



**FOXCONN<sup>®</sup>**  
**2019 ESG SUMMARY**

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

# ENVIRONMENTAL ASPECT

## Cultivating Sustainability



Foxconn takes a systematic approach towards integrating green and sustainable practices into our operations, implementing measures in the areas of environmentally friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management. We have outlined the principles of Environment and Greenhouse gas emission in the Group’s Code of Conduct.



Foxconn continue to build green capabilities and facilities into every campus design and operations. To accelerate our transformation into a green manufacturing leader, we formulated our “Green Factories Assessment Action Plan (2017 – 2020). As of the end of 2019, Foxconn’s 19 units earned the “Green Factories” national certification.

### GLOBAL WATER & WASTEWATER

<b>FACTORIES TOTAL WATER WITHDRAWAL</b>	<b>97.7</b> MILLION TONS
<b>EXPANDED WASTEWATER RECYCLING INVESTMENTS</b>	<b>4,470</b> (4.58% OF TOTAL) THOUSAND TONS RECYCLED
<b>WASTEWATER DISCHARGE</b> (Incl. domestic & industrial)	<b>88,641</b> (NO INCIDENTS) THOUSAND TONS

Global factory regions are comprised of our 30 factory regions in Asia (including 6 in Vietnam and 6 in Taiwan), 9 factory regions in North America, 4 factory regions in South America, and 4 factory areas in Europe.

### GLOBAL ENERGY MANAGEMENT

<b>POWER CONSUMPTION</b>	<b>9,583</b> (7.31% YOY INCREASE) MILLION kWh
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The increase is mainly due to the operational growth and inclusion of data from some newly constructed factories. However, the Group still proactively proposed energy-saving measures including energy-saving targets, energy management systems, transformation of energy-saving technologies, energy audits, and development and usage of clean energy.

### RISKS AND OPPORTUNITIES

To respond to climate change impacts, we take stock of internal operations, legal regulations, client requirements and expectations, and international development trends and research reports; identify and assess climate change risks and opportunities; propose relevant response measures. We plan to implement the Task Force on Climate-Related Financial Disclosures (TCFD) framework in the second half of 2020 to build more comprehensive mechanisms for identifying and assessing climate change risks and opportunities and to establish a corporate culture of environmental sustainability.

### ENERGY SAVING GOALS

The Group has established energy-saving goals: “based on the base year (2015), reduce energy consumption 22% in 2020, equivalent to about 1,723 million kWh in energy-savings” and further in accordance with China’s Work Plan for Controlling Greenhouse Gas Emission (13th Five-Year Plan Period). The Group formulates yearly energy-saving goals, implements incentive measures, and communicates with our business subgroups to enhance development of energy-saving technologies at each subgroup.

### SUPPLY CHAIN INITIATIVES

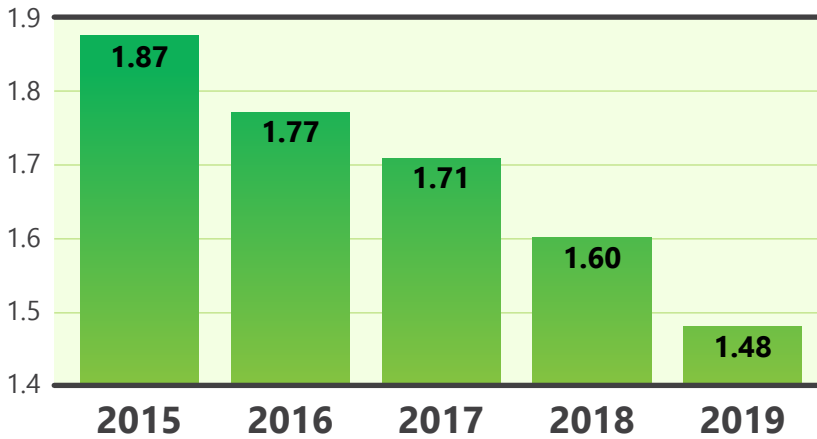
- Encouraged **165 suppliers** to carry out energy & carbon reduction actions and projects.
- Joint collaborations were formed with these suppliers to conduct **ISO 14064-1 carbon inventory**.
- By end 2019, **90%+** of our key suppliers had completed **ISO 14064-1 carbon inventory**.

# ENVIRONMENTAL ASPECT

## GREENHOUSE GAS (GHG) EMISSIONS



**Carbon Emissions Per Unit of Revenue**  
(Tons CO<sub>2</sub>e/million NTD)



By the Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period in China, which requires carbon reduction goals of 18%, the Group has formulated goals to reduce carbon emissions, and in 2019, our direct emissions (Scope 1) were 117,384 tons CO<sub>2</sub>e, and indirect emissions (Scope 2) were 8,335,373 tons CO<sub>2</sub>e.

## Key Environmental Indicators

### 2019

<b>Total Greenhouse Gas Emission</b> (Metric Ton – CO <sub>2</sub> equivalent) (Scope 1 and Scope 2)	8,452,757
Scope 2 (Ton – CO <sub>2</sub> equivalent)	8,335,373
Asia Facilities	8,240,819
Other Facilities (North America, Europe, South America)	94,554
Carbon Dioxide Emission Per Unit of Revenue (Tons CO <sub>2</sub> e / million NTD)	1.48
<b>Total Energy Consumption</b> (GWh)	9,583
Clean Energy Usage (GWh) (China)	952
Clean Energy Rate (%) (China)	9.93%
<b>Total Water Withdrawal (Thousand Tons)</b>	97,700
Asia Facilities	97,594
Other Facilities (North America, Europe, South America)	106
<b>Total Water Reclaimed Rate</b> (% of total water withdrawal)	4.58%
<b>Total Waste Generated</b> (Thousand Tons)	5,040.16
Production & General Waste Generated (China)	4,958.39
Hazardous Waste Generated (China)	81.77
Waste Conversion Rate (%) (Guanlan Factory)	99.02%

## 2020 ENVIRONMENTAL GOALS



# SOCIAL ASPECT

## Commitment to Social Responsibility and Ethical Practices



The fundamental principles of labor rights, health and safety, and anti-slavery are detailed in Foxconn Code of Conduct which can be found on the Company’s website.

### EMPLOYEES

Foxconn Technology Group (Foxconn) recognizes that our people – members of the Foxconn Family – are instrumental to our success. We know a committed workforce and a positive work environment is central to driving innovation and creativity. We are an equal opportunity employer. By implementing merit-based promotion and remuneration programs and promoting workplace diversity across our campuses, we endeavor to cultivate a workforce that is vibrant, productive and innovative. We also offer employment opportunities to the local workforce in each of our markets as part of our effort to enhance our employee localization rate.

Across our global workforce, which is around one million employees, we have a significant number of employees of diverse backgrounds, many of whom are ethnic minorities.



### EDUCATION AND TRAINING

The Foxconn University provides training to all our employees with the goal of integrating theory with practical experience, promoting knowledge application and lifelong learning, as well as encouraging employees to interact and learn from one another.

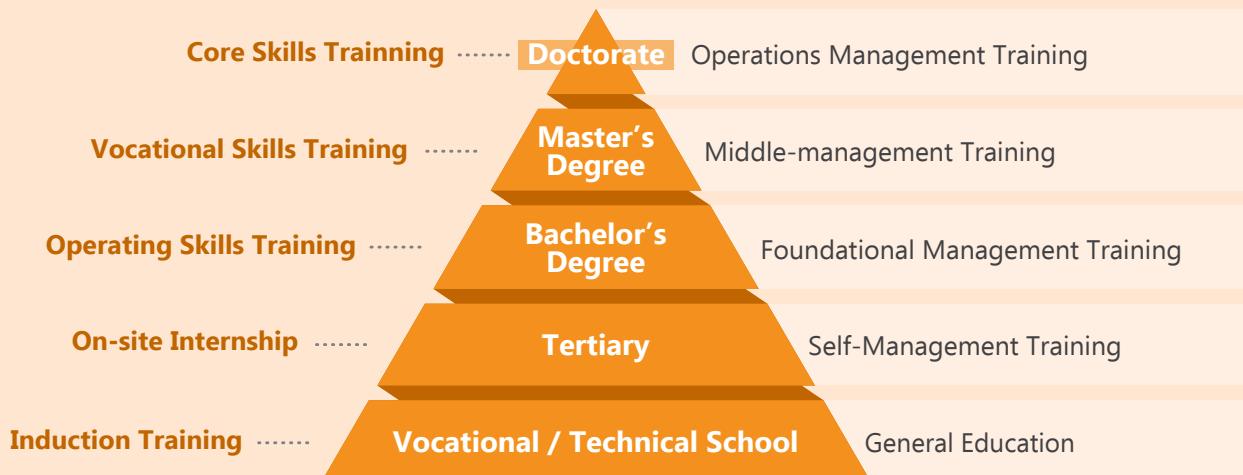
In 2019, 2,591 new students enrolled in the University and 3,724 employees graduated.

**A committed workforce and a positive work environment is central to driving innovation and creativity.**

### FOXCONN UNIVERSITY

MATERIALS → TALENTS → CAPITAL

#### Skills Education Management



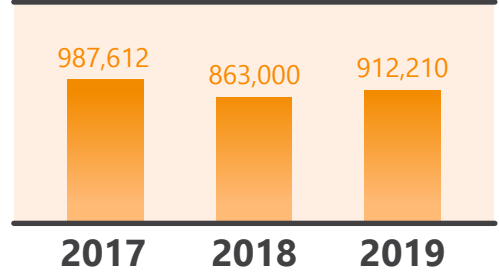
# SOCIAL ASPECT

## Employees



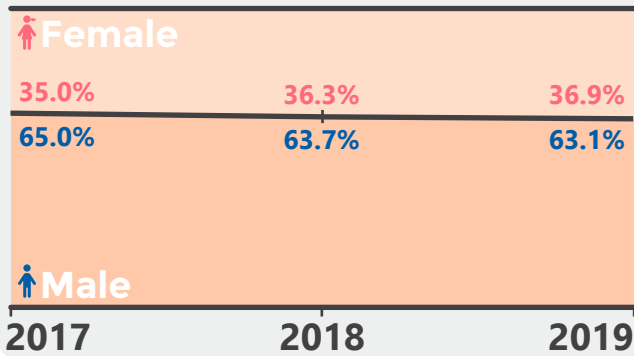
As of 2019, the Group has a total of 912,210 full-time and part-time employees, including 6,220 people with disabilities and 49,600 people of ethnic minorities. In terms of education levels, 60% of our employees hold degrees from high schools, technical secondary schools, or higher educational institutes. In terms of gender distribution, 63% of our employees are male and 37% are female. Most of our employees are younger than 30 years old.

### Global Employees

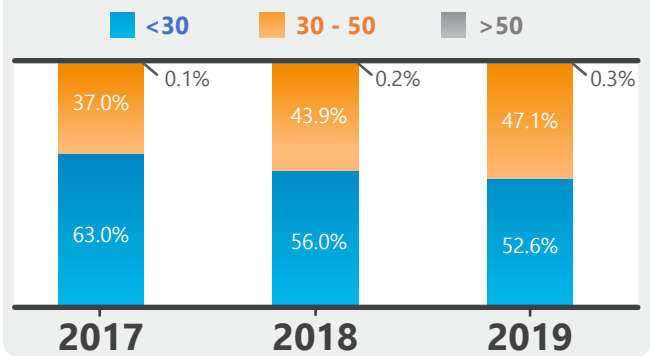


### DEMOGRAPHICS 2017-2019 (GREATER CHINA REGION)

#### Gender



#### Age

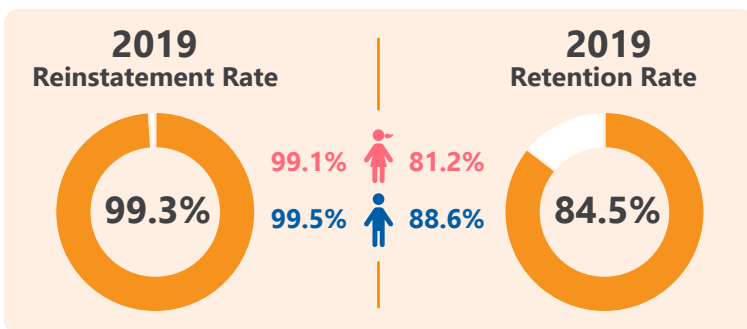


### EMPLOYEE TURNOVER 2019 (GREATER CHINA REGION)

	Southern China	Southwest China	Central China	Northern China	Eastern China	Taiwan	Northeastern China
New Employees	27.8%	24.8%	24.7%	15.3%	7.4%	0.1%	0.02%
Exited Employees	25.9%	25.6%	21.7%	16.9%	6.0%	0.2%	0.10%

### LABOR & HUMAN RIGHTS SPOTLIGHT

#### Reinstatement Rates Following Parental Leave & Retention Rates



Greater China Region

### 2019 PATERNITY & MATERNITY PROGRAM

**17.95 million NTD**  
Childbirth & childcare subsidies

**484 babies**  
Cared for (0-3 years old)

**Little Hut for Mums & Maternity Lounge**



# SOCIAL ASPECT

## Health & Safety



### GOALS: 100% Safety at Work With Zero Occupational Disease and Zero Incidents

Foxconn follows relevant occupational health and safety management structures of local and international laws and regulations to formulate relevant employee health and safety policies. The Group has enhanced health and safety measures periodically and have obtained OHSAS 18001 and CNS15506. To put these standards into practice, we build quantifiable goals and implement management plans. These efforts include introducing advanced detection and monitoring systems, implementing fountainhead prevention and control systems, carrying out health drills to raise safety awareness, reinforcing employee resilience to safety hazards, and eliminating risks in the workplace, all to create a safe and secure work environment for our employees.



	Occupational Health Check Participation	# of Internal Audit Regular Safety Checks	Reported Industrial Accidents				Annual Accident Rate Per Thousand Employees
			Work Injuries	Regular Incidents	Explosion	Fires	
2019	56,874	22,689	407	17	0	0	0.676%
2018	52,248	57,510	486	21	0	0	0.694%

### ZERO HAZARD WORKING HOURS GOALS (AS OF 2019)

Following the "Implementation Guidelines for Zero Hazard Work Hours in Business Institutes"

**HUYUE FACTORY** **9,609,317** HOURS WITHOUT INCIDENT

**SHORT TERM GOAL: 10,000,000 HOURS**

**DINGPU FACTORY** **1,615,398** HOURS WITHOUT INCIDENT

**SHORT TERM GOAL: 2,000,000 HOURS**

### RESPONSE TO CONTROVERSIES

Date	Issues	Company Response
Sep. 2019	China Labor Watch report claims suppliers uses unlawful amount of dispatch workers.	<ul style="list-style-type: none"> <li>In 2019, our Labor Union convened a labor delegates meeting to vote on issues relating to employee rights and obligations.</li> </ul>
Aug. 2019	China Labor Watch claims Foxconn for alleged labour violations, including the improper use of teenage interns, at Hengyang Foxconn factory.	<ul style="list-style-type: none"> <li>In 2019, our Employee Care Center handled more than 200,000 counseling sessions relating to employee work and lives, and achieved a case closure rate of 93%.</li> </ul>
Dec. 2018	South China Morning Post reported "Workers protest in Zhengzhou over alleged unpaid bonuses"	<ul style="list-style-type: none"> <li>Employee rights are protected by the "Group Collective Agreement" (2019). Consultations and negotiation details are stipulated in the "Summary of the Collective Consultation Letter" and the "Reply on the Collective Bargaining of the Trade Unions Association of the Company."</li> </ul>
Jun. 2018	China Labor Watch reports unlawful overtime practices at factory in Hengyang	<ul style="list-style-type: none"> <li>The Group's employs four levels of employee unions and right protection channels: factory unions, business group unions, business department unions, and labor union units.</li> </ul>

# SOCIAL ASPECT

## Labor Management



### SALARY FOR NON-SUPERVISOR FULL-TIME EMPLOYEES

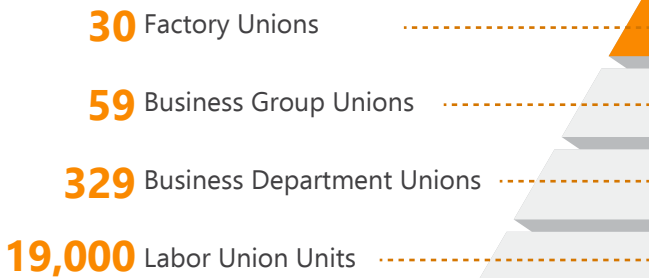
	2018	2019	Difference
Number of Non-supervisor Full-time Employees	4,166	3,590	-14%
"Average Salary" for Non-supervisor Full-time employees	2,255,000 NTD	2,402,000 NTD	7%
"Median Salary" for Non-supervisor Full-time employees	1,396,000 NTD	1,538,000 NTD	10%

Employees from Hon Hai Precision Industry Co., Ltd. in Taiwan



**1:1** Basic Salary Between Male / Female Employees

### EMPLOYEE UNIONS & RIGHTS PROTECTION



In 2019, the Labor Union signed the "Foxconn Technology Group Collective Agreement (2019 version)," which **covers 131 legal entities of the Group** and provides basic protection of employee rights.

**90%** Employees have joined unions

**15** Labor Delegates Meetings in 2019

## Supply Chain Management



Following Foxconn's code of conduct and social environmental policy, suppliers are required to comply with local laws and regulations in the process of purchasing and trading. Procurement department and suppliers should implement the following policies:

- To eradicate corruption, discrimination and unfairness in the procurement process, Foxconn signs letters of commitment with suppliers to ensure that all suppliers abide by the principles of fairness, impartiality and openness in the transaction process.
- Foxconn requires suppliers to take responsibility in compliance with the Group's code of conduct and social environmental policy during the process of supplier verification, evaluation and supply chain upgrade. Social responsibility should be regarded as the basic standard for supplier selection

Foxconn set up a supplier CSR management platform that can quantify suppliers' risks and accurately diagnose risks to enable suppliers to improve management capabilities. Supplier CSR Management is divided into four phases: Import, Risk Assessment, Audit Verification and Continuous Improvement. Such phases can be rolled out via the signing of letters of commitment, education and training, evaluation of quantitative risk factors, self-assessment, on-site inspection and improvement counseling.

### SUPPLIER MANAGEMENT DATA 2019

  
% of Suppliers Completed ISO 14064-1 Carbon Inventory

**90%**

  
# of On-site Audits for Key Suppliers

**46**

  
# of Conflict Mineral Research on Suppliers

**4,836**

Accumulated 2018-2019

# CORPORATE GOVERNANCE ASPECT

## Implementation of Best Practices



### BOARD STRUCTURE

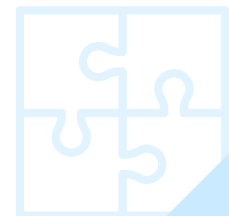
Foxconn’s Board of Directors is comprised of nine members responsible for our company’s corporate governance. In addition to safeguarding shareholders’ interests, the Board adheres to the guiding principles of collaboration and partnership with Foxconn’s stakeholders such as employees, customers, suppliers, local communities, government agencies and NGOs. The chairman of the Board of Directors shall be elected from among the directors. The chairman of the Board of Directors shall represent the Company in external matters and is in charge of the overall management of the Company.

Three of the nine members are Independent Directors. The number of Independent Directors is 33%. All serve for three-year terms. The term of office of the current Board of Directors is from July 1, 2019 to June 30, 2022.

### BOARD OF DIRECTORS

	Gender	Tenure (Years)		Gender	Tenure (Years)
<b>CHAIRMAN</b> Liu, Young-Way	M	1	<b>DIRECTOR</b> Lu, Fang-Ming	M	10
<b>VICE CHAIRMAN</b> Jay Lee	M	1	<b>DIRECTOR</b> Lu, Sung-Ching	M	20
<b>DIRECTOR</b> Terry Gou	M	46	<b>DIRECTOR</b> Dr. Christina Yee-Ru Liu	F	0

	Gender	Tenure (Years)	Audit Committee	Compensation Committee
<b>INDEPENDENT DIRECTOR</b> James Wang	M	2	Chair	Chair
<b>INDEPENDENT DIRECTOR</b> Kuo, Tei-Wei	M	1	Member	Member
<b>INDEPENDENT DIRECTOR</b> Kung, Kuo Chuan	M	1	Member	Member



### SKILL MATRIX

Name	Items	Position	INED Tenure		Industry Knowledge				Professional Competency			
			<3 Years	>3 Years	MFG.	Brand & Channel	Technical Research	Financ. Inv.	ENGR. Tech.	INFO. ENGR.	Financ. ACCTG.	MKTG.
Liu, Young-Way	Chairman				●				●			
Jay Lee	Vice Chair.				●		●		●			
Terry Gou	Director				●				●			
Lu, Fang-ming	Director				●				●			
Lu, Sung-ching	Director				●				●			
Christina Yee-ru Liu	Director							●			●	
James Wang	INED	●				●					●	●
Kuo, Tei-Wei	INED	●					●			●		
Kung, Kuo-Chuan	INED	●						●			●	






# CORPORATE GOVERNANCE ASPECT

## Oversight & Code of Conduct






### AUDIT COMMITTEE

	Gender	Tenure (Years)	INED	Committee Status	Attendance
 <b>James Wang</b>	M	2	Y	Chair	100%
 <b>Kuo, Tei-Wei</b>	M	1	Y	Member	100%
 <b>Kung, Kuo Chuan</b>	M	1	Y	Member	100%
<b>Average Attendance Rate</b>					<b>100%</b>

Number of meetings (2019/7/1~2019/12/31): 2

### COMPENSATION COMMITTEE

	Gender	Tenure (Years)	INED	Committee Status	Attendance
 <b>James Wang</b>	M	2	Y	Chair	100%
 <b>Kuo, Tei-Wei</b>	M	1	Y	Member	100%
 <b>Kung, Kuo Chuan</b>	M	1	Y	Member	100%
<b>Average Attendance Rate</b>					<b>100%</b>

Number of meetings (2019/7/1~2019/12/31): 1



## THE GROUP CODE OF CONDUCT

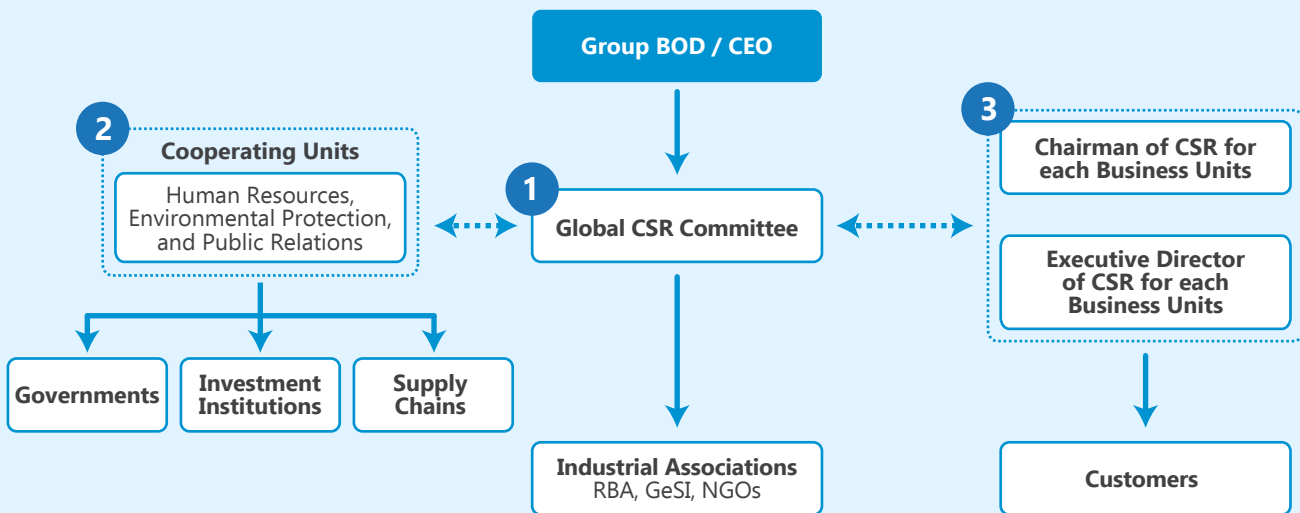
Ethics	Labor & Human Rights	Environment	Health & Safety	Management Systems
<ul style="list-style-type: none"> <li>Business Integrity</li> <li>Disclosure of Information</li> <li>No Improper Advantage</li> <li>Fair Business, Advertising and Competition</li> <li>Protection of Identity and Non-Retaliation</li> <li>Intellectual Property</li> <li>Privacy</li> </ul>	<ul style="list-style-type: none"> <li>Freely Chosen Employment</li> <li>Child Labor Prohibition and Young Workers Protection</li> <li>Protection of Maternity Rights and Health of Female Workers</li> <li>Non-Discrimination</li> <li>Humane Treatment</li> <li>Wages and Benefits Compensation</li> <li>Working Hours</li> <li>Freedom of Association</li> </ul>	<ul style="list-style-type: none"> <li>Materials Restrictions</li> <li>Hazardous Substances</li> <li>Solid Waste</li> <li>Air Emissions</li> <li>Environmental Permits and Reporting</li> <li>Pollution Prevention and Resource Reduction</li> <li>Water Management</li> <li>Energy Consumption and Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Machine Safeguarding</li> <li>Industrial Hygiene</li> <li>Occupational Safety</li> <li>Emergency Preparedness</li> <li>Occupational Injury and Illness</li> <li>Ergonomics</li> <li>Sanitation, Food, and Housing</li> <li>Health and Safety Communication</li> </ul>	<ul style="list-style-type: none"> <li>Company Commitment</li> <li>Management Accountability and Responsibility</li> <li>Legal and Customer Requirements</li> <li>Risk Assessment and Risk Management</li> <li>Improvement Objectives</li> <li>Training</li> <li>Communication</li> <li>Worker Feedback, Participation and Grievance</li> <li>Audits and Assessments</li> <li>Corrective Action Processes</li> <li>Documentation and Records</li> <li>Supplier Responsibility</li> </ul>

# CORPORATE GOVERNANCE ASPECT

## Corporate Social Responsibility Committee



Foxconn established the Group's CSR Committee in March 2007 to take charge of the Group's CSR policy and to ensure that social and environmental responsibility is fully integrated into the company's corporate culture and that our CSR policy is adhered to, implemented, and monitored by the CSR Committee. Every year, the Committee conducts evaluations and audits of the various business groups to ensure that the CSR policy is integrated across Foxconn's operations and at every manufacturing facility. As of end 2019, Foxconn has established a team of more than 1,000 CSR professionals to work with customers, government agencies, and the community, to fully carry out Foxconn's CSR duties and responsibilities.



- |          |                                   |   |
|----------|-----------------------------------|---|
| <b>1</b> | <b>Global CSR Committee</b>       | In accordance with the company's operation and strategic needs, the company's CSR system and policies were drafted, and the Group's CSR system policies and processes are continuously reviewed and improved upon, and reports regularly to the the Group's Board of Directors and Chairman.  |
| <b>2</b> | <b>Cooperating Units</b>          | Effectively integrating resources, coordinate CSR operations in various fields, and facilitate the government, investment institutions, and supply chain in accordance with the Group's policies and regulations.   |
| <b>3</b> | <b>CSR for each Business Unit</b> | The responsible head of each Business Group shall be the chairman of the respective CSR branch, and establish a task force for an in-depth understanding of the CSR business and operations of each Business Unit, and provide services that meet the needs of the Business Unit's customers. |

