reporting Not Applicable
	102-50	Reporting period About This Report
	102-51	Date of latest report /
	102-52	Reporting cycle About This Report
Reporting Practice	102-53	Contact point for questions regarding the report About This Report
	102-54	Claims of reporting in accordance with the GRI standards About This Report
	102-55	GRI content index Appendix
	102-56	External assurance Appendix
Management Approach	103-1	Explanation of the material topic and its boundary Sustainable Development Strategy
	103-2	The management approach and its components Stated in Each Significant Issue
	103-3	Evaluation of the management approach Stated in Each Significant Issue

GRI Standards	Disclosure Title	Report Section(s)
Economic Performance	201-1	Direct economic value generated and distributed Economic Contributions
	201-2	Financial implications and other risks and opportunities due to climate change Internal Applications of Clean Technology
	201-3	Defined benefit plan obligations and other retirement plans 2020 Annual Report Page 138
	201-4	Financial assistance received from government Economic Contributions
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage Attraction and Retention of Talents
	202-2	Proportion of senior management hired from the local community /
Indirect Economic Impacts	203-1	Infrastructure investments and services supported Joining Hands with Society for Public Welfare
	203-2	Significant indirect economic impacts Joining Hands with Society for Public Welfare
Procurement Practice	204-1	Proportion of spending on local suppliers /
Anti-corruption	205-1	Operations assessed for risks related to corruption /
	205-2	Communication and training about anti-corruption policies and procedures Corporate Governance
	205-3	Confirmed incidents of corruption and actions taken /
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices Corporate Governance
Materials	301-1	Materials used by weight or volume /
	301-2	Recycled input materials used Internal Applications of Clean Technology
	301-3	Reclaimed products and their packaging materials /

GRI Standards	Disclosure Title	Report Section(s)
Energy	302-1	Energy consumption within the organisation Internal Applications of Clean Technology
	302-2	Energy consumption outside the organisation /
	302-3	Energy intensity Internal Applications of Clean Technology
	302-4	Reduction of energy consumption Internal Applications of Clean Technology
	302-5	Reduction of energy requirements of products and services Internal Applications of Clean Technology
Water Resources	303-1	Interactions between organisation and water Not Applicable
	303-2	Management of drainage-related impact Not Applicable
	303-3	Water withdrawal Internal Applications of Clean Technology
	303-4	Drainage Internal Applications of Clean Technology
	303-5	Water consumption Internal Applications of Clean Technology
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Not Applicable
	304-2	Significant impacts of activities, products, and services on biodiversity Not Applicable
	304-3	Habitats protected or restored Not Applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations Not Applicable
Emissions	305-1	Direct (Scope 1) GHG emissions Internal Applications of Clean Technology

GRI Standards	Disclosure Title	Report Section(s)
Emissions	305-2	Energy indirect (Scope 2) GHG emissions Internal Applications of Clean Technology
	305-3	Other indirect (Scope 3) GHG emissions /
	305-4	Intensity of greenhouse gas emission Internal Applications of Clean Technology
	305-5	Reduction of GHG emissions Internal Applications of Clean Technology
	305-6	Emissions of ozone-depleting substances (ODS) /
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant gas emissions Internal Applications of Clean Technology
	Effluents and Waste	306-1
306-2		Total waste by type and disposal method Internal Applications of Clean Technology
306-3		Significant spills Not Occurred
306-4		Transportation of hazardous waste Not Applicable
306-5		Water bodies affected by water discharges and/or runoff Not Applicable
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations Not Occurred
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria Responsible Procurement
	308-2	Negative environmental impacts from supply chains and action taken Responsible Procurement
Employment	401-1	New recruits and employee turnover /
	401-2	Benefits provided to full-time employees (not provided to temporary or part-time employees) Attraction and Retention of Talents
	401-3	Parental leave Employee care
Labour/Management Relations	402-1	Minimum notice period regarding operational changes Protection of Human Rights

GRI Standards	Disclosure Title	Report Section(s)
Occupational Health and Safety	403-1	Occupational health and safety management system Occupational Health and Safety
	403-2	Hazard identification, risk assessment and incident investigation Occupational Health and Safety
	403-3	Occupational health services Occupational Health and Safety
	403-4	Occupational health and safety affairs: participation, negotiation and communication of workers Occupational Health and Safety
	403-5	Occupational health and safety training for workers Occupational Health and Safety
	403-6	Promotion of workers' health Occupational Health and Safety
	403-7	Prevention and alleviation of the occupational health and safety impacts directly related to commercial relations Not Applicable
	403-8	Workers applicable to the occupational health and safety management system Occupational Health and Safety
	403-9	Work-related injury Occupational Health and Safety
	403-10	Work-related health problems /
Training and Education	404-1	Average hours of training per year per employee Talent Development
	404-2	Programs for upgrading employee skills and transition assistance programs Talent Development
	404-3	Percentage of employees receiving regular performance and career development reviews Attraction and Retention of Talents
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees Attraction and Retention of Talents
	405-2	Ratio of basic salary and remuneration of women to men Attraction and Retention of Talents
Non-discrimination	406-1	Discrimination incidents and corrective actions taken Protection of Human Rights
Freedom of Association & Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk Protection of Human Rights
Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour Protection of Human Rights

GRI Standards	Disclosure Title	Report Section(s)
Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour Protection of Human Rights
Security Practices	410-1	Security personnel trained in human rights policies or procedures Protection of Human Rights
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples Not Applicable
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments /
	412-2	Employee training on human rights policies or procedures Protection of Human Rights
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights review /
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs Focusing on Community Care
	413-2	Operations with significant actual and potential negative impacts on local communities /
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria Responsible Supply Chain
	414-2	Negative social impacts in the supply chain and actions taken Responsible Supply Chain
Public Policy	415-1	Political contributions /
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories Product Safety First
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services Not Occurred
Marketing and Labelling	417-1	Requirements for product and service information and labelling Product Safety First
	417-2	Incidents of non-compliance concerning product and service information and labelling Not Applicable
	417-3	Incidents of non-compliance concerning marketing communications Not Applicable
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data Information Security Assurance
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area /



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