

Fii 2022

CORPORATE SOCIAL RESPONSIBILITY REPORT



Data drives green development

CONTENTS



Foreword

Regarding this report	01
Executive speech	02
Fii 2022	04
Social recognition and honors	07
About Fii	09
Sustainable development management	12
Stakeholder communication and analysis of substantive issues	20

2 Advocate of environmental protection

Addressing climate change	43
Management of greenhouse gas emissions	52
Environmental Management	55
Energy management	61
Water resources management	65
Waste management	66
Waste Gas Management	68
Chemical Management	69
Ecological Protection	72

4 Sustainable governance practitioner

Corporate governance	84
Economic performance	88
Risk and opportunity management	89
Tax strategy	92
Information security	94
Business ethics	98

6 People-oriented employer

Labor rights	111
Employee diversity	111
Human rights protection	112
Employee training and development	115
Talent attraction and retention	118
Occupational health and safety	121

1 Pioneers of innovation

Clean technology opportunities	26
Innovation management	33
Green products	37
Product quality and safety	40
Customer relationship management	41

3 Responsible procurement force practitioner

Sustainable supply chain	75
Disputed purchases	81

5 Social value creator

Responding to national strategies	102
Working together with the industry	104
Participation in community public welfare	106

Independent Verification Statement 130

Performance and Appendix 132

Key Quantitative Performance Table	132
Direction chart	135
Reader feedback	141



Regarding this report

This report is the 2022 Corporate Social Responsibility Report (hereinafter referred to as “this Report” or “CSR Report”) issued by Foxconn Industrial Internet Co., Ltd. (hereinafter referred to as “Foxconn Industrial Internet”, “the Company”, “this Company”, “Fii” or “we”) and its subsidiaries to describe Fii’s approach and performance on environmental, social and governance in 2022.

This report is the fifth annual corporate social responsibility report released by Fii since its listing on the Shanghai Stock Exchange in 2018. In the future, the company shall continue to publish this report every year to implement the company’s sustainable development philosophy and respond to the concerns of stakeholders.



Report scope

Scope of organization: This report covers Fii and its subsidiaries. The financial-related data adopts the scope of the consolidated financial statements of the 2022 annual report. The statistical caliber of environmental, social, and corporate governance issues covers Fii’s headquarters and those related to communications and 92 subsidiaries within the scope of the consolidated financial statements of the 2022 annual report of mobile network equipment, cloud computing, industrial Internet smart manufacturing business and industrial Internet business, see **Foxconn Industrial Internet Co., Ltd. 2022 Annual Report** for details.

Time frame: January 1, 2022-December 31, 2022. The report involves some data disclosures from previous years.

Data Period

Reporting cycle: This report is an annual report, and its reporting cycle is consistent with the financial report.

Current release version: Issued in XXX 2023

Last release version: June 2022

Expected next release version: May 2024

Data source

The information and data disclosed in this report come from official internal documents, statistical reports and annual reports of Fii and its subsidiaries. The financial information in the report is in RMB. The financial data is subject to the annual financial report. There was no restatement of information during the reporting period.

Preparation basis

This report complies with the requirements of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), and refers to the electronic manufacturing services and original design manufacturing issued by the Sustainability Accounting Standards Board (SASB), and the Hardware Industry Sustainability Accounting Standards Board (SASB Standards), United Nations Sustainable Development Goals (UN SDGs), Task Force on Climate-related Financial Information Disclosure (TCFD) Proposal Report, China Securities Regulatory Commission’s Guidelines for the Content and Format of Information Disclosure by Companies Offering Securities to the Public No. 2- Content and Format of Annual Report (2021 Revision) (Chapter Five Environmental and Social Responsibility), Shanghai Stock Exchange’s (“SSE”) Shanghai Stock Exchange Self-Regulatory Guidelines No. 1 for Listed Companies - Standardized Operation and World Economic Forum 2020 White Paper and other relevant standards for disclosure.

Report release

This report is released in electronic form, and the electronic version shall be browsed or downloaded online at the official website of Fii (<http://www.fii-foxconn.com>).

External authentication

In order to fully respond to the demands of various stakeholders and ensure that the report is more substantive, Fii hires China Testing Certification Co., Ltd. to conduct an independent, objective and impartial verification work in accordance with the AA1000 Assurance Standard v3 (“AA1000AS v3”). The report is attached as an appendix to this report.

Chairman's speech

| Data-driven and green development, promoting sustainable business operation of enterprises



Looking back on the past 2022, it shall be said to be full of difficulties, but also of great significance. Under the leadership of governments at all levels, Fii have overcome the COVID-19 epidemic that has been raging for three years, and all social activities have returned to normal at the fastest speed; the "14th Five-Year Plan" and the Overall Layout Plan for Digital China Construction issued by the State Council in February 2023 also pointed out the direction and path for the future development of the manufacturing industry.

As an A-share listed company, Fii keeps pace with the times, takes advantage of the country's vigorous promotion of the digital economy, and strives hard to keep moving forward. The 2022 annual report shows that Fii's annual revenue reached 511.8 billion yuan, a year-on-year increase of 16.4%, continued to create value for shareholders and society, and implemented the company's mission and vision with practical actions.

Adhere to data-driven and deeply cultivate the digital economy industry. As a leading company in the digital economy, Fii has been deeply involved in digital industrialization and industrial digitalization related fields for many years, and its technologies and products have achieved full coverage of the five major categories of digital economy industries. In the future, Fii shall empower thousands of industries based on the "lighthouse factory" and help the digital transformation and high-quality development of the manufacturing industry.

Realize green development and promote sustainable operation of enterprises. As an A-share listed company, Fii actively responds to the country's dual-carbon strategy, and has formulated a dual-carbon goal of carbon neutrality in operations in 2035 and zero emission in the value chain in 2050. While consolidating Fii three distinctive advantages of "green products, green intelligent manufacturing, and green energy", Fii will take advantage of the industrial Internet platform to expand green externally, promote the "green supply chain", and promote the overall solutions of energy conservation and carbon reduction to upstream and downstream enterprises, provide carbon-neutral solutions to the society and promote the green, sustainable and high-quality development of the entire industrial chain.

Advocate people-oriented, pay attention to personnel training system. The sea is inclusive of all rivers, and it is strong to gather talents. Fii shall continue to stimulate the vitality of the organization. By holding various skills competitions and high-quality training, Fii shall call on employees to learn for life, help employees improve the work skills, and cultivate "craftsmen of a great country" so that old employees shall rejuvenate and realize his/her value. At the same time, Fii also welcome all kinds of excellent talents join us, open up space and create opportunities for new employees.

Engage in public welfare undertakings and practice corporate social responsibility. As an important part of society, an enterprise is also one

of the "national citizens". While pursuing economic interests, it is natural to assume corresponding social responsibilities. Over the years, Fii has continued to make efforts in technological innovation to help the development of small and medium-sized enterprises, and has continuously radiated influence and demonstration effects to all walks of life; at the same time, Fii has been silently contributing efforts in participating in community public welfare, caring for disadvantaged groups, advocating environmental protection, and assisting in rural revitalization.

2023 is a critical year for the "14th Five-Year Plan" to inherit the past and usher in the future. Various national policies have once again emphasized the importance of digital economy, high-quality manufacturing and sustainable development. Fii shall continue to take "serve global intelligent manufacturing and benefiting the world's industry" as its own responsibility, adhere to the strategy of "data-driven, green development", deepen the management system and implementation path of the company's sustainable development, establish a good social image, and strive to become the industry benchmark. Looking forward to the future, new journeys and new opportunities bring new challenges. Fii shall work together with everyone to create a new future for the digital economy.

李軍旗

Li Junqi, Chairman of Fii

Speech by CEO & Chairman of CSR Committee

| Greener, more harmonious, more standardized

2023 is a milestone year for Fii.

Fii was listed on the A-share market in 2018, and this year marks the fifth anniversary of the listing. Looking back on the past five years, in the face of the complex and ever-changing international situation and market environment, Fii has accurately grasped the development trend of the industry, based on the three core businesses of “device, network and cloud” and combined with the high-quality development of “Industrial Internet”, product technology continued to innovate, and the company’s performance grew steadily. In 2022, the revenue exceeded 500 billion for the first time, reaching a new level. As a leading company in intelligent manufacturing and digital economy, Fii knows that the road of sustainable development shall not only inject vigorous vitality and competitiveness into the enterprise, but also promote the surging power of high-quality development of the enterprise. As early as the initial stage of listing, Fii set up the CSR committee to lead the sustainable development of the enterprise. Fii not only adhere to EPS, which strives for shareholder rights, but also adhere to the “EPS+ESG” sustainable management formula. ESG is not only a choice for Fii to take advantage of the situation, but also an active exploration to create the future.

2023 is also the fifth year that Fii has released social responsibility reports in a row. In the past 5 years, Fii has continuously made new achievements in technological innovation, environmental protection, corporate governance, production safety, employee care, community building, etc., and helped the

coordinated development of economy, society and environment; in the past 5 years, Fii has improved the ESG management system, improve the level of ESG governance, and promote the comprehensive integration of ESG concepts into the company’s development strategy and business decisions. In mainstream ESG ratings such as MSCI and Hong Kong Hang Seng, the results have jumped year after year; this year, Fii clearly puts forward the ESG vision of “greener, more harmonious, and more standardized”, declares 12 goals under the 6 major ESG decisions, and guides the direction of the company’s high-quality and sustainable development.

It is greener at the environment (E) level.

Fii firmly follows the path of green development, and regard green products, green intelligent manufacturing, green energy, and green supply chain as four important components of green development. Fii sets an example by creating an efficient and energy-saving industrial operation model, committed to reducing the impact of the manufacturing process on the environment and resource consumption, and have cultivated more than 10 green factories; in 2022, Fii shall comprehensively promote energy-saving projects, with a total investment of 170 million yuan. The implementation of 802 environmental protection and energy-saving and emission-reduction projects reduced carbon emissions by 153,000 tons annually, a year-on-year increase of 300%. At the same time, Fii actively explores circular economy and technological innovation in double-carbon related

fields, and designed green products; empowered upstream and downstream enterprises through the industrial Internet platform, establish a green supply chain, and work with stakeholders to help reduce global carbon emissions and achieve sustainable and win-win development.

It is more harmonious at the social (S) level.

Fii insists on people-oriented, and advocate the sharing of happiness. Respect every employee, commit to creating an equal and diverse working environment for employees, provide a sound and smooth development path, build an all-round growth platform, ensure employees have fair and predictable career prospects, and enhance employees’ sense of happiness and belonging. Fii has enthusiastic about public welfare and contribute to various fields such as helping the needy, advocating environmental protection awareness, and rural revitalization. In 2022, a total of 786 voluntary service activities shall be carried out, with a total of 34,338 participants and 153,383 service hours.

It is more standardized at the level of corporate governance (G).

Fii firmly believes that integrity and compliance are the cornerstone of fulfilling corporate responsibilities, and Fii shall continue to improve the risk management system and steadily improve corporate governance capabilities; Fii attaches great importance to security, including product security, data security, and network security, and information privacy, etc., establish and improve a sustainable and reliable security system from the aspects of organization, process, management,

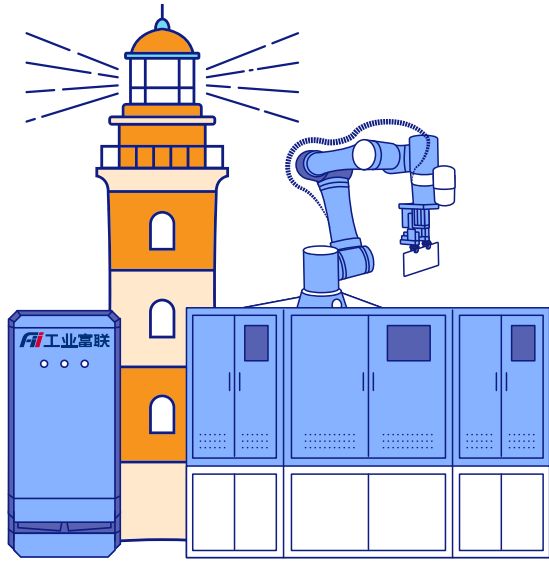


technology and norms; Fii incorporates ESG concepts into the assessment of suppliers, and 100% of key suppliers sign the Supplier Social and Environmental Responsibility (SER) Code of Conduct, and build a responsible supply chain system and sustainable partnership with suppliers.

Climb to the high, live to the new, and go far. On the road of practicing sustainable development, every day is a new starting point, and every year is a new journey. Looking forward to the future, Fii shall insist on building a path of high-quality development with corporate responsibility, pave the way of sustainable development with technological innovation, and join hands with all partners to move towards a greener, more harmonious, and more standardized future.

Zheng Hongmeng
General Manager & Chairman of the CSR Committee of Fii

Fii 2022



In 2022, Fii shall continue to deepen the development of the digital economy industry, taking the digital economy field as the core direction of R&D and innovation. The company has achieved full coverage of the five major categories of the digital economy industry. At the same time, the company has also realized the diversification of business layout in the fields of new energy vehicle parts, semiconductor ecology, big data, robotics, etc., realized the further exploration of the potential of the digital economy, and established the direction for creating the second growth pole.

At the same time, Fii is also continuing to rely on its own massive production data and leading industrial internet technology to actively carry out the deep integration of the digital economy and the real economy. Through cross-industry and cross-field strategic cooperation, Fii shall integrate the industrial Internet ecosystem introduced into different industries and fields, more

than 50 important customers have implemented industrial internet services. So far, Fii has supported the creation of more than 10 “smart factories” internally; it has empowered and built 6 world-class “Lighthouse Factories” in total, including assisting CITIC Dicastal to successfully build a world-class “Lighthouse Factories” by the end of 2022. Fii Shenzhen Guanlan factory is successfully selected as the world’s first precision metal processing “Lighthouse Factories”; Fii continued to exert its leading effect to radiate a large number of small and medium-sized enterprises, and served more than 1,500 enterprises in ten industries with the “Lighthouse Pilot Plan”. By continuously empowering the typical application scenarios of the digital transformation of the manufacturing industry, improving the construction of digital infrastructure, and deepening the innovation of application services, it helps industrial enterprises to steadily increase the efficiency and income.

Against the background of global carbon reduction, green development has become an important main line of Fii’s development in the next few years, and it shall continue to accelerate in the field of sustainable development. In 2021, the proportion of green revenue has exceeded 40%, and the cumulative number of patents related to clean technology has exceeded 800; in 2022, the dual-carbon goal shall be officially proposed, and the accumulated digital technology shall continue to be used to build green factories, and the carbon emissions of suppliers shall be included in the company among the overall emission reduction goals. Fii shall continue to export advanced energy-saving technologies and digital transformation solutions, and plan to build 16 national/provincial green factories by 2025.



世界级“灯塔工厂”

6座

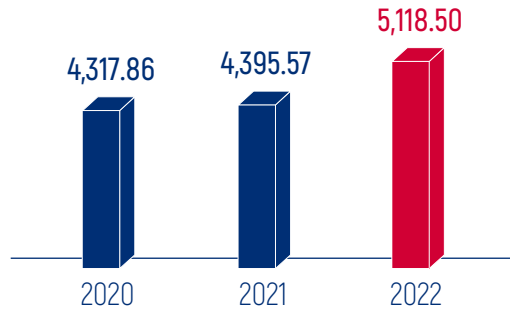
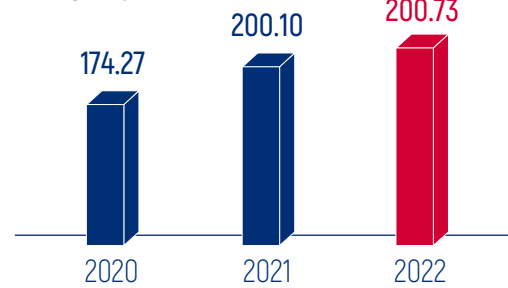
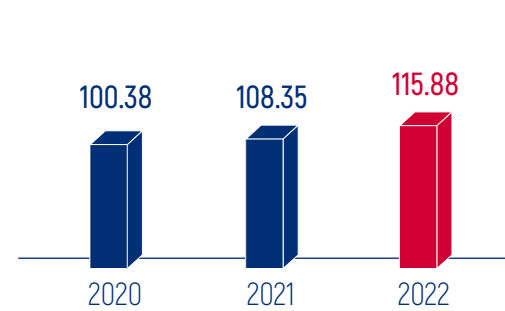
“智慧工厂”

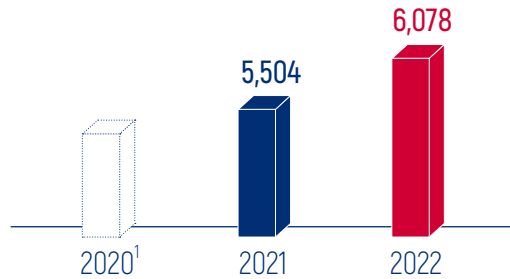
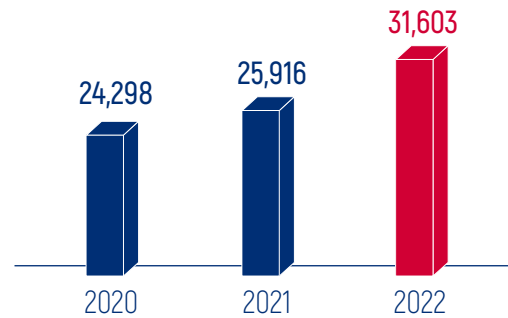
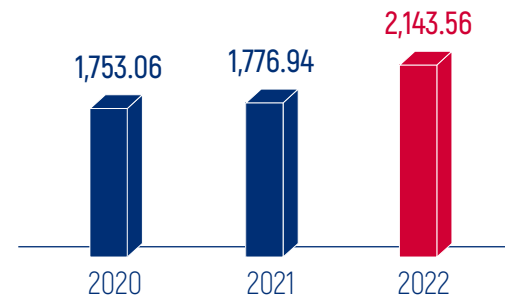
10座

服务企业

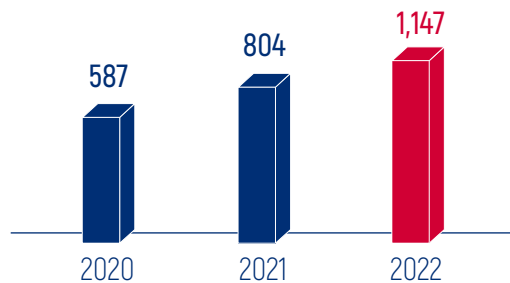
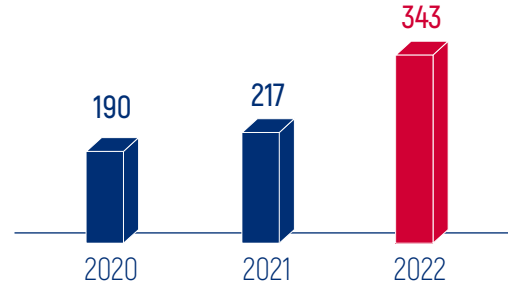
1,500+家

Key performance in 2022

Annual revenue (million yuan)

Net profit attributable to parent company (million yuan)

R&D investment (million yuan)

Social contribution value per share (yuan)

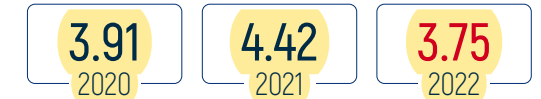
Number of valid applications and authorized patents

Number of R&D personnel

Annual revenue of clean technology-related businesses (million yuan)

Investment in environmental protection (million yuan)

UL2799 Gold Level Certification for Zero Waste to Landfill (Block)

Cumulative number of patents related to clean technology (pieces)

Number of newly added patents in clean technology (pieces)

Parental leave return rate (%)

Signature rate of code of conduct for key suppliers/Collective contract coverage (%)

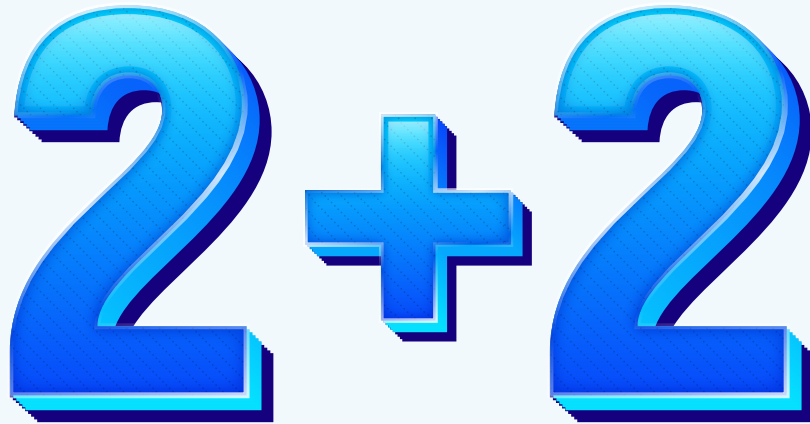
Environmental pollution accident

Total investment in environment, safety and health (million yuan)


1.【统计口径】2020年科技创新有效申请和授权的专利统计口径与2021、2022年不同，重新追溯数据较为困难，因此不进行披露。

2.In 2022, the scope of annual revenue statistics of clean technology-related businesses shall be expanded to include cloud computing and industrial intelligence, as well as the **5 certifications, Nanning Park has obtained platinum certification

Facing future trends, Fii has proposed a new business strategy of “2+2”.



将“**高端智能制造+工业互联网**”的核心竞争力向半导体、新能源车领域延伸



为“**大数据+机器人**”，深入布局元宇宙算力及新能源储能，发展工业机器人、装备及自动化领域。

Fii 2022 milestones

- 1 Proposed the “data-driven, green development” strategy, and the annual multi-stage operating income and net profit attributable to the parent company both reached record highs.
- 2 Exclusive strategic investment in the unicorn company Siling Robot, to accelerate the creation of the second growth curve of semiconductor ecology, new energy vehicle parts, big data, automation and robotics.
- 3 It has been selected as the “Cross-industry and Cross-domain Industrial Internet Platform” by the Ministry of Industry and Information Technology for four consecutive years, and is awarded the “2022 Excellent Intelligent Manufacturing Scenario” by the Ministry of Industry and Information Technology.
- 4 Published the first white paper on carbon neutrality, set up its own carbon reduction goals, promoted carbon neutrality in the supply chain, and is rated as “China’s Industrial Carbon Peak Leader Enterprise”.
- 5 The largest scale of school recruitment is launched, and 2,300 job requirements are released, with R&D technology jobs accounting for 40%.
- 6 It makes its debut at the China Electronic Information Expo, exhibiting products and technical application solutions in the fields of 5G+, cloud computing, and industrial Internet, and win the gold medal of the conference.
- 7 Shenzhen Guanlan Factory was selected as the world’s first precision metal processing “Lighthouse Factory”, accumulatively enabling the creation of 6 world-class lighthouse factories.

Social recognition and honors

As a global leader in digital economy and smart manufacturing, Fii also attaches great importance to ESG management while developing rapidly and healthily.

Since its listing in 2018, Fii has released CSR reports for four consecutive years, and released the Fii Carbon Neutrality White Paper for the first time in May 2022, clearly proposing the company's carbon neutrality action goals and specific plans, and

formulating 3R policy (Reduce, Replace, Resolve), in accordance with the strategy of "energy conservation and emission reduction and renewable energy supply priority, carbon offset as supplementary", while gradually realizing carbon neutrality in its own operations and the entire value chain, through technological innovation for the society provide carbon-neutral solutions that shall be replicated and promoted.

In addition, the company has also made many progresses in the field of sustainable development in 2022: it officially joins the China ESG Leaders Organization and became a leading ESG company in the industry; it is selected into the Excellent ESG Practice Cases of Listed Companies for two consecutive years; Nanning Park obtained UL2799 waste Zero landfill platinum level certification, becoming the first company in Guangxi to obtain zero waste landfill certification; selected in the

Excellent ESG Practice Cases of Listed Companies for two consecutive years; Received multiple honors such as the "Leading Enterprise in China's Industrial 'Carbon Peak'", the "Outstanding Responsible Enterprise of 2021" Award, the "Best Listed Company" and "Best ESG Practice Award" of New Wealth, and the "ESG Pioneer Award" of Cailian News Agency.

Member of China ESG Leaders Organization

China ESG Leaders Organization



2021 Outstanding Responsibility Enterprise

South Weekend



2022 Best Practice Award for Directors' Office of Listed Companies

China Association for Public Companies



Outstanding Model Award for ESG Practice of Chinese Listed Companies

JRJ



Best ESG Practice Award

New Wealth, Guanghua Rothman Information and Capital Market Research Center



"Action for Sustainable Industrial Development in China" -- the 2022 Industry Case

APEC China Business Council



2022 CLS Zhiyuan Award · ESG Pioneer Award

CLS





China's industrial "Peak Carbon Dioxide Emissions" Leading Enterprises

CFIE



Annual ESG Excellent Practice Enterprise

Investor Network



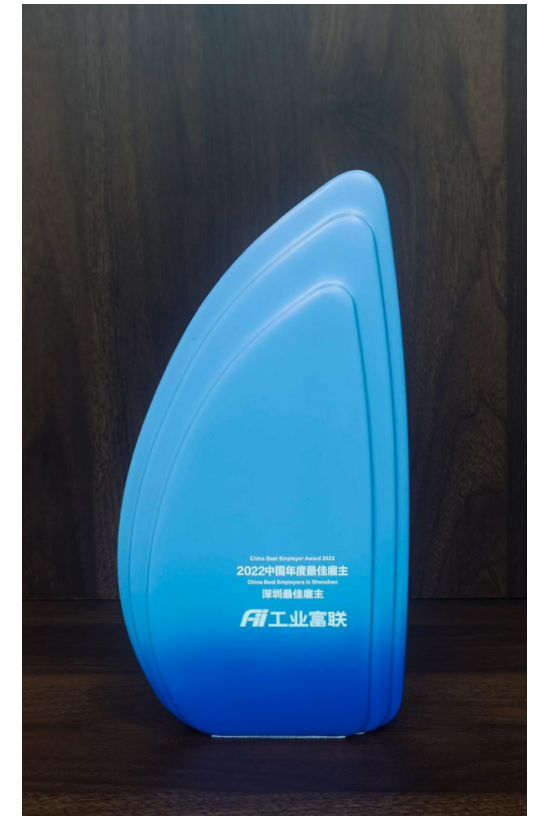
Greater China Human Resource Management Excellence Award

HRoot Awards



Top 50 Best Employers in Shenzhen 2022

Zhaopin Limited



2022 China Top 500 corporate Philanthropy

Organizational Committee of China Enterprise Charitable Forum



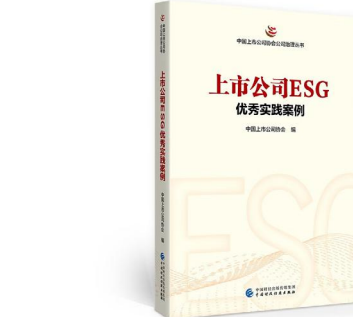
2022 China Top 500 Corporate Philanthropy Outstanding Cases

Organizational Committee of China Enterprise Charitable Forum



Excellent ESG Practice Cases of Listed Companies

China Association for Public Companies



About Fii

Company profile

Foxconn Industrial Internet Co., Ltd. (stock abbreviation: Fii, stock code: 601138) was listed on the A-share market in 2018. As a global leader in the digital economy industry, Fii is guided by the strategy of “data-driven, green development”, realize the full coverage of the five major categories of digital economy industries including cloud and edge computing, industrial Internet, smart home, 5G and network communication equipment, smart phones and smart wearable devices.

Company Name

Foxconn Industrial Internet Co., Ltd.



English name

Foxconn Industrial Internet Co., Ltd.



Stock code

601138



Nature and legal form of ownership

Co., Ltd. (Sino-foreign joint venture, listed)



Registered capital

19.872 billion yuan



Total assets

2,841.88 billion yuan



Business income

5,118.50 billion yuan



Total number of employees

199,073



Nature and legal form of ownership Headquarters address

Co., Ltd. (Sino-foreign joint venture, listed) 2nd Floor, Building C1, Foxconn Science and Technology Park, No. 2, Donghuan 2nd Road, Longhua Street, Longhua District, Shenzhen



As the world's leading high-end intelligent manufacturing and industrial Internet solution service provider, the company's main business includes cloud computing, communication and mobile network equipment, and industrial Internet. Under the booming trend of the digital economy, Fii shall maintain its strategic focus and actively seize development opportunities.

On the basis of the steady development of its core business, Fii has accelerated the promotion of "high-end intelligent manufacturing + industrial Internet" capabilities to extend to semiconductor ecology, new energy vehicle parts and other fields, and at the same time deeply deploy metaverse computing power and new energy storage to develop Industrial robots, equipment and automation fields.

Cloud computing

Revenue situation

Revenue is 212.444 billion yuan, a year-on-year increase of 19.56%, maintaining a growth trend for five consecutive years.

Current situation insights

Cloud computing server shipments continue to rank first in the world; the highly efficient AI server iterated to the fourth generation leads the world in the HGX series

Development trend

At present, the global server market is accelerating expansion, and the sales volume of the company's cloud computing, enterprise servers, storage and other products is firmly in the leading position in the world. The company's cloud service provider products account for a rapid increase in cloud computing revenue, exceeding 40% in 2022. In addition, in terms of new markets, Cloud Gaming cabinet system products have also begun to ship.

Future industrial layout

In 2023, new products related to high-efficiency AI servers in the era of computing power will be successively developed and launched. Continuously improve the global layout, and fully meet the needs of the world's top customers in terms of cutting-edge technology cooperation and factory layout.

Communication and mobile network equipment

Revenue situation

Revenue is 296.178 billion yuan, a year-on-year increase of 14.37%, a continuous double-digit growth.

Current situation insights

Empower global enterprise digitalization, 5G infrastructure, smart home and other fields, and focus on investing in next-generation new technologies.

Development trend

With the increasing demand for global enterprise digitization, 5G infrastructure, and smart homes, the incremental demand for the Industrial Internet, Metaverse, and AIGC is increasing, and the upper-layer traffic continues to increase, and the demand for network expansion is emerging. The demand for enterprise digital transformation and cloud infrastructure construction services has expanded, and network equipment has grown steadily. The company's layout includes enterprise network equipment, wireless network equipment and 5G-related products, smart home products and industrial-related products. During the reporting period, 5G equipment revenue, network Equipment revenue grew by more than 20%.

Future industrial layout

Continue to expand customer product lines, consolidate and expand the high-end smartphone market, develop molds, automation, and robot markets, and explore new fields such as electric vehicles, new materials, semiconductors, and medical equipment and device.

Industrial Internet

Revenue situation

The revenue scale reached 1.912 billion yuan, a year-on-year increase of 13.46%.

Current situation insights

Since its listing four years ago, Fii has participated in the creation of six "Lighthouse Factories". The digital and intelligent solutions based on the "Lighthouse Factories" have become one of Fii's core competitiveness in the field of digital-real integration. Up to now, the "Lighthouse Pioneer Program" has served more than 1,500 companies, covering 10 major industries, and successfully served more than 50 leading companies.

Development trend

The three core segments of the company's industrial Internet platform (Lighthouse Factory/Standard Software/Fii Cloud) business have achieved rapid growth: excellent manufacturing consulting and lighthouse factory solution business, revenue increased by 113%, and customers increased by 60%; one-stop digital manufacturing operations business revenue increased by 283%, customers increased by 63%; cloud platform service business revenue increased by 140%, and resource scale increased by 53%.

Future industrial layout

Continue to promote the "Lighthouse Pioneer Program" to help the industrial Internet business go deep and solid, and help the development of the digital economy.

Business area

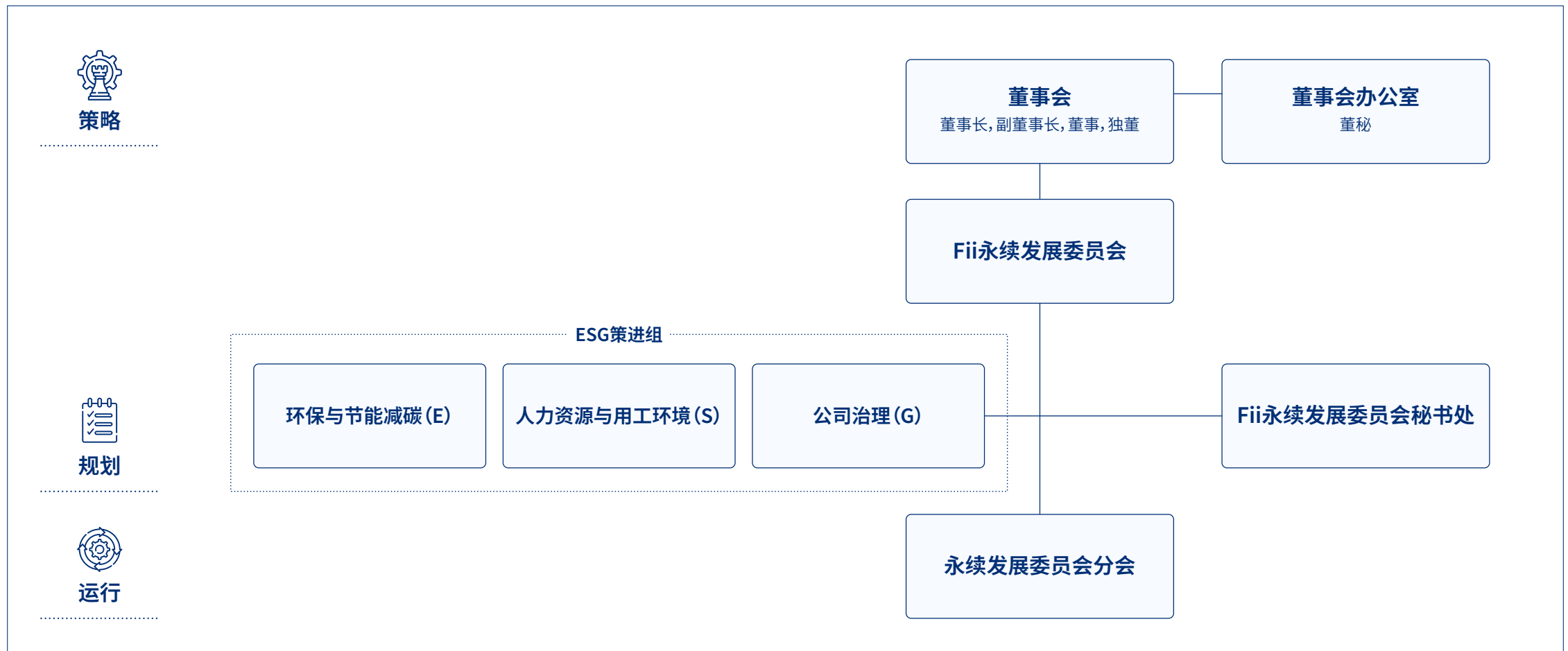
Fii has a presence in 12 countries and regions in Asia, Europe, and North America. Relying on years of experience in lean management, supply chain management, and flexible production, it has achieved a dual cycle of domestic and foreign production. Deeply cultivating in China and deploying globally, Fii adheres to the business model of “deeply cultivating in China”, integrates the advantages of global resources, promotes the digital transformation of the ICT industry chain, and helps the high-quality development of the global digital economy.



Sustainable development management

In 2018, Fii established the Corporate Social Responsibility Committee, aiming to raise sustainable development to the highest management level of the company. After four years of operation, we have dynamically paid attention to the internal organization and operation of the company, and evaluated the dynamics of the external capital market on ESG issues, and continued to promote the update of the ESG management structure until 2022.

The committee will be renamed the “Sustainable Development Committee” (hereinafter referred to as the “Committee”) in 2021 to demonstrate Fii’s determination to incorporate corporate social responsibility (CSR) into broader environmental, social, and corporate governance (ESG) management. Firmly verify the belief in CSR operation and development with ESG sustainable development performance. In 2022, the Sustainable Development Committee will add an ESG policy promotion team, which will be responsible for improving corporate ESG performance and ESG rating performance.



 Architecture Strategy	 Planning			 Run
Function Board of directors	Chairman, Commission on Sustainable Development	Secretariat of the Commission on Sustainable Development	ESG group	Council on Sustainable Development Branch
<ul style="list-style-type: none"> ● Appointment of the Chairman of the Sustainability Committee. ● Supervise the Corporate Social Responsibility Code of Conduct (CSR CoC), sustainable development strategy, policy guidelines, objectives, regulations/systems, annual plans, performance indicators, audit management methods and committee operation management methods. ● Guide the major trends of sustainable development, and incorporate the operating principles into the sustainable development strategy. ● Supervise sustainable development management performance combined with annual assessment of senior management. ● Strengthen the organizational structure and functions of the board of directors, and adhere to the principles of business ethics, integrity, and compliance. ● Review and approve the publication of the committee's report. 	<ul style="list-style-type: none"> ● Form a sustainable development committee. ● Supervise the Corporate Social Responsibility Code of Conduct (CSR CoC), sustainable development strategies, policy guidelines, objectives, regulations/systems, annual plans, performance indicators, audit management methods and committee operation management methods. ● Make decisions on CSR/ESG major event emergency plans and special issues. ● Coordinate the resource integration of the Sustainable Development Committee and operation management. ● Appoint the responsible unit of the committee to promote the resolutions of the board of directors. ● Report to the board of directors on the effectiveness of sustainable development implementation. 	<ul style="list-style-type: none"> ● Integrate the resources of the Sustainable Development Committee. ● Agree on corporate social responsibility code of conduct (CSR CoC), sustainable development strategy, policy guidelines, goals, regulations/systems, annual plans, performance indicators, audit management methods and committee operation management methods. ● Identify stakeholders' concerns and materiality assessment. ● Planning, monitoring, and checking the sustainable development performance indicators of all relevant parties in the Sustainable Development Committee. ● Carry out special activities/training/coaching for sustainable development. ● Regularly report operations to the Chairman of the Sustainable Development Committee. ● Exercising auditing rights, monitoring rights, notification rights, investigation rights and suspension rights. ● Coordinating the external participation of the planning committee and sustainable brand maintenance. ● Negotiate and improve the ESG rating of the capital market and the special promotion and proposal of sustainable development issues. ● Integrate the responsible units of the committee and jointly prepare and publish reports. 	<ul style="list-style-type: none"> ● Integrate the central functional departments and committee sub-committees to form an ESG policy promotion group "cooperative organization". ● Comply with the Corporate Social Responsibility Code of Conduct (CSR CoC), sustainable development strategy, policy guidelines, goals, regulations/systems, annual plans, performance indicators, audit management methods and committee operation management methods. ● Identify key ESG issues and analyze weaknesses to form improvement projects. ● Formulate ESG goals, short-, medium-, and long-term achievement paths and closed-loop management. ● Carry out proposals for ESG issues and weaknesses, improve and supervise management, and expand external participation. ● Maintain the best practices of capital market ESG rating issues and responsibility functions (ESG) projects. 	<ul style="list-style-type: none"> ● Establish and set up the sustainable development committee sub-committee dedicated unit management organization and dedicated personnel. ● Comply with the Corporate Social Responsibility Code of Conduct (CSR CoC), sustainable development strategy, policy guidelines, goals, regulations/systems, annual plans, performance indicators, audit management methods and committee operation management methods. ● Actions to identify and ensure performance of duties. ● Responsible for customer CSR/ESG audit, communication and service. ● Regularly report the progress of CSR/ESG to the executive secretariat. ● Practice ESG strategies, issues, and goal planning. ● Proactively report CSR/ESG violations and penalties and negative public opinion to the Secretariat. ● Perform sustainable development performance audit and closed-loop management. ● Improve sustainable development and CSR/ESG best practices. ● Participate in the practice of stakeholders concerned about issues.

Sustainable Development Committee branch organization introduction

The Sustainable Development Committee is established based on the scope of operation, the size of the legal entity, and the number of employees. The top management of the Fii Business Group serves as the main planning and organizing personnel. A Sustainable Development Committee branch is established and included in the overall management of the Fii Sustainable Development Committee. Each branch independently manages the CSR/ESG of the branch and establishes functional units. The six major functional units deepen the operation of ESG as the main body, and at the same time, through cross departmental integration of relevant issues, form a bottom-up collaborative linkage of ESG practice. Build a bridge to achieve the development and management vision of Fii by combining the four major improvement pathways.



In order to promote the long-term planning of the company's sustainable development and implement the governance efficiency of the company's sustainable development, Fii has revised the Sustainable Development Committee Organization and Operation Management Measures. In addition to clarifying the responsibilities of each member in the committee structure, the Measures also define three types of committee meetings to ensure the practical advancement of Fii's sustainable development work and positive responses to related matters.

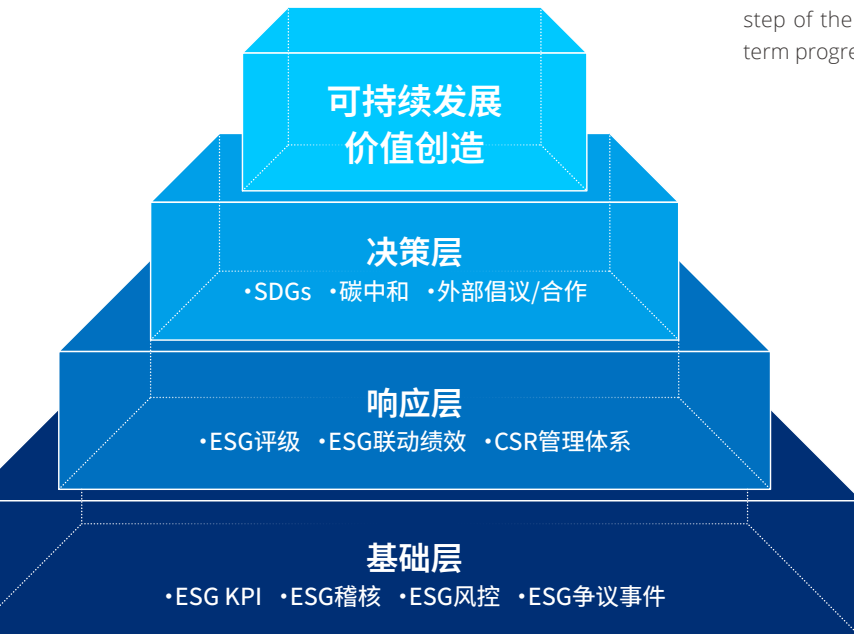
Meeting type	Frequency	Meeting content and explanation
Annual committee meeting	Once per year	<ol style="list-style-type: none"> 1. The executive secretariat and sub-committees provide executive instructions on the minutes of the previous meeting, CSR/ESG project reports, and temporary motions. 2. Review and adjust the achievement status of vision/commitment/policy/issue/goal and other elements of environmental protection, society and corporate governance. 3. Audit feedback, review of implementation status of corrective measures and preventive measures, project start-up report. 4. Annual sustainability performance indicators and OKR implementation status/review and improvement of major CSR/ESG events/annual CSR project review summary/annual CSR goal planning. 5. The demand status of the meeting Please invite relevant department personnel of the company, third-party institutions, scholars/experts, stakeholders or other personnel to attend the meeting and provide relevant necessary information.
Committee Branch Functional Unit Meeting	At least once per year	<ol style="list-style-type: none"> 1. Executive notes on the minutes of the previous meeting, CSR/ESG project reports, and temporary motions. 2. Gather relevant information of financial semi-annual report/annual report and sustainability report. 3. Annual sustainability performance indicators implementation instructions/review and improvement of major CSR/ESG events/annual outstanding CSR/ESG project sharing/annual CSR/ESG goal planning. 4. Audit feedback, review of implementation status of corrective measures and preventive measures, project initiation report. 5. Matters related to the sub-committee meetings of the preceding paragraph shall be recorded and submitted to the executive secretariat of the committee for inspection.
Temporary meetings	Subject to major events and temporary motions	The meeting should form a summary and submit a contact list, which will be submitted to the chairman of the committee for review, and the executive secretariat of the committee will continue to follow up until the case is closed.

The Corporate Social Responsibility Code of Conduct is an important specification revised by Fii in 2022. It will become the basic principle and standard for us to deal with all stakeholders, so as to ensure that the company's business activities comply with relevant ethical, legal and professional standards. Maintain company assets, rights and interests and brand reputation.

This guideline has been signed and approved by the Chairman of the Fii, the Chairman of the Sustainable Development Committee, and the top executives of each branch. It proposes policies and statements regarding the Fii in eight major areas: ethical standards, labor and human rights, health and safety, environment, management system (elements required to implement this guideline in line with the management system), responsible mineral procurement, anti-corruption policies, and anti slave population policies.

Fii implements this code of conduct with the highest standards in order to continuously improve the trust of stakeholders and social image, and become a strong competitor in the industry and CSR field.

The Sustainable Development Goals blueprint reflects Fii's ambitious ESG work. Based on the corresponding internal and external needs at all levels, the committee divides normal, short-to-medium-term, and long-term strategic deployments, dismantles the ESG goals for 2023, 2025, and 2030 and advances them according to the division of labor. Consolidate the ESG management foundation of conventional risk management and control, participate in rating and performance linkage to dredge the ESG management system, and finally respond to SDGs, carbon neutrality and external initiatives to create a sustainable brand. Fii cherishes the value creation of sustainable development of enterprises, and strives to be down-to-earth in every step of the ESG journey, to make steady and long-term progress, and to be promising.



Review of ESG events in recent years

- 2022**
 - OCT** MSCI ESG rating upgraded to BBB
 - SEP** Sustainability Committee changed its organization and added ESG steering group
 - AUG** Fii CoC audits launched
 - JUL** Participated in the first year of CDP (B grade) and S&P CSA rating (41 points/top 8% of the industry for the time being)
 - JUN** Released the 4th CSR report and included overseas information disclosure for the first time
 - MAY** Released Carbon Neutral White Paper Announcing Corporate Commitment to Carbon Neutrality
- 2021**
 - DEC** MSCI ESG rating upgraded to BB for the second time in a year
 - JUL** Sustainalytics risk rating reduced from 25.4 to 22.8
 - JUN** FTSE ESG rating upgraded to 3.8 points (better than 84% of peers)
 - MAY** Issued 3rd CSR report with first AA1000 accreditation
- 2020**
 - SEP** Maintained the Hang Seng Sustainability Index Series
 - AUG** Released the first edition of Fii CSR Code of Conduct (CoC)
 - JUN** Released the second CSR report to expand the scale of stakeholder research
- 2019**
 - SEP** Selected for Hang Seng Sustainability Index Series
 - JUN** Released the first CSR report
 - JAN** Established Fii CSR Committee
- 2018**
 - SEP** MSCI ESG rating of CCC
 - JUN** Officially listed on Shanghai Stock Exchange

In 2022, Fii announced 12 action paths under 6 ESG strategies to promote a “greener, more harmonious and more regulated” ESG vision.

E Greener Environment

Circular economy

Reducing pollution and carbon synergies to create a green lighthouse factory

- Achieving 80% carbon reduction in operations and 80% use of renewable energy by 2030, and achieving carbon neutrality in operations by 2035 (with 2020 as the base year)
- The overall promotion of national/provincial and municipal green factory certifications will reach 16, and will reach 18 by 2030, covering 100% of key carbon emission units
- Promote 15 corporate-level energy management system certifications, reaching 18 by 2030, covering 100% of key energy-consuming units
- Continue to maintain “0” environmental violation incidents, and the online monitoring rate of pollutant discharge in all institutions reaches 100%
- Obtain at least 14 legal entities with zero waste landfill gold certification, and reach 18 by 2030
- Achieving a 6% reduction in the water density of the entire factory area compared to 2021, and continuing to promote the sustainable water management (AWS) certification of subordinate parks

Digital intelligence empowerment

Deepening clean technology products to promote zero carbon throughout the value chain

- Achieve net-zero emissions across the entire value chain by 2050
- Achieve more than 50% of green revenue (clean technology products/services)
- Formulate a biodiversity policy and implement a sustainable site maintenance plan, and carry out site soil/groundwater inventory monitoring for more than 5 times

S More harmonious Society

People-oriented

Protecting employee health and safety Promoting diversified growth of talents

- Realize 100% coverage of the global operating bases of the occupational health management system and obtain third-party certification, and promote the occupational health management system certification of high-risk service providers to reach 70%
- Continue to maintain zero occupational disease incidents caused by chemical exposure, actively plan the chemical phase-out plan and disclose the implementation of the plan year by year
- Maintain the major and above safety accidents as 0, reduce the disability injury severity rate SR to ≤6.88 days/million working hours, and reduce the disability injury frequency FR to 0.14 times/million working hours

Sharing happiness

Helping the disadvantaged and the needy with love to help the public welfare of everyone to participate

- Provide diversified vocational skills conversion and promotion management training to assist in the improvement of employability and growth. The annual professional course training hours for all employees have been increased to 60 hours, and the internal job vacancy adaptation rate has reached more than 35%.
- Promote the annual public welfare donation amount to RMB 50 million, and organize all employees to participate in community public welfare services. The annual volunteer service hours of the global factory area reached 200,000 hours

G More regulated Governance

Integrity and compliance

Optimize corporate governance structure Create a fair and clean environment

- Implement the supervision of business ethics issues at the board level, rotate the audit of the ethical standards of production legal persons every 3 years, and the completion rate of reporting is 100%
- Increase the proportion of independent directors to more than 50% (to be determined)
- Establish and implement the general manager’s salary recovery system, and fulfill the company’s integrity management commitment (to be determined)

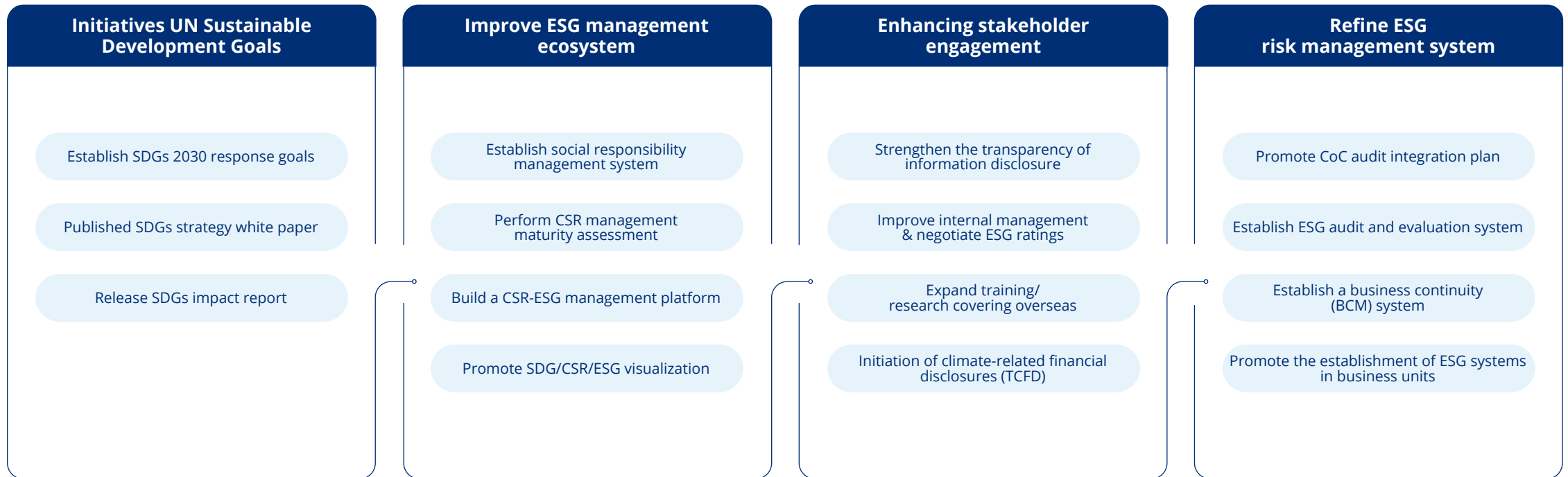
Secure and trustworthy

Deepen comprehensive risk management and build a responsible supply chain together

- Establish a leading data protection standard, privacy governance and network security structure, promote ISO27001 certification and establish an overall information security management system
- Construct a sound company-level risk management and operation mechanism, promote ISO31000 and ISO37301 certification and establish an overall risk control compliance system
- Promote energy conservation and emission reduction in the supply chain, coach 20 suppliers to achieve the goal of reducing electricity consumption by 0.5%, and 40 suppliers to achieve the goal of reducing waste by 10%
- Continue to increase the proportion of local procurement of indirect raw materials and equipment to the target of 68%



The committee formulated a special ESG agenda for 2023-2024, combined with the ESG blueprint and goals, and focused on the four directions of SDGs practice, ESG management ecology, stakeholder participation, and risk control management. Seek progress while maintaining stability and establish a long-term foundation.



2022 Fii United Nations Sustainable Development Goals (SDGs) Practice

Special Feature



According to the Global Risks Report 2023 by the World Economic Forum, the long-term risks facing the world in the next ten years cover economic, environmental, social, geopolitical and technological aspects. In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development at the United Nations Summit and formulated 17 Sustainable Development Goals (SDGs).

Compared with the United Nations Millennium Development Goals (MDGs), SDGs cover various aspects such as economic growth, social inclusion, and environmental protection. At the same time, it applies to all countries, and calls on governments, the private sector, social groups, and people around the world to unite and take active actions.

For a long time, Fii has contributed to the realization of SDGs goals through daily operation management

and public welfare activities (see the table below for details). In 2022, Fii will take a step forward and regard SDGs as an important direction for future sustainable development and ESG development. Fii incorporates SDGs into its corporate development strategy, focuses on the development needs of major global operating bases, and combines its own core capabilities to identify the priorities of SDGs, uses corporate power to solve social problems, and joins hands with all parties to create social and commercial value.

As a specific action to implement the SDGs response, Fii will release a white paper in 2023, fully announcing the SDGs response strategy, goal setting and action plan. Now there are only less than 8 years left before 2030. We will timely review and dynamically adjust the response strategy, and regularly disclose the progress and influence, and actively help to fully realize the SDGs.

	End poverty in all its forms worldwide	Support poor families and help the elderly in rural areas Employee care and assistance Public welfare donations for people with disabilities Clothes donation in suffering areas
	End hunger, achieve food security, improve nutrition and promote sustainable agriculture	Donation of food and oil supplies for families in need
	Ensuring healthy lifestyles and promoting well-being for people of all ages	Employees donate blood without compensation Training for first responders Medical assistance and relief for employees and immediate family members "Voice of Employees" communication channel Chemical warehouse standardization Promote the introduction of low VOCs chemicals Hazardous substance management system
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Rural student aid, condolences to local schools Staff education New Apprenticeship System for Enterprises Occupational skill level certification Organize kindergarten
	Achieve gender equality and empower all women and girls	Volunteer service activities for left-behind children Trade Union Women Workers Committee
	The availability and sustainable management of water and sanitation for all	Declare "water-saving enterprise" Reconstruction of concentrated water reuse in pure water room Whole process control of sewage Ocean and river cleaning volunteer service

	<p>Ensuring access to affordable, reliable and sustainable modern energy for all</p>	<p>Carbon-neutral photovoltaic demonstration project Photovoltaic application and construction Green power procurement Energy management system Energy-saving technical transformation</p>
	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Technology, safety and management theme training Create a healthy enterprise in the park Employment Base for Disabled Workers, Sunshine Factory Employment practice base for trainees Lighthouse Study Tour Project “Enterprise-school double-teacher joint training” skill talent project Supplier SER survey</p>
	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and drive innovation</p>	<p>Industrial security intelligent management Green Manufacturing System Certification Clean technology research and development Digital transformation solutions for SMEs Industrial Internet Park Construction</p>
	<p>Reduce inequality within and between countries</p>	<p>Employment Base for Disabled Workers, Yangguan Factory Rural revitalization “helping students and helping the elderly” activities</p>
	<p>Building inclusive, safe, resilient and sustainable cities and human settlements</p>	<p>Upgrading of production equipment Eco-industrial park construction Relief funds for employees in major natural disasters</p>

	<p>Ensuring sustainable consumption and production patterns</p>	<p>Product ecological design Zero waste to landfill certification Hazardous substance management system Green Manufacturing System Certification Eco-industrial park construction Supplier management</p>
	<p>Take urgent action to combat climate change and its impacts</p>	<p>Carbon neutral strategy Carry out energy saving audit and diagnosis Energy-saving application in production and operation Self-developed “Carbon Steward” management platform Sustainable development education and publicity</p>
	<p>Conservation and sustainable use of oceans and marine resources for sustainable development</p>	<p>Marine, river cleanup volunteer program</p>
	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p>	<p>Carry out environmental impact assessment in the early stage of park construction Tree planting activities in the park</p>
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Labor human rights protection Intelligent reporting platform for conflict minerals Human rights, business ethics training Published the “Administrative Measures for Malpractice Prevention and Control”</p>
	<p>Strengthening the means of implementation and revitalizing the global partnership for sustainable development</p>	<p>Participate in standard formulation and revision Supplier training Lighthouse Navigator Program</p>

Stakeholder communication and analysis of substantive issues

Understanding stakeholder concerns and expectations is essential for Fii to determine highly material topics of sustainable development. Pursuant to AA1000 stakeholder engagement standard (AA1000 Stakeholder Engagement Standard 2015, "AA1000SES"), this report sets a four-step approach to stakeholder engagement to receive stakeholder input about sustainable operations of Fii while identifying highly material ESG topics.



Stage 1

Planning

Fii responds to dual materiality by taking advantage of this social responsibility report, and identifies and determines stakeholders in six aspects of responsibility, influence, closeness, dependency, representativeness and policy or strategic intention. Results show that compared with the 2021 Fii CSR report, surrounding communities (including residents) and peer companies were added as two categories of stakeholders.

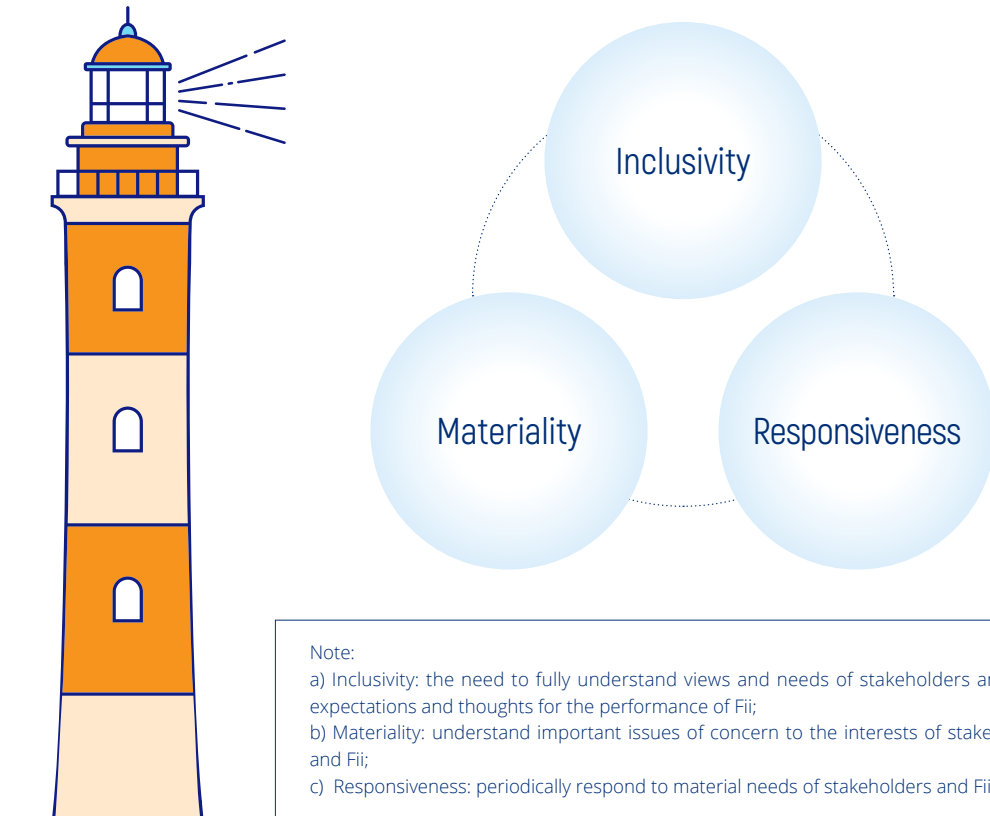
Fii values stakeholder communication and cherries every role played by each stakeholder. Active communication, correct conveying, acceptance with an open mind and real-time improvement are the orientation of acting in which the enterprise continuously develops.

Identification criteria	Meaning	Identification results	Result summary
Responsibility	Considering the present or future legal, economic and operating responsibility of Fii to stakeholders	Employees, government and regulatory authorities (including exchanges), customers and suppliers	
Influence	Considering individuals or organizations that can produce influence over Fii	Government and regulatory authorities (including exchanges), shareholders and investors, media, social organizations, industry associations	Customers Shareholders and investors Employees Suppliers
Closeness	Considering individuals or organizations closely dealing with Fii	Surrounding communities (including residents), customers, suppliers, employees, government and scientific research institutes	Government and regulatory authorities (including exchanges) Surrounding communities (including residents)
Dependency	Considering individuals or organizations that operate or exist directly or indirectly in reliance on Fii	Employees, individual suppliers (including power supply companies, water works, sewage treatment plants, etc), shareholders, investors	Scientific research institutes Industry associations Peer companies Media Social organizations
Representativeness	Groups or things that can represent particular populations or cannot communicate through representative taking into account national cultures, manners and customs and territorial regulations	Employees, surrounding communities (including residents), industry associations, social organizations	
Policy or strategic intention	Considering individuals or organizations that directly or indirectly affect decisions or value strategy of Fii	Shareholders, investors, scientific research institutes, surrounding communities (including residents), government	

Stakeholder	Ways of communication
Customers	CSR events, product exhibition, customer survey, technical seminar, customer hotline, customer satisfaction survey, periodical audit, etc.
Shareholders and investors	General meeting, financial report, CSR report, results reports, roadshow, survey and research, teleconference, etc.
Employees	Employee events, workers congress events, trade union events, corporate intranet, employee training and employee manual, etc
Suppliers	Annual supplier conference, supplier management platform, periodical supplier training, supplier audit, strategic cooperation negotiations, exchanges and mutual visits, etc.
Government and regulatory authorities	Institutional investigation, official correspondence, policy execution, information disclosure, etc.
Surrounding communities (including residents), media and social organizations	News releases, social media, event participation, questionnaire survey, community volunteer events, social charitable programs, social undertaking support programs, etc.
Scientific research institutes, industry associations	Telephone communication, unscheduled visit, CSR events, academic symposiums, industry exhibitions, industry training, exchange meetings, etc.
Peer companies	Co-construction of strategic alliance, improvement of collaborative partnership and formulation of industry standards, etc.

Stage 2 Preparation

The sources of material topics collected for sustainable development in this report are mainly based on sustainable development standards and codes (GRI Standards, SASB sustainability accounting standards, TCFD recommendation reports, etc), mainstream ESG rating agencies' standards (MSCI ESG rating, S&P CSA industry questionnaire, etc), sustainability reports of peer companies, relevant policy documents (the Self-Regulatory Guideline of the Shanghai Stock Exchange for Listed Companies No. 1—Standard Operation, etc), academic research findings (WEF 2020 White Paper, etc) and past annual CSR reports of Fii. By covering topics in three aspects of ESG, and hearing the internal development objectives of Fii's organization while observing the three principles of inclusivity, materiality and responsiveness of AA1000SES, 29 material topics were ultimately identified for this report.



Selection results and change details of material topics of Fii

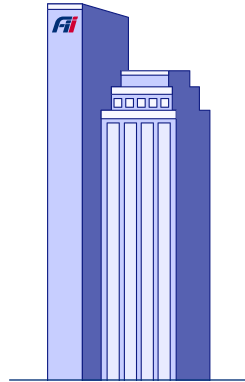
Category	Topics of 2021	Topics of 2022	Explanation of change	Explanation of effects on topics
Society	Product quality	Product quality and safety	Description update	Perform high-standard quality management of product manufacturing, properly deal with recall events or safety issues and ensure safe use of products by consumers.
	Customer service	Customer relationship management	Description update	Perfect the channels for customer communication management, conduct customer satisfaction survey, meet diverse customer needs and improve their user experience
	Community engagement	Social value creation	Description update	Produce favorable impacts on community development and contribute to social wellbeing.
	Conflict minerals management	Dispute sourcing	Description update	The reliance and quantity of raw materials purchased from conflict areas, as well as its management capabilities in traceability and certification, ensure that products are free of raw material conflicts.
	Chemical management	Chemical management	None	Hazardous chemicals involved in products, and corresponding policy formulation or management level of R&D investment, in order to try our best to reduce the impact of harmful chemicals on the environment and human health.
	Health and safety	Occupational health and safety	Description update	Pay attention to the physical and mental health of employees in the workplace, carry out regular physical examinations, and take effective measures to reduce the harm of occupational diseases to employees.
	Talent recruitment	Talent attraction and retention	Description update	Only a sound external recruitment system and internal career flow process can attract and retain excellent talents in line with the company's strategic development.
	Respect for employee diversity	Inclusiveness and diversity	Description update	Tolerate and respect the diverse backgrounds of employees, and give equal opportunities in management.
	Employee benefits	Labor rights protection	Description update	Through the signing of contracts, flexible work arrangements, comprehensive health plans, and the implementation of various holidays, the basic welfare of workers is guaranteed.
		Employee relations	Added	Effective employee communication channels provide access to the employment relationship between management and employees while reflecting the complexity and current issues of their workforce.
		Employee training and development	Added	Help employees formulate career plans, set up targeted training courses according to employee development needs, and employees and the company grow together.
		Human rights protection	Added	Avoid child labor in the workplace, prevent forced labor, discrimination, harassment, abuse, and enslaved labor, and establish a reporting mechanism for human rights violations.

Category	Topics of 2021	Topics of 2022	Explanation of change	Explanation of effects on topics
Society	Patent management		Integration into "Innovation Management"	
	R&D strength		Integration into "Innovation Management"	
	R&D innovation		Integration into "Innovation Management"	
	R&D investment		Integration into "Innovation Management"	
	Responsible supply chain		Updated to "Sustainable Supply Chain"	
	Compensation and incentive		Integration into "Compensation System"	
	Talent echelon construction		Integration of "Talent attraction and retention"	
	Training system		Integration into "Employee Training and Development"	
	Performance evaluation and promotion mechanism		Inclusion of "Employee Training and Development"	
	Employee rights protection		Incorporation of "Labor Rights" and "Human Rights Protection"	
Employee communication		Inclusion of "Employee Relations"		
Environment	Climate change risk management	Addressing Climate Change	Description update	Identifying, quantifying and managing the risks and opportunities brought by climate change to the company will benefit the future business continuity of the company.
	Energy management	Energy management	None	Reduce fuel and power consumption during production and operation, and improve energy efficiency.
	Water resources	Water resources and wastewater management	Description update	Reduce the use of fresh water resources, reduce the sewage generated by production and operation, and ensure the proper treatment of sewage to reduce environmental pollution.
	Solid waste	Waste management	Description update	Standardize the management of various types of waste, clarify the treatment methods, and evaluate and take measures for the waste generated in the upstream and downstream of the value chain.
	Exhaust gas	Exhaust gas	None	Reduce the emission of characteristic atmospheric pollutants in production and operation, and strengthen governance measures and management efforts to reduce the negative impact on the environment.
	Green products	Green products	None	By improving product design criteria, application of renewable raw materials, product end-of-life management and other product management methods, the company will realize low-carbon transformation and circular economy.
	Clean technology innovation	Clean technology opportunities	Description update	Carrying out clean technology and using it as a strategic layout for the development of production and operation can help enterprises seize industry opportunities.

Category	Topics of 2021	Topics of 2022	Explanation of change	Explanation of effects on topics
Environment		Greenhouse gas emissions management	Added	The disclosure of greenhouse gas emission information and management methods can improve the value chain's confidence in the company's sustainable operating environment.
	Low carbon economy policy changes		Incorporating "Addressing Climate Change"	
	Business ethics	Business ethics	None	Formulate preventive measures for anti-competition, anti-monopoly, anti-corruption, anti-fraud, commercial bribery, etc., and promote high standards of ethics in business conduct.
	Risk and compliance management	Risk and opportunity management	Description update	Identifying a company's current risks and opportunities and incorporating them into day-to-day management helps companies make better-informed decisions that ultimately improve business performance.
	Data Governance	Information Security	Description update	Supervise, control, communicate, and integrate the acquisition, processing, and use of internal and external related party data to effectively protect the interests of the company and customers.
		Sustainable Supply Chain	Responsible supply chain" moved to this year's governance issue	Perfect supplier access and audit mechanism, actively manage actual and potential related risks in the supply chain, in order to avoid compliance risks.
		Tax Strategy	Added	The improvement of taxation strategy and management method is one of the manifestations of the ability of enterprises to avoid risks.
		Innovation Management	Added	Innovative strengths such as R&D innovation, investment, and patents are the main capital in the industry competition of enterprises.
Governance		Economic Performance	Added	The effects and interests in economic activities are the direct result of the market performance of the enterprise and reflect the development status of the enterprise.
		Compensation System	Added	Reasonable salary management stimulates the subjective initiative of employees and improves work efficiency, which is the embodiment of the core competitiveness of enterprises.
		Corporate Governance	Added	Good internal corporate governance rules can promote the rationalization of the company's equity structure, enhance the core competitiveness of the company, and improve business performance.
		Whistleblowing mechanism		Inclusion of "Business Ethics"
		Sustainability management		Excluded, necessary sections of the report
		Executive compensation management		Inclusion in "Compensation Systems"
		Executive shareholding requirements		Inclusion in "Compensation Systems"
		Connected transactions		Inclusion of "Business ethics"
	Board composition		Inclusion of "Corporate Governance"	
	Stakeholder communication		Excluded, necessary sections of the report	

Stage 3 Implementation of the participation plan

In 2021, GRI released a new version of the reporting standard and proposed “Double-Materiality” as a guiding principle. “Double-Materiality” requires evaluating issues from the two dimensions of “Financial Materiality” and “Impact Materiality”. The former refers to the impact on the creation of organizational value, such as development, performance, reputation, etc., while the latter refers to the impact of the organization on the external economy, environment and people, including the impact on the realization of the United Nations Sustainable Development Goals (UN SDGs).



Financial Materiality

指对组织价值创造的影响，如发展、绩效、声誉等

Impact Materiality

指组织对外界经济、环境和人的影响，包括对实现联合国可持续发展目标 (UN SDGs) 的影响。

Industry associations
36

Media
40

Scientific research institutions
49

Governments and regulators
(including exchanges)
59

Customers
87

Social organizations
93

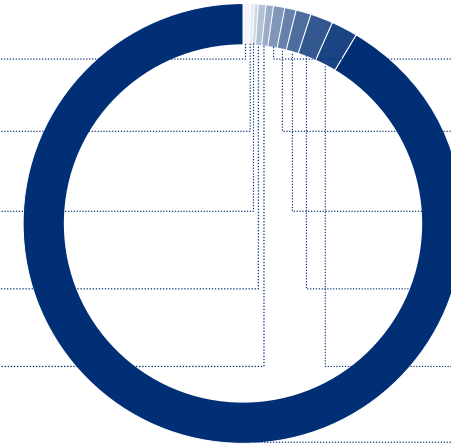
Companies in the same industry
94

Shareholders and investors
134

Surrounding communities
(including residents)
206

Suppliers
250

Employees
11,242



Through an online questionnaire survey, we invited stakeholders to conduct surveys on the “Double-Materiality” of 29 topics, and set open-ended questions to collect their views and expectations on Fii’s sustainable development work. By inviting various stakeholder groups to conduct surveys, a total of 12,290 valid questionnaires were collected.



Stage 4

Action evaluation and enhancement

According to the scoring results of relevant issues by stakeholders, a cross-analysis is conducted from the importance of the company's financial impact and the company's impact on sustainability. Comprehensively consider the impact of various issues on corporate finance and

the impact on sustainability, focusing on sustainability impact (60% of weight), combined with financial impact (40% of weight), and assessing substantive issues Sort by high, medium and low. Get the substantive issue matrix of Fii.

Highly substantive topics

- Greenhouse gas emissions management
- Fight climate change
- Sustainable supply chain
- Product quality and safety
- Cleantech opportunities
- Controversial procurement
- Customer relationship management
- Innovation management
- Salary system
- Information security
- Labor rights
- Risk and crisis management
- Occupational health and safety

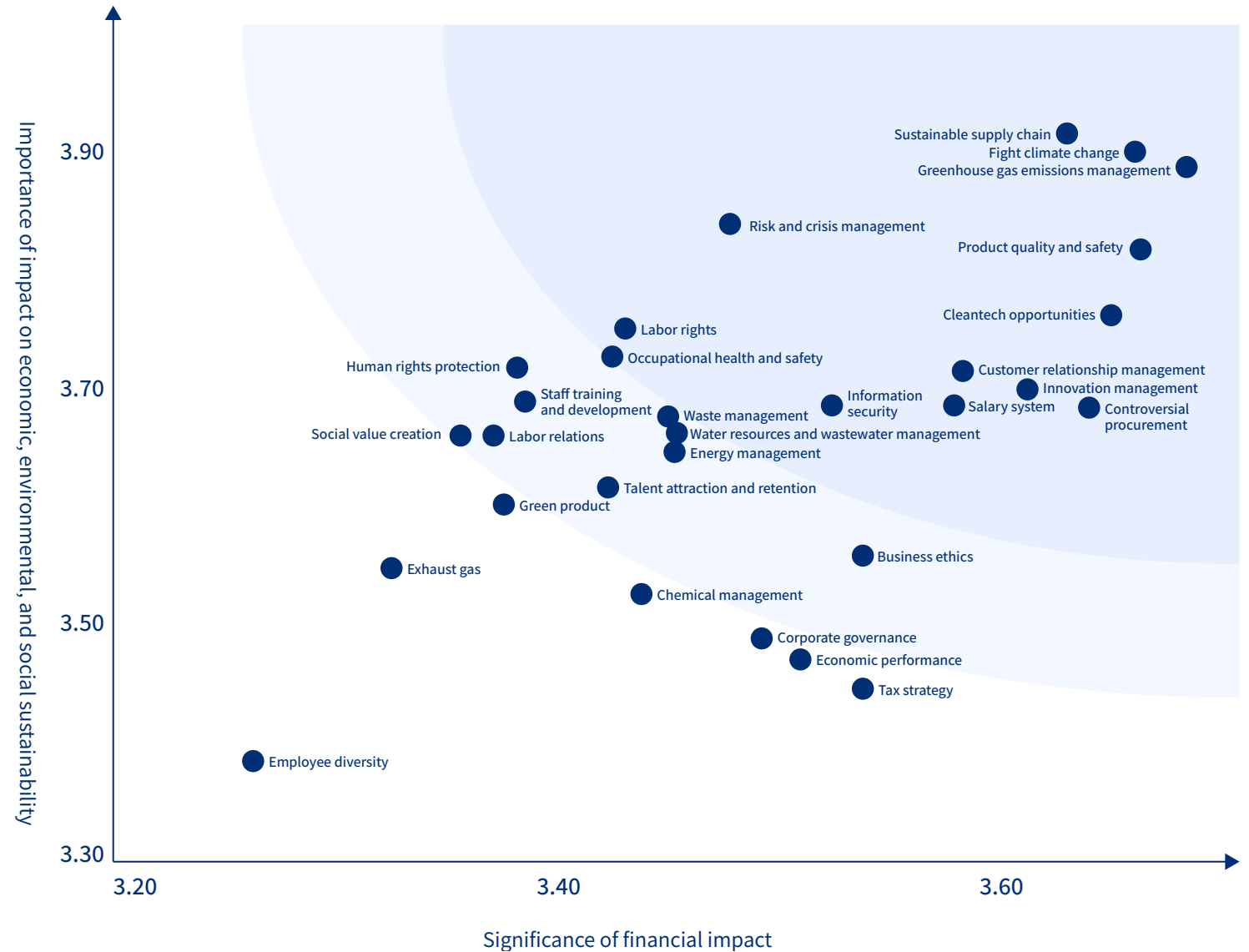
Medium substantive topics

- Waste management
- Human rights protection
- Water resources and wastewater management
- Energy management
- Staff training and development
- Business ethics
- Labor relations
- Social value creation
- Talent attraction and retention

Low substantive topics

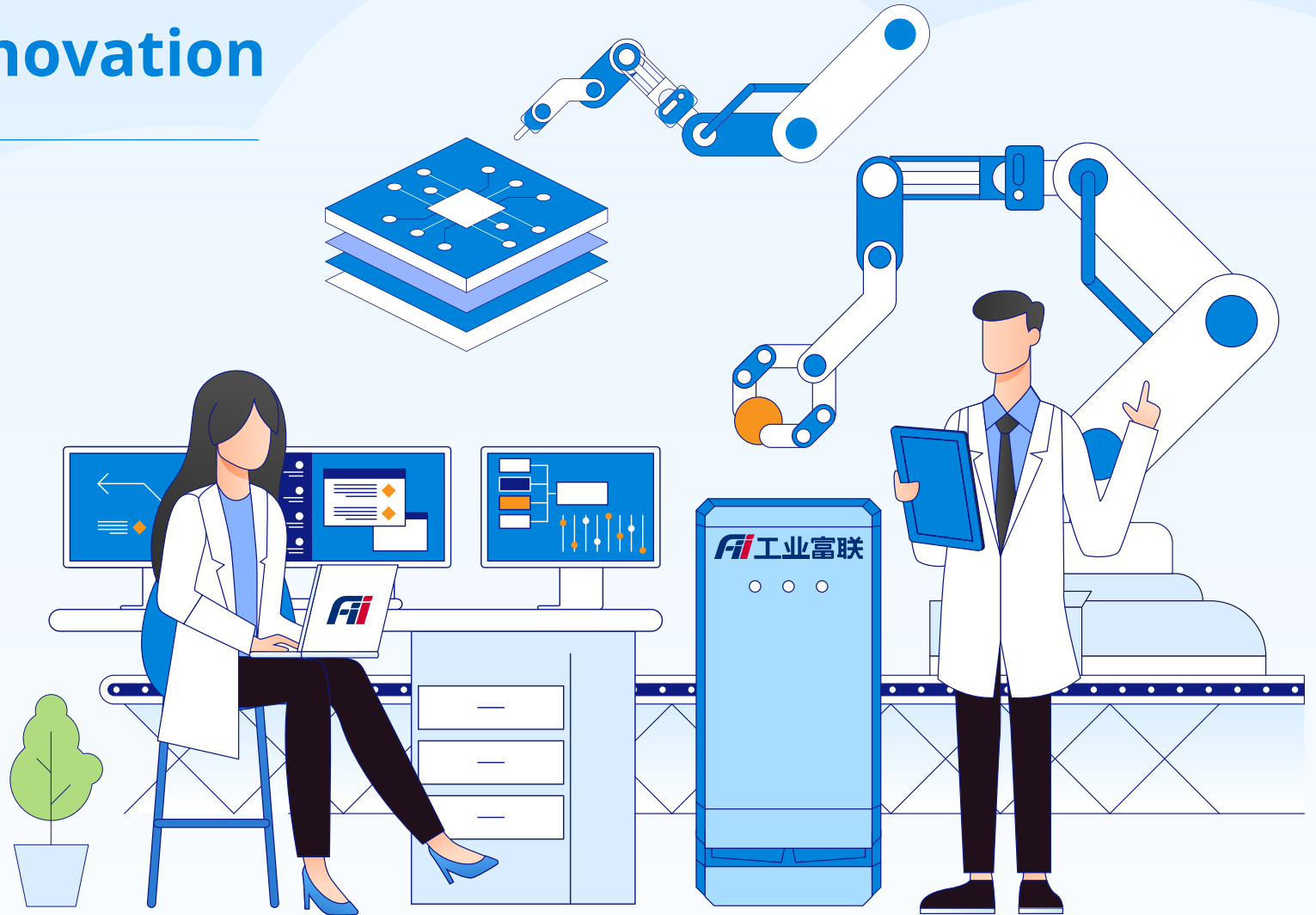
- Chemical management
- Corporate governance
- Economic performance
- Tax strategy
- Green product
- Exhaust gas
- Employee diversity

Substantive Issue Analysis Matrix



1 Pioneers of innovation

- Clean technology opportunities >
- Innovation management >
- Green products >
- Product quality and safety >
- Customer relationship management >



Clean technology opportunities

As the challenge of global climate change becomes increasingly severe, the trend of green, low-carbon and clean markets is becoming more and more obvious. How to seize the opportunities brought by clean technology in the changing market is of great importance to Fii. The company has formulated a special cleaning strategy plan, and gradually shifted its business focus to the field of clean technology, increased investment in innovation, reserved high-tech, and vigorously expanded the market for clean technology products.

Clean technology strategy

Under the general framework of the company's sustainable development strategy, the strategic direction of "digital intelligence empowerment" is proposed for the field of clean technology. Fii shall focus on the three major sectors of semiconductors, new energy vehicles and industrial intelligence, continue to increase investment in innovative research and development, and continue to help energy conservation and emission reduction in industry, transportation, construction and other fields with digital and intelligent product services as the guide, and promote low-carbon transition at the social level.

Based on the current situation of the company's development, we propose:



By 2025, clean technology/product service revenue will account for more than **50%**.

Cleantech strategic directions:

Technological innovation, layout of high-efficiency semiconductor ecosystem

The emerging wave of artificial intelligence is erupting around the world, and smart products such as ChatGPT will inevitably bring higher demand for computing power. With the help of the company's technology accumulation in the field of high-end precision equipment manufacturing, we focus on the direction of nano-scale semiconductor core manufacturing technology. By mining semiconductor Innovate the manufacturing process, continuously improve the level of computing power, create application scenarios for artificial intelligence in various industries, and promote industrial AI. At the same time, it further pursues the ultimate energy consumption performance, reduces the energy consumption of equipment operation, and meets the market demand for "high computing power and low energy consumption". Create a new semiconductor industrial Internet ecosystem to help solve the energy challenges facing the world.

Reduce volume and increase efficiency, assist in green travel of new energy transportation

Focusing on the lightweight and power-saving development of new energy vehicles, we plan to build a fully-linked digital factory that integrates the upstream lightweight materials of new energy vehicles, the midstream batteries, drive motors, circuit systems, core components, etc., and the downstream overall Vehicle manufacturing, charging piles, etc., to achieve reduction and efficiency increase in the entire value chain. We focus on electric drive and electronic control of new energy vehicles, intelligent vehicle and vehicle Internet technology innovation, reduce the weight of the core drive system, optimize intelligent control logic, reduce energy loss during vehicle driving, improve battery conversion efficiency, and accelerate new energy transportation technology iteration.

Digital transformation, opening up a diversified industrial metaverse

Combining virtual reality and simulation technology to accelerate digital transformation in the industrial field, we focus on industrial intelligent control platforms, high-efficiency data centers and "lighthouse factory" technical solutions, etc., to create a digital industrial model in the new era, strengthen factory demand-side management, and strive to reduce production. The energy consumption of the whole manufacturing process will eventually realize the integration of industrialization, digitalization and intelligence in the Metaverse.

Clean technology applications

We practice the company's core strategy of "data-driven, green development". For the three main businesses of communication and mobile network equipment, cloud computing, and industrial Internet, integrate new generation information technology, new materials, new energy, and green and low-carbon technologies to promote the development of emerging industries.

Renewable energy

Provides inverters and spare parts for solar power generation installations, photovoltaic equipment and accessories, and solar battery packs, contributing to the positive development of the renewable energy industry.

Automated industry

Including Internet of things terminal equipment, industrial automatic control electronic equipment, automation fixtures, mechanical automation equipment and parts, intelligent robots, intelligent vehicle electronic products, Internet of vehicles terminal equipment, multi-functional industrial robots, etc., to improve industrial manufacturing efficiency.

Artificial intelligence

Artificial intelligence application integration technology, development of artificial intelligence application software, empowering industrial intelligent development.

清洁技术相关营收 (亿元)

2,143.56

营收占比

41.88%

Smart manufacturing

Provide customers with software platform research and development and big data analysis services, intelligent manufacturing system development and solution technical services, industrial Internet platform technology development and technical services, industrial automation engineering technology research and development design, smart factory digital services, "lights out factory", "lighthouse Factory", precision manufacturing overall solutions and engineering services, excellent consulting services and smart factory solutions, to achieve one-stop services of intelligence, energy saving and efficiency improvement.

Energy efficiency management

Covering energy, environmental protection and safety Smart FMCS (intelligent factory energy management system, smart park EHS overall solution), green energy-saving management core application system, smart grid, mobile data center computer room, photovoltaic energy storage service application system, optimized energy management mode, tap the potential of industrial carbon reduction.

Other technical applications

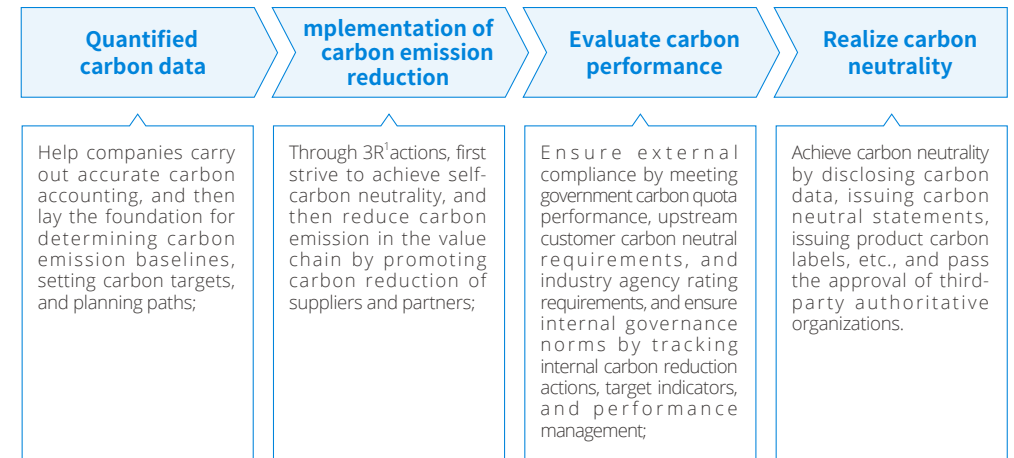
LED/smart light poles, rainwater pipe network intelligent pollution interception protection system, oil pollution purification system frequency conversion control, digital application of smart factory, reduce industrial pollution through digital equipment.

In 2022, through our efforts, the revenue of clean technology-related businesses has reached 214.356 billion yuan, accounting for 41.88% of all revenue. In the future, we will continue to develop the clean technology business and continue to move towards the 2025 phased goal.

Case

Carbon neutral solutions for digital enterprises

Fii believes that corporate carbon neutrality is a long-term, systematic action that requires the support of systematic planning and digital capabilities. Combined with our carbon neutrality practice, we have identified four major steps to tailor a carbon neutrality roadmap for enterprises.

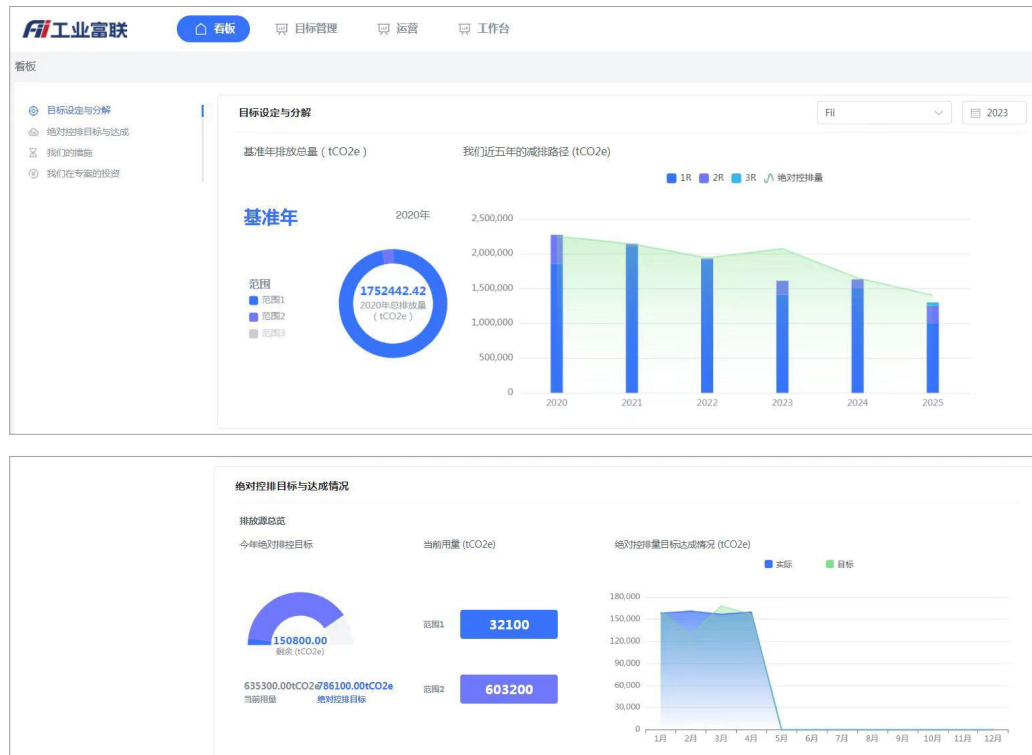


In the process of practicing the path of carbon neutrality, a series of digital capabilities are needed, including carbon verification, carbon footprint, carbon assets, panoramic carbon management, digital energy management, etc. There is also a greater need for comprehensive introduction of carbon reduction technologies, including advanced energy saving and emission reduction technologies, comprehensive energy management, new energy/green electricity/energy storage and other technologies.

Combined with the actual needs of energy and dual-carbon management of manufacturing enterprises, we have established a complete energy and carbon solution. Based on the supporting capabilities of the technology base, three business application platforms covering the whole scene are built: industrial intelligence platform, digital manufacturing platform, and ESG IoT platform.

1.3R: Refers to Reduce, Replace and Resolve respectively. Reduce: Realize energy consumption reduction through advanced equipment such as energy Internet of Things, intelligent group control, and high-efficiency systems. Replace: Realize energy structure transformation through new energy applications such as photovoltaics, green power, and energy storage. Resolve: To achieve carbon neutrality through economic means such as green economic development and carbon rights trading.

According to different business scenarios, it provides carbon accounting, smart energy management, panoramic carbon management and low-carbon value chain collaboration services for enterprises. Help enterprises to achieve refined energy management and control, accurately quantify carbon emissions, continuously track carbon targets and assist enterprises to promote carbon reduction actions to upstream and downstream suppliers, and jointly build a low-carbon value chain.



Visual management of carbon emissions

Fii continues to optimize the carbon emission management platform, and independently developed the carbon steward tool according to the ISO 14064 standard, which covers the carbon emission factors of many countries and regions such as China, the United States, the Asia-Pacific, and the European Union, and can meet the requirements of energy, manufacturing, commerce, agriculture, forestry and animal husbandry. Inspections in many industries such as fishing, construction, and mining. The carbon steward tool has now obtained the third-party certification from the authoritative organization TÜV SÜD, which can measure and evaluate the carbon emissions of the organization, track, record and report the carbon emissions of the organization.



We are committed to helping enterprises optimize their energy management models, improve their carbon emission management capabilities, and move towards a low-carbon and clean future.

On the other hand, we actively carry out the application of clean technology within the company to promote the company's green and low-carbon development. At the same time, we reserve high-tech clean technology to lay the foundation for future business development.

Clean energy substitution

We are well aware that the transformation of social energy structure is inevitable. In order to gradually reduce the company's dependence on fossil energy and enrich the technology accumulation of clean energy applications, we are accelerating the promotion of the application of renewable energy in various factories, and propose a phased goal:

Medium-term goals

2025
Renewable energy application ratio **40%**

Long-term goals

2030
Renewable energy application ratio **80%**

Long-term goals

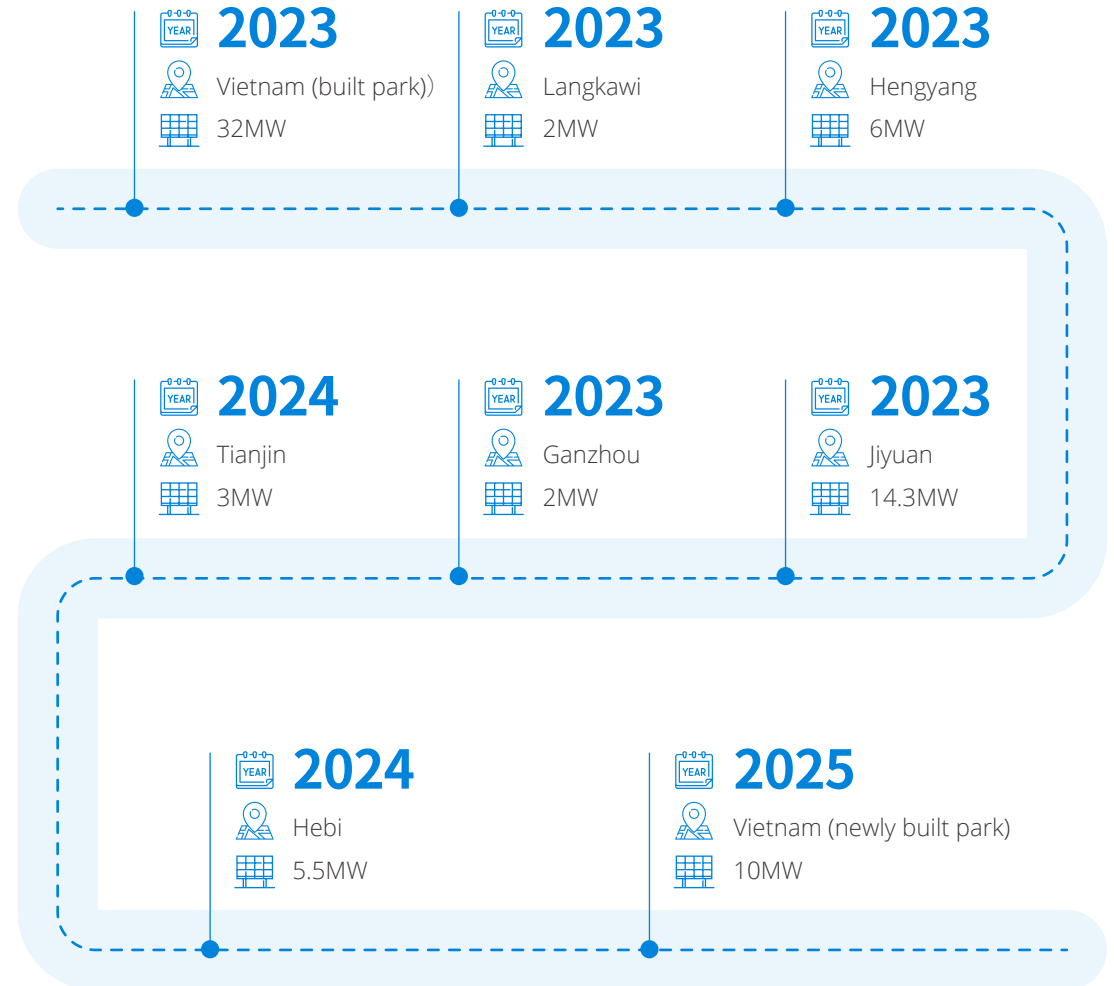
2035
Renewable energy application ratio **100%**

We continue to promote the construction of distributed photovoltaic power stations and actively purchase green electricity to increase the proportion of the company's use of renewable energy. During the reporting period, photovoltaic power generation reached 38.13 million kwh, and purchased green power of 62.58 million kwh, totaling 100.7 million kwh, accounting for about 2.8% of the annual energy consumption.



Green power purchase certificate (part) of Nanning Fulian Fugui Precision Industry Co., Ltd.

We are now embarking on the installation of 32MW of solar photovoltaic equipment in our Vietnam factory. In the next two years, we will also plan to pilot solar photovoltaic applications in Ganzhou, Tianjin, Lankao, Hebi and other places in China. It is estimated that by the end of 2023, the total photovoltaic installed capacity will reach 78MW, equivalent to a reduction of about 48,048 tCO₂e.



Case

Vietnam factory solar PV pilot

In 2022, we will install large-scale solar power panels on the roofs of seven factories in Vietnam to provide electricity and domestic hot water for production facilities in the park. The estimated installed capacity of solar photovoltaic panels reaches 32MW, and it is expected to be officially connected to the grid for power generation in 2023. The project's annual power generation is estimated to reach 32,186 MWH, which can reduce carbon emissions by about 25,881 tCO₂e equivalently. Through the EMC energy management contract mechanism, it is estimated that the company can save about US\$18 million in electricity expenses during the 25 years of the contract.



Vietnam factory view

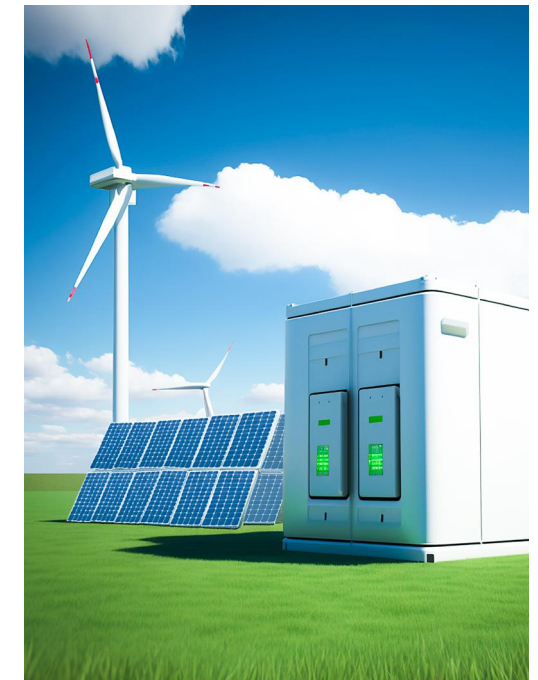
In addition to solar energy, the company is also working to promote the practical application of other renewable energy sources. In the future, it is planned to adopt the cascade utilization technology of medium and deep geothermal wells in China's Lankao factory to develop geothermal resources, so as to carry out the pilot application of geothermal energy in the northern part of mainland China. This technology realizes indirect heat exchange through geothermal water heat exchange, and returns heat to water. The maximum heat supply is expected to reach 217,095kwh. Compared with ordinary boiler heating, it has the characteristics of energy saving and high efficiency, which can greatly reduce carbon emissions and reduce the impact on the environment.

At the same time, Fii implemented the concept of green transportation, gradually replaced diesel forklifts in all factories with new energy forklifts, and improved supporting charging facilities to reduce the consumption of fossil fuels generated by transportation in the park. In the future, we will continue to promote the long-term development of new energy transportation, and replace all land transportation vehicles in the supply chain with new energy vehicles in combination with the state of national infrastructure construction.

Energy storage

With the increase in the proportion of renewable energy applications, in order to balance the asymmetry between energy demand and supply and accelerate the transformation of energy structure, we are embarking on energy storage project planning. At this stage, the energy storage of electricity is mainly carried out for self-owned parks and supply chain parks. Through the establishment of an energy storage system, the excess renewable energy power generation during the low-peak period of electricity consumption can be stored, and the power supply gap can be made up during the peak period of electricity consumption, so as to achieve the role of "shaving peaks and filling valleys".

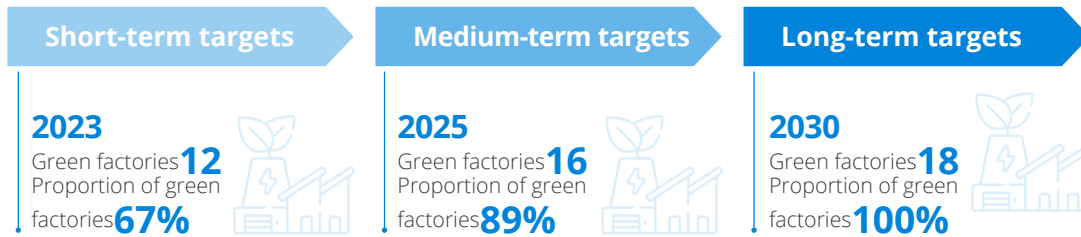
During the reporting period, we have completed the feasibility assessment of the Shenzhen Guanlan factory, and it is expected to complete the pilot construction of 3MWh of energy storage systems in 2023.



Green factory

We set an example by emphasizing the creation of an efficient and energy-saving industrial operation model, and are committed to reducing the impact of the manufacturing process on the environment and the consumption of resources. Formulate targeted energy-saving plans according to different industrial parks, apply diversified technical measures to achieve green and low-carbon management in terms of energy conservation, water conservation, and material conservation, and further accumulate technical practice for the company's industrial intelligent solutions.

As of the end of the reporting period, 12 of our factories have obtained national, provincial and municipal "green factory" certification, accounting for 67%. We plan to continue to increase the coverage of "green factories" and propose phased goals:



Note: The proportion of green factory coverage is the proportion within the scope of key carbon emission units (annual average carbon emission exceeding 10,000 t).



Lighthouse factory

We continue to explore innovative technologies for industrial digitalization and intelligence, and actively pilot the "Lighthouse Factory" solution. By improving quality and efficiency, reducing costs and reducing storage, we can achieve emission reduction and recycling, and reduce the impact on the environment. At the same time, set a benchmark to lead the digital and intelligent development of the industry, and contribute to the transformation and upgrading of the country's manufacturing industry.

We propose the "Lighthouse Navigator Program":



From 2021 to 2025, help **10** leading companies to build a world-class "lighthouse factory" transformation benchmark; help **100** leading companies to achieve complete digital transformation; introduce digital technology applications for **1,000** manufacturing companies; use the platform to help **50,000** small and medium-sized enterprises Provide industrial and technical services to help the transformation and upgrading of the national manufacturing industry.

The demonstration significance of the "Lighthouse Factory" is to break through the pilot trap, successfully integrate multiple fourth industrial revolution technologies within a factory or a value chain, innovate business models, bring considerable economic benefits, and promote sustainable transformation.

As of the beginning of 2023, we have empowered and built 6 "lighthouse factories" and obtained certifications, serving more than 1,400 companies, covering electronics manufacturing, automobiles and parts, pan-home furnishing, medical equipment, metallurgical materials, chemical materials, and mechanical processing, power equipment and other diversified industries. The digital and intelligent solution based on the "Lighthouse Factory" has become one of Fii's core competitiveness in the field of digital-real integration.

Case
Build the world's first precision machining "lighthouse factory"

At the beginning of 2023, the World Economic Forum (WEF) announced the latest batch of "Lighthouse Factory" list, and Fii Shenzhen Guanlan Factory was successfully selected, becoming the world's first precision machining "Lighthouse Factory".

The Guanlan factory is mainly engaged in the R&D and production of precision metal products such as mobile phone precision mechanism components.

Through five innovative technologies, we realize industrial digitalization and intelligent transformation:

- Create artificial intelligence-driven new product introduction, accelerate R&D and new production line debugging
- Deploy a new generation of CNC light-off factories to achieve worry-free light-off production
- Through the advanced control of independent anode dyeing, flexible and intelligent collaborative control is realized
- Strengthen high-precision automatic quality monitoring, greatly improving detection efficiency;
- Through multi-factory benchmarking analysis and production capacity optimization, the synchronous production capacity increase of 10 factories and more than 200 workshops has been realized

The Shenzhen Guanlan factory is digitally connected to all equipment, realizes independent intelligent production in the whole process through the AI model, and filters and recycles waste from the production line.

Through the large-scale deployment of 37 4IR use cases, the introduction speed of new products was accelerated by 29%, the ramp-up speed of mass production was increased by 50%, the defect rate was reduced by 56%, and the manufacturing cost was saved by 30%.

Against the background of the metaverse of industrial intelligence, digital and intelligent solutions based on the "Lighthouse Factory" have become one of Fii's core competitiveness in the field of digital-real integration.



Full process to achieve lights-out production



AI intelligent monitoring

Innovation management

Technological innovation

Technological innovation is the core competitiveness of the company, which is directly related to our future business development. We have established an excellent technical research and development team and invested sufficient research and development funds to maintain the leading technology of products, so as to meet the needs of different customers.

At the same time, we abide by scientific ethics and advocate the cultivation of social responsibility values. A strict internal approval process is implemented for each patent application, and science and technology that endanger the natural environment, life and health, public safety and ethics are not developed or used to ensure that scientific and technological achievements can have a positive impact on promoting social progress.

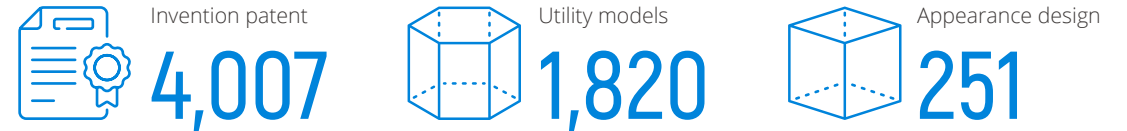
As of the end of the reporting period, we had a R&D team of more than 30,000 people, accounting for 15.90% of all employees in the company. Among them, R&D personnel with a master's degree or above accounted for 7.83% of the R&D team.

The company vigorously develops high-tech related to new energy, energy saving and efficiency enhancement, pollution control and green building. The research and development investment in scientific and technological innovation reached 11.588 billion yuan, accounting for 2.26% of the annual revenue, an increase of 6.95% over the previous year.

In order to further strengthen our technological innovation strength, we propose:

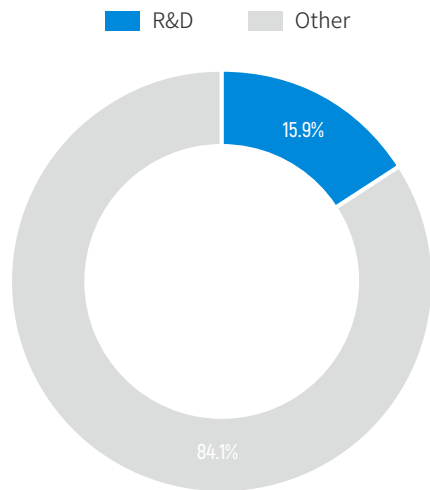
In the future, an additional 10 billion R&D investment will be added;
Continue to increase the proportion of clean technology R&D investment in current annual revenue.

As of the end of 2022, the company has effectively applied for and authorized a total of 6,078 patents, an increase of 574 over the previous year, an increase of approximately 10.4%.

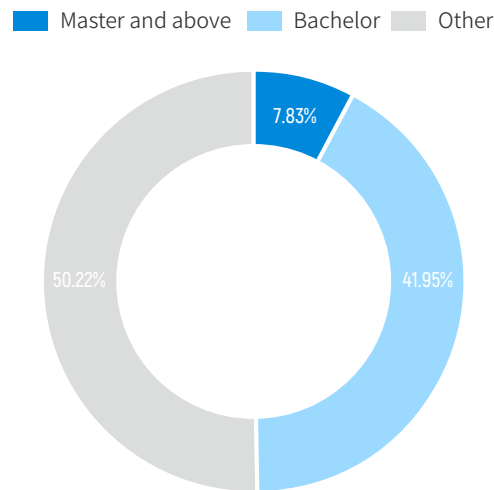


The cumulative number of patents related to clean technology reached 1,147, an increase of 343 over the previous year, an increase of about 42.66%.

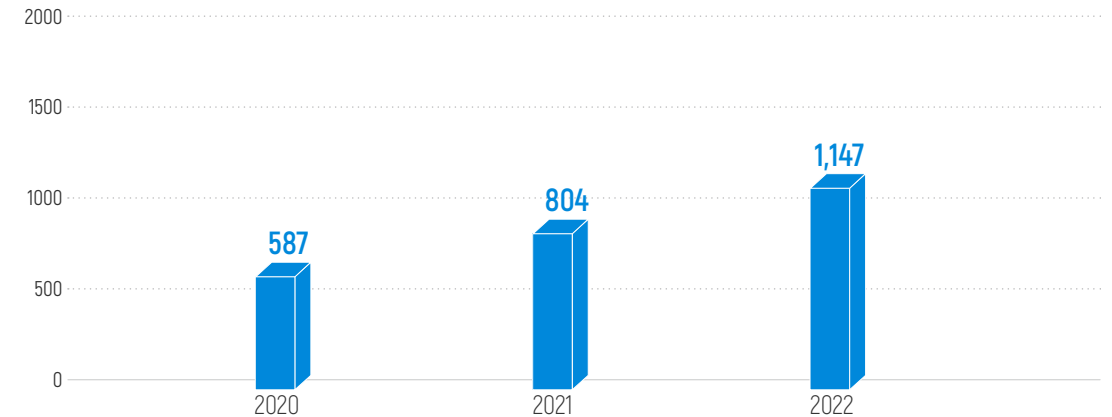
Percentage of R&D employees



R&D employee composition

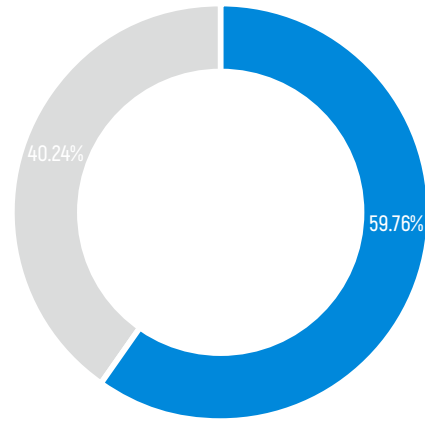


Changes in the cumulative number of clean technology related patents in the past three years



New patent categories added in 2022

■ Number of patents related to clean technology ■ Number of other patents



We are constantly enhancing our own research and development capabilities, and are increasingly focusing on technological innovation in clean technology. Among the number of newly added patents in 2022, the number of patents related to clean technology has reached 59.76%, mainly for energy saving and efficiency enhancement and pollution control. We actively explore the application of clean technology in the future company's product level, and are committed to deepening research on cutting-edge leading technologies while continuously developing the company's innovation capabilities, laying a solid foundation for the company's "digital intelligence empowerment" clean technology strategic development direction Base.

Technological patent achievements



Number of valid applications and authorized patents

6,078



Number of clean technology patents

1,147



Number of newly added clean technology patents

343



Growth rate of clean technology patents compared to the previous year

42.7%

Case

Research and develop high-performance nano-alloys to improve the efficiency of intelligent manufacturing

In 2022, under the leadership of Huang Boyun, an academican of the Chinese Academy of Engineering, Jingjiang Yunchuang Technology Co., Ltd., a subsidiary of Fii, joined hands with Central South University, Tsinghua University and other school-enterprise joint scientific research teams to overcome the major topic Key Technology and Application of Large-scale Preparation of High-Performance Nano-Cemented Carbide. Won the first prize of the 2022 China Nonferrous Metals Industry Science and Technology Award.



First Prize of Industrial Science and Technology Award

Tested by the National Physical Laboratory of the United Kingdom, the main component of the high-performance nano-tungsten carbide has an average grain size of only 0.11 μ m, a hardness of 2060HV30¹, and a bending strength of 5710 MPa. It has successfully achieved high strength, high hardness, and high Mass production of wear-resistant alloy-based materials.

High-performance nano-alloys can be widely used in high-end processing technology fields such as high-efficiency and high-precision drilling, cutting, and milling. The resulting knives can improve the level of precision machining in aerospace, automotive, electronics and other manufacturing fields.

Compared with ordinary cutting tools, the comprehensive processing efficiency of high-performance nano-alloy cutting tools can be increased by at least 5%. Taking this efficiency improvement as the standard, it can generate indirect economic benefits of about 12 billion yuan per year. Effectively improve the efficiency of intelligent industrial manufacturing and reduce processing costs.

With the mission of reaching the forefront of the world's science and technology, we constantly improve our self-innovation capabilities, actively explore the field of clean technology research and development, and help customers achieve green and low-carbon development.

1.HV30: 硬度单位

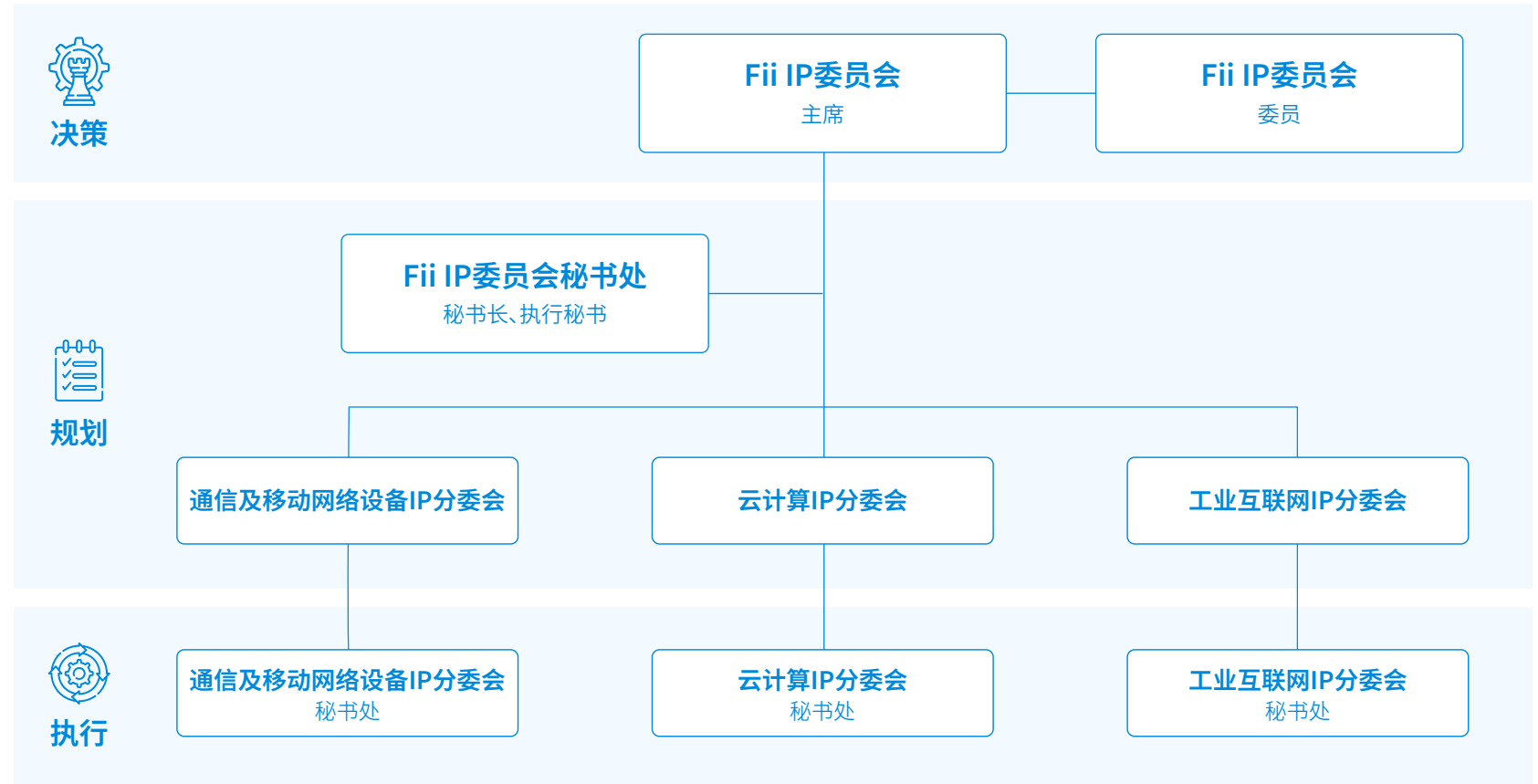
Intellectual property management

Intellectual property is an important intangible asset of Fii. In the context of increasing international confrontational intellectual property laws and regulations, smart manufacturing itself also involves a large number of technological innovation patents, which is easy to form patent barriers. Reasonable and standardized intellectual property management is the key to protecting technological innovation of enterprises.

In order to promote the standardized management of intellectual property rights within the company, comprehensively coordinate, systematically coordinate and comprehensively make various intellectual property management work, stimulate the company's core competitiveness, and ensure the sustainable development of innovative businesses, we have formulated the Foxconn Industrial Internet Co., Ltd. Intellectual Property Management Committee Charter, and established the Fii Intellectual Property Management Committee (referred to as Fii IP Committee), with the CEO serving as the chairman of the committee. Divide into levels and implement responsibilities.



Fii IP committee organizational chart



Decision-making level

Make decisions and guide the establishment of committee organizations;
Decision committee strategy major events.

Planning level

Develop management policies and annual plans;
Develop management indicators and supervise implementation;
Organize regular meetings and major events;
Write regular work reports and report to the decision-making team.

Execution level

Assist the planning team in formulating and implementing various work arrangements;
Write regular work reports and report to the planning team.



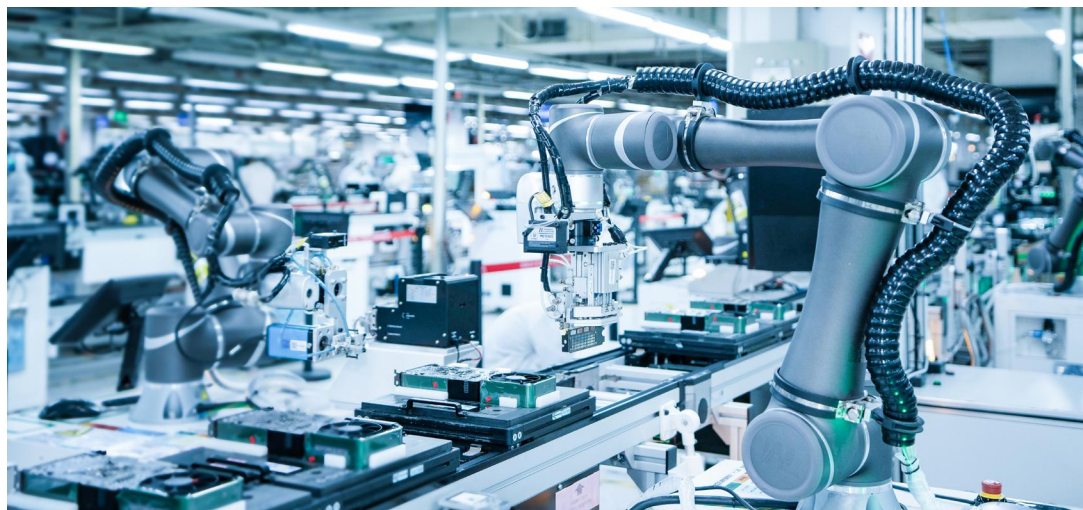
National Intellectual Property Management System Certificate

We regularly hold quarterly meetings and annual meetings to track the progress of intellectual property management and implement various meeting decisions.

With a standardized intellectual property management model, we obtained the national GB/T 29490-2013 intellectual property management system certificate during the reporting period.

At the same time, we also pay attention to the cultivation of intellectual property awareness in daily management. During the reporting period, we carried out 5 intellectual property related trainings. The training content covered trade secrets, infringements and risks of open source software, covering 316 person-times.

On the other hand, in order to enhance industry exchanges, we joined the China Patent Protection Association in 2021 and served as the vice president to jointly promote the development of intellectual property rights with the association.



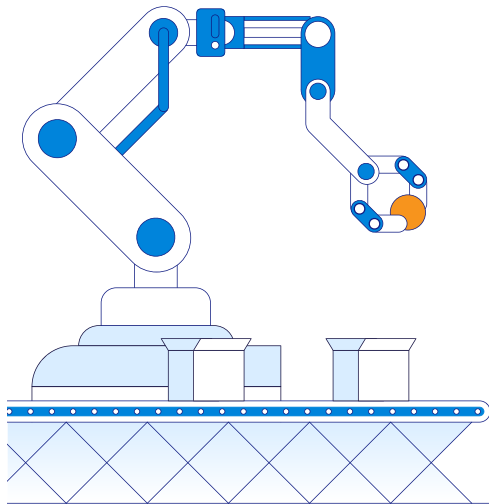
In 2022, we are involved in:

- 1 The Civil Code Entering Enterprises activity held by the Fii trade union and the Shenzhen Bureau of Justice, combined with the International Intellectual Property Day to give lectures on intellectual property rights and laws;
- 2 Served as a guest at the roundtable discussion on "How enterprises manage and protect trade secrets" held by Tian Yuan Law Firm;
- 3 China Intellectual Property Managers' Annual Conference and delivered keynote speeches on corporate intellectual property strategies.

Green products

We believe that green products are an important way to promote the low-carbon transformation of society. Green products can not only help us save resources consumed in the production process during the design and manufacturing phase, but also help customers improve resource utilization efficiency and reduce energy consumption during the use phase. Ultimately, the impact on the ecological environment is reduced by recycling waste products.

In order to gradually establish systematic product life cycle management and enhance the environmental friendliness of products, we plan to formulate product life cycle management policies and commitments before 2025, and improve the principles of product ecological design.



Design concept

Our existing products and services cover communication and mobile network equipment, cloud computing and Industrial Internet. The company has developed an overall Environmental Design Specification for physical products, and its subsidiary business groups such as NPBG have developed principles for product research and development cycle design. Our environmentally friendly design concept is elaborated from five aspects: "harmless", "reduction", "energy saving", "recycling", and "ergonomics", which combine the principles of strengthening product cycle utilization attributes.

Harmless design

The company strictly controls the toxic and harmful chemical substances contained in products and consumables to ensure that the products do not contain high-hazardous chemical elements such as lead, cadmium, mercury, hexavalent chromium, chlorine, and bromine during the design and production process. EU REACH, RoHS, WEEE and other related directives.

Reduced design

Reduce product weight through refined product design, delete appearance features and unnecessary accessories that are not used for engineering purposes, save product packaging materials, design efficient product packaging, eliminate foam packaging, optimize packaging efficiency, and maximize product realization. lightweight. At the same time, standardize the production process of modular products, and reduce the resource consumption in the product manufacturing process as a whole.

On this basis, the company is committed to continuously improving product design requirements. During the reporting period, the company referred to the domestic Green Product Evaluation General Rules GB/T 33761, Green Design Product Evaluation Technical Specification Server T/CCSA 253, Green Design Product Evaluation Technical Specification Integrated Cabinet Data Center T/CESA 1132, etc., set out to write green product design standards applicable to Fii's own industrial development.

Energy-saving design

On the premise of ensuring product quality, optimize the production process and reduce production energy consumption. Improve product energy efficiency, reduce energy products related to temperature control systems, develop low-power products, optimize front-end power consumption, and reduce overall energy consumption.

Design for easy recycling

Optimize component design in product design, apply reusable components, consider renewable materials and easily recyclable materials, and recycle processed materials in the manufacturing process.

Ergonomic design

People-oriented, fully consider human health, safety and comfort, and emphasize reasonable ergonomic design.

We plan to complete the preparation of the standard and officially release it in 2023, which will cover various major products such as servers, mobile smart terminals, data centers, and routers. By clarifying the product design and attribute requirements evaluation standards in the product introduction and R&D stages, a strict access control mechanism is set up from the front end.

In August 2022, the China Electronic Energy Conservation Technology Association officially launched the preparation of two standards: the Evaluation Specification for Carbon Labels in Data Centers (standard number: T/DZJN2022017) and the Data Center Carbon Emission Control Specification (standard number: T/DJN2022018). As a member of the drafting working group, Fii shared the design concept and project experience of building green data center products, promoted the construction of a comprehensive low-carbon data center rating system, and made positive contributions to the overall industry's realization of green and low-carbon development.



Certificate of participation in the compilation of double carbon standards for data centers

Case

Promote the concept of green design and lead the development of the industry

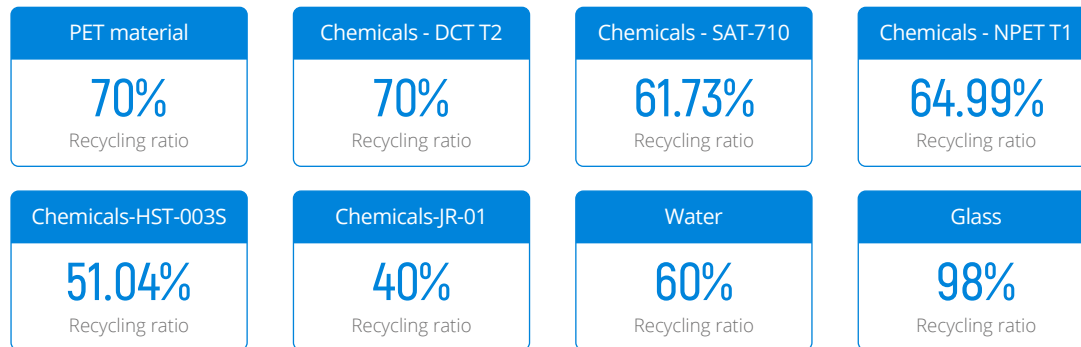
Process manufacturing

We are committed to continuously optimize the process, improve production efficiency, extend the service life of equipment, save production resources, create a product line with high energy efficiency and low consumption, reduce energy, water and materials used in the manufacturing process, and reduce the impact of product production on the environment in an all-round way.

Category	Measures	Effect
Energy conservation	Efficient cleaning machine + program optimization	Approximately 20% energy savings (depending on capacity changes)
	Infrared drying technology	Approximately 30% -40% energy savings
	Vacuum centralized supply	Approximately 75% energy savings
	Centralized supply of ice water	Approximately 20% energy savings
	Multistage integrated vacuum generation technology	About 50% reduction in gas consumption
Water conservation	Pure water wiping cleaning technology	Reduce cleaning solvents and wastewater
Material saving	Reduced Design of Metallurgical Tool Module	Average savings of about 40% in raw materials
Extend equipment life	Tool coating	35% -40% longer lifespan
	Molecular atomization+low-temperature rapid drying technology	Significantly extend the service life of plastic fixtures

Partial process optimization measures and effects

In the production process, we also focus on the recycling of auxiliary production materials to reduce resource waste.



Partial material recycling ratio

Product use

In the entire product life cycle, the use stage is the key stage that affects the environment. High-quality, high-performance, high-durability products can effectively reduce resource consumption in the use stage and realize the concept of green and low-carbon products. We hope that the company's products can bring long-term benefits to customers, such as reducing energy consumption, reducing greenhouse gas emissions, reducing environmental pollution, and extending product life.

Case

Efficient Immersive Liquid Cooled Data Center

In the context of the new era of digitalization, data centers, as the Internet infrastructure, have been used in all aspects of society, but the ensuing energy consumption problem is a major challenge.

According to our calculations, in traditional data centers, the energy consumption of IT equipment and air conditioning systems will account for more than 80% of the annual energy consumption. We are committed to providing energy-efficient data center solutions through liquid cooling technology.

Technical advantages:

High heat dissipation: liquid has a higher thermal conductivity, the heat transfer effect of the same volume of liquid is 1000 times that of air, and the heat dissipation performance is even better.

High reliability: Reduce the negative impact that the air-cooled heat dissipation system may have on the equipment operating environment, such as noise, vibration, humidity, dust, etc.

Reduce system energy consumption: While helping IT equipment to dissipate heat, the liquid cooling system itself can also be used as a refrigerant for the air conditioning system. The integrated cooling system design allows the liquid refrigerant to help dissipate heat from both the IT equipment and the air conditioner, reducing the energy consumption of the air conditioning system by more than 50%.

Our immersive data center solution can achieve a data center PUE¹ of less than 1.09. Compared with traditional air-cooled data centers, the overall energy efficiency performance can be improved by more than 15%.

In addition, the company plans to carry out ISO 14067 product carbon footprint certification for 3 products before 2025, hoping to help customers better understand the greenhouse gas emissions of existing products, and further deepen our green and low-carbon design to improve product use Stage resource conversion efficiency, reducing greenhouse gas emissions.

1.PUE: Data center energy efficiency indicator, PUE=total energy consumption of the data center/IT equipment energy consumption, the closer the calculated value is to 1, the higher the energy efficiency of the data center.

Product recycling

We are well aware that the improper disposal of products after their end of life will have a significant impact on the ecological environment. In order to improve the company's management of the entire product life cycle and reflect product responsibility, we are actively exploring the application of recyclable materials and gradually integrating them into our own product design concepts. The company plans to realize the recycling of more than 3 types of products/materials by 2030, so as to promote the effective management of products at the end of their life.

We also strive to reduce resource consumption caused by product packaging by optimizing packaging design, and further reflect the environmental friendliness of products through lightweight and easy-to-recycle packaging design. We replaced the PE packaging bags that protect the housings of electronic products, power supplies and remote controls with paper bags. Compared with PE bags, paper bags are easier to recycle and can reduce the weight of packaging.

In addition to the product itself and packaging, we also actively recycle waste materials to realize the secondary use of materials and further reduce the waste of resources. During the reporting period, for factories that produced waste materials, the proportion of waste materials that were recycled for the second time was about 86%, and the recycled electronic waste materials accounted for about 3.5% of the total recycled waste materials.

Case Made of recycled plastic

In accordance with the requirements of the International Computer and Display Environmental and Social Responsibility Assessment Standard (IEEE 1680.1:2018), we use recyclable plastic material PCR¹ for specific products, and the application ratio reaches 75%. Mix PCR plastic material with virgin ABS plastic material to make recyclable plastic products. This method not only reduces the greenhouse gas emissions caused by the disposal of waste plastic products, but also reduces the plastic products in the natural environment, reduces their harm to animals and plants, and helps protect the ecological environment.



Bayblend® FR3010 R75

Disclaimer

Disclaimer for Developmental products
This is a test product. Further information, including amended or supplementary data on hazards associated with its use, may be compiled in the future. For this reason no assurances are given as to type conformity, processability, long-term performance characteristics or other production or application parameters. Therefore, the purchaser uses the product entirely at his own risk without having been given any warranty or guarantee and agrees that the supplier shall not be liable for any damage, of whatever nature, arising out of such use. Commercialization and continued supply of this material are not assured. Its supply may be discontinued at any time.

Typical values

These values are typical values only. Unless explicitly agreed in written form, they do not constitute a binding material specification or warranted values. Values may be affected by the design of the machine, the processing conditions and color/greyscale of the product. Unless specified to the contrary, the property values given have been established on standardized test specimens at room temperature.

General

The manner in which you use and the purpose to which you put and utilize our products, technical assistance and information (whether verbal, written or by way of production evaluations), including any suggested formulations and recommendations are beyond our control. Therefore, it is imperative that you test our products, technical assistance, information and recommendations to determine to your own satisfaction whether our products, technical assistance and information are suitable for your intended uses and applications. This application-specific analysis must at least include testing to determine suitability from a technical as well as health, safety, and environmental standpoint. Such testing has not necessarily been done by Covestro. Unless we otherwise agree in writing, all products are sold strictly pursuant to the terms of our standard conditions of sale which are available upon request. All information and technical assistance is given without warranty or guarantee and is subject to change without notice. It is expressly understood and agreed that you assume and hereby expressly release us from all liability, to the extent permitted by law, in connection with the use of our products, technical assistance, and information. Any statement or recommendation not contained herein is unauthorized and shall not bind us. Nothing herein shall be construed as a recommendation to use any product in conflict with any claim of any patent related to any material or its use. No license is granted or is to be granted under the claims of any patent. With respect to health, safety and environment precautions, the relevant Material Safety Data Sheets (MSDS) and product labels must be observed prior to working with our products.

Recommended Processing and Drying Conditions

Barrel temperatures are valid for a standard 3-zone barrel. Temperature set-up for different barrel types may change according to configuration. Values for hold pressure as percentage of injection pressure may vary depending on, amongst others, part geometry, injection molding machine and injection mold. Drying conditions are for dry air dryers only. Drying times and drying temperatures may differ depending on mold design. Further information is provided by your local Covestro support as well as in the following brochures: Injection Molding of High Quality Moulded Parts - Drying; Determining the Dryness of Molded Parts by TTT Test; The Fundamentals of Shrinkage in Thermoplastics; Shrinkage and deformation of glass fiber reinforced Thermoplastics [1, https://www.plastic.covestro.com/InjecOverview.aspx

Covestro AG
Polycarbonates Business Unit
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany
plastics@covestro.com
www.plastic.covestro.com

Page 2 of 2 pages

Edition 30.03.2022

PCR material application statement

1.PCR: Post-consumer Recycled material

Product quality and safety

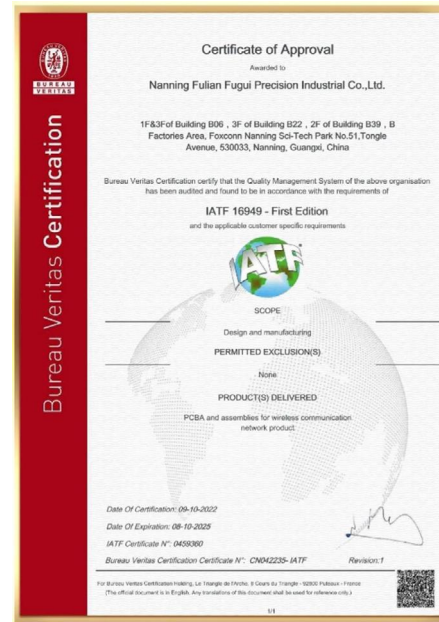
While the company focuses on improving the environmental friendliness of its products, it also pays attention to its own quality and safety. High-quality, high-reliability products are always the direction of our continuous efforts, and it is also the embodiment of our responsibility to all customers. For product quality management, the company has established an overall quality control management system, and requires each business segment and business group to establish a targeted quality management system.

As of the end of the reporting period, about 32% of the production and operation sites have completed the ISO 9001:2015 quality management system certification. At the same time, the company started to establish the quality management system IATF16949:2016 related to new energy auto parts in combination with the future development plan of clean technology, and combined this standard into the actual production and operation process of the company to achieve continuous improvement. Integrating and developing intelligent manufacturing experience in the component field and the cross-industry and cross-field implementation capabilities of the industrial Internet platform, it helps the Internet of things and vehicle systems to cut into the development of the Internet of vehicles.

Case

Nanning Fulian Fugui Precision Industry Co., Ltd. passed IATF16949:2016 certification

In 2022, Nanning Fulian Fugui Precision Industry Co., Ltd., a subsidiary of Fii, successfully passed the IATF16949:2016 (automotive industry quality management system) certification, marking that Fii's quality management level has reached a new level of internationalization, standardization and normalization.



IATF certificate

The certification system was released by IATF (International Automotive Task Force) in October 2016, and it is a quality management system standard widely used in the automotive industry today. IATF16949:2016 mainly adds technical specifications for the automotive industry on the basis of ISO 9001, emphasizing defect prevention and reducing quality fluctuations and waste that are likely to occur in the entire supply chain, indicating that the certification has passed the enterprise to meet customer needs, improve product quality and economy. The promise of benefits.

Product hazardous substance commitment

In order to ensure that the company's products will not cause harm to human health and environmental load, we have formulated strict internal control standards and management procedures for chemical substances involved in the product design and manufacturing process, implemented hierarchical control, and actively communicated with suppliers. Maintain active communication with stakeholders such as suppliers and partners to make products comply with relevant laws and regulations and customer requirements.

Based on laws and regulations on hazardous chemical substances, industry standards and international conventions, we have developed a detailed [Chemical Substance Control List](#), and have identified and evaluated all activities covered by the organization; at the same time, the products, semi-finished products and components designed and manufactured by the company comply with RoHS, REACH or customer standards.

Customer relationship management

Customer resources are the company's valuable wealth. The company has worked hard in the field of precision manufacturing and electronic design for many years, and has accumulated many core customers of world-leading companies. Maintaining stable relationships with these high-quality customers is the foundation of the company's development. We continue to improve our product performance, meet the needs of different customers through personalized services, and maintain close contact with customers; we continue to deepen cooperation, tap potential values, and explore emerging markets. We look forward to the common growth of Fii and customers.

The company pays attention to the communication with customers. The business groups under different business sections regularly carry out customer satisfaction surveys, and distribute satisfaction survey questionnaires to important customers, so as to understand customer feedback in a timely manner and listen to customers' voices. Focus on the four dimensions of product quality, quality service, delivery achievement, and service response to comprehensively understand customers' overall evaluation of the company, timely adjust industrial production capacity, optimize product performance, and improve response speed to meet different customer needs.



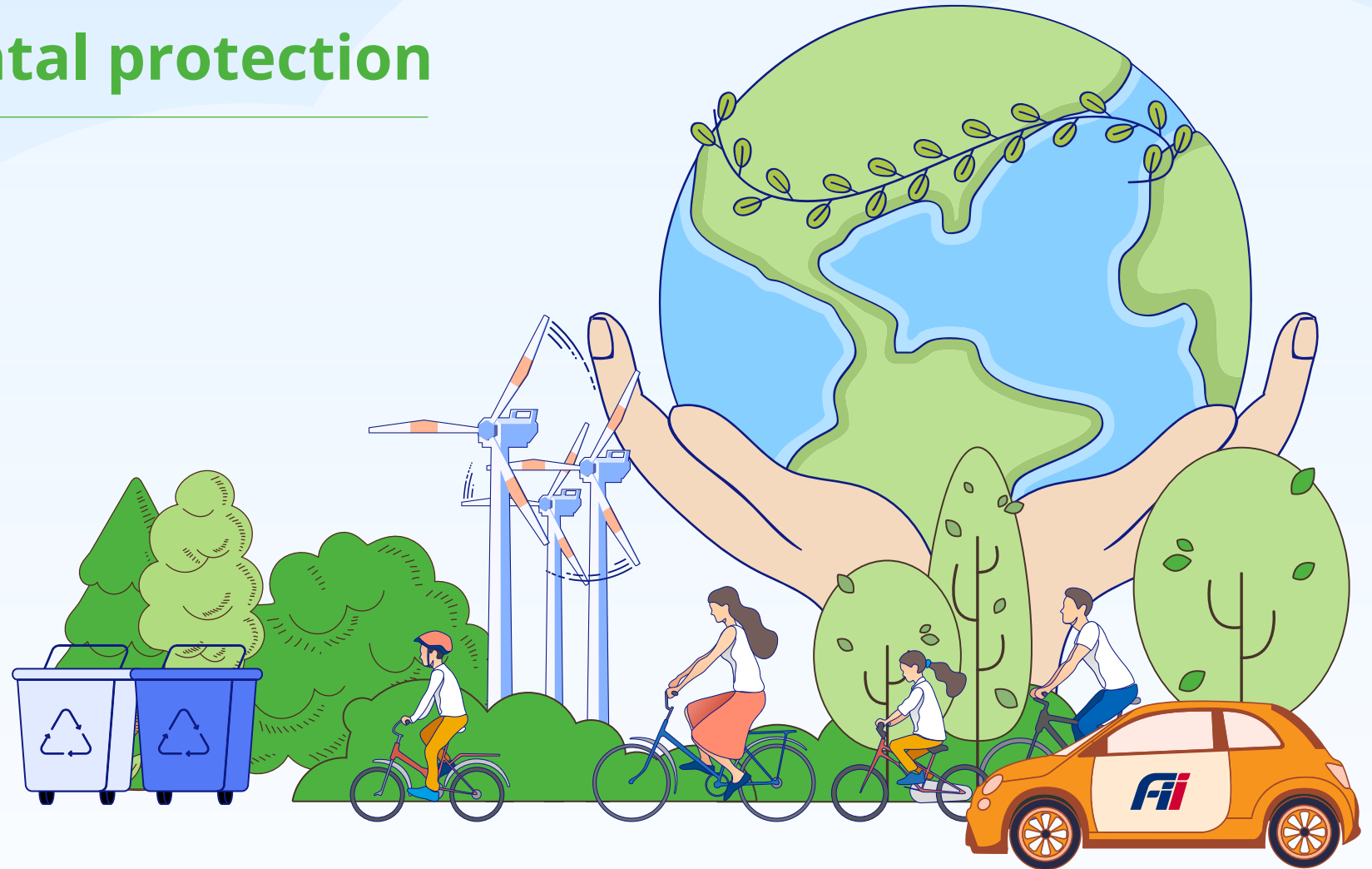
Each business group sets customer satisfaction goals every year to continuously improve product quality and service. If the target requirements are not met, each business group will promptly formulate improvement plans and remedial measures based on customer feedback to meet customer requirements to the greatest extent. During the reporting period, the company received no major customer complaints.

In the process of conducting business, the company will collect and process customer information. We respect the business secrets and personal privacy

of each customer, and pay attention to information security and privacy protection during the service process. Fii promises to obtain customer information through legal channels on the premise of obtaining the express consent of customers, and only use customer information for service purposes. We have formulated special information security policies and management methods to protect customer privacy, please refer to [Information Security](#). During the reporting period, the company did not receive customer complaints caused by the disclosure of private information.

2 Advocate of environmental protection

- Addressing climate change >
- Management of greenhouse gas emissions >
- Environmental Management >
- Energy management >
- Water resources management >
- Waste management >
- Waste Gas Management >
- Chemical Management >
- Ecological Protection >



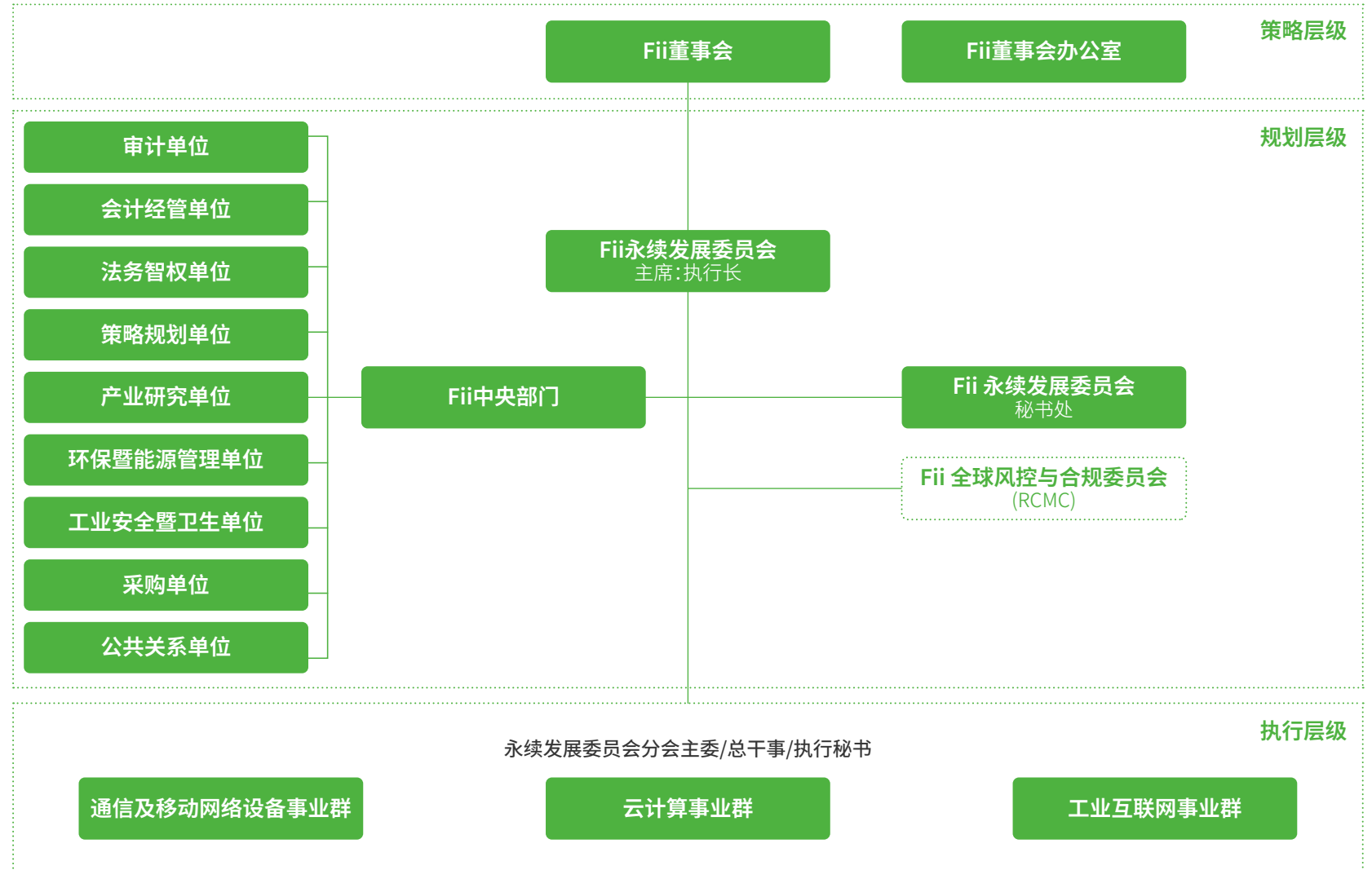
Addressing climate change

Governance

With the reform of the Commission on Sustainable Development and the addition of the ESG Steering Group, Fii has been able to focus on addressing climate change and carbon-related topics. This will enable the implementation of the whole chain from the decision of the Board of Directors, the promotion of the committee, the planning of the steering group, and the implementation of each subcommittee.



工业富联应对气候变化暨碳中和组织图



<p>Board of directors</p>	<p>The Board of directors is the highest supervision and management body for sustainable development of Fii. It urges the managers of the company to integrate the management of sustainable development-related issues into the daily management of the company's business operations. Its specific functions include:</p> <ul style="list-style-type: none"> ·To formulate the vision, policy, strategy and corresponding priorities and objectives for the sustainable development governance and management of Fii; ·To assess and formulate risks and opportunities related to sustainable development, including climate change issues, and incorporate them into the Board agenda for regular discussion in conjunction with operational guidelines; ·To ensure the effectiveness of the risk management and internal control mechanism for the sustainable development of Fii, and the management adhere to the principles of business ethics, integrity and compliance; ·To organise and appoint chairmen and members of Commission on Sustainable Development in Fii to conduct regular reviews of sustainable development performance, including climate change issues, and to receive management reporting and approval. Each month, the company will continue to review important issues related to climate change: carbon market response strategy; Strategic response to customers' net zero carbon emission requirements; Renewable energy planning; The progress of energy conservation and emission reduction targets and indicators.
<p>Commission on Sustainable Development</p>	<p>The Fii Commission on Sustainable Development is formed by the Chairman of the Commission on Sustainable Development. Under the executive secretariat, ESG steering group, Chapter organization.</p> <ul style="list-style-type: none"> ·Establishing Commission on Sustainable Development; ·Monitor action strategies, policy guidelines, objectives, regulations/systems, annual plans and performance indicators related to climate change; ·Integration of resources in the Commission on Sustainable Development under the coordinated Response to climate change; ·Assign the responsible units of the committee to advance board resolutions related to addressing climate change; ·Report to the Board of Directors on the progress of work related to climate change.
<p>Executive secretariat</p>	<ul style="list-style-type: none"> ·Integrate Commission on Sustainable Development ·Assist in the formulation of action strategies, policy guidelines, objectives, regulations/systems, annual plans and performance indicators related to climate change; ·Plan, monitor and verify indicators related to climate change for the Commission on Sustainable Development; ·Carry out special activities/training/counseling on climate change; ·Identify and implement climate change issues to help improve relevant management processes.
<p>Steering Group</p>	<ul style="list-style-type: none"> ·Follow action strategies, policy guidelines, objectives, regulations/systems, annual plans and performance indicators related to climate change; ·Identify the weaknesses of enterprises in addressing climate change issues and develop improvement plans; ·Formulate short -, medium - and long-term goals for addressing climate change and the path to achieving them, and use a closed-loop management model to ensure that relevant work is fully implemented and effective. ·Maintain best practices in addressing climate change issues under capital market ESG ratings and related programs. ·Hold monthly meetings to follow up, report and share resolutions on issues related to climate change and other environmental concerns. ·Carry out energy-saving audit of the park from time to time, formulate energy-saving technical standards, and be responsible for the introduction and implementation of energy-saving innovation technology
<p>Commission on Sustainable Development Branch</p>	<ul style="list-style-type: none"> ·Follow action strategies, policy guidelines, objectives, regulations/systems, annual plans and performance indicators related to climate change; ·Identify and ensure the implementation of climate change related responsibilities and actions; ·To report regularly to the Executive Secretariat on the progress of its work on climate change; ·Implement strategies, issues and targets for addressing climate change. ·Proactively inform the Executive Secretariat of non-compliance cases and negative public opinions related to climate change; ·Upgrading best practices related to addressing climate change; ·Responsible for holding regular audit meetings, and coordinating to promote climate change issues.

In order to encourage top-down carbon emission reduction actions, we have developed a climate-related incentive mechanism. Each business group of the company will reward teams and individuals for their contribution to the achievement of energy saving and carbon emission reduction targets, taking into account their own business characteristics and production process features.

Team reward

Each business group will conduct quarterly assessment of the group's energy conservation and emission reduction work, and give cash or honorary rewards to the team that has achieved the energy-saving target index in advance, and urge the units that have not achieved it to actively improve.

Individual reward

Conduct monthly, semi-annual and annual performance evaluation for employees:

- The evaluation results will be included in the annual performance evaluation of employees, and excellent employees will be rewarded.
- Carry out activities such as energy efficiency benchmarking of the company, and give awards or certificates to outstanding cases of energy conservation and emission reduction.



Strategy

Risk and Opportunity Description

Fii has developed its own carbon neutral action plan to enhance climate resilience in order to better adapt and respond to the impacts of climate change. We have defined 1-10 years, 10-15 years, and 15-30 years as short, medium, and long term time horizons, respectively, to standardize risk management, business strategy decisions, and target dismantling. At the same time, the company has integrated the value chain into its management and actively promoted carbon neutrality in the supply chain to help the industry's development; and provided carbon neutral solutions for society through technological innovation, so that the company's business strategy can better match the social demand for zero carbon development and create greater spillover effects.

In response to different levels of risk, Fii will take corresponding measures. When the possibility of a risk becoming a crisis is high, the company will include it in its crisis management plan and establish crisis notification and handling procedures in advance; when the severity of the risk is not sufficient to constitute a crisis event, the company will establish corresponding handling procedures or adopt general management procedures to prevent and control the risk.

Risk/ Opportunity	Type	Value chain stage	Description	Time span	Possibility	Degree of influence	Action plan
 Risk	Market	Downstream	The company faces varying degrees of requirements for climate management from downstream customers, which brings with it the potential financial impact of changes in market demand.	long-term	probable	high	<ul style="list-style-type: none"> ☉ Promote energy transformation and gradually increase the proportion of renewable energy
	Emerging law	Direct operation	Companies operating in China may be affected by emerging policies and regulations under the country's "carbon peak by 2030 and carbon neutral by 2060" policy. For example, if the price of carbon quota rises in the future, the performance cost of the operating points included in the carbon emission trading system will be increased and the financial impact will be generated.	long-term	probable	medium	<ul style="list-style-type: none"> ☉ Develop carbon neutral goals and path plans as planned and disclose progress regularly
	Violent natural factor	Direct operation	Extreme weather caused by climate change may affect operating plants. For example, the company's Zhengzhou plant was shut down due to heavy rain in Henan Province in 2021.	long-term	possible	high	<ul style="list-style-type: none"> ☉ Ongoing risk assessment and crisis management ☉ Carry out risk emergency drills
 Opportunity	Products and services	Direct operation, upstream, downstream	Potential opportunities may arise from the development of low carbon emissions or climate resilient products and services, which could help companies enter new markets. Cloud computing groups, for example, have developed energy-efficient servers.	long-term	possible	medium	<ul style="list-style-type: none"> ☉ Continue to develop and certify low-carbon products
	Market	Direct operation	The company started its CSR management work early, and has carried out projects such as product transformation, upgrading and replacement in advance, which has established a certain foundation for the management of climate issues. Therefore, it is more adaptable to climate issues than other similar companies	long-term	possible	medium	<ul style="list-style-type: none"> ☉ Invest in carbon capture CCUS and other technologies, and develop carbon sink projects
	Resource efficiency	Direct operation, downstream	The company improves resource efficiency through independent development. For example, the "number and intelligence control" system developed by the company, combined with AI, IoT and sensor network technology, provides a series of strategies that can be dynamically adjusted based on actual production conditions for rational use of various resources, which can effectively improve the efficiency of customer resource utilization and achieve the purpose of energy saving and emission reduction.	long-term	possible	medium	<ul style="list-style-type: none"> ☉ System iteration continuously improves energy efficiency and reduces total energy consumption

Risk management

Management system

Based on the international standards ISO 31000: 2018 and COSO-ERM: 2017, Fii has established Enterprise Risk Management (ERM) system, and the Global Risk Control and Compliance Management Committee (RCMC) is responsible for setting policies, managing procedures, formulating major risk and compliance matters, deploying resources, etc. It reports to the Board of Directors.

The company carries out detailed risk and opportunity management under the guidance of the Risk Management System and the Fii Corporate Crisis Management Plan, regularly analyzes and evaluates climate change-related risks and opportunities, analyzes and ranks the levels of risks and opportunities, and adopts corresponding treatment plans for risks and opportunities of different levels in order to mitigate possible hazards and seize possible opportunities in the future.



Fii risk and opportunity management process

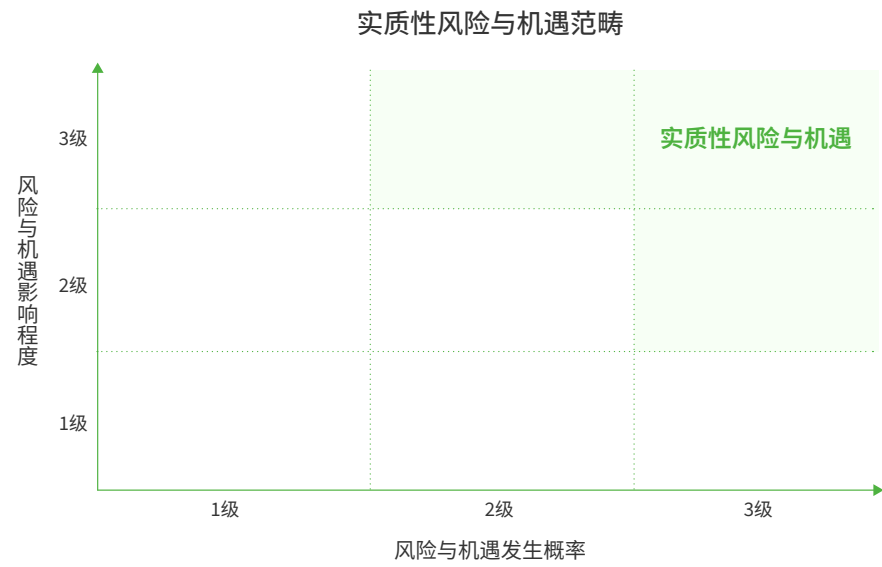
Based on management interviews, stakeholder surveys and peer benchmarks, we identified substantial climate-related risks and opportunities that would have a material economic or strategic impact on the business, graded by probability of occurrence and severity of impact.

Identification and evaluation

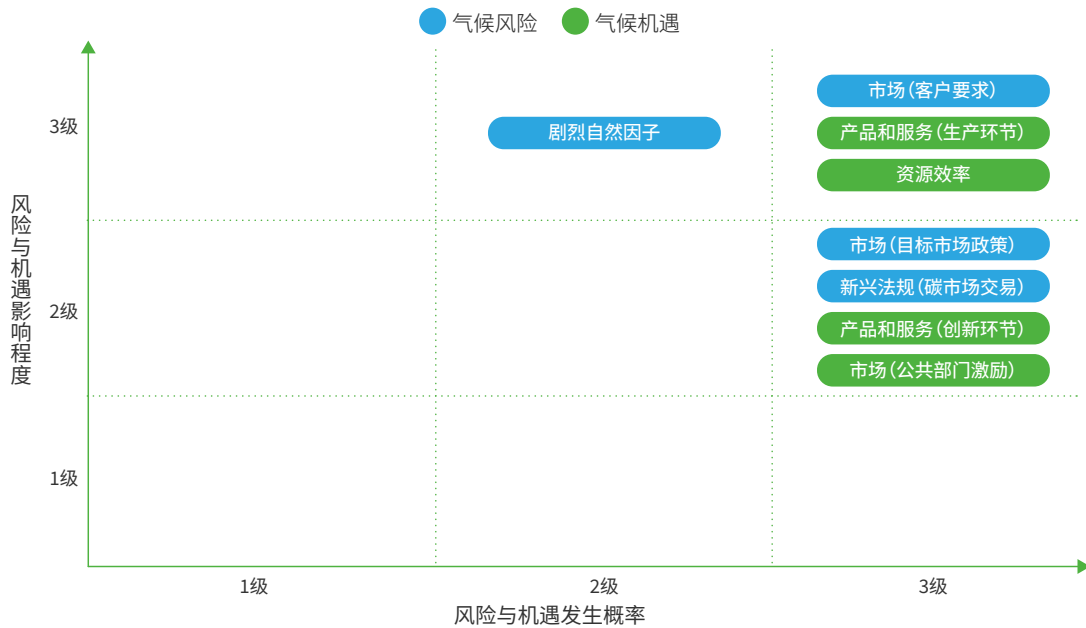
Fii regularly conducts risk analysis and assessment work related to climate change. The company clearly defines climate risks and opportunities, and through management interviews, stakeholder research and peer benchmarking, identifies significant climate risks and opportunities that have a material economic or strategic impact on the business.

The material financial or strategic impact can be expressed as a high proportion of affected business units, a large scale of affected business units, and a high potential for shareholder or customer attention. Companies grade risks and opportunities according to their occurrence probability and severity of impact.

Among them, the probability of occurrence is divided into almost certain (level 3), probable (level 2) and almost impossible (level 1) according to the possibility of occurrence. The severity of the impact is divided into very serious (level 3), serious (level 2) and slightly serious (level 1) from five perspectives, including corporate image, compliance, customer relationship, achievement of organizational goals and scope of entity influence. Fii defines risks and opportunities with probability and severity above level 2 as material risks and opportunities (see shaded below) that have a material impact on the company.



气候风险与机遇矩阵图



In 2022, RCMC will conduct risk identification with each department after reporting internal and external risk analysis, risk radar map and senior managers of central functional units and business groups to the CEO. A total of 41 important risks were identified by 15 central functional units. "ESG& Carbon issues", together with "security incidents" and "job loss/turnover", are among the top three issues of high concern after considering their incidence and severity.

In view of different levels of risk, Fii actively takes corresponding measures. When the risk is highly likely to become a crisis, the company will incorporate it into the crisis management plan and pre-formulate crisis notification and treatment procedures; When the risk is not serious enough to constitute a crisis event, the company will establish corresponding treatment procedures or adopt general management procedures to prevent and control risks.

In response to the 2022 annual risk assessment, there are three new issues of high interest, including ESG& Carbon. After assessment, the improvement suggestions of risk control measures under this topic are formulated:

1. Research new regulations or stakeholder requirements

1. Analysis of new trends in climate issues and their performance against benchmarking peers
2. Pay attention to the requirements of new regulations or stakeholders, and assist responsible units to provide trend analysis for deviations

2. Disclose information related to climate change performance and planning

1. Regularly disclose climate change performance and future plans to stakeholders
2. Participated in the Carbon Disclosure Program (CDP), FTSE Low Carbon transition questionnaire and other ratings, transparent disclosure of climate strategy and performance, and initiated climate-related financial disclosure (TCFD) to strengthen corporate resilience

3. Assess the impact of ESG rating and explain it in the annual report

1. Analyzed the missing points of ESG rating and proposed improvement requirements to the responsible unit
2. Evaluate and explain the necessity of disclosure of non-compliance incidents in CSR reports

4. Implement emission reduction and green electricity investment

1. Continue to promote the implementation of energy conservation and emission reduction
2. Green power deployment and investment planning

Up to now, the above 8 risk control measures have been completed.

Indicators and objectives

Fii carbon neutral targets are set based on carbon emission data inventory, carbon neutral policy analysis and industry benchmarking, and are measured using the Scientific Carbon Target Initiative (SBTi) tool to verify the rationality of the targets.

01 Data inventory

Conduct a comprehensive carbon inventory in scope 1, 2 and 3 to understand the company's own carbon emission status and serve as the benchmark for setting reasonable carbon targets

02 Policy and peer benchmarking

Understand the national carbon neutral target and the carbon neutral target of international peers or customers to set ambitious targets

03 Propose goals and validation

According to the 1.5°C carbon reduction scenario of the Scientific Carbon Target Initiative (SBTi), the rationality of the target was calculated and verified

Based on the above steps, Fii sets a carbon neutral target commitment:

- **Short term:** an 80% reduction in operational carbon emissions by 2030 from the 2020 base year, with 80% renewable energy use;
- **Medium term:** operational carbon neutrality by 2035 (covers Scope 1 and Scope 2 emissions);
- **Long-term:** Net zero emissions from the value chain (covering Area 1, 2 and 3 emissions) by 2050.

In 2022, Fii will carefully plan the path to achieve the carbon neutral goal of Fii operations, taking into account external policies, stakeholder concerns, and the parent company's carbon neutral goal. Disassemble each business division layer by layer and sign a letter of commitment.

2035

Operating carbon neutral target year

Reduce operational emissions

Reduce emissions by 18.46% by 2025, 29.98% by 2030, and 36.71% by 2035 by replacing energy-intensive and inefficient equipment, improving processes and procedures, and upgrading energy systems to improve the efficiency of energy use in the production process.

Transformation of energy structure

Replace aims to reduce emissions by 55-65 percent by 2035 by investing in solar and wind energy projects, becoming a shareholder or owner of new energy projects, and buying renewable energy contracts such as green electricity and green certificates.

Carbon offset and carbon capture

The annual carbon reduction that cannot be achieved through Reduce and Replace will be made up through the purchase of CCers, and the remaining 5-10% of greenhouse gas emissions will be offset to achieve carbon neutrality by 2035.

Case

Fii carbon master platform helps carbon neutrality

As an important premise of carbon management, carbon emission accounting is an essential work for enterprises. In 2022, Fii independently developed a digital Carbon management tool - Carbon Manager Carbon Assistant based on the recognized international carbon verification standards ISO14064-1, GHG protocol and domestic carbon verification standards. The system provides ISO standard carbon inventory form, authoritative carbon emission factor database and top-down multi-person collaborative carbon inventory task management functions to help enterprises carry out carbon compliance inventory, transparent carbon management, and help achieve carbon reduction goals. Carbon Assistant has previously successfully passed TÜV SÜD's product compliance assessment. So far, Fii hopes to combine its own industry practice, adhere to scientific and technological innovation, actively provide carbon neutral solutions to the society, help enterprises to achieve low-carbon green transformation, and provide a convenient path for enterprises to achieve accurate carbon accounting.



Social participation

We uphold an open and cooperative attitude, and actively cooperate with industrial chain partners and other social parties to build a low-carbon ecological environment. We uphold an open and cooperative attitude, and actively cooperate with industrial chain partners and other social parties to build a low-carbon ecological environment.

Case

In December 2022, by virtue of its outstanding performance in implementing green low-carbon and digital economy, Fii was awarded the title of "Carbon Peak" leading enterprise in China's industry, which was the first batch of 42 green low-carbon demonstration enterprises selected by China Federation of Industrial Economics.



The greenhouse gas emission data for 2022 will be calculated by Carbon Assistant, a carbon manager based on Fulian's independent research and development platform.

Case

The company actively participates in all kinds of green environmental protection, energy saving and low-carbon themed activities organized by government agencies, key industry associations and other units, practices corporate social responsibility, and steadily increases the green influence of the industry. In June 2022, Fii was invited to make low-carbon initiative in the publicity activities of World Environment Day in Longhua District. In December 2022, Fii was invited to participate in the 2022 Carbon Peak Carbon neutral Forum and Shenzhen International Low-carbon City Forum and share the theme. At the end of December, Li Junqi, chairman of Fii, was invited to attend the third "Belt and Road" Construction and Manufacturing Power Construction Collaborative Development Forum and 2022 China Industrial Carbon Summit Forum and delivered a keynote speech.



Case

The company joined Shenzhen Green Finance Association as a founding member, and participated in green finance related topics investigation and research, formulation of industry standards and norms, communication between government and enterprise, bank-enterprise connection, green and sustainable finance capacity building and training and other activities through this platform.



In the future, we will orderly promote carbon management and energy system optimization, including equipment replacement, production process improvement and other energy-saving and emission reduction measures to reduce carbon emissions, year by year increase the proportion of renewable energy use, supplemented by carbon offsetting measures, actively respond to climate change governance trend. In addition, we will take it as our duty to help the global manufacturing industry to upgrade green. We will build on our strengths and contribute to the new development pattern of "new infrastructure plus double cycle".

Management of greenhouse gas emissions

Greenhouse gas emissions management, characterized by carbon neutral target setting and path planning actions, began in 2021. With 2020 as the base year, Fii will complete the greenhouse gas emission accounting (including Scope I, 2 and part of Scope III) and update it year by year, and put forward the "3R" path to gradually achieve carbon neutrality in its own operations and the whole value chain in accordance with the strategy of "energy conservation, emission reduction and renewable energy supply priority, supplemented by carbon offset". We will focus on energy conservation and emission reduction, technological innovation, development and investment in renewable energy, procurement of renewable energy and exploration of carbon sequestration.



The "3R" path facilitates net zero operations

Reduce Reduce operational emissions

REDUCE

Greenhouse gas emissions from electricity consumption are the main source of carbon emissions at the operational level of Fii. Each business group of the company has gradually carried out key actions for low-carbon transformation, and adopted energy-saving and emission reduction measures, including replacing old equipment, optimizing and improving production process, motor frequency conversion, waste heat recovery, intelligent control, etc., in order to reduce its own operating end carbon emissions.

The company's environmental protection and energy unit coordinates annual energy saving indicators, formulates various energy saving standards and policies, promotes innovative projects, and carries out energy audit and performance audit. Each business group shall formulate its own energy-saving targets and decompose them to each manufacturing office, implement energy-saving indicators, promote various energy-saving projects, and make regular statistics on total energy consumption and energy intensity data.

Replace Transformation of energy structure

REPLACE

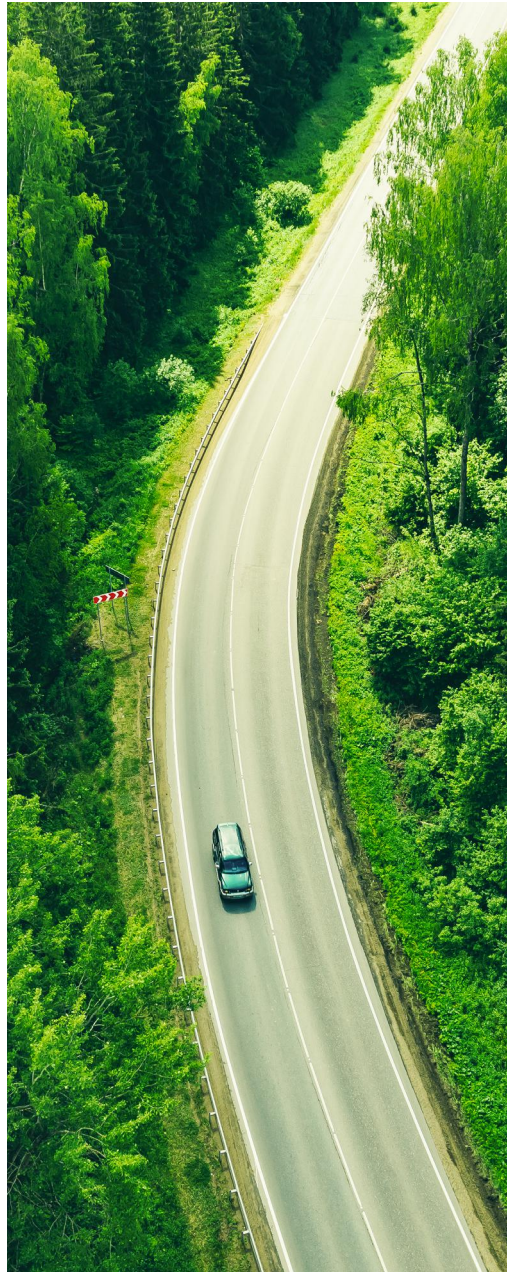
The adoption of renewable energy supplies is an important pillar of achieving operational carbon neutrality by 2030. Fii will continue to increase the proportion of renewable energy, aiming to achieve 80% renewable energy supply by 2030 and 100% renewable energy supply by 2035.

The clean energy development unit of the company manages the investment and development of renewable energy as a whole, and calculates the project input and potential income. At the same time, Fii is actively trying to buy green electricity to achieve its own net zero emissions operation.

Resolve Carbon offset and carbon capture

RESOLVE

Fii is also exploring carbon capture technology through direct investment and supporting the implementation of nature-based Solutions (NbS) to offset greenhouse gas emissions that are difficult to be eliminated by reducing and replacing, so as to help achieve the emission reduction target.



"1R" REDUCE PRACTICE

The company replaces the old equipment with high energy consumption and low efficiency, optimizes and improves the process and process, and upgrades the energy management system to improve the energy efficiency in the production process and achieve operational emission reduction. Each business group subdivides the energy use structure and type, and carries out many energy-saving technical reform actions, such as central air conditioning group control system, replacement of high efficiency cooling tower packing, frequency conversion of water pump fan, replacement of maglev technology of ice water main engine, natural lighting and LED lighting, intelligent control and other technologies.

At the same time, with "intelligent manufacturing" and "industrial Internet" as the development direction, Fii takes clean technology innovation as the strategic focus of the company, and constantly improves the production efficiency and energy use efficiency of unit products. Intelligent energy online monitoring system has been established in some parks of the company to conduct fine energy use control through digital means and effectively improve energy use efficiency. The system has the functions of real-time energy consumption monitoring, energy consumption analysis, energy consumption benchmarking and abnormal energy consumption warning, and implements energy saving control strategies for related energy consumption equipment, and carries out comprehensive energy management from two perspectives of management and technology.

"2R" REPLACE PRACTICE

Fii is actively promoting the transformation of energy structure, and plans to achieve the adjustment of energy structure and reduce the carbon emission generated by its own operation through independent development of renewable energy projects, overseas investment and merger and acquisition. In order to ensure the supply of renewable energy, the company set up a clean energy development unit, equipped with professional teams and personnel to carry out investment and development of renewable energy, in order to establish a sound carbon management system.

Through target dismantling, we propose short -, medium - and long-term targets for sustainable energy use: 40% by 2025, 80% by 2030 and 100% by 2035.

In the next step, the company will give full play to its advantages in land resources and deploy distributed photovoltaic power stations and large-scale ground photovoltaic power stations in the park. Invest in the development of renewable energy projects such as wind power generation, energy storage, smart micro-grid and smart energy management systems, and gradually increase the proportion of electricity consumed by renewable energy by combining renewable energy procurement and green electricity trading. We plan to achieve approximately 3,050 megawatts of renewable energy development and investment by 2030.

"3R" RESOLVE PRACTICE

Fii will prioritise ways to reduce operational carbon emissions and boost renewable energy supply to achieve carbon neutrality. For carbon emissions that cannot be achieved through operational emission reduction and energy transition, the company is considering achieving carbon neutrality by conducting NbS directly or purchasing carbon offsets generated by such projects.

At the same time, the company will also carry out research and consider investing in CCUS (Carbon Capture, Utilization and Storage), which has more significance for both economic development and environmental protection, when the technology is more mature, to help offset part of its own operational carbon emissions.

Through the regular meeting of policy and progress, timely follow up the dismantlement, implementation and follow-up of each target, make "3R" really become the important work direction of Fii in the field of greenhouse gas emission management.

"3R" path

2022 Summary

1R

Reduce

A total of 855 reduction and energy-saving projects were promoted, with a total investment of 163 million yuan and a total carbon reduction of 150,300 tCO₂e.

2R

Replace

The total amount of renewable energy used was 10,070,400 kwh, and the carbon reduction was about 57,400 tCO₂e.

3R

Resolve

A total of four legal entities participate in carbon market trading.

In addition to our own operations, we are committed to making full use of our technological advantages to achieve carbon neutrality in the GVC and society as a whole. See white Paper on carbon Neutrality in Fii

REDUCE

Longhua, Guanlan, Taiyuan and other parks vigorously promote the maglev/centrifugal frequency conversion ice machine replacement project, a total of 18 ice machines in 2022 (2 have been completed, 16 are under construction), after the replacement of energy saving rate $\geq 35\%$, will continue to promote the gradual replacement of ice machines with service life of more than 11 years in each park, the completion of all replacement is expected to save 156 million KWH of electricity per year. Carbon reduction of 97,000 tons/year can save electricity cost of 101 million yuan/year



The "3R" case

REPLACE

The company has built its own distributed photovoltaic power station in the park, with a total installed capacity of 38MW and an annual generating capacity of 38 million KWH. In the future, it will continue to promote the use of the park roof should be fully covered with photovoltaic, and the total installed capacity is expected to reach 96MW in 2025. At the same time, the company actively participates in the green electricity trade. In 2022, the Nanning Park purchased more than 60 million KWH of green electricity, accounting for about 50% of the annual electricity consumption of the park. The emission reduction of 54,200 tCO₂e can be achieved.



RESOLVE

In 2022, its subsidiaries, Fulian Yuzhan Technology (Shenzhen) Co., LTD., Shenzhen Fulian Fugui Precision Industry Co., LTD., and Fulian Precision Electronics (Tianjin) Co., LTD., will participate in carbon market trading.



序号	重点排放单位名称	2021 年度履约情况
247	深圳富联富桂精密工业有限公司	已履约
472	深圳市裕展精密科技有限公司	已履约

Environmental Management

Important achievements in 2022

- Environmental health and safety management system manual
- Environmental health and safety policy
- All employees sign ESG comprehensive management indicators
- EHS board management system
- Measures for emergency management of meteorological disasters

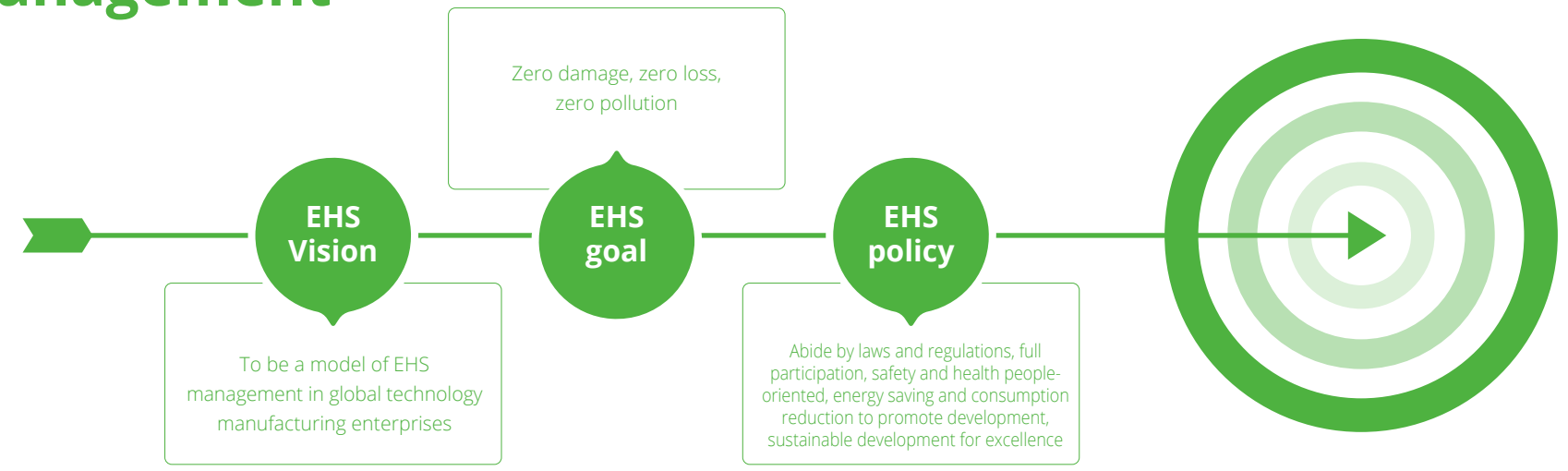
Future actions and goals

2023

- Environmental pollution accidents were 0
- Pollutant monitoring rate is 100%
- The pollutant discharge monitoring rate of key pollutant discharging units was 100%

2025

- Environmental pollution accidents were 0
- The pollutant discharge monitoring rate of all public institutions is 100%

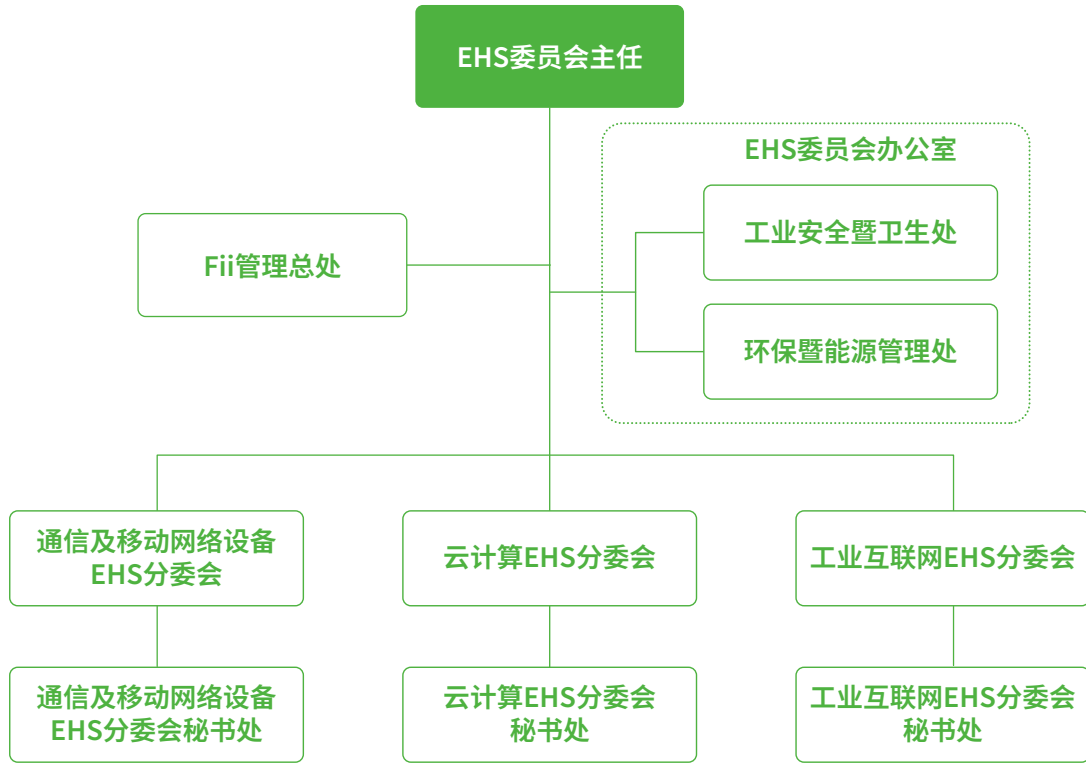


Case

In 2022, Fii published the Environmental Health and Safety (EHS) Management System Manual, further standardizing the daily operation and management of EHS. With risk management and control as the core, we adopted the operation mode of "planning - implementation - Inspection - Improvement (PDCA)" to continuously improve EHS performance. To support the company's EHS vision and goals.



EHS委员会组织结构图



Fii implements the environmental health and Safety (EHS) management system manual and relevant regulations from top to bottom. In order to standardize the working mechanism and carry out the environmental management work, we set up the EHS Committee director to lead and make decisions. Central departments and the Office of THE EHS Committee (including the Industrial Safety and Health Branch and the Environmental Protection and Energy Management Office) participate in the planning. The Chair/Director-General/Executive secretary of the branch EHS Committee and all members of the union executive work together to participate in the environmental management system and related systems.

System management

Fii will green development as the core of sustainable management of enterprises. As a global company, we fully implement ISO 14001 environmental management system certification and ISO 50001 energy management system certification in accordance with international standards and host country environmental regulatory requirements. At the same time, we are required to pay environmental protection-related taxes and fees in accordance with the Environmental Protection Tax Law of the People's Republic of China (2018 Revision) and other regulations. During the reporting period, Fii invested a total of 395,482,300 yuan in environmental protection, and the coverage rate of polluting-discharge licensees certified by ISO 14001 reached 85%.

Number of units with ISO 14001 emission permits	Number of key energy consuming units that have passed ISO 50001 certification	Number of UL 2799 Zero Landfill Gold Certified units
<p>2022 Reach</p> <p>11 units (coverage rate of units with pollutant discharge permit is 85%)</p>	<p>2022 Reach</p> <p>12 units (coverage rate of key energy consuming units is 67%)</p>	<p>2022 Reach</p> <p>5 units</p>
<p>2030 goals</p> <p>13 units (100% coverage of units with)</p>	<p>2030 goals</p> <p>18 units (coverage rate of key energy consuming units is 100%)</p>	<p>2030 goals</p> <p>18 units</p>
<p>Certificate display</p>	<p>Certificate display</p>	<p>Certificate display</p>

Compliance management

In 2022, Fii took the establishment of environmental protection mechanism and standards as its core work. By releasing the long-term management mechanism and auditing standards of environmental protection hidden dangers, and planning, investigation and auditing arrangements, we carried out hidden dangers detection work in 11 key parks, so as to promote the orderly implementation of the special work of hidden dangers rectification. From these, we have found the following outstanding environmental protection projects:

Case

Longhua Park - the whole process of sewage control

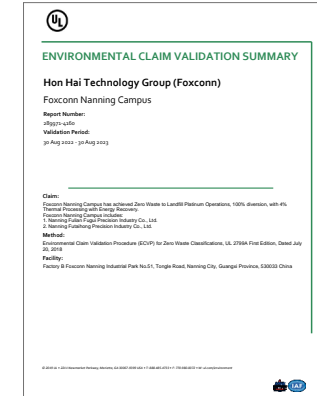
The whole process control of online monitoring equipment and quick test reagent package ensures stable operation.



Case

Nanning Park - UL2799 Certification

Nanning Park has obtained UL2799 zero landfill Platinum certification, achieving 100% conversion rate of waste.



Case

Comprehensive bonded zone - cutting oil reuse

Through the CNC process and steel chip separation of cutting oil recycling, the annual benefit of 400,000 yuan.



Case

Guanlan Park - Identification of hazardous waste sludge

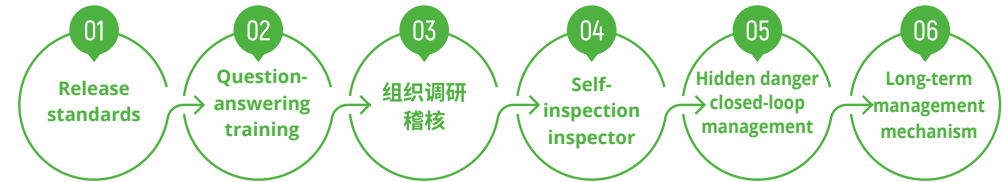
The sludge discharged into the waste water station is identified as hazardous waste. It is determined that it does not have dangerous characteristics and does not belong to hazardous waste, so as to reduce the risk of environmental protection.



Case

Environmental hazard audits

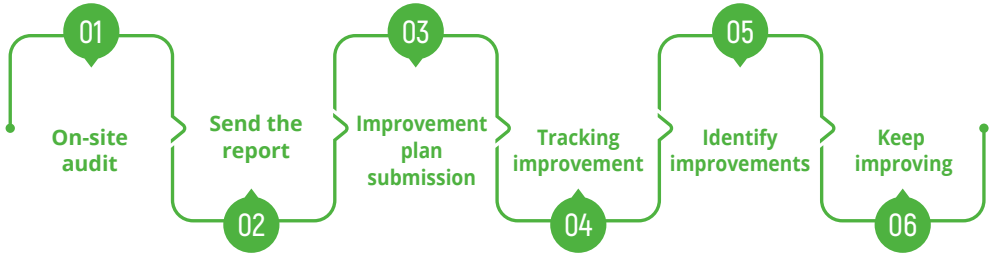
Research process:



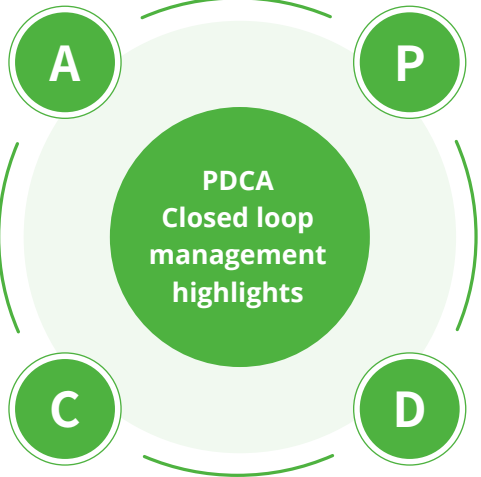
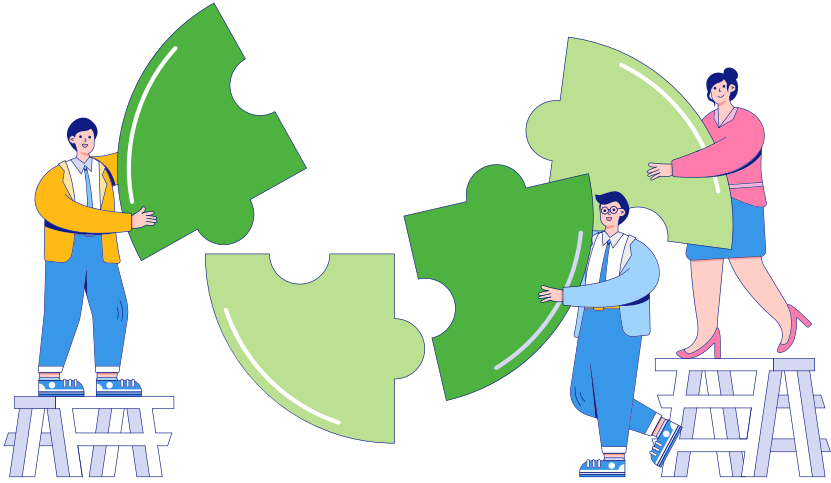
During the report period, through environmental protection investigation and audit work, we organized cross-audit of various parks, and carried out a series of technical training and case evaluation work. While understanding the energy conservation status of various parks, we followed up the closed-loop management of hidden dangers, explored a total of 201 improvement opportunities and compiled 82 excellent projects into a book.



Case Energy saving audit of CoC Code of conduct



In order to confirm the compliance of CoC implementation in each plant area, achieve real-time early warning, manage ESG disputes in advance, promote the improvement of ESG&CoC risks in each plant area, implement PDCA closed-loop management, the environmental energy department assisted the audit and risk control department to jointly carry out CoC audit, and explored 78 energy-saving improvement opportunities.



- P** In the KPI setting of Nanning Park, "energy saving and emission reduction" are excluded and "absolute carbon emissions" are increased, with clear goals.
- D** Longhua Park has formulated the Energy Conservation and Emission Reduction Promotion Plan for Each Plant Energy Conservation and Emission Reduction Branch in 2022, which sets 51 tasks from five dimensions of "energy conservation management, system construction, promotion of key technical transformation, energy conservation promotion and energy conservation audit", with a comprehensive and clear management plan to help achieve energy conservation and emission reduction goals.
- C** Guanlan Park will track the achievement of the goals every month, explain the reasons for the units that fail to achieve the goals and make catch-up plans, so as to continuously improve the energy conservation management.
- A** Nanning Park tries to adopt a reward and punishment mechanism of "reducing energy saving profit and loss by the amount of green certificate and thermal power premium for excess emission" for units that fail to meet the standards.

Fii and its subsidiaries shall strictly comply with the environmental Impact Assessment Law of the People's Republic of China and other relevant laws and regulations, and carry out environmental impact assessment work. We have developed an annual environmental monitoring program, and regularly entrust qualified third-party testing agencies to monitor waste water, waste gas and boundary noise. During the reporting period, the Company and its subsidiaries were not subject to administrative penalties due to environmental protection issues.

Environmental integrity enterprises

Fii Precision Electronics (Zhengzhou) Co., LTD

Fii Technology (Jiyuan) Co., LTD

Fii Technology (Hebi) Co., LTD

Fii Yuzhan Technology (Henan) Co. LTD

Fii Precision Electronics (Tianjin) Co., LTD

According to the regulations of the environmental credit evaluation measures for enterprises and institutions, the above companies have obtained the green card of environmental credit evaluation, and the credit rating is an environmental integrity enterprise.

Emergency management

In accordance with the Environmental Protection Law of the People's Republic of China, the National General Emergency Plan for Public Emergencies, the National Emergency Plan for Environmental Emergencies and other relevant laws and regulations, we have formulated specific emergency plans for environmental emergencies, and set up an emergency team to regularly identify the company's existing environmental risks and key sources of danger. In order to ensure the minimum impact on the environment, the types of pollutants, the scope of influence and the treatment measures generated by the possible risk accidents are analyzed.

Case

Environmental emergency drill

According to the regional climate and operation conditions of each park, we have organized and carried out a number of emergency drills to ensure that the emergency plans are practical. Through several emergency drills, while improving the response ability of the emergency team, we can effectively deal with environmental emergencies and further guarantee the legal compliance of production and business activities.



Energy management

Important achievements in 2022

- Development of "Central Air Conditioning High Efficiency Room Technology and Evaluation System Standard Guidelines"
- Smart Energy Management Platform

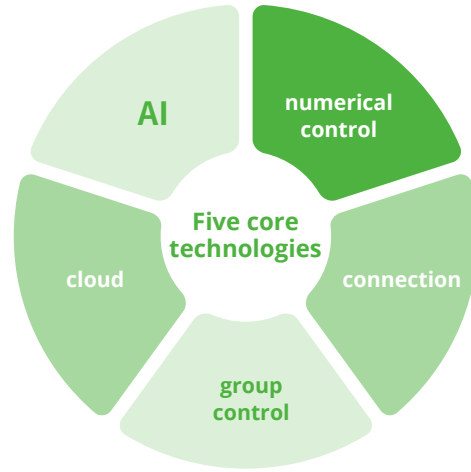
Future actions and goals

2025

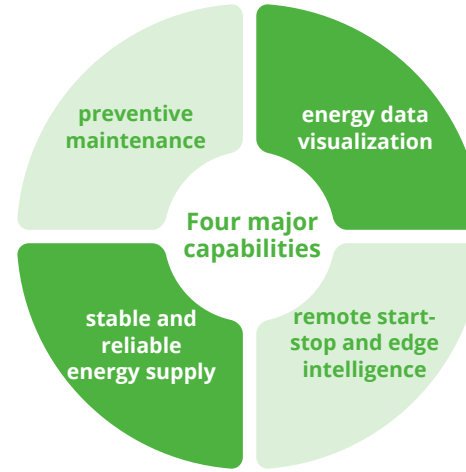
- Achieved 18.46% reduction in emissions
- Renewable energy accounts for 40% of the total

2030

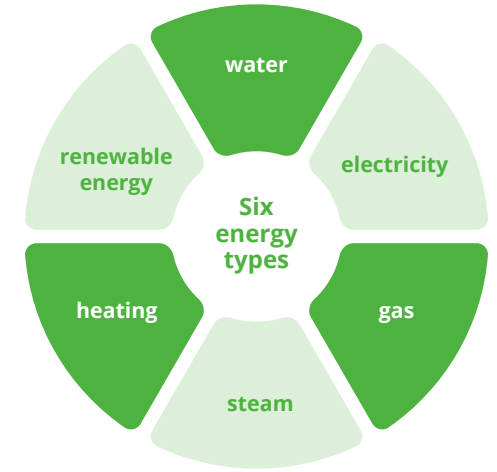
- Achieved 29.98% reduction in emissions
- Renewable energy accounts for 80% of the total



On the basis of ISO 50001 energy management system certification, Fii has improved energy efficiency utilization through energy saving planning, energy consumption index management and energy conservation inspection. We retrofitted, replaced or eliminated existing high-energy equipment to reduce the impact of production and operation on environmental pollution.



The smart energy management platform can digitally display the usage, energy distribution and trend, carbon emission reality and trend of six major energy sources, as well as knowledge database and intelligent alarm function, so as to help employees better manage energy. During the reporting period, the total energy consumption of Fii Industry is 13,748,634 GWH, and the consumption intensity is 2686 GJ/ RMB revenue.



Fii to increase the investment in energy conservation projects, continue to reduce the intensity of energy use. In 2022, we comprehensively promoted energy conservation projects, with a total investment of 163 million yuan, and implemented 855 environmental protection and energy conservation and emission reduction projects, including measures such as hazardous waste emission reduction, lighting energy conservation and equipment replacement, with a total carbon reduction of 150,300 tons.



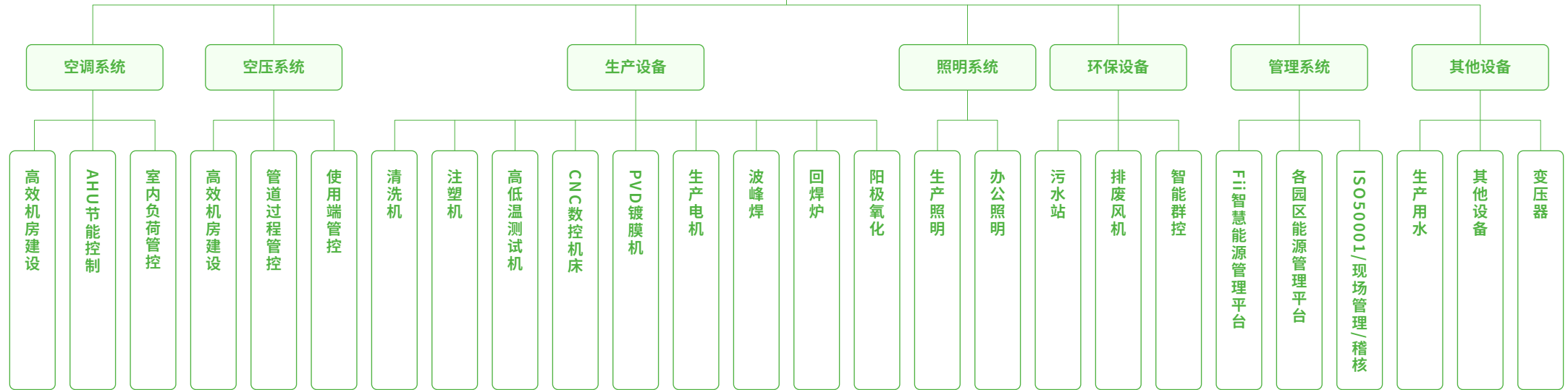
"Energy transformation can save costs, can be converted into benefits, not just for the sake of saving energy. The purpose of saving energy is to achieve zero carbon goal, and to increase operating efficiency and save cost. The cost of electricity is increasing year by year, and the operating benefit of each institution needs to be increased in cost control. How to control the operating cost is a major project of Fii.

——Chairman Cheng Hongmeng (Source: Fii Q3 Quarterly Meeting Minutes)



Case

减排目标分解



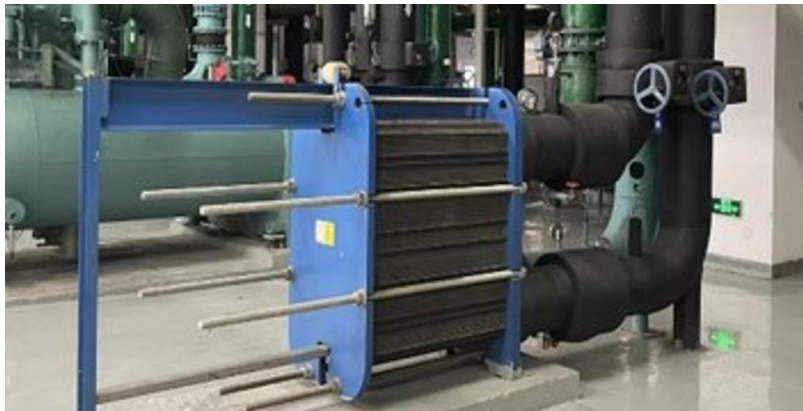
We divided the emission reduction target into 7 modules and 26 units according to the use scenario to explore the energy saving potential in production and operation. According to different energy saving modules, we set control details, so as to help to follow up the progress of the implementation of energy saving goals and determine whether the expected effect is achieved.

Case
Promote energy conservation projects

Through energy-saving audit, we found 82 outstanding projects from 11 parks, including air conditioning system, air compressor system and production system.

● Air conditioning system


In Longhua/Hangzhou Park, the annual average energy saving rate is over 30% by replacing the maglev/DC inverter ice water host



In Nanning/Hangzhou/Tianjin/Zhengzhou Park, the use of chilled water system to make full use of natural cold source, in the spring and autumn over the season of about 50% energy

● Air pressure system


In Zhengzhou Park, by using compressed air ultrasonic leak detection equipment, each leak point can save 5,000 yuan a year



In Zhengzhou Processing Zone, the compressed air humidifier is used instead of steam humidification, and the annual energy saving rate is more than 70%

● Production system


In Nanning/Tianjin Park, after injection molding machine servo motor transformation, the annual comprehensive energy saving rate is more than 75%.

Case

Maglev ice machine replacement



富士康工业互联网股份有限公司
中央空调高效机房技术及评价体系标准指引
(2022 版)

Considering the high energy consumption of air-conditioning and the factors affecting the efficiency of air-conditioning using for a long time, Fii has formulated the Central Air Conditioning High Efficiency Room Technology and Evaluation System Standard Guidelines, and will build pilot demonstration areas and gradually promote the construction of central air-conditioning efficient room. Taking Longhua Park as an example, the service life of the air conditioner will be increased from 15 years to 25 years by replacing the ordinary centrifugal ice water unit with the suspended maglev ice water unit, and the power consumption will be reduced from 2.21 million to 1.44 million yuan.

Case

富联裕展节能诊断



By analyzing the current situation of energy utilization, we actively identify problems and tap the potential of energy conservation, further reduce energy consumption and production costs, promote energy management and promote our commitment of "sustainable operation through continuous improvement".

Water resources management

Important achievements in 2022

Total sewage recycling amount of 2.36 million tons

Future actions and goals

2023

Water density decreased by 3% from 2021

2025

Water density decreased by 6% from 2021

At least 1 campus has been certified by AWS

2030

At least 3 campus has been certified by AWS

The management of water resources is one of the important links for Fii to fulfill its environmental protection commitment. We strictly abide by the relevant national laws and regulations and local policies, minimize the water density, through the use of intelligent water resources management and control system, real-time monitoring of water quality data and wastewater reuse, further strengthen water resources management.

The main source of our water supply is municipal water. We increase the rate of sewage reuse by using reclaimed water to green system and concentrated water to flush system, etc. In 2022, a total of 142,500 tons of reclaimed water was used by Fii, with a recovery rate of 65%. No illegal water intake and drainage incidents occurred during the reporting period.

The wastewater discharged by us mainly comes from the industrial wastewater of the workshop and the domestic water of the employee park. The pollution indicators of the monitored wastewater include biological oxygen demand, chemical oxygen demand, suspended matter, ammonia nitrogen and animal and plant oil, etc. In the watershed where the project operates, we strictly control sewage discharge and strive to reduce the impact of sewage discharge on the local community ecosystem.

Case Lankao Park reclaimed water cooperation project



Fii Lankao Industrial Park makes full use of the resources of the sewage treatment plant nearby the factory, and has reached the cooperation intention of reclaimed water reuse with Beijing Enterprises Water Group (China) Investment Limited. The waste water in the park can meet the future industrial water demand of the park after being treated and regenerated, with the focus on reducing the consumption of water resources and the generation of water pollutants. It is expected to achieve zero discharge of sewage before 2025.

Case Special training for wastewater station operation



In July 2022, we carried out special training on the operation and management of wastewater stations for all subordinate public institutions, which not only enhanced the professional skills of on-site management and technical personnel, but also further enhanced the initiative consciousness of all public institutions to carry out water resources management.

Waste management

Important achievements in 2022

- Emergency drill for hazardous waste leakage
- Nanning Park UL2799 (Platinum Grade)

Future actions and goals

- 2023**
 - At least 12 UL2799 waste zero landfill gold grade certification
- 2025**
 - At least 14 UL2799 waste zero landfill gold grade certification
- 2030**
 - At least 18 UL2799 waste zero landfill gold grade certification

General waste							
	waste steel	waste packaging	aluminum scrap	waste plastic products	waste cartons	household garbage	
	Hazardous waste						
		废乳化液	PCB 板	waste filter cotton	废有机溶剂		

Fii strictly abides by relevant environmental laws and regulations, promotes the harmless disposal of solid waste, effective recovery and comprehensive utilization of resources, effectively manages the waste production increment through the improvement of process and technology,

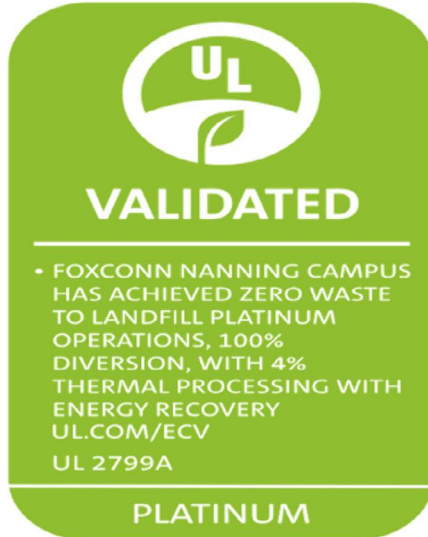
and reduces the waste end disposal amount by improving the effective utilization rate of raw materials and auxiliary materials, so as to achieve the waste emission reduction target.

We recycle part of general waste such as waste paper

and plastic, dispose hazardous waste in compliance with internal system, and transfer 100% to qualified units for processing. In 2022, 310,605.03 tons of hazardous waste and 8290,829.30 tons of general industrial solid waste will be produced, totaling 8601,434.33 tons.

Case

UL 2799 Certified



In response to the call for the construction of "waste-free cities" during the 14th Five-Year Plan period, the Fii established the systematic management of "zero pollution, zero landfill and zero incineration". Up to now, five units have passed UL2799 zero landfill certification, among which Nanning Park has become the first Guangxi enterprise to complete UL2799.

UL2799 certification work, on the one hand to help us reduce waste generation, improve waste conversion rate, save operating costs; On the other hand, it reduces the impact of production and operation on the environment, improves the environmental awareness of employees, and helps us monitor suppliers to form a green supply chain, which improves the competitiveness of enterprises.

Serial NO.	Legal person	Certification level	Certification time	Certificate number
1	Shenzhen Fullan Fugui Precision Industry Co., Ltd.			
2	Shenzhen Jingjiang Yunchuang Technology Co., Ltd.	Gold	03/15/2022 - 03/15/2023	259638-4160
3	Shenzhen Yuzhan Precision Technology Co., Ltd.			
4	Nanning Fugui Precision Industrial Co., Ltd.	Platinum	08/30/2022 - 08/30/2023	289971-4160
5	Funing Precision Components Co.Ltd	Gold	03/29/2022-03/29/2023	NA

Case

Zero landfill management training



During the reporting period, we conducted waste zero landfill management training for all subordinate institutions, and guided all institutions to optimize waste disposal methods, reduce environmental impact and improve environmental performance.

Waste Gas Management

Important achievements in 2022

- Waste gas activated carbon regeneration center

Future actions and goals

2023

- The pollutant discharge monitoring rate of key pollutant discharging units was 100%

2025

- The pollutant discharge monitoring rate of all public institutions is 100%

The main pollutants emitted from the production and operation of Fii are nitrogen oxides, sulfur oxides, particulate matter and volatile organic compounds. By installing online monitoring equipment, we implement dynamic monitoring of external gas concentrations and regularly monitor the emissions and surrounding air quality to minimize the impact of production and operation on the air environment in the area.

During the reporting period, we reduced 29.95 tons of VOCs emissions by reforming VOCs waste gas activated carbon, replacing alcohol-based solvents with water-based solvents and other measures.

Case

Regeneration of activated carbon desorption for VOCs waste gas



In order to reduce the operation cost of waste gas treatment facilities, we invested 1.5 million yuan to build a waste activated carbon recycling center in Jiyuan Park. The process of "thermal desorption + exhaust combustion waste heat recycling" is used to recycle and utilize the self-produced waste activated carbon. The carbon recycling and disposal capacity is about 600ton/age, and during the trial operation period (September 2022 - January 2023), A total of 41.12 tons of waste activated carbon is used for disposal, which is estimated to save 1,326,620 yuan per year.

Chemical Management

Important achievements in 2022

化学品管理政策

Chemical control Lis

Chemical Replacement Schedule for 2022

未来行动及目标

2023

The duration of occupational disease caused by chemical exposure remained 0

Disclose the no-limit control replacement plan, cooperate with the CSR report disclosure time and process

2025

Expanding Disclosure to the World and Developing Chemical Control Guidelines

Fii aims to reduce the associated environmental impact of business activities to zero. From the design, procurement, manufacture, sale, end use and disposal of products throughout the life cycle, the use of chemical substances to promote the whole-process management, to minimize the risk of chemical substances that have negative effects on human health and the environment.

In order to manage the chemical substances contained in products, materials and all auxiliary materials in the manufacturing process, Fii has set up an EHS management committee and a chemical compliance promotion team, which is responsible for promoting the chemical risk identification, hazard prevention, emergency prevention measures and replacement plan. The second edition of the Chemical Management Policy, released in August 2022, takes "establishing and implementing a chemical lifecycle management mechanism higher than the requirements of laws, standards and specifications" as the chemical management policy, requiring enterprises, their suppliers and customers to jointly develop and use green chemicals in order to minimize, reduce or control the impact of chemicals on human health and the environment. Covers all products and services of Fii.

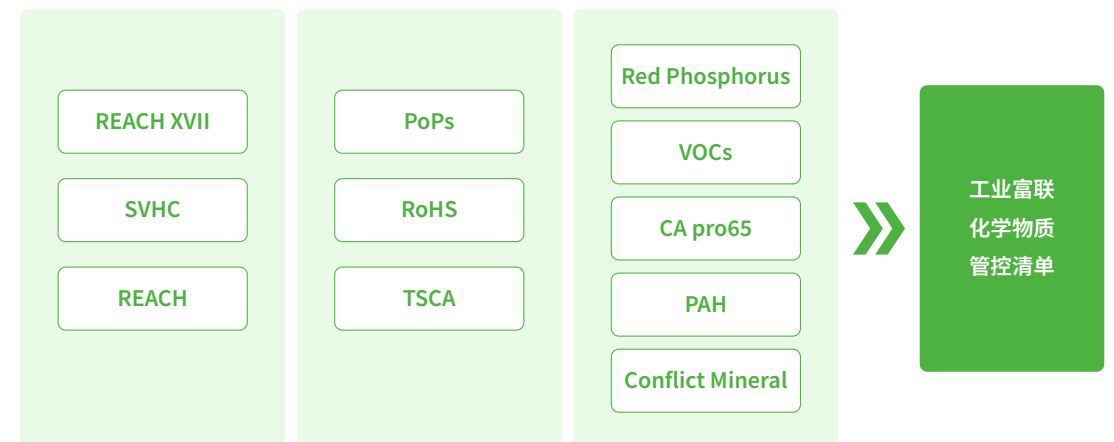
For restricted/hazardous substances, we establish and timely update the Chemical Substances Control List, organize all units to identify existing substances, and regularly disclose management information.

For the chemicals included in the list of restricted and monitored substances, we have formulated a replacement plan, which prohibits all units from re-introducing the replaced substances into any link of production or non-production.

For all substances included in the REACH and SVHC lists, we will be included in the replacement programme and phasing out the replacement.

Chemical management standard

According to local environmental laws and regulations, industry standards and requirements of relevant parties, and international conventions such as RoHS, REACH, PoPs, TSCA, CA Pro65 and Industrial Criteria, Fii has completed the standard evaluation of chemicals used in all products, services and activities of the company. Respond to stakeholder concerns by proactively disclosing chemical use.



1

Chemical design and development (evaluation)

Fii has a complete chemical design, development and use process specification, and evaluates the prohibited chemical content and technical reliability of the newly imported products, spare parts and materials according to the "Chemical/Material Management Specification"; And in the design specification, drawings record the restriction requirements of related chemical substances, as the technical evaluation index. Relevant hazardous substance test reports (RoHS, REACH test reports, MSDS) and specific chemical substance compliance statements, etc., as important data for evaluation and effectively kept and shared among functional departments for reference.

At the same time, the chemical compliance promotion Team of Fii will also carry out potential environmental protection risk assessment on the use of chemicals based on international conventions, national standards, occupational Disease Prevention law and Chemical Substance Control List, so as to exclude the harm of chemicals such as carcinogenic, germ cell mutagenesis or reproductive toxicity on human occupational health and safety, as well as the harm of persistent, bioaccumulative and toxic substances on aquatic environment. In addition, substitution or reduction plans are made for prohibited and restricted chemicals in the Chemical Substances Control List to continuously reduce chemical safety risks.

2

Green procurement of chemicals (access)

In order to reduce the environmental load, Fii, together with its partners and relevant parties, continues to carry out green procurement and implement the following activities, aiming to provide consumers with environment-friendly products and realize the sustainable development of the enterprise.

● Actively use products, components, materials and chemicals with low environmental load (green purchasing)

● Take the initiative to disclose information (through the active disclosure of chemical substance use information, promote the promotion of green environmental protection)

● Waste reduction, promotion of reuse and recycling (3R)

In order to promote the occupational health and environmental impact of high-risk chemicals in the supply chain, we have identified a high-risk chemical supplier. We plan to achieve 43% of the occupational health and safety system ISO45001 certification rate in 2023, 70% by the end of 2025, and 90% by the end of 2030.

3

Chemical process Management (use, storage and disposal)

According to laws and regulations, national and industrial standards, Fii formulates chemical substance control standards and procedures conforming to its own activities, conducts hazard risk assessment on the chemical substance content of selected chemicals through Fii Chemical/Material Management Standard and Chemical Substance Control List, and formulates appropriate prevention and control measures, so as to achieve hierarchical management and control objectives.

Develop and implement risk control measures by prioritizing elimination/replacement, engineering control and management control, and provide employees with work-related, properly maintained personal protective equipment and guide their proper use. At the same time, comply with laws and regulations and customer requirements to effectively manage chemical substances, and prevent the use of prohibited substances, mixing and pollution.

Implementation of EHS supervision and management of all kinds of hazardous chemicals: procurement - transportation - storage - use - waste - emergency disposal. Design, storage, use and waste disposal units in the whole process of management to fully consider its life cycle, and comply with the closed-loop management principle.

4

Product delivery Management (chemical validation)

In strict accordance with the product design management specification and shipping management related procedures, Fii shall confirm that the components and materials of the products conform to the List of Chemical Substances Control and Control according to the shipment inspection items or specific requirements of customers, and the qualified products shall post the environmental protection qualified labels or add the required test reports and compliance statements. Each product batch can be quickly traced, disclosed and transmitted through the production process, material entry and exit records, production date, etc.

Change management

In accordance with the Management of Change Procedure (MOC), the change department shall submit an application, and the responsible department shall assess the technical reliability of the products, parts and materials and the information of the chemical substances contained in them in accordance with the Chemical Substances Control List before they can be included in the use targets, and the results of the change assessment shall be recorded in writing and kept. For newly introduced chemical processes, we will refer to the Fii Chemical / Substance Management Guidelines.



Innovative design and development of chemicals

Fii is highly concerned about the impact of chemicals on environmental load and occupational health in products, sales and services. In the source design, we give priority to non-toxic, easily degradable, recyclable materials, etc., through optimizing process design, improving production equipment, improving detection means and other measures to reduce waste and pollutant emissions, reduce potential environmental pollution risks.

VOCs source substitution

We continue to phase out high volatile organic solvents used in the production process (such as: paints, cleaners, inks, adhesives, mold release agents, rust removers, etc.) and replace them with: water-based, plant-based, modified and biodegradable solvents with low VOCs, thus reducing VOCs generation at the source.

Process control

We strengthen the confinement management of equipment and places to reduce VOCs disorganized emissions; promote the use of advanced production processes, encourage new compact coating production lines, the use of high solids coatings, water-based coatings instead of traditional solvent-based coatings, promote the application of powder coatings in the field of commercial vehicles, promote electrostatic spraying and other efficient coating processes.

End-end control

The exhaust gas from each process link is treated by the process of concentration combined with combustion method after filtration, and the drying exhaust gas is treated by direct combustion method after filtration; the quality management system is developed to assess the risk level of raw and auxiliary materials, semi-finished products and finished products of VOCs, and a scientific and efficient testing program is developed to ensure compliance with the relevant national standards.

Ecological Protection

Important achievements in 2022

- Produce the Biodiversity Commitment and Statement

Future actions and goals

2023

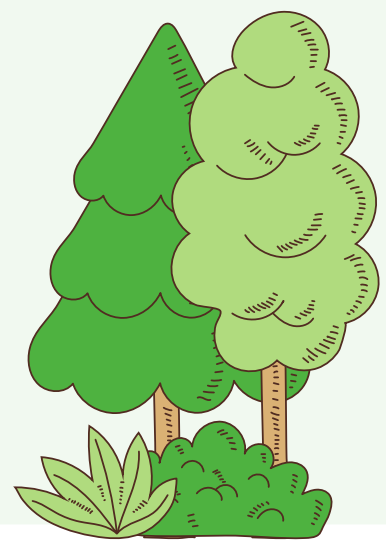
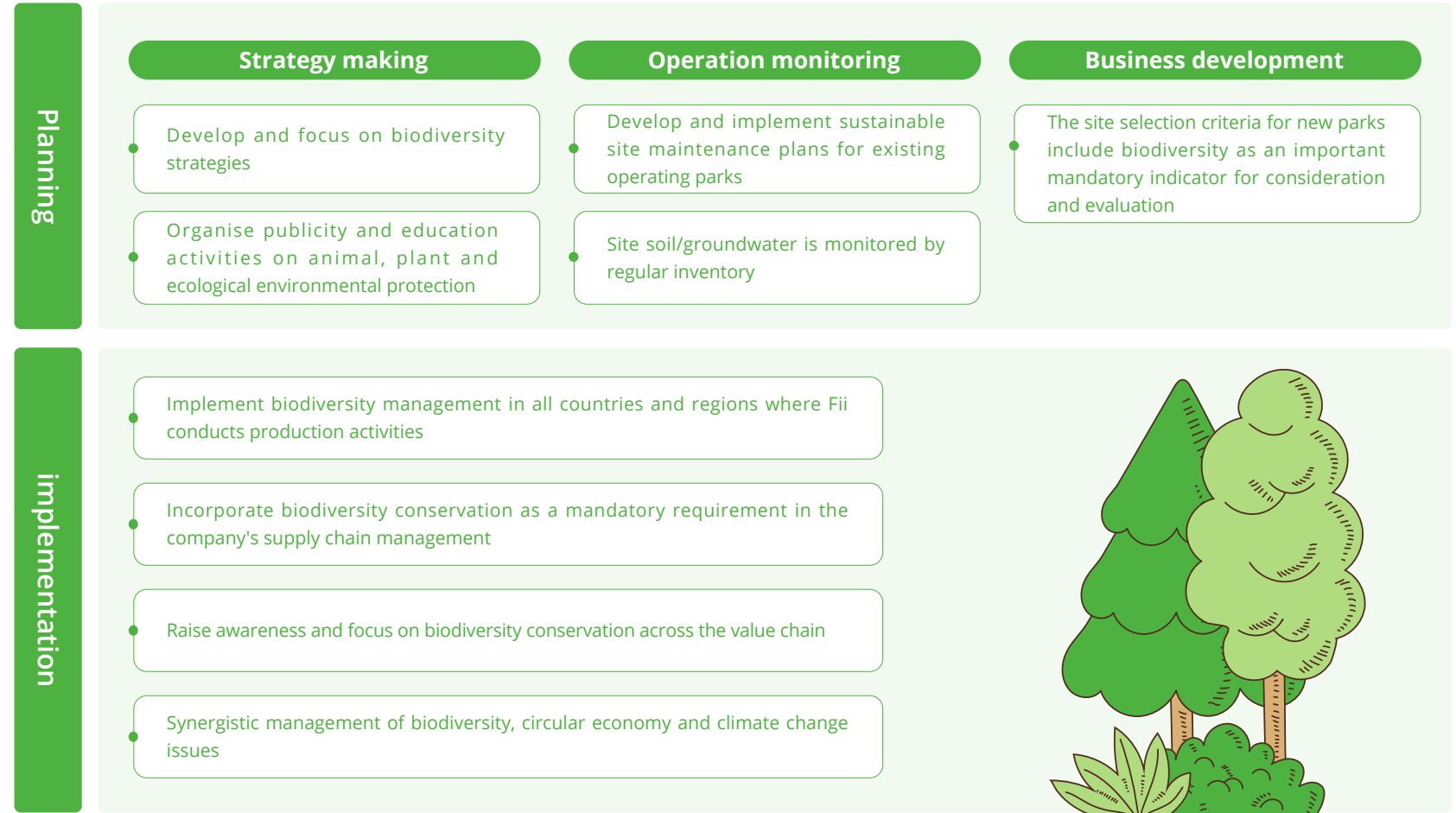
- Issue the Biodiversity Commitment and Statement
- At least 4 thematic missions
- Soil and groundwater monitoring more than 2 times

2025

- Soil and groundwater monitoring more than 5 times

Based on the relevant requirements of the United Nations Sustainable Development Goals (UNSDGs), the Convention on Biological Diversity (CBD), the construction of ecological civilization and the concept of total life cycle management, Fii has established the concept of biodiversity conservation and actively improved the comprehensive management of ecological environment.

We recognize and support the three objectives of the Convention on Biological Diversity (CBD): conservation of biodiversity, sustainable use of biodiversity and fair and equitable sharing of benefits arising from the use of genetic resources, and plan to release the Biodiversity Commitment and Statement in the near future to practice our commitment to corporate green development.



Before the construction of the parks, we carry out environmental impact assessment according to the laws and regulations of the countries (regions) where they are located, assess the possible adverse impacts and risks on flora, fauna and ecological environment caused by the operation activities, and formulate corresponding improvement measures to reduce or eliminate the adverse impacts on

the environment as far as possible. Based on this, the sites of all the operation parks of Fii are far away from the special protection targets such as scenic spots, nature reserves and cultural heritage, and not within the scope of the ecological protection red line. The pollutants will be discharged in compliance after reaching the standard, which will not cause adverse impact on the local ecological environment.

Case

Lankao Tourism Factory

Relying on the red regional characteristics of Lankao, Fii introduces the new business model of "tourism + science and technology" and the concept of "factory + ecology = symbiosis". It drives tourism through industry and promotes industry through tourism, thus creating the brand of Lankao tourism factory. Lankao Factory takes ecological function as the core, embellishes landscape vein and regional function, and realizes harmonious symbiosis between man and nature by means of modern landscape pattern.

Soil improvement has been carried out on the wasteland reserved for the original factory. In terms of afforestation, tree species have been selected in consideration of species diversity. More than 70 green varieties have been planted, achieving a green coverage rate of 43%. Every year on Arbor Day in Happiness Forest Farm planting crabapple trees and red photinia ball and other tree species, when the April flowers, a piece of red buds also echoes the characteristics of Lankao red region.



Happiness forest farm

Happy farm six functional areas



Flower cultivation area



Fruit area



Microwave landscape area



Pastoral area



Dovecote interactive area



Farm growing area

We have set up six functional areas in Kaixin Farm, where we can not only appreciate flowers and grow vegetables, but also feed animals and pick up melons and fruits. Employees experience planting activities in their spare time to cultivate their sentiments and enhance the concept of biodiversity conservation. In the future, a farming museum is planned to be set up in the park. Combining with local cultural characteristics, the park will let employees know the history of Lankao people's efforts to deal with sandstorms, waterlogging, salt and alkali, carry forward the hard work spirit of Secretary Jiao Yulu, and provide a regular science popularization and education place for enhancing the awareness of biodiversity protection.

3 Responsible procurement force practitioner

Sustainable supply chain >

Disputed purchases >



As global technology and economic integration grows, so does the importance of large multinational enterprises in the global supply chain business environment. The uncertainty that can arise at any time has changed the structure of traditional supply chains, impacting business operations and growth in many ways and placing greater demands on the stability of supply chain business operations. This, coupled with the increasingly sophisticated disclosure requirements of international codes of responsible business conduct, including information disclosure, environmental protection, labor relations and human rights, has convinced Fii of the critical value of building more resilient and sustainable supply chain strategies. In response to these guiding principles, we supplemented the Supplier Social and Environmental Responsibility (SER) management system with subdivided topics, expanded the supply chain risk identification and evaluation dimensions, and added responsible procurement requirements on the basis of 2021, so as to comprehensively promote the construction of green supply chain from a holistic perspective and realize the strategic vision of sustainable supply chain.

Sustainable supply chain

Sustainable supply chain management system and policy

A good sustainable supply chain management system helps companies achieve sustainable development goals at the strategic level by promoting economic benefits while also taking into account social, environmental, ethical and governance interests and meeting the needs of consumers and investors for social responsibility. The Green Supply Chain Sustainability Policy issued by the company's Global Procurement Headquarters encourages supply chain companies to improve transparency, promote environmental protection and social responsibility, and take a series of measures to ensure the compliance of Fii itself and its suppliers, and the policy covers all suppliers who have transactions with Fii and its various subordinate entities.

Carbon Reduction and Waste Reduction Science and Environmental Protection

- Promote suppliers to regularly quantify greenhouse gas emissions, set reduction targets, adopt energy-saving and carbon-reducing measures, reduce greenhouse gas emissions, and achieve carbon neutrality;
- Promote suppliers' waste management compliance, and continuously improve the waste conversion rate by implementing the "reduce, reuse, recycle" principle to achieve zero waste to landfill;
- Monitor suppliers' environmental management compliance in manufacturing processes to prevent environmental pollution.

Data platform to store the best and eliminate the worst

- Develop green management performance evaluation standards for suppliers, implement green management performance assessment for suppliers through the management platform on a regular basis, and use it as the basis for selecting key suppliers.

Green compliance social responsibility

- Not to accept products that contain chemical substances controlled by each country or region's green product-related regulations, and to promote the improvement of green product management capabilities in the supply chain, reduce the use of harmful chemical substances in products, and achieve full substance declaration of products;
- Not to accept conflict areas originating from the DRC or neighboring countries and other disputed minerals affected by conflict, and to establish a conflict-free supply chain;
- Monitor suppliers' compliance with the company's social and environmental responsibility conduct manual, strictly prohibit any human rights violations, and ensure health and safety in the workplace

Supply chain risk assessment

Due to the complex interactions between multiple parties involved in the supply chain, including climate change, natural disasters, political stability, legal changes, and other factors, resulting in negative outcomes such as supply delays, quality issues, and price fluctuations, in order to identify, evaluate, and manage potential risks in the supply chain, We have developed internal documents such as the Supplier Quality Risk Assessment and Management Operation Specification, Supplier SER (Social and Environmental Responsibility) Risk Assessment and Management Measures, and Supplier Green Product Risk Level Identification and Management Operation Specification. By identifying key suppliers, identifying specific risks, assessing risk priorities, and developing corresponding management plans, we adopt targeted strategies to ensure the sustainability and efficiency of the supply chain.

Supplier classification management

- **Critical suppliers:** Suppliers whose goods, materials, and services (including intellectual property/patents) have a significant impact on a company's competitive advantage, market success, sourcing, or production. Critical suppliers include high-volume suppliers, critical component suppliers, and irreplaceable suppliers.
- **Tier 1 suppliers:** Suppliers that provide goods, materials or services (including intellectual property/patents) directly to the company.
- **Non-Tier 1 suppliers:** Suppliers that provide products and services to suppliers at the next level of the supply chain (Tier 2 suppliers and above).
- **High risk suppliers:** Suppliers that have a high potential to adversely impact the organization due to social, environmental/ or economic misconduct.

A highly resilient supply chain often requires connections to a large number of suppliers and manufacturers. Adopting a policy of local sourcing helps companies understand the sources and transportation routes of components, which will reduce transportation costs, improve control and enhance transparency, and promote the economic development of the company's location and bring more social benefits to the local community. Recognizing the vulnerability of globalization of supply chains. Fii has adopted the priority principle of localization of employees and supply chains to avoid the risk of supply chain disruption on the one hand, and to enhance local economic benefits on the other hand, so as to achieve the overall development of stable corporate operations and social responsibility.

Supplier risk management measures

Supply chain risk assessment is a very important part of supply chain management, which is of great significance for enterprises to achieve stability, sustainability, and competitiveness of the supply chain. In the initial stage of supplier admission, we require all suppliers to sign the Environmental Protection and Social Responsibility Commitment Letter, fill out the Supplier Basic Information Card, and assume human rights, legal, environmental, and social responsibilities. The requirements include but are not limited to:

Comply with the EU RoHS Directive, EU REACH regulations, California Proposition 65 and other chemical use guidelines, establish a control system for hazardous substances in electronic and electrical products, and pass the QC 080000 management system certification;

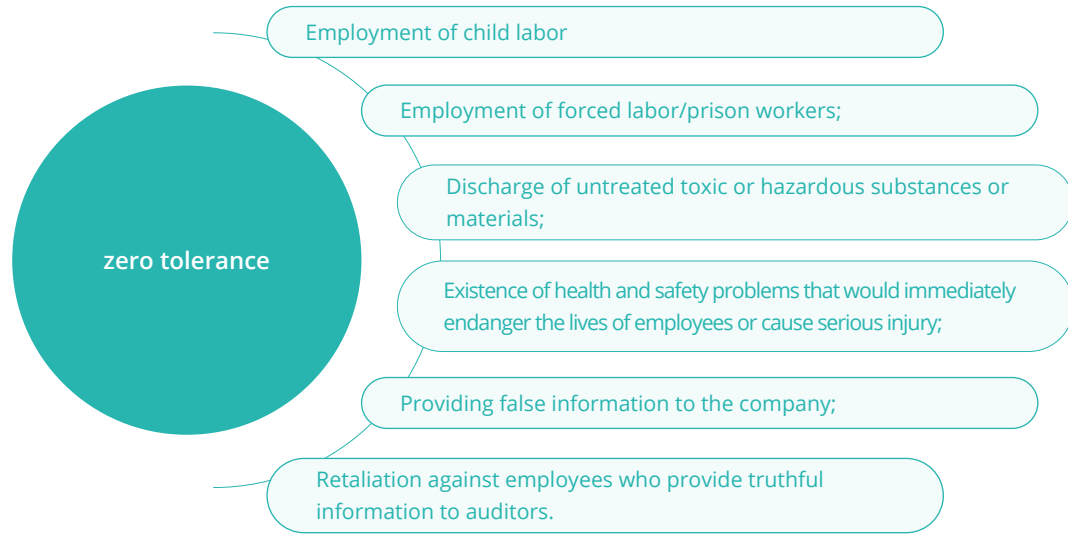
Comply with the requirements of the Responsible Business Alliance Code of Conduct (RBA), comply with local labor, health and safety, environmental protection, business ethics and other regulatory requirements, establish an environmental and occupational health management system, and pass the ISO 14001 and ISO 45001 certification;

Commitment to not accepting/not using conflict minerals from the main Republic of Congo and surrounding countries and regions, establishing management systems in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and using conflict-free smelters certified through the Responsible Minerals Initiative (RMI) or equivalent;

Comply with the energy efficiency and emissions reduction policies and regulations of the company's location and commit to establish an ISO 14064 organization-level carbon management system and disclose carbon inventory and emissions reduction information annually.

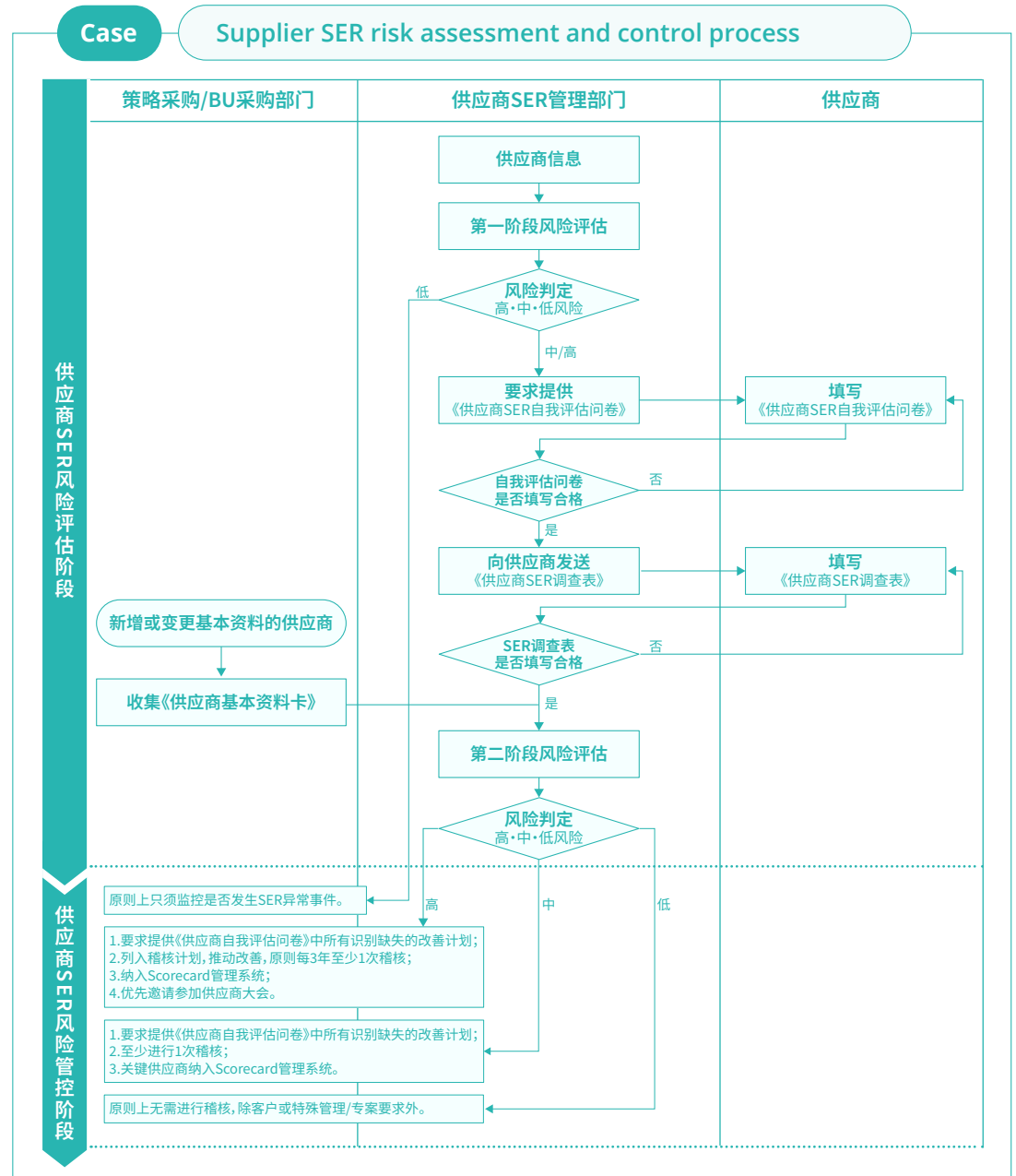


In accordance with the requirements of the Responsible Business Alliance Code of Conduct (RBA 7.0), we have updated the Supplier Code of Conduct on Social and Environmental Responsibility to ensure that all suppliers in the supply chain provide a safe working environment for their employees, respect human rights, and operate in an environmentally responsible and ethical manner, which applies to all suppliers with whom Foxconn has dealings. During the audit process, we prohibit suppliers from having the following “zero tolerance” items:

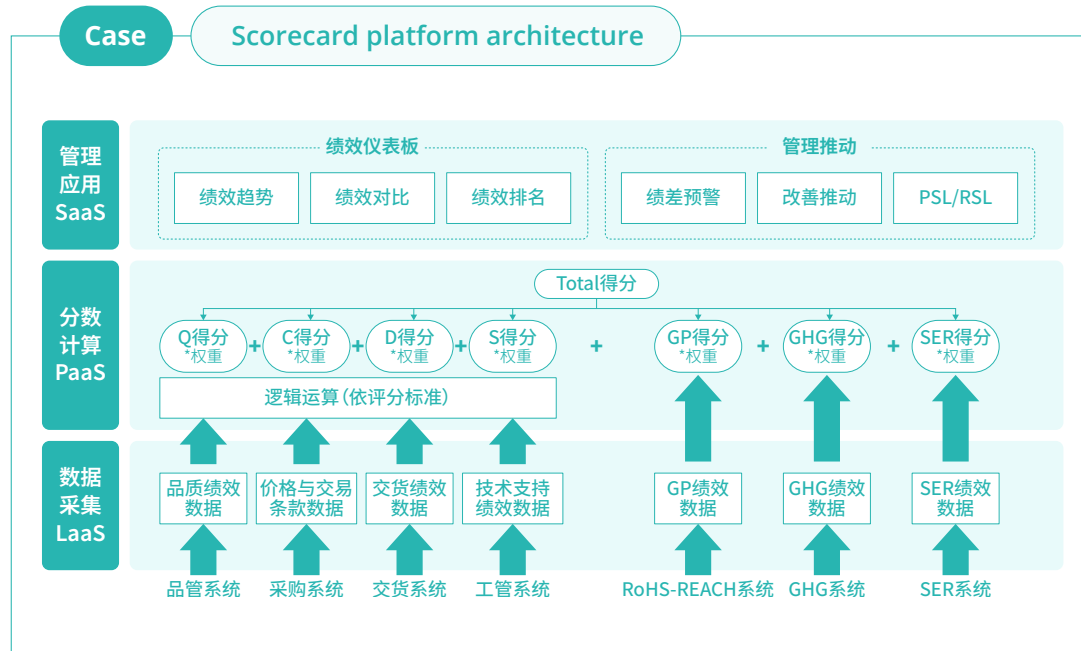


For partners already included in the supply chain, the company controls and reduces risks through specialized management and supervision methods such as evaluating and eliminating high-risk suppliers, conducting risk analysis, and establishing warning mechanisms, based on the internal supplier social and environmental responsibility (SER) management system and scorecard supplier performance management system, promote the sustainability of corporate and supply chain environmental and social responsibility performance.

SER site assessment report, as the main mechanism of supply chain management, regularly discloses suppliers' basic information, SER strengths and weaknesses, audit status, improvement status, integrity and compliance and final assessment scores through on-site audits, with assessment items including five major categories such as labor, environment and ethics, more than 40 sub-topics, and more than 150 specific evaluation indicators, which will eventually form a Corrective Action Report (CAR) and require suppliers to complete rectification within a specified period.



Scorecard, as a digital system for supply chain management, has 7 major evaluation indicators, namely quality, price, supply chain support, technical support, green products, energy saving and social responsibility. Administrators can adjust the scoring weight based on “applicable/not applicable”, and some data will be automatically generated by the corresponding system. The ESG performance details query interface is open for quick screening and reference at the group level.



The company continues to promote multi-level and multi-dimensional responsibility audits. For suppliers who perform differently in SER and Scorecard, we have developed targeted audit standards and conducted audits with different frequencies and focuses for different types of suppliers. High risk suppliers will undergo on-site audits once a year, while medium and low risk suppliers will undergo on-site audits every three years, or the audit content and frequency will be determined according to customer requirements. During the reporting period, we conducted 55 on-site audits of supplier green product management, with an average pass rate of 93%; Promote 9 suppliers to register IPE platform accounts, and a total of 166 suppliers have IPE platform accounts; A total of 37 suppliers have violation records on the IPE website, promoting 33 suppliers to conduct a GCA audit; ≥ 90% of key suppliers have an audit coverage rate every three years.

Sunshine procurement

We are committed to improving the transparency of the entire supply chain cycle, including the production process, procurement bidding, logistics management, and supply relationships, to create a fair and open procurement atmosphere for the supply chain and provide consumers with stronger brand trust. The company's internal Integrity Supervision Department, set up by the Central Legal Department, coordinates the integrity supervision work, including the establishment of the procurement process and work system for malpractice prevention, strengthening supplier management, adopting competitive open bidding and negotiation, strictly enforcing the internal purchasing budget and approval authority system, strengthening procurement supervision and internal auditing, and opening up various corruption reporting channels, in order to supervise and prevent non-compliance occurring in the procurement process. All suppliers are required to sign integrity agreements such as the Supplier's Active Voice Report and Vendor's Commitment before formal performance, and regularly participate in the integrity training organized by the company. During the reporting period, there was no supply chain corruption incident in Fii, and through the continuous ISO 37001 anti-bribery management system certification, 100% of suppliers signed the commercial bribery risk assessment report.



Promoting green transformation of supply chain

Global climate change is becoming more and more serious, and the environmental and social risks in the supply chain have attracted widespread attention from governing bodies and the public, and with the increasing awareness of environmental protection among all people, the international regulations and restrictions on carbon emissions, energy consumption and other environmental indicators will become increasingly strict. Based on internal verification forms such as Supplier Environmental Social Responsibility Checklist, Supplier Green Product Management System Assessment Form and Supplier Green Product Risk Rating Assessment Form, we obtain the real situation of suppliers in environmental and social governance and assist them to complete green transformation through preferential policies, including building carbon emission management system, zero waste to landfill management system, digital management system, carbon neutral target, etc., to actively assume social responsibility for sustainable development. Take carbon emission classification management system as an example, according to the carbon emission or electricity consumption of suppliers, suppliers are subject to different levels of control:

Manufacturers with carbon emissions are less than 3,000t of CO₂e shall manage themselves and voluntarily disclose carbon to relevant parties.

Manufacturers with carbon emissions more than 3000t of CO₂e shall be required to do annual carbon inventory and disclose the data in the supplier carbon management system.

Manufacturers with carbon emissions more than 5000t of CO₂e will be included in emission reduction management, set emission reduction targets annually according to emission reduction management requirements, and implement energy saving and emission reduction management programs.

Combine carbon emissions, procurement amount, and procurement strategy to select some key suppliers, and evaluate them for carbon neutrality, and promote the use of 100% renewable energy to produce products.

During the reporting period, each branch of the company organized over 17 supplier social responsibility training sessions, including online and offline training, seminars, supplier conferences, etc. The training included IPE (Institute of Public&Environmental Affairs) themed training, supplier environmental and social behavior code learning, and promotion of new standards for conflict mineral management. A total of more than 383 suppliers under the branch participated in the training, among them, there are over 183 key suppliers. 10 key suppliers have obtained zero landfill certification for waste; 75 key suppliers have achieved RoHS+halogen-free declaration; 12 key suppliers promise to use 100% renewable energy; 100% of suppliers implement ESG projects.

Case

Green supply chain policy and requirements for suppliers

In March 2022, the company held the “Green Supply Sustainable Development” supplier orientation meeting to promote the green supply policy and requirements, and explain the supply chain carbon neutral, zero waste, green product management evaluation standards, etc., a total of 64 key suppliers of electronics 248 representatives registered to attend the meeting, the meeting connected to 161 relevant personnel access.



Case
The company's green product management performance evaluation and quality improvement supplier briefing

The company attaches great importance to supply chain ESG management and evaluates the performance of green product management for suppliers from five dimensions: system management, testing management, process management, platform management, and upstream management. In June 2022, a supply chain online briefing will be held to explain the progress of evaluation and the promotion of green quality and efficiency improvement in the supply chain. 9 green product management departments under 10 business groups of the group and 288 suppliers jointly participated in the meeting.


Case
Supplier carbon reduction coaching conference

In December 2022, the company pledged to reach its net-zero emissions target by 2050, disclose carbon emissions information annually in accordance with TCFD (Task Force on Climate-Related Financial Disclosures), strengthen climate governance, and take action on its supply chain. The conference shared excellent carbon reduction cases with a total of 226 parties connected to participate.



Disputed purchases

Due to the phenomenon of illegal looting and indiscriminate mining of mineral resources in some countries and regions, which will have a great impact on the local environment and social stability and breed illegal and criminal acts, more and more international organizations and companies are constantly strengthening the management of conflict minerals, including traceability certification, procurement compliance, anti-corruption, etc. We do not purchase raw materials directly from smelters or refineries in conflict areas, but may purchase components containing these minerals. In order to improve our corporate social responsibility and meet our customers' requirements for responsible mineral procurement management, we have formulated internal management documents such as the Supplier Responsible Mineral Procurement Management Code, issued the Responsible Procurement Statement, required suppliers to sign the Environmental and Social Responsibility Commitment, and adopted the We identify and assess the risks of tungsten, tin, tantalum, gold, cobalt, mica and other minerals through an audit process such as Conflict Minerals Due Diligence Report and Supplier Responsible Mineral Risk Assessment Form, which include Conflict Minerals Reporting Template (CMRT), Cobalt Reporting Template (CRT), Mica Reporting Template (MRT), etc.



Management policy

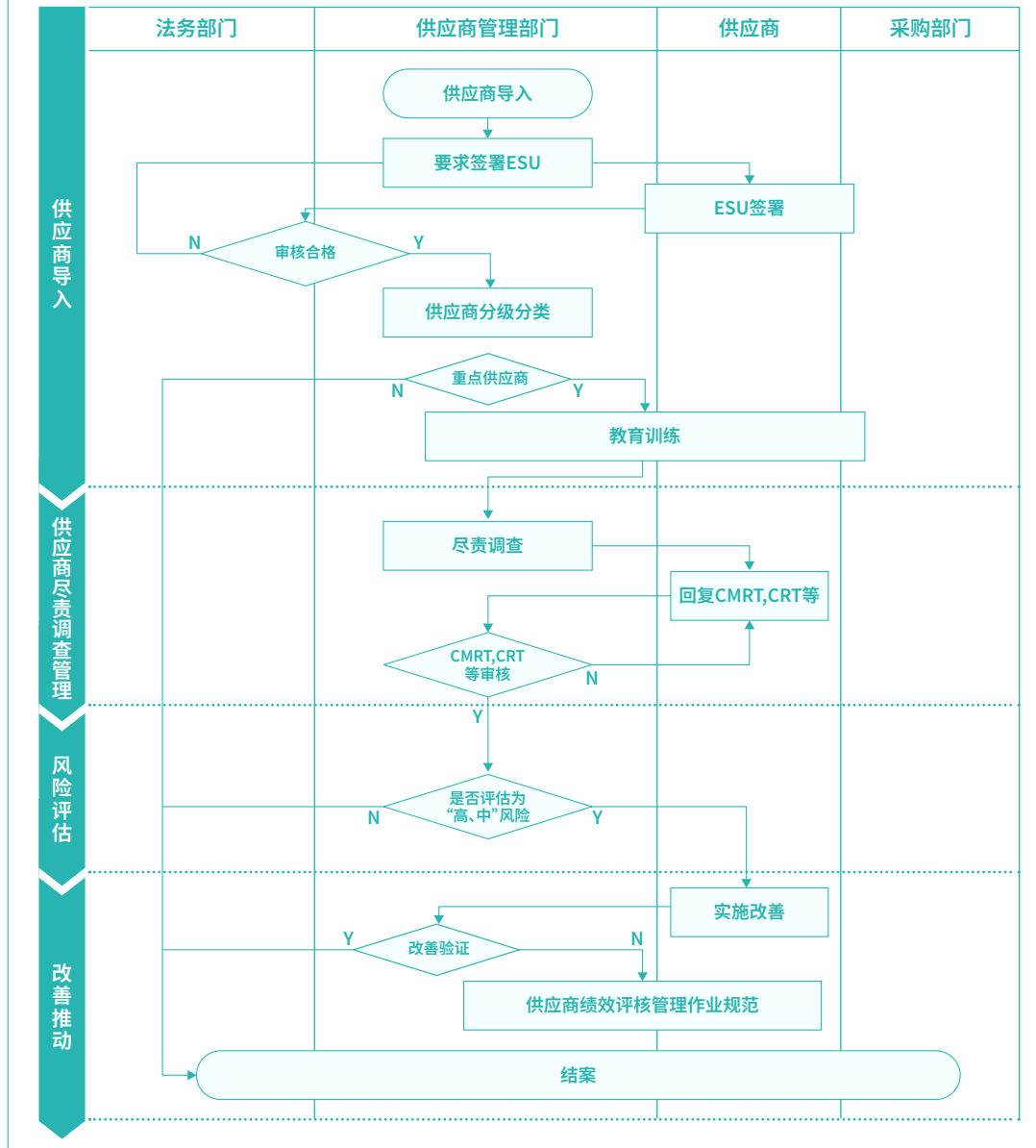
Fii follows the Code of Conduct on Corporate Social and Environmental Responsibility for Suppliers and does not accept minerals related to conflict zones and other high-risk areas (where there is conflict, the worst forms of child labor employment, forced labor and human trafficking, serious human rights violations, and other objectively judged high-risk activities) originating from the Democratic Republic of Congo and its neighboring countries. The company has always focused on social responsibility, and to achieve this goal, we require our supply chain companies to

- Fulfilling social and environmental responsibilities;
- Ensure that parts and products supplied to companies are free of conflict minerals;
- Establish a responsible minerals management system with reference to the OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Trace the source of relevant minerals involved in the supply chain, regularly use CMRT/CRT/MRT, etc. to report the use status and source information of relevant minerals in the delivered products to the company, and ensure the use of smelters/refinery that comply with the RMI (Responsible Minerals Initiative) responsible for the Responsible Minerals Assurance Process (RMAP);
- Makes the same request to upstream manufacturers.

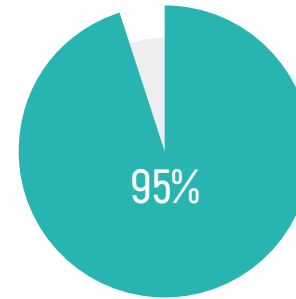
Fii continues to practice the concept of sustainable development, and in order to meet the requirements of related parties on the management of conflict minerals, the internal Supplier Responsible Mineral Procurement Management Code is used as a platform to clarify the responsibilities of the participating functional departments, starting from the four aspects of supplier access, supplier due diligence management, risk assessment and improvement promotion to reduce the risk of supply chain conflict mineral management and avoid the impact on the company and its customers.

Case

Supplier responsible mineral procurement management code flowchart

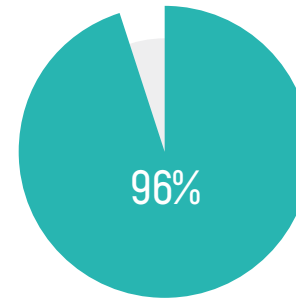


Suppliers assessed as high or medium risk should reduce their risk level by signing ESU (Environmental Protection and Social Responsibility Undertakings), completing CMRT, CRT, MRT and other evaluation reports, and developing public responsible mineral policies. The performance evaluation management of responsible mineral procurement belongs to the SER management module, which is managed online through the group's conflict mineral management system platform. The platform has functions such as CMRT automatic investigation, review, and summary, achieving real-time data query and traceability requirements, making it easy for supply chain enterprises to integrate and manage data. During the reporting period, 100% of supply chain enterprises did not use illegal conflict minerals.



1,604

对供应商发出冲突矿产调查问卷(CMRT)数量

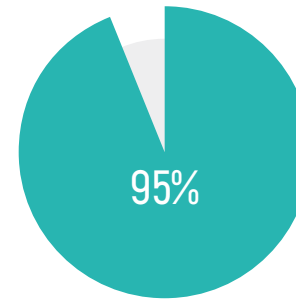


1,531

对供应商发出冲突矿产问卷并完成调查的数量

1,172

对供应商发出钴管理调查数量



1,123

对供应商发出钴管理调查并完成调查的数量

1,019

对供应商发出云母管理调查数量

967

对供应商发出云母管理调查并完成调查的数量

4 Sustainable governance practitioner

- Corporate governance
- Economic performance
- Risk and opportunity management
- Tax strategy
- Information security
- Business ethics



Fii recognizes that transparent and efficient corporate governance is the foundation for consolidating the organization's development achievements and realizing its long-term development strategy. To this end, we have always insisted on transparent operations, sound governance, protection of shareholders' rights and interests, and responsiveness to stakeholders' demands. We are concerned about the impact of our operations on society, the environment and people, and we plan for comprehensive risk management, continuously refine our governance and risk control systems, adjust our industrial layout in a timely manner, and improve our ability to sustain development.

In the future, Fii will continue to adhere to the governance direction of implementing integrity and compliance, continuously improve the supervision of business ethics issues at the board level, conduct regular rotational audits, standardize the handling of whistleblowing, strengthen the independence of the board of directors, optimize the internal communication mechanism of the board of directors, normalize the business refinement training of senior management, and improve the effectiveness of the board of directors and ESG leadership.

Progress in 2022

1 Enhancing board independence

- Independent directors accounted for 33.3%
- 100% of independent directors attended the board of directors' meetings and shareholders' meetings in person, with no absenteeism or proxy attendance

2 Enhancing board diversity

- 17.7% of female directors
- Members have academic background and practical experience in mechanical engineering, electrical engineering, accounting, business administration, etc.

3 Enhancing the special quality and capability of the governance team

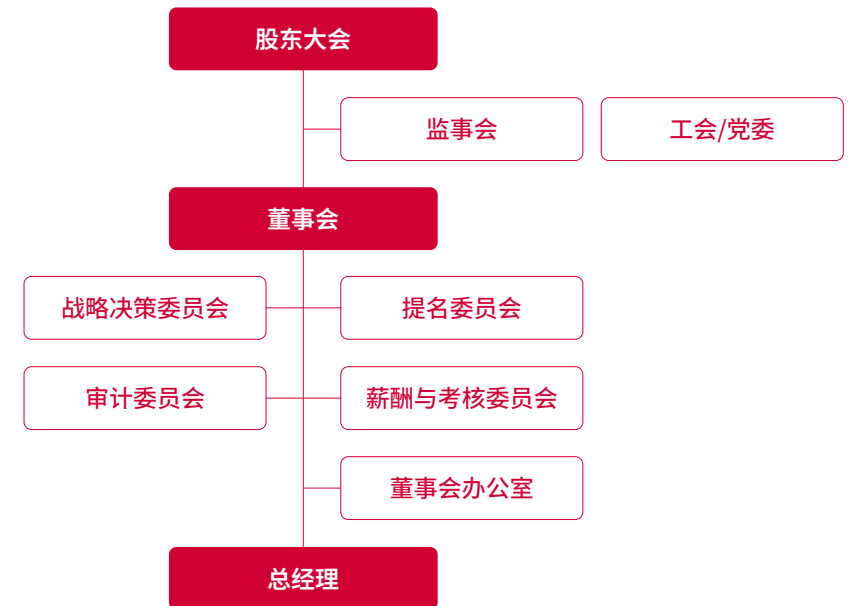
- Total 123 hours of training for directors and supervisors

4 Promote the construction of risk management system

- Completed risk radar mapping
- Completed risk identification of central functional units, proposed important risk control measures, and tracked 283 control measures in total

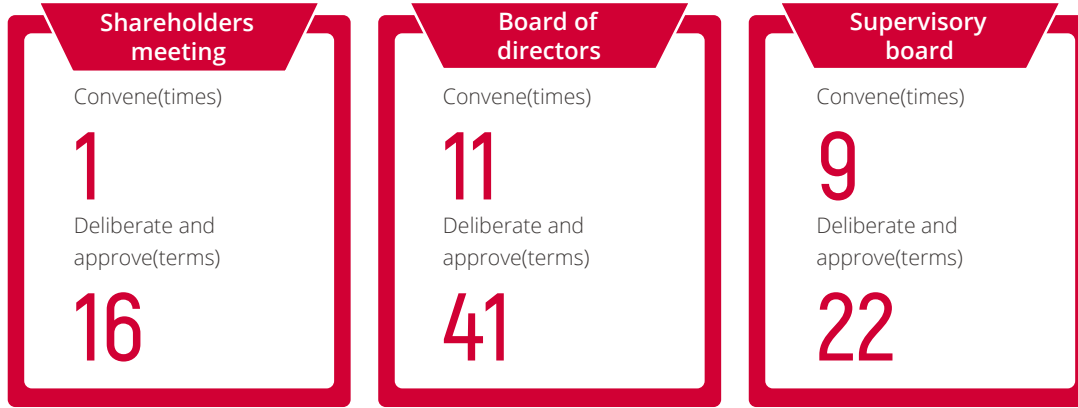
Corporate governance

公司治理架构



In strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Articles of Association of the Company and other internal and external institutional norms, Fii has established a general meeting of shareholders, a board of directors, a supervisory board and a management board (the "Three Boards and One Level"), and promulgated corresponding rules of procedure and working systems. We clarify the criteria for the selection and appointment of members of the Board of Directors and the duties and authority of directors and supervisors, insist on the separation of execution and supervision, ensure effective checks and balances, and promote scientific decision-making with a sound and modernized corporate governance structure. During the reporting period, we completed the revision of the Rules of Procedure of the General Meeting of Shareholders and the Rules of Procedure of the Board of Directors, taking into account the actual situation of the company.

2022 Tri-Council performance



The shareholders' meeting is the power organ of the company and the board of directors is responsible to the shareholders' meeting. Fii pays attention to the diversity of identity of senior management such as directors, supervisors and general managers and the richness and complementarity of industry and academic experiences, and the selection of personnel is in compliance with the Code of Governance for Listed Companies, the Guidelines on the Articles of Association of Listed Companies and the Articles of Association of the Company.

The Board of Directors has set up four functional committees, namely the Strategic Decision-making Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee, which are responsible for managing the implementation and promotion of each special affairs. During the reporting period, the special committees diligently performed their duties and provided consultation and advice to the Board of Directors in making decisions, which is a key link in promoting the sustainable and stable development of the Company.

Board of Directors	Supervisory Board	Audit Committee	Strategic Decision Committee	Remuneration and Evaluation Committee	Audit Committee
Selects and hires general manager, secretary of the board of directors, chief financial officer and other senior management personnel, responsible for resolutions on major corporate matters, formulates basic management systems and plays a guiding role.	Check the financial status of the company governance, supervise the job conduct of directors and senior management, and safeguard the legitimate rights and interests of shareholders. Meeting frequency: at least 1 time every 6 months	To study the company's demand for directors and senior management, assist in improving the selection criteria and procedures, propose candidates for the board of directors, and promote diversity of board members.	Pay attention to and study and judge the macroeconomic situation, national policies and industry trends, make suggestions on the company's development planning and major investment decisions, etc., and promote the sustainable and stable development of the company's main business.	To improve the appraisal and remuneration guidelines regarding directors and senior management, review the level and amount of remuneration, and continue to promote the Company's 2019 Stock Option and Restricted Stock Incentive Plan.	Supervised the formulation and implementation of the Company's internal audit system, reviewed the Company's financial system and internal control system, and discussed matters such as periodic reports, audit plans, and routine connected transactions.

2022 board members

Title	Director name	Gender	Director's tenure		Academic background	Industry experience
			0-3 years	3-6 years		
Chairman	Li Junqi	Male	●	●	PhD in mechanical engineering	
General manager	Zheng Hongmeng	Male	●	●	Bachelor of electronic engineering	
Director	Zhou Taiyu	Male	●	●	PhD in electrical and computer engineering, chief technology officer	
Director	Liu Junjie	Male	●	●	General manager of high-end precision mechanical parts product group	
Independent director	Xue Jian	Female	●	●	Doctor of accounting, professor of school of economics and management, Tsinghua University	
Independent director	Sun Zhongliang	Male	●	●	Executive MBA	

*Liu Junjie succeeded as the executive director on June 23, 2022, and the original executive director Wang Jianmin resigned on June 2, 2022.

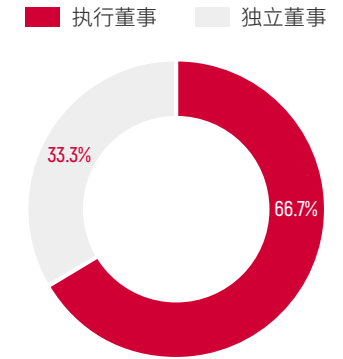
Name	Enterprise operation	Finance Accounting	Compliance Affairs-Internal Control	Legal	Globalization	Technology R&D	Information Technology	Risk
Li Junqi	●				●	●	●	●
Zheng Hongmeng	●				●	●	●	●
Zhou Taiyu	●				●	●	●	●
Liu Junjie	●				●	●	●	●
Xue Jian	●	●	●		●	●	●	●
Sun Zhongliang	●				●	●	●	●
Hu Guohui	●		●		●	●	●	●
Yang Feifei	●		●		●	●	●	●
Zhang Zhanwu	●		●		●	●	●	●

Independence

There are 6 members of the current Board of Directors, including 4 executive directors and 2 independent directors, with independent directors accounting for 33.33%, effectively guaranteeing the reasonableness and fairness of the Board's decision-making. The Company provides support for the independent directors to perform their function of independent supervision and inspection, and the independent directors do not hold shares of the Company in any form.

In order to strengthen the professionalism and independence of the operation of the Board of Directors, the chairmen of the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee are all independent directors, with 66.7% of the members being independent directors.

董事会独立性

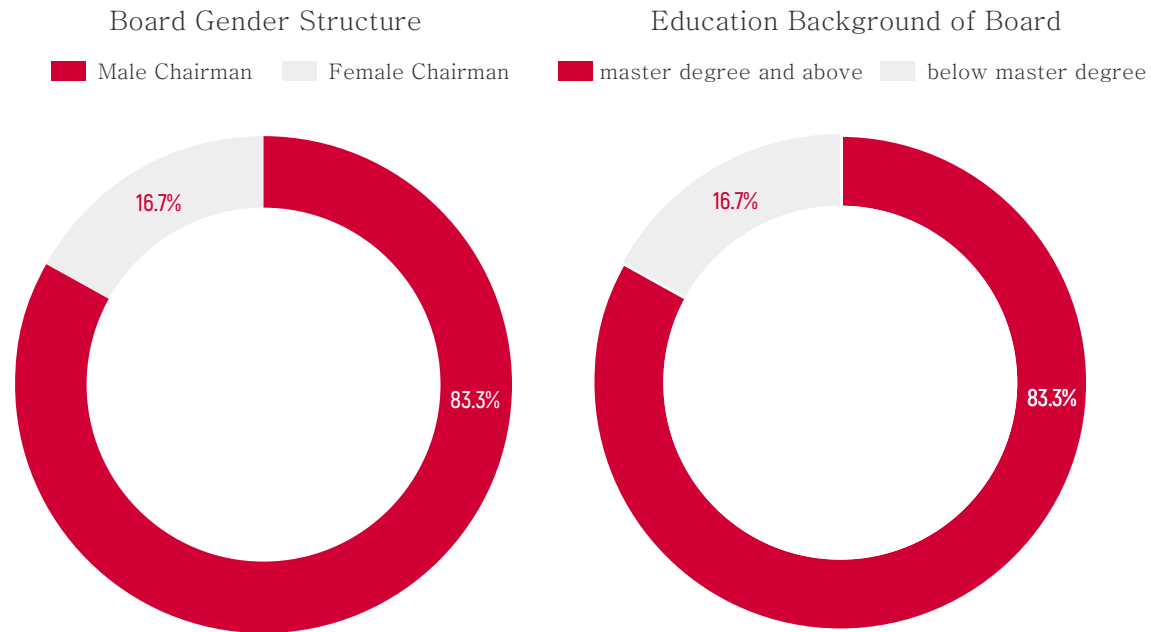


2022 Tri-Council performance

Special committee	Member name	Meeting situation		
		Meetings in 2022	Entrusted Attendance	Actual attendance rate (%)
Audit committee	Xue Jian (Chairman)		0	100%
	Sun Zhongliang	6	0	100%
	Li Junqi		0	100%
Nomination committee	Sun Zhongliang (Chairman)		0	100%
	Xue Jian	3	0	100%
	Zhou Taiyu		0	100%
Remuneration and appraisal committee	Sun Zhongliang (Chairman)		0	100%
	Xue Jian	5	0	100%
	Zheng Hongmeng		0	100%

Diversification

There is one female independent director on the Board of Directors, and the percentage of female directors is 16.7%. The board members come from various fields such as mechanical engineering, electronic engineering, accounting, business administration, etc. They have rich knowledge, skills and experience required to perform their duties, and have a reasonable professional talent structure, with 85.71% of them having master's degree or above.



Conflict of interest

In order to regulate connected transactions and avoid conflicts of interest, the Company has formulated the Management System of Connected Transactions to strictly prohibit directors, supervisors and other senior management from using connected transactions to harm the interests of the Company and its small and medium-sized shareholders, and to ensure that the transactions are conducted in accordance with the principle of fairness and fair and reasonable pricing. When the matters under consideration are of interest to the directors and independent directors, the connected directors are required to take the initiative to declare and recuse themselves from voting, and are not allowed to act on behalf of other directors to exercise their rights, so as to reduce the situation where the judgment or independence is affected by conflict of interest.

Board of Directors performance evaluation

We conduct annual evaluation of the standardization and effectiveness of the Board of Directors, focus on strengthening the functional positioning of the Board of Directors, improve the top-level system design, and enhance the quality of management building.

2022 Board Assessment Program Summary	
Evaluation object	All directors (6 people) and all supervisors (3 people)
Evaluation indicators	<p>Normative and effective</p> <ol style="list-style-type: none"> 1. Composition and operation of the board of directors 2. Degree of participation in the board of directors' meetings 3. Implementation of resolutions of the board of directors at the shareholders' meeting 4. Operation of the four major committees of the board of directors 5. Risk management of the board of directors 6. Dialogue between the board of directors and internal and external 7. Independent directors perform the duties and protect the rights and interests of small and medium shareholders 8. Evaluation of the Board of Directors by the Supervisory Committee

Senior management remuneration policy

In accordance with the provisions of the Articles of Association and the Rules of Procedure of the Remuneration and Evaluation Committee, we formulate the Remuneration System for Directors, the Remuneration System for Supervisors and the Remuneration System for Senior Management, which are submitted to the shareholders' meeting for consideration and approval, and the Remuneration and Evaluation Committee is responsible for reviewing the performance of duties and the payment of remuneration of directors and senior management of the Company.

For inside directors, we link their remuneration to the economic environment, business conditions and performance appraisal results in accordance with their management positions in the company. For outside directors (including independent directors), we adopt a stipend system, which consists of annual base salary and performance pay.

In addition, we recognize that management's ownership of company stock both mobilizes management initiative, has a positive impact on the organization's future operating profit, and is beneficial in enhancing stakeholder trust in the organization's management. For this reason, the company has established a restricted equity incentive plan for directors and senior management, and updates the grant status of each reporting period in the annual report simultaneously.

Economic performance

In recent years, the global weather extremes have frequently ravaged the world, the international competitive map has accelerated its evolution, and the internal elements of the organization have also been in a state of long-term adjustment. The profoundly changing internal and external environment has continued to test the industrial resilience and flexible adaptability of Fii.

Under the new development pattern, Fii always insists on being based in China and looking at the world, and runs the enterprise with the attitude of open integration and common construction, thanks to seizing the opportunity of the era of digital economy development, gradually implementing the digital transformation and upgrading strategy, focusing on reshaping the competitive advantages of business while consolidating the existing industrial advantages; relying on the production and manufacturing process to accumulate new processes, breaking through the technical barriers to form new models and new business models by digital strengthening the enterprise. In addition, we will reduce the impact on ourselves as much as possible, stabilize the R&D, production and operation of each business group, provide fuller and higher quality employment, consolidate and strengthen the economic foundation of the organization, and continue to create long-term value for shareholders and society.

Financial performance in 2022

Total operating revenue(Billion)

5,118.50

a year-on-year increase of **16.4%**

Company operating cash flow(Billion)

153.66

a year-on-year increase of **76.1%**

R & D investment(Billion)

115.88

a year-on-year increase of **7.0%**

Net profit attributable to parent company(Billion)

200.73

a year-on-year increase of **0.3%**

Net assets(Billion)

1,289.75

Cloud computing server

1

No.

Net profit not attributable to parent company(Billion)

184.10

Total assets(Billion)

2,841.88

a year-on-year increase of **6.6%**

Cash dividend amount (tax included)(Billion)

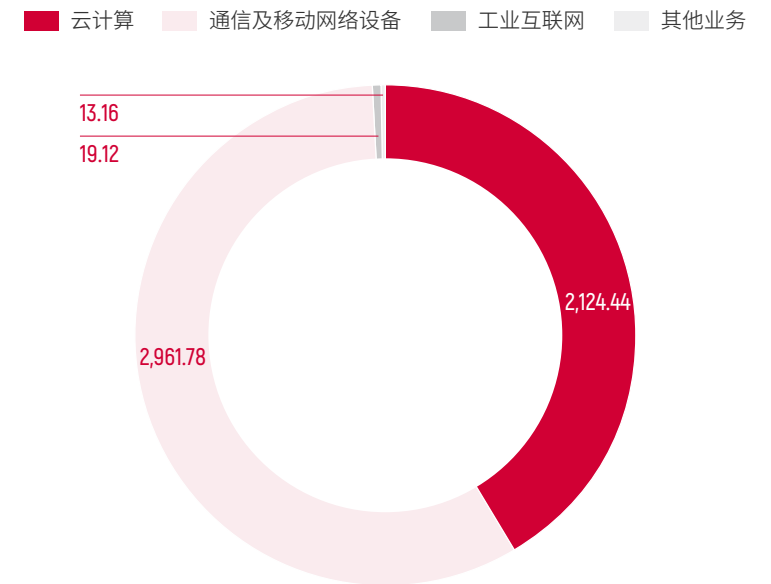
109.22

We have shifted from a purely shareholder interest focus to a multi-stakeholder perspective, focusing not only on our own financial performance and shareholder wealth accumulation, but also on the radiating effect of our corporate operations on social benefits.

As a listed company, the protection of shareholders' rights and interests is both our obligation and the cornerstone of our ability to win the trust of the market. We have increased our efforts to reward our shareholders by formulating a positive and reasonable profit distribution plan while ensuring the normal operation and sustainable development of the company, and we have been paying cash dividends every year based on our business performance to enhance investor confidence. Since our IPO in 2018, we have paid out \$32.3 billion in cash dividends to our shareholders.

The company continues to strengthen information disclosure, improve investor relationship management, and protect the right to information of stakeholders, so that all relevant parties can understand and agree with our business activities. We closely interact with investors and maintain long-term effective communication through communication channels such as shareholder meetings, performance reports, roadshows, telephone conferences, and "SSE E Interaction". During the reporting period, Industrial Rich Union conducted X roadshows, answered over 300 investor phone calls, responded to 62 questions on the E interactive platform, and conducted research with 424 institutions. It was awarded an A-level information disclosure evaluation by the Shanghai Stock Exchange from 2021 to 2022. In addition, we have released corporate social responsibility reports for 5 consecutive years, disclosing the organization's progress and performance in environmental, social, and governance aspects, and inviting the public to witness the implementation of the sustainable development strategy of Fii.

2022年按技术划分营业收入(单位:亿元人民币)



Shareholder returns

Unit: RMB

Index	Unit	2022	2021	2020	2019	2018
Social contribution value per share*	Yuan	2.48	2.46	2.23	1.97	2.07

*[Calculation method] Social contribution value per share = earnings per share + (total tax payment + staff expenses + interest expenses + total public welfare investment - social cost) / total share capital at the end of the period.

Risk and opportunity management

Risk management is critical to all business scenarios, it is not a formal and transient activity, but an integral part of our daily operations and maintenance. In the face of increasingly complex internal and external development environment and new types of risks, we place risk management at the core of our organizational development, and constantly think about how to identify and respond to various types of paradox-prone risks and potential crisis challenges, with a view to improving risk insight, preparing for risk response in advance, achieving our own stability and continuing high-quality sustainable development.

Based on the risks faced by our own operations and the characteristics of our daily operations, we formulate risk management plans in phases, including short-term emerging risk management plans, medium- and long-term structural risk management plans, and long-term risk culture promotion plans.

In 2021, we will start to systematically build our risk management mechanism and undergo an external audit of risk management in 2022. Currently, we have completed the four steps of rolling out the structure, risk focus, risk registration and risk control one after another.

Risk management policy

Based on the new development stage, in response to the country's active implementation of climate strategy, and in line with the company's need to further promote digital transformation, and with "law, compliance and risk" as the guideline, and studying and applying common international and domestic management concepts, the company has established the Risk & Compliance Management Committee (RCMC) to gradually update the existing risk management system documents such as the Risk Management System and the Fii CSR Significant Event Notification Guidelines. and propose to introduce Risk Control and Compliance Management Code as the company's risk management guideline to identify, manage and deal with economic, social and environmental risks that may be encountered during the organization's operation on a rolling basis.

Risk management organization

Served as the Chairman of the Global Risk Control and Compliance Management Steering Committee (hereinafter referred to as the "Steering Committee"), led the operation of the committee, coordinated the risk management work of various business groups with the CSR Committee and Audit Committee, and regularly reported the control situation to the board of directors. The Executive Work Committee of the Risk Control and Compliance Committee is subordinate to the Steering Committee, with the Chief Legal Officer of the Legal and Intellectual Property Office serving as the Executive Chairman. It collaborates with the Steering Committee to supervise various business groups at home and abroad in promoting risk control and compliance work.

Fii全球风控与合规委员会(RCMC)组织架构



Risk management process

We build the risk management model by referring to ISO 31000, ISO 37301 and COSO ERM management system standards and frameworks, planning eight steps such as risk focus and risk registration, conducting risk physical examination of each unit, establishing risk radar, and identifying and assessing major risks. At the same time, we hire a third-party organization to assist in auditing the risk management process, make recommendations and measures to optimize risk management, output annual risk audit reports, incorporate weak points and deficiencies into the next year's work plan, and refine the subsequent risk management system.

In the process of risk focus and risk radar mapping, we extensively collect external risk information and internal operational data, integrate the advice of external third-party institutions and experts, and consider a number of significant factors affecting our own operations, prioritize them, and strive to achieve the goal of controlling inherent risks and mitigating residual risks.

In 2022, we focused on a total of 45 risk topics through the risk radar chart, including 26 external risks and 19 internal risks. Based on a correlation-based enterprise risk model, the CEO finally decided on four major corporate risk items. Subsequently, 15 central functional units are required to list their Objective Key Result (OKR) against the risk radar chart and the company's major risk items, and register them after identification, thereby enhancing transparency and strengthening risk management approaches.

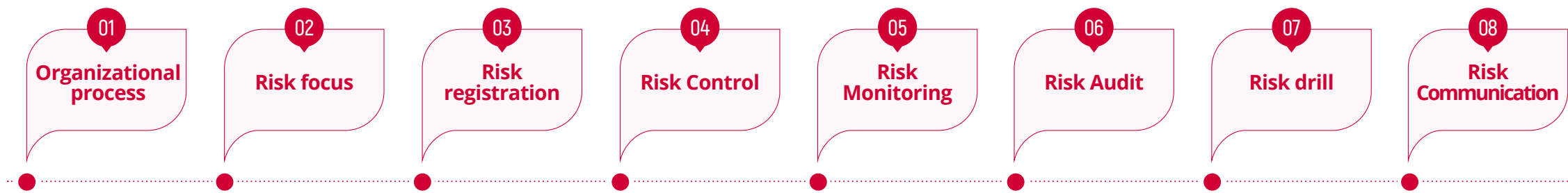
During the reporting period, we urged and fully supported 15 central functional units to implement the identification of risk self-assessment and self-test, and completed the registration of 41 important risks in total.

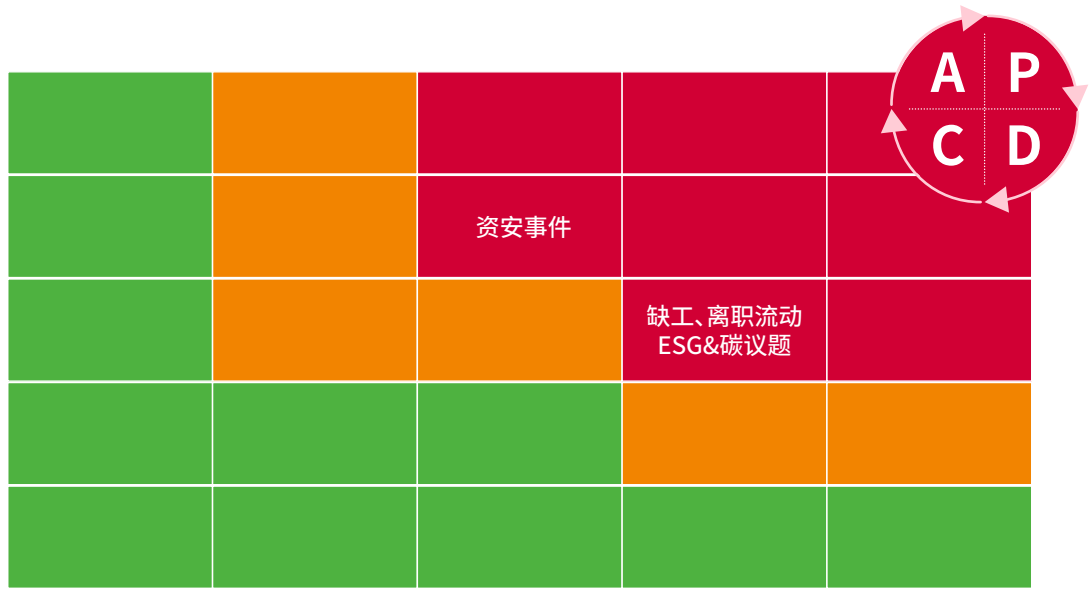
Risk focus

When conducting risk focusing, we take the following considerations into consideration:



Risk management process



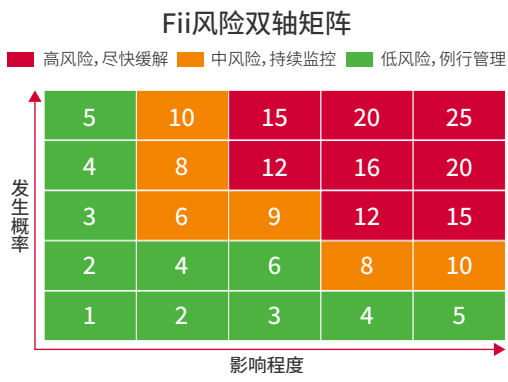


RCMC is responsible for tracking and controlling the registered risks. The risk scores of each issue are obtained by multiplying the probability and impact scores. Among them, high-risk/high-concern issues are reported to RCMC supervisors for special attention, medium-risk issues require special governance by the functional supervisors of central functions, and low-risk issues are managed according to routine procedures. To mitigate risks, we use the 5W1H principle and PDCA cycle to improve risk control.

Registration risk

Risk Category	Important risk content
Strategic Risks	Policy changes, macroeconomics, etc.
Financial Risk	Exchange rate changes, cash flow, etc.
Operational Risk	Information security, separation flow, etc.
Hazard Risk	Environmental protection, industrial safety events, etc.
Compliance Risk	Investment compliance, trade compliance, etc.

Risk Control



2022 High risk Issues and management situation

Risk Areas	High Risk Topics	Risk Scenarios	Mitigation Measures
E Environmental	ESG & Carbon Issues	1. Mismanagement, which may increase operating costs 2. Affects sustainable development performance	Completed: ·Research new regulations or stakeholder requirements ·Participate in CDP, FTSE Low Carbon Transition Questionnaire and other ratings, and disclose climate strategy, performance and climate-related financial information to the public ·Implemented emission reduction and green power investment plans
S Social	Shortage of work/separation mobility	1. Insufficient workforce 2. Insufficient skill development, which affects product delivery 3. Rising management costs	Completed: ·Implement employee stock ownership incentive plan and update welfare programs and contents ·Seek government incentives, such as training subsidies, public housing, etc. ·Continue to strengthen the employee care and attention mechanism and shorten the employee complaint handling cycle ·Rationalize the use of dispatch or outsourcing, and provide skills upgrading and transition training ·Conduct salary review according to the price index and management income.
G Governance	Information Security Events	Attacked by DDoS, virus or ransomware threats	Completed: ·Prepare security management system such as Information Security Event Notification Mechanism and conduct emergency drills such as phishing emails and ransomware virus ·Activate emergency disposal mechanism ·Regularly review information security protection measures and simulate the latest attacks To be followed up: Deploy network abnormal usage analysis and virus protection system

Risk management culture

To meet the challenges posed by various types of prone and high-risk events, we focus on enhancing the risk foresight of all employees and strengthening the innovation and optimization of top-down risk management systems. At the same time, we encourage employees to participate in a structured feedback process, proactively identify and report potential risk factors throughout the organization, eliminate their own risk management blind spots, and strive to resolve risks at the source and prevent the superposition, evolution and escalation of various risk events.

We adhere to the principle of centralized risk training and management, and enhance internal attention and sensitivity to risk through strategies such as top-level attention and full participation, creating a culture of organizational risk management to make ourselves safer and our operations more stable.

Compliance Awareness Training for Directors and Supervisors	RCMC member/officer risk awareness, skills training	Practical Exchange
3 sessions	5 sessions	3 sessions
130 people	Over 105 people	28 people
260 hours	210 hours	56 hours



Tax strategy

As a “going global” enterprise, Fii pursues sustainable corporate development and shareholder value, while strengthening inter-regional interaction and cooperation through our own production and business practices to drive local economic development. We develop and expand our business globally in a responsible manner, and we understand and grasp the detailed tax regulations of the countries and regions where our industries are located in an in-depth and professional manner, and fulfill our tax obligations.

Tax strategy

We support a transparent and compliant tax policy. The tax policy has been made public on the company’s official website after approval by the CEO, so that all stakeholders can easily understand Fii’s management attitude of establishing a standardized tax system.

Fii税务管理体系

第1层级 税务工作总体目标	应纳尽纳、应享尽享				
第2层级 五大税务政策	严格遵循各地 税务法规	有效管控税务 风险	制定合理的转 让定价规则	制定合法且符 合商业实质的 税务规划	提高税务信息 的透明度
第3层级 内涵和具体工作	<ul style="list-style-type: none"> 维持正确的账务记录 按时且正确申报及缴纳税款 纳税凭证开、给、收、保存 	<ul style="list-style-type: none"> 建立专业团队,与外部顾问协作 建立有效的风险控制机制 与税务局保持良好沟通 	<ul style="list-style-type: none"> 符合OECD以及运营所在地各国家的转让定价规则 利润分配与价值创造相匹配 不将利润转移至低税率地区 	<ul style="list-style-type: none"> 税务规划必须合法且符合商业实质 制定满足业务需求且有商业实质的投资架构与交易模式 不为税务规划设计业务 不滥用免税天堂 	<ul style="list-style-type: none"> 满足国际以及所运营地区的法定披露义务

Tax Governance



In a globalized economy with a worldwide value chain, Fii is committed to fully complying with all applicable tax laws and regulations, supporting tax policies at both the Chinese and international levels, promoting its development in a predictable and transparent manner, filing all necessary tax returns and disclosing all relevant facts and circumstances, and paying reasonable tax expenses to create social value contributions.

Fii's tax governance is under the responsibility of the Chief Accounting Officer, who strives to improve tax certainty by establishing a global system to ensure that overseas operating locations are aligned with group companies in tax management and do not use tax havens for malicious tax avoidance.

We have a robust internal tax process. When faced with major operational decisions involving tax matters, management is required to bring them to the Board of Directors and conduct a comprehensive tax analysis in collaboration with our in-house professional tax

team, and engage external professional organizations for advice when necessary. The tax team actively manages, reviews and reports on direct and indirect tax changes of each entity and assesses the impact of new tax legislation and policies on Fii. At the same time, we improve our tax management information system, increase the level of information processing for tax administration, and strive to maintain good communication with tax authorities to establish and maintain an equal, harmonious and stable relationship.

Given the complexity and cross-regional nature of Fii's business, we are inevitably exposed to the risk of double taxation. By strengthening fiscal and tax policy research, supervising tax management of sub-level companies, implementing dynamic monitoring of tax risks and other risk control measures, we can avoid unnecessary internal or external disputes and achieve risk mitigation and cost optimization.

Effective tax rate

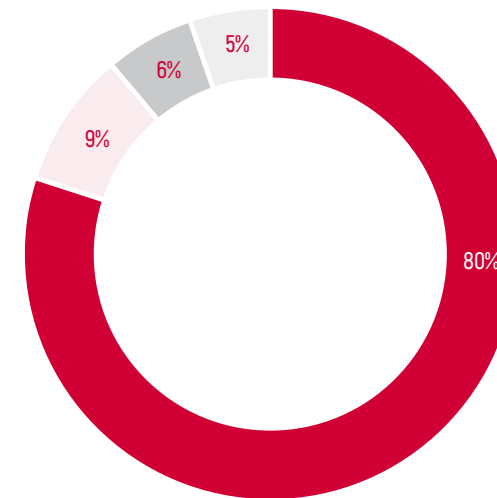
Under the premise of complying with the laws and regulations and tax policies of each country and region, we prevent double taxation through reasonable tax planning and standardized use of tax credit incentives to effectively reduce tax costs and enhance the economic benefits of enterprises.

In FY2022, the total income tax expense of Fii will be RMB1,879 million, of which the share of tax in China (excluding Hong Kong, Macau and Taiwan) will be 80%, 9% in China, Hong Kong, Macau and Taiwan, 6% in the rest of Asia and 5% in the rest of the world.

The overall effective tax rate for FY2022 is 8.56%, which is lower than China's statutory corporate income tax rate of 25%, mainly benefiting from China's incentives for R&D and industrial upgrading, including preferential tax rate for high-tech enterprises (-6.8%), additional deduction for R&D expenses and additional deduction for fixed assets acquired by high-tech enterprises in the fourth quarter of 2022 (-6.3%), and preferential tax rate for western development (-0.5%), etc.; in addition, the preferential policies obtained in overseas regions further reduce the effective tax rate (-3.4%).

2022年度Fii所得税占比(单位:%)

■ 中国大陆 ■ 港澳台 ■ 亚洲其他地区 ■ 其他



Information security

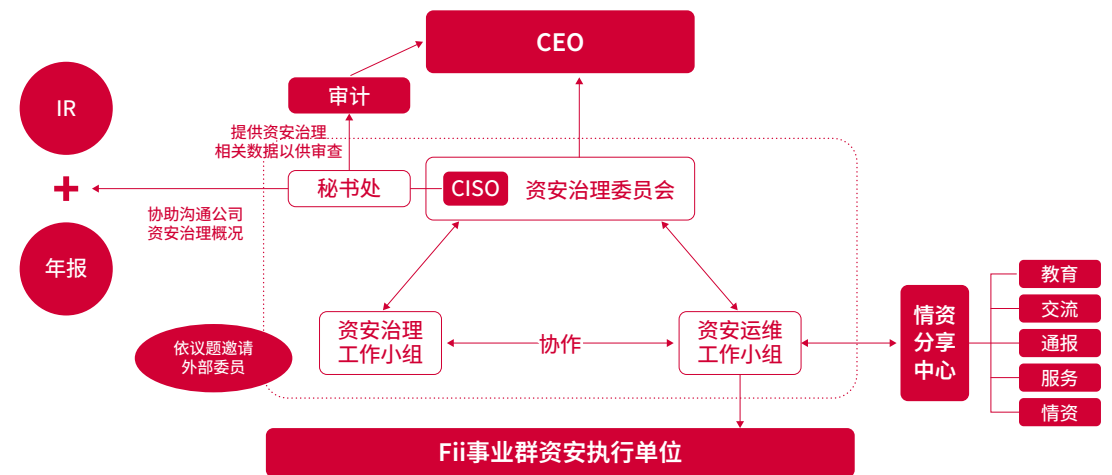
As a leading global provider of total industrial Internet solutions, the production and operation activities of Industrial F&T involve a large amount of information data. Along with the accelerating digitalization process, maintaining information security is an important prerequisite for the smooth running of business. The occurrence of information security incidents may bring economic losses to the company and affect its brand value and public image. The company complies with the Law of the People's Republic of China on Network Security and other laws and regulations, and carries out information security governance and privacy protection in accordance with ISO/IEC 27001 international standard.



Information security management system

The company is the responsible body for information security, and the CEO is the first person in charge of information security. The Information Security Governance Committee is the highest leading decision-making body for information security work of the company, responsible for designing, laying out and coordinating information security governance, and the Chief Information Security Officer (CISO) (with a secretariat under it) carries out relevant risk identification and management work, and forms the information security governance organization together with the information security governance working group, the information security operation and maintenance working group and the information security executive units of each business group. This organization is applicable to all employees of the company and its subordinate business groups, molecular companies and holding companies, etc. to build an information security management system with the participation of all employees.

工业富联资安治理组织架构图



We continue to improve our information security management system, formulating and issuing the Information Security Management Measures in 2022, and implementing uniform information security standards and specifications company-wide and ensuring that they can be effectively implemented. We issued the "Information Security White Paper", "Personal Information Protection Management Regulations", "Information System Security Development Guidelines" and other documents to institutionalize information security policies and strategies, standardized systems and guidance documents to protect the security of our own information assets and those of our customers and business partners. By the end of 2022, the company had six subsidiaries certified to ISO 27001, one more than last year. Currently, the ISO 27001 certification, mainly for Industrial F&T, is being introduced and is expected to pass the audit in June 2023.

Information security technical measures

Based on the identified risks and management systems, we continue to improve our information security high-level design program and implement information security countermeasures at three levels: cloud data centers, business groups, and security management operations. In 2022, we continue to optimize and enhance our program to drive its implementation.

For our own business characteristics, we identify three major risks based on asset assessment, threat assessment, and vulnerability assessment, based on the assessment of existing security measures, using appropriate methods and tools to calculate the likelihood of threats and asset vulnerabilities triggering security events, and comprehensively consider the impact of information assets after their security attributes are compromised: information security compliance risk, external threat attack risk, and Internal information leakage risk. For the above three major risks, we take measures to prevent information security risks in various aspects according to the corresponding management requirements.



Risk type	Risk rating	Take measures
<p>Information security compliance risk: violation of information security-related laws and regulations, regulatory agencies and customer auditing requirements, the risk of notification or punishment</p>	Medium	<p>Self-correction:</p> <ul style="list-style-type: none"> •Self-correction is carried out at the business group level to ensure that the compliance requirements of laws and regulations, regulatory agencies, and user audits are met. •At the level of security management operations, sort out, analyze and rectify data exit scenarios to ensure that domestic and foreign data protection compliance requirements such as the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the General Data Protection Regulation (GDPR) of the European Union and the California Privacy Act (CPA) of the United States are met. 2022. A total of 29 rectification items were completed. <p>Leak detection and remediation:</p> <ul style="list-style-type: none"> •According to the PDCA principle, we will check the leaks and fill in the gaps, and continuously optimize the information security management rules and regulations. •Organize joint meetings to review the content to be improved or missing in the system. 2 meetings will be held in 2022.
<p>External threat attack risk: attacked by DDos, virus or ransomware threats, resulting in information security incidents</p>	High	<p>Implementation of security protection:</p> <ul style="list-style-type: none"> •Prepare and implement "Information Security Incident Notification and Emergency Disposal Management Regulations" to standardize employee information security behavior norms and enhance employee security awareness. •Deploy network abnormal traffic analysis and virus protection system to enhance network independence. <p>Evaluate the effectiveness of protection:</p> <ul style="list-style-type: none"> •Hold regular meetings to evaluate the protection capability of the current information security system. •Organize self-examination and self-inspection activities to detect the response capability of security events by closely following the latest system attacks.
<p>Risk of internal information leakage: internal information leakage may occur when the company's network or system has vulnerabilities such as loopholes and IT internal control measures are inadequate</p>	Medium	<p>Institutional safeguards:</p> <ul style="list-style-type: none"> •Prepare "Personal Information Protection Management Regulations" and "Data Security Management Regulations" to provide a basis for data and personal information protection •Prepare "Information Security Inspection and Assessment Management Regulations", "Information Security Vulnerability Management Regulations" and other systems to standardize the information security inspection and assessment process and vulnerability management work. <p>Security inspection and assessment:</p> <ul style="list-style-type: none"> •Carry out internal security inspection and assessment, and timely deal with the security vulnerabilities found. •Regularly carry out offensive and defensive exercises to test the effectiveness of defense measures.

We provide solid security for the company's information systems, adhere to the principle of "security first, prevention first", establish prevention and early warning mechanisms, adopt vulnerability scanning, penetration testing, automated monitoring and other means, carry out regular or irregular information risk audits, and deepen the information system risk detection capabilities.

Audit means	Audit frequency	Audit content
Vulnerability scan	Quarter	Use scanning tools combined with manual penetration testing methods to test the company's DMZ area servers and web applications for multiple times
Penetration testing	Quarter	Use real attack and defense ideas to actively analyze system security issues and test the security protection capability of the official website
Research interview	Quarter	Conduct interviews with relevant staff to identify possible data security risks during the operation of the company's products or systems
Third party audit	Year	Invite professional third-party organizations to conduct third-party security audits on the company's products or systems
Automated monitoring	Irregular	Implement automated, rolling real-time monitoring of the network and traffic involved in the company's products or systems with the help of security monitoring tools
ISMS internal audit	Irregular	Conduct internal audits of ISMS for ISO 27001 system and continuously improve information security management system
Terminal security audit	Irregular	For employees' office terminals, ensure their safe and stable operation to prevent risks such as data privacy leakage

The company has a complete information security event response and emergency disposal mechanism, such as Information Security Event Emergency Management Regulations and Information Security Event Notification Mechanism, to ensure that we can quickly respond to various security events. In order to respond to information security events more effectively, we classify information security events in a hierarchical manner based on the nature of the cause, scope of impact and severity of information security events, and formulate corresponding response measures in order to achieve rapid response and treatment. In addition, some business groups personalize the information security incident response process to better fit their own operational characteristics. At the same time, we regularly organize emergency drills to improve the awareness of responding to unexpected information security risks. Enhance the response capability of emergency events.

The professionalism of our team is the guarantee for the implementation of initiatives on the ground. In the field of information security, our full-time employees hold the following qualifications, with a total of 69 cumulative qualifications.

- CISP (Certified Information Security Professional)
- CISSP (International Certified Information System Security Professional)
- CISA (International Certified Information System Auditor)
- CDPSE (Certified Data Privacy Security Experts)
- CDSP (Certified Data Security Professional)
- PDPF-GDPR (Privacy & Data Protection Foundation Based on GDPR)
- PDPF-PIPL (Privacy & Data Protection Foundation based on Public Interest Protection League)
- CCIE security (Cisco Certified Internetwork Expert)
- ISO 27001 Auditor (ISO27001 Auditor)



Security awareness capability enhancement

In order to enhance the information security awareness of all employees, we increase information security publicity and conduct comprehensive information security education courses for all employees of our company. these trainings aim to help employees understand information security knowledge, prevent information security risks and improve the information security protection ability of professionals. in 2022, we conducted a number of information security trainings, covering system security operation, network security, product information security and other In 2022, we conducted a number of information security training sessions, covering system security operations, network security, product information security and other areas, with a total of 142 sessions and 267.1 hours of total time, covering 121,939 employees.

Case

Ransomware Attack Prevention Training

At the beginning of 2022, ransomware attacks in manufacturing industry are frequent and endanger internal information security. In order to better prevent and respond to external ransomware attacks, in May 2022, Fii organized the training of "Defense and Response of Ransomware Attacks" for all IT and information security personnel. This training is a new application of the simulation attack and defense exercise platform, which simulates the process of ransomware attack and shows the steps to deal with ransomware virus for the participants. After the demonstration, the participants practiced, learning and mastering detection and defense on site, verifying the effectiveness of the training while enhancing the professional skills of personnel to deal with ransomware attacks. In total, more than 200 people participated in this training.

Customer privacy data protection

Protecting personal privacy is an important part of information security. Safeguarding customer privacy from disclosure not only helps build trust with customers, but also serves as an effective endorsement of product strength. We are committed to establishing and implementing a data privacy and security management policy above regulatory requirements, formulating a Data Privacy and Security Policy and publishing it on our official website, regulating data and privacy management, and helping Fii become a global model of data privacy and security compliance.



Comprehensive Management Coverage

Our data privacy and security policy applies to:

- Each of Fii's global operations
- All companies and employees of Fii, as well as all third parties that the company touches
- All data in the operation and management process and its full life cycle

Transparent access path

We promise that when collecting and processing user data:

- Collect and process data only for stated purposes
- Obtain the user's prior knowledge and consent
- Respect the user's right to access, correct and delete his or her data

Various control measures

We take the following control measures:

- Strengthen software security and regularly check hardware protectiveness
- Conduct capital security acceptance for new production plants
- Conduct regular monthly audits, customer and third-party auditing activities

Positive security measures

We establish data privacy security management mechanism:

- Hierarchical management of data privacy with different protection measures such as desensitization/encryption
- Full lifecycle security assessment of data privacy at least once a year
- Regularly organize data privacy competency education training

Case

Conducting training on personal privacy protection for all employees

With the promulgation of the Law of the People's Republic of China on the Protection of Personal Information coming into effect, the period of strong regulation on privacy security protection has arrived. In order to better implement the requirements of relevant laws and regulations on privacy protection and maintain the privacy security of customers, Fii organized the training on "Personal Information and Privacy Protection" in December 2022. Taking privacy protection as the starting point, we analyzed and explained each important link around the collection, storage, transmission, query, use, provision and deletion of personal information, combined with typical cases, and taught the means to protect personal privacy. The training covers all employees about 200,000 people, effectively conveying the security knowledge of personal information and privacy protection to all employees.

Business ethics

In the Code of Conduct for Corporate Social Responsibility of Fii, we have clearly set out the standards of business ethics, with the Board of Directors as the highest guiding unit, and follow the highest standards of business ethics in any business activities, explicitly prohibiting corruption, money laundering, improper competition, etc. We work together with our employees and partners to maintain a sunny and transparent business operation ecology. If we find any form of bribery, corruption, extortion and other violations of business ethics standards, we will adopt a “zero tolerance” attitude, terminate the relationship with the relevant persons, and take legal action when necessary. As of the end of 2022, nine subsidiaries have been certified by the Responsible Business Alliance (RBA), and plans are underway to promote the certification process for more business groups. During the reporting period, the company did not receive any litigation cases related to corruption or unfair competition.



The Budapest Klub, founded by Ervin László, a member of the Hungarian Academy of Sciences, presents its subsidiary Cloud Network Technology Kft with the Business Ethics Award 2021



System management upgrade

In 2022, we upgraded our anti-fraud management system by formulating and publishing the Fraud Prevention Management Measures. The system covers all employees and all suppliers. In the procurement process, the Malpractice Prevention Department works with the procurement side to implement and support the anti-corruption work of suppliers. In addition, we joined the Guangdong Enterprise Internal Control Association to join hands with other members to share the governance and build a clean business society.

In December 2022, the Board of Directors considered and adopted the Work Plan for Business Ethics Governance of Foxconn Industrial Internet Corporation for 2023, which elevated business ethics work arrangements to the level of the Board of Directors for the first time and further strengthened the Board of Directors' responsibility to assume responsibility for governance and supervision of business ethics issues.

Misconduct reporting, investigation

In order to strengthen internal control and avoid employee fraud, we are adding a new Whistleblower Management Measures to clarify the scope of complaint and report acceptance and regulate the management of the receipt and processing of whistleblowing leads. We encourage real-name reporting, while we clarify the whistleblower protection methods to protect the legitimate rights and interests of whistleblowers, and resolutely do not disclose the personal information of whistleblowers to avoid retaliation. We protect the personal safety of whistleblowers, for face-to-face reporting, we arrange at least two reception staff; in the reception of female whistleblowers, to ensure that at least one female staff to accompany.

During the reporting period, we received a total of 71 reporting tips and handled 100% of them, of which 65 were closed, with 0 cases of violations involving corruption or bribery, discrimination or harassment, conflict of interest, money laundering or insider trading.

Malpractice Prevention and Control Department lead reporting channel:

Internal Tel: (560) 15111

External Tel, WeChat: 132-6681-5111

QQ:2766869980

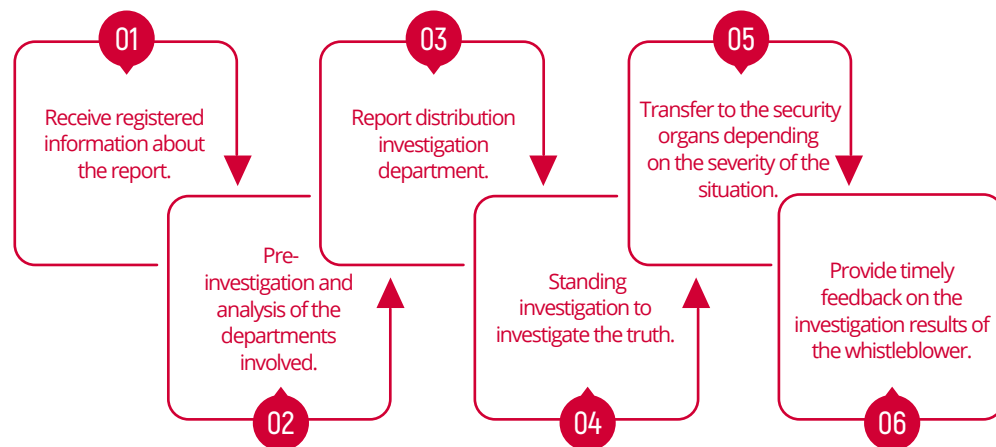
E-mail: fii-jb15111@fii-foxconn.com、fii.jb15111@gmail.com

Report by letter or in person:

C1-2F, Foxconn Science and Technology Park, Donghuan 2nd Road, Longhua District, Shenzhen
Malpractice Prevention and Control Department, Floor 52, Rongchao United Headquarters Building,
Nanshan District, Shenzhen 132-6681-5111

We honestly register all the information reported, in accordance with the “independent, objective, impartial” principle of handling the report clues. For whistleblowers with outstanding contributions to the investigation of cases, we take incentives. At the same time, we reject all false accusations and frame-ups, and for whistleblowers who fabricate facts in the name of reporting, we dispose of them in accordance with company regulations.

Report processing process:



Fraud prevention mechanism

We are committed to maintaining an effective internal control system and forming a fraud prevention mechanism to nip fraud in the bud through awareness promotion, integrity pledges and other integrity culture building.

We educate and promote anti-corruption and integrity throughout each employee’s career in the company. We arrange online training courses on the theme of “integrity and honesty” for each employee from the time of joining the company, informing them of the company’s integrity system, the code of conduct for employees, and the red lines of their future positions, and deepening their familiarity with the company’s integrity and honesty requirements through post-course examinations, so that new employees can be the first to recognize Violations and remain alert to them. In the special anti-corruption and integrity self-cleaning initiative, we require employees in management positions and other higher positions to declare the Declaration of Integrity and Conflict of Interest, and some business groups require all employees to complete the declaration process to advance the company’s integrity compliance

governance. All employees within the company are required to sign the Integrity Pledge to ensure that they are aware of and strictly abide by the integrity pledge, which prohibits bribery, gifts of valuable property and banquets, and strictly prevents bribery and bribery. In our daily work, we have carried out many anti-corruption education and publicity activities to build up the bottom line of integrity of each employee from the level of awareness and ability.

Our anti-corruption and anti-fraud mechanism also covers the management of our supply chain. For our suppliers, we specify business ethics requirements in our Supplier Social and Environmental Responsibility Code of Conduct, requiring each supplier to operate in good faith and prohibiting bribery, extortion, corruption and other corrupt incidents. business environment. During the cooperation process, we require them to fill out the Supplier Proactive Declaration Form and sign a series of agreements related to integrity clauses such as the Environmental Protection and Social Responsibility Commitment Letter, in order to jointly maintain a sunny and clean business environment.



In 2022, we conducted several anti-fraud awareness and competency training activities for all employees and suppliers:

- Strengthening the Board's awareness and oversight of business ethics during the year-end business ethics debriefing;
- Within the Audit Division, we conducted a total of five specific capacity building trainings;
- Awareness development and skills enhancement training activities for all employees, with a total of 343,090 participants and 465,198.9 hours, with 77.22% of employees receiving anti-corruption policy communication and training;
- Conducting one integrity awareness promotion conference for all suppliers, with 76.26%* of suppliers receiving communication and training on anti-corruption policies;
- Inviting third-party professional institutions and conducting special training on business ethics;
- Notifying cases of fraudulent behavior to warn employees to take warning;
- Daily promotion of the culture of integrity through plant posters, company web pages and public articles;
- Establishing December as Integrity Practice Month to enhance employees' knowledge of the internal integrity management system and internal control knowledge.



Case

Invoice audit knowledge transfer to prevent and resolve corruption risks

In November 2022, we carried out offline invoice audit knowledge transfer activity. The activity was hosted by the person in charge of the audit department, who introduced relevant internal regulations and national laws and regulations, and introduced common violations and the serious consequences and losses they cause for enterprises and individuals through real cases. In addition, the presenter also shared the experience and suggestions of practical work carried out to help the person in charge of relevant positions enhance the awareness of invoice compliance and improve the company's fraud risk prevention ability.



Case

"Integrity Month" Activities

December is the "Integrity Culture Month" of IFLA. Through calling on employees to study the system and training related to the prevention and control of malpractice, we strengthen the integrity construction of the company and enhance the integrity education of employees. In this activity, we issued two new systems related to the prevention and control of malpractice, and improved the company's integrity construction. In order to strengthen staff integrity education, we organized system learning and internal control knowledge sharing training for all employees to raise their awareness of corrupt behavior and promote the idea of clean practice culture.

We conducted a corruption risk assessment on most of the operating sites and did not find any significant corruption risks. To ensure the effective implementation of various policies and regulations, we actively carry out business ethics and anti fraud related audits covering all operating locations every year based on the nature of our company's business, in order to effectively control compliance risks. For some employees who have resigned from sensitive positions, we will conduct special audits. We also attach great importance to the business ethics requirements for suppliers and conduct periodic reviews of supplier admission and management work. At the same time, to ensure the effectiveness of the audit work, we have hired experienced third-party institutions to conduct walkthrough and control tests, with a total of over 5000 test samples. During the reporting period, the company conducted a total of 8 routine audits, 9 special audits, and 3 CoC audits, totaling 20; According to the internal control evaluation results, there are no fraudulent practices among the company's directors, supervisors, and senior management personnel.

5 Social value creator

Responding to national strategies >

Working together with the industry >

Participation in community public welfare >



Society is the soil for enterprise development, and we grow up with our roots in society, and cannot be separated from the prosperity and stability of society. We closely link our business strengths with social value areas, grasp national strategic needs, play a leading role in the industry, and at the same time participate in social welfare activities, actively seek fulcrums to pry more social value creation.

Responding to national strategies

As the world's leading intelligent manufacturing and Industrial Internet overall solution service provider, in response to the national strategy of building a digital China and developing a digital economy, Fii has always adhered to the development direction of "intelligent manufacturing+Industrial Internet", adhered to the production and business strategy of deep plowing in China and global layout, and helped "common prosperity", "high-quality development" and other era goals.

Digital economy

During the "14th Five-Year Plan" period, China will continue to develop the development strategy of digital economy in depth. After the agricultural economy and industrial economy, the digital economy will become the main economic form, which is the key to promoting high-quality development in China. Over the years, we have continued to cultivate the industrial Internet industry and promote digital industrialization and industrial digitization.



Settled in the Test Center of China Industrial Internet Research Institute under the Ministry of Industry and Information Technology in Beijing

Digital industrialization

We strengthen our key technology innovation capabilities to secure the supply of core technologies for the digital economy. In national strategic fields such as network communication and artificial intelligence, we continue to invest in the research and development of cloud computing, 5G and other technologies and related products and equipment, and apply them to multiple fields to achieve cross-border innovation in digital technology. At present, our business has achieved full category coverage of digital economy industry, effectively transforming digital technology into applications in semiconductor, new energy vehicle parts, robotics and other fields, and accelerating the process of digital industrialization.

Industrial digitalization

We give full play to our strengths in the fields of smart manufacturing and industrial Internet to support SMEs to adapt to and join the wave of digital transformation. We address the development pain points of SMEs such as weak management capabilities and lack of digital talents, and actively cultivate and promote digital solutions for SMEs to help them reduce transformation costs and accelerate the digital transformation and upgrade of enterprises.

We maintain close communication and cooperation with the government and other stakeholders, participate in scientific and technological research and development in cutting-edge areas, promote the digital economy to a new stage of widespread application and universal sharing, and provide advice and suggestions for the country's high-quality development. We support the establishment of the integration and innovation platform, stationed in the test center of China Industrial Internet Research Institute under the Ministry of Industry and Information Technology in Beijing, showcasing the development of the industrial Internet industry and application cases, and receiving various visitors from the national government, industry organizations and scientific research institutions with the help of the national display platform to form an innovative demonstration effect. In addition, we regularly unite industry experts to communicate and exchange ideas, and conduct training and lectures in many places to spread the industry development experience to all over the country.

Case

Signing the national partner program, Empowering industry development around the world

In November 2022, CAICT's "Hundred Cities and Thousand Parks Tour" national partner program was officially launched. As one of the first signatories, Fii shall support the construction of industrial Internet in local parks to help bridge the "last mile" of industrial Internet, continuously empower the landing of industrial Internet achievements, and promote China's digital economy to become bigger and stronger.



Sustainable development

China insists on taking the green development path and vigorously promotes a green, low-carbon and circular production system. Fii takes green development as one of its future focuses, actively exploring technologies in the fields related to circular economy, carbon peaking and carbon neutrality, designing green products, using clean energy and applying low-carbon measures in the manufacturing process, and establishing a green supply chain to collaborate with upstream and downstream enterprises to save energy and reduce emissions.

We are committed to radiating our green manufacturing solutions nationwide and passing on our experience of advanced low-carbon environmental protection concepts to various industries. With advanced energy-saving technologies and digital solutions, we help aluminum alloy material companies build green manufacturing lighthouse factories, create industry chain circular economy and green aluminum raw material supply chain, reduce energy use by 16%~26% in a multi-pronged approach, and layout the whole life cycle green manufacturing in an all-round way.

Working together with the industry

As a new industrial ecology deeply integrated with the new generation of information and communication technology and industrial economy, Industrial Internet uses 5G, cloud computing, artificial intelligence and other new generation of information and communication technologies to help the industrial chain improve its modernization level and support and serve the manufacturing industry to achieve high-quality development. Industry Fulian continues to deeply cultivate Industrial Internet, give play to the leading radiation effect, introduce the ecology of Industrial Internet into other industries and fields, and drive the transformation and upgrading of all industries. Based on the experience of successfully participating in building six world-class “lighthouse factories”, our “lighthouse pilot plan” has served more than 1500 enterprises, successfully achieved enabling cooperation in electronics, automobile, machinery, home furnishing, energy and other industries, and worked with multiple industries to develop a sustainable Industrial Internet model. In May 2022, the company was selected as the “Cross industry and Cross domain Industrial Internet Platform” of the Ministry of Industry and Information Technology of the People’s Republic of China for four consecutive years by virtue of its strong technological research and development and integration innovation capabilities, enabling transformation and application promotion capabilities, sustainable development capabilities and good social credit; In September of the same year, Fii won the “Best Industrial Internet Solution Award” in the “Industrial Technology · Most Commercial Value List” of Leifeng Network, and its external empowerment capability across industries and fields was highly recognized.

Empowering and driving industry development

Intelligent manufacturing to enhance operational capabilities

- Introducing a number of innovative technologies, equip enterprises with highly flexible and robust manufacturing systems to improve production efficiency and product quality, and achieve cost reduction and efficiency.
- Based on several key information technology systems, export refined management experience to empower the business management level.

Ecological construction connecting upstream and downstream industrial chains

- Create a supply chain collaboration platform to help realize the end-to-end value chain of enterprises and improve resource allocation efficiency.
- Joint industry partners to aggregate industry technologies, form industry demonstration samples and assist in low-cost promotion.

Sound training system to deliver talents

- Online launch of Industrial Internet Academy to provide a series of talent training services such as digital courses and lighthouse tours to accelerate personnel capacity building.
- Offline sign talent training agreements with various local colleges and universities to increase the industry’s talent reserves, and built the Wisdom Valley demonstration base to play a role in industry education.

Case
Empowering the automotive industry to jointly create a new ecosystem of intelligent manufacturing

The automotive industry is a representative of advanced manufacturing, with numerous segmented fields, complex manufacturing processes, and multiple processes involved, resulting in an increase in research and development costs. The external development environment is also severe, and the new personalized needs and fierce competition of consumers have brought many challenges to the domestic automotive industry. Fii is committed to building a vertical industry internet platform, promoting the transformation and upgrading of the entire automotive industry chain from point to area by creating industry benchmark projects, and laying a solid foundation for the high-quality development of the automotive and parts industry. We provide intelligent manufacturing solutions for many automobile parts manufacturers, such as wheels, chassis, engines, and automotive pumps, to help enterprises effectively reduce production costs and product defect rates, improve the overall efficiency of equipment and per capita output value, achieve outstanding results in Digital transformation, and work together with the automobile industry to create a new ecosystem of intelligent manufacturing.



Flexible and closed-loop intelligent manufacturing capabilities assist wheel manufacturers in achieving efficiency and quality improvements



Digital precision production significantly improve the production efficiency of pump parts companies

Case
Set up "One Hundred Ten Thousand People Lighthouse Training Camp" to pilot Digital transformation

The upgrade of intelligent manufacturing has become a consensus in industrial development. Since 2021, Foshan has launched the largest wave of digital transformation, striving to achieve Digital transformation for more than 80% of industrial enterprises by 2026. The Industrial Rich Alliance actively responded, gathering forces from various sectors of government, industry, academia, and research, with a focus on manufacturing enterprises in Foshan and the Guangdong Hong Kong Macao Greater Bay Area. In November 2022, the first "One Hundred Thousand People Lighthouse Training Camp" Jingying Class course was held. The course covers topics such as lean management, Industrial Internet, industrial AI, collaborative robots, flexible production, low-carbon manufacturing, and smart parks, and gathers industry experts with lighthouse power to share the landing path and practical experience of Digital transformation. In the future, we will continue to carry out intelligent manufacturing elite training activities, committed to cultivating a group of high-end skilled, applied, and research-oriented talents, promoting the high-quality development of Foshan's advanced manufacturing industry in a three-dimensional Bay manner, and creating a model for innovative development in the Guangdong Hong Kong Macao Greater Bay Area.



Case

Undertake vocational skills competitions and build industry talent teams

As a leading enterprise in intelligent manufacturing, Fii is well aware of the role of talent in promoting industry development. In December 2022, the Industrial Federation of Trade Unions organized two professional skills competitions, namely the 3D CAD drawing skills competition and the grinding skills competition, attracting more than 220 employees to participate in the registration. With the help of this competition, we provide a communication and competitive platform for various employees in the industry, helping them improve their professional and technical abilities. At the same time, we have excavated more skilled and outstanding talents for the development of advanced manufacturing industries in Shenzhen and even the country, and strengthened the supply of industry talents.



Participation in community public welfare

Heart for public welfare, never stop. We actively practice corporate social responsibility, actively participate in public welfare undertakings, further expand the theme of public welfare activities, and carry out various charitable and public welfare activities in various forms throughout the country. We contribute our efforts in various fields such as helping disadvantaged groups, advocating environmental awareness, and rural revitalization. In 2022, we conducted a total of 786 volunteer service activities, with a total of 34338 participants and a total of 153383 service hours.



Voluntary service activities (field)

786



Cumulative participation (persons)

34,338



Accumulated service hours (hours)

153,383

Honors and awards for charity and public welfare in 2022

2022 Top 500 Chinese Enterprises in Charity and Public Welfare

2022 Top 500 Excellent Cases of Chinese Enterprise Charity and Public Welfare

2022 Top 500 Chinese Manufacturing Enterprises in Charity and Public Welfare

2022 Top 500 Chinese Private Enterprises in Charity and Public Welfare

2022 Top 500 Chinese Private Enterprises in Charity

Certificate Display



Caring for disadvantaged groups

The voices of vulnerable groups are easily ignored, and their voices need the care and assistance of the entire society. We assist special disadvantaged groups, carry out diversified volunteer activities, enhance their sense of gain, happiness, and security, and promote social harmony and development.

Case Blood donation, saves lives

Blood donation shall guarantee the smooth medical treatment and save the lives of seriously ill patients. In October 2022, subsidiaries in several regions actively responded to the call of local streets and organized blood donation activities. At the same time, Foxconn Nanning Science and Technology Park and the Youth League Committee recruited a total of 16 volunteers from employees to participate in information filling and registration, taking temperature and blood pressure, etc. to assist the blood donation activity to proceed in an orderly manner. Blood donation activities are also carried out in factories such as Jiyuan, South China, Taoyuan Nanqing, and Funing. During the reporting period, a total of 1,010 employees participated in blood donation, with a volume of over 138,450ml.



Case Supporting disabled individuals to live independently

Foxconn Taiyuan Park and Jincheng Park have participated in the 99 Public Welfare Day event for 6 consecutive years. This year, we join hands with the Shanxi Disabled Persons Welfare Foundation to call on everyone to pay attention to the public welfare undertakings for disabled people. The donated funds will be used to assist disabled people in physical therapy, rehabilitation, education and employment, improve the quality of life for disabled people, and promote their comprehensive development. Our colleagues actively contributed their love and participated in this charity donation activity. The total number of participants was 39325, with a total donation of 337384.08 yuan. Both Taiyuan and Jincheng parks were awarded the honorary title of "Best Love Team" by the Shanxi Disabled Persons' Federation Foundation.

Case Comfort the lonely elderly and send warmth

Respecting the elderly is a fine traditional virtue of the Chinese nation. In October 2022, the Party and Youth League Committee of Jincheng Park organized the "Warm Sunset Red Thick Helping the Elderly" elderly care activity in the nursing home, caring about their physical condition, daily life, and other conditions, and sending comfort gifts and caring blessings to the elderly.



Case
Go deep into remote schools and help impoverished students

In remote schools in Beijiang Province, Vietnam, the majority of students come from impoverished and semi impoverished families, living a difficult and difficult life. Fii is a subsidiary located in Vietnam, and both Fuhong and Fuyu are very concerned about the vulnerable groups in the local community and are enthusiastic about participating in public welfare activities. On Children's Day and Mid-Autumn Festival, they went to all parts of Beijiang Province to visit poor students, and sent scholarships and holiday gifts to encourage students to study hard, be positive, and accompany children to spend a happy and warm festival, with a total investment of 22500 yuan, benefiting more than 80 people.



Advocate for environmental protection

Lucid waters and lush mountains are invaluable assets. While vigorously promoting the research and application of green technologies, we hold a series of environmental public welfare activities to promote environmental awareness, encourage the public and other enterprises to pay attention to and protect the natural environment, and strive to be promoters of green development and low-carbon life.

Case
Fii Leading green development initiative

In June 2022, as a representative of the carbon trading and control unit in Longhua District, Shenzhen, Industrial Rich Union was invited to participate in the 2022 "June 5th" World Environment Day promotion event held by Longhua District, Shenzhen. On site, it collaborated with multiple green enterprises and led the launch of a four point green production initiative, calling on all enterprises to strengthen carbon emission management; Create a green manufacturing system; Implement energy-saving and carbon reduction actions; Fulfill the carbon market compliance responsibility. The company sets an example and continues to practice the requirements of green development. Its subsidiary Shenzhen Jingjiang Yunchuang Technology Co., Ltd. was awarded the honorary title of "Green Factory" on site, and green production was once again recognized

“绿色细胞”表彰

绿色工厂

 国泰达鸣精密机件(深圳)有限公司
 美律电子(深圳)有限公司
 深圳市冠为科技股份有限公司
 深圳精匠云创科技有限公司
 深圳利亚德光电有限公司

 绿色设计产品
 绿色供应链

士腾制造(深圳)有限公司(Apds系数码多功能机)


 共建清洁美丽世界
 龙华区2022年“六·五”世界环境日

Case
Tree planting activities for “Greening and Beautifying the Environment”

In March 2022, Nanning Park held the 10th Arbor Day event, organizing more than 30 supervisors and volunteers to plant a total of 106 saplings in the park. While beautifying the park environment, it strengthened the awareness of loving, planting and protecting greenery, cultivate the concept of green environment and advocate ecological civilization.


Case
Second-hand bazaar spreads green lifestyle

In 2022, Taoyuan Nanqing Plant took the initiative to practice the 3R concept: Reduction, Reuse and Recycling, and held a second-hand bazaar to call on all employees to bring the unused items to the second-hand bazaar for trading, aiming to promote the recycling and utilization of resources, extend the product life cycle and reduce the waste. At the same time, Fii advocate everyone to establish the correct concept of consumption and avoid the bad habit of wasting resources.



Contributing to rural revitalization

With the target of poverty eradication completed on schedule, the focus of the “three rural areas” has gradually shifted to rural revitalization. We actively respond to the call of the state, solidly promote the work of rural revitalization, help the twinning areas, and contribute to the consolidation and expansion of the effective connection between poverty eradication and rural revitalization.

Case
“Assisting students and elderly” to promote rural revitalization

In order to consolidate and improve the effectiveness of poverty alleviation, Nanning Science and Technology Park and Suwei Town in Jiangnan District have carried out paired assistance work and carried out rural revitalization activities of “Assisting students and elderly”. After the preliminary investigation and understanding of the twinning area, Fii combined the actual situation to purchase living materials and comfort funds, providing special attention and assistance to local left behind children and elderly people, a


Case
Loving donation to support the development of western region

In June 2022, Fulian Precision Electronics (Tianjin) Co., Ltd, a subsidiary of Fii, responded to the call of Tianjin Economic and Technological Development Area (TEDA) and consciously joined the cause of rural revitalization by donating a total of RMB 400,000 to Binhai New Area Charity Association and Binhai New Area Red Cross, vigorously promoting the collaboration and support cooperation between the East and West, and helping to consolidate and expand the achievements of poverty alleviation in paired regions. The positive contribution has been recognized, and won the 2022 Tianjin economic development zone “Social Responsibility Award” jointly issued by the district party committee and management committee.



6 People-oriented employer

- Labor rights >
- Employee diversity >
- Human rights protection >
- Employee training and development >
- Talent attraction and retention >
- Occupational health and safety >



Labor rights

With the principle of people-oriented and fair competition, Fii strives to build a high-quality professional talent team and continuously improve the talent management mode, always respects and protects the legitimate rights and interests of all employees, continuously improves the salary and welfare system, attaches importance to talent development and training, strives to create a healthy and safe working environment, fully cares for the working life of employees, and gives more rights and interests to employees according to their own development. Enable employees to share the development achievements with the enterprise.

Fair employment

In the recruitment process, we manage the recruitment process in an orderly and standardized manner according to the Recruitment Operation Procedures to improve the recruitment efficiency, ensure the quality of recruitment work, and ensure the selection of qualified and excellent talents. Through various talent recruitment channels such as online recruitment, campus recruitment, on-site recruitment, internal recommendation and headhunting companies, we maximize the breadth of information release and precisely match recruitment resources. The company actively improves the talent management and cultivation system to help employees' career development. The company actively interacts with external parties and takes the initiative to broaden methods of the talent selection and recruitment, reserve a high-quality talent pool for the company's development comprehensively and multi-dimensionally. We firmly believe in the importance of talent diversification to the sustainable development of the company. When recruiting talents, the company strictly follows the principle of fair, just and open selection, and always takes professional ability and technical level as the recruitment criteria, so long as the candidates' conditions meet the requirements of the corresponding positions, he/she can get equal interview opportunities.

Employee privacy protection

The company respects and protects the privacy data of applicants and employees, implements the legal and regulatory requirements of the Personal Information Protection Law, and clarifies the management methods of employee information in the collection, storage, access and use as well as processing by revising the personal information handling methods and protection contents in the Employee Handbook and drafting and implementing the signing of the Personal Information Protection Notice. In addition, the company and human resources signed a confidentiality agreement, shall not discuss, leak, private changes to the contents of the file, and is not allowed to discuss, disclose, or privately change the content of the personnel files. It is also prohibited to provide the personnel files to others for review without approval. A dedicated person is responsible for managing employee files, others are not allowed to read, to protect the integrity and confidentiality of employee information.

Employee diversity

We respect differences and encourage diversity. In the Recruitment Operation Procedures, it is clearly stipulate that employees shall not be discriminated against based on gender, age, region, religion, etc., or make it an obstacle to their development in our company, and respect and welcome people with different backgrounds to apply for jobs in our company. Employees of different genders, ages and educational levels are intermingled and complement each other's strengths, which is conducive to achieving the best use of people and talents, and has provided an important guarantee for enterprises to consolidate professional operations and stimulate innovation capabilities. We always adhere to the principle of equal employment between men and women, embrace a diverse and international workforce, and ensure that all employees enjoy fair work opportunities. As of the end of 2022, the company had a total of 81,040 female employees and 118,033 male employees, with female employees accounting for approximately 41% of the total number of employees.

The company advocates workplace inclusiveness and provides equal development opportunities for people with disabilities. In meeting the requirements of business operations, the company provides employment opportunities and corresponding welfare protection for people with disabilities and actively undertakes corporate social responsibility. As of the end of the reporting period, the company had a total of 1,763 employees with disabilities. In addition, to create a fair employment environment, the company supports the employment of middle and senior aged people. Among them, the company does not allow discrimination against the age of job seekers to ensure that all employees enjoy fair job opportunities. In addition, the company make flexible arrangements for employment hours, methods, and wages according to the physical condition, literacy, and skill strengths of senior employees, and maintain a scientific and reasonable workload to create a sustainable work environment for senior employees.

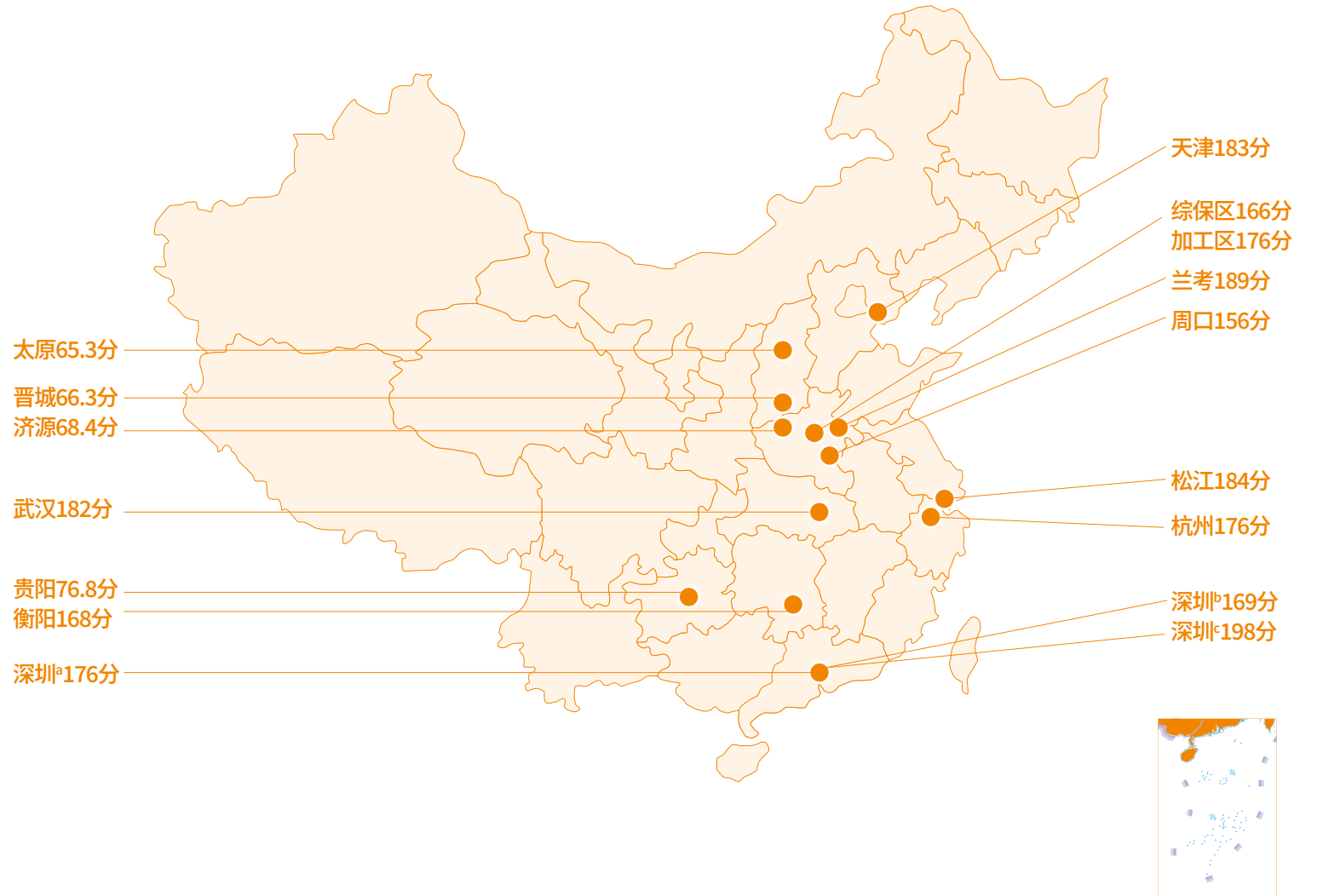


Human rights protection

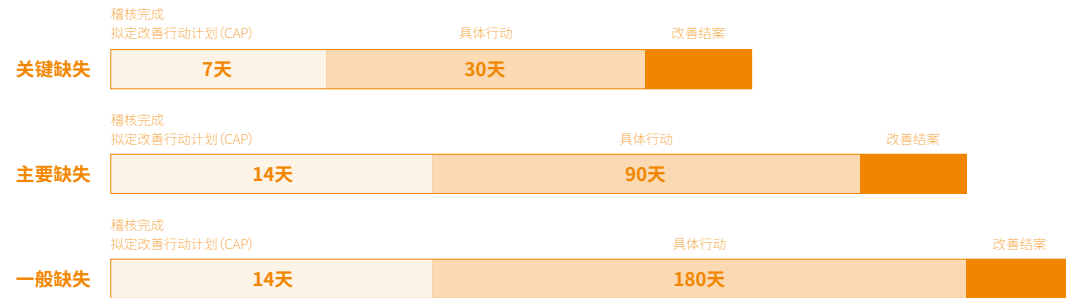
Human rights protection

Fii has always believed that advancing business and respecting human rights shall go hand in hand, and that a commitment to human rights is the cornerstone of successful business operations worldwide, shaping a positive work environment and culture through a core commitment to human rights policies, upholding and promoting respect for fundamental human rights for all. Based on the UN Guiding Principles on Business and Human Rights (UNGPHR) approved by the United Human Rights Council, the UN Universal Declaration of Human Rights (UDHR), *Declaration on Fundamental Principles and Rights at Work* of the International Labor Organization, the Ten Principles of the UN Global Compact (UNGC) and other international standards, as well as relevant regional regulations in various regions. The company also refers to the norms of *the Foxconn Industrial Internet Corporate Social Responsibility Code of Conduct and the Supplier Guiding Principles*, and takes actions consistent with the Responsible Business Alliance Code of Conduct (RBA) to ensure that the company comply with the commitment to human rights in conducting business globally. The company has conducted multiple training sessions related to labor and human rights policies, including onboarding training covering labor and human rights, general CSR training and special training on the *Corporate Social Responsibility Code*. During the reporting period, the coverage rate of human rights training for new recruits and all employees (including contract employees, labor dispatch employees and campus security personnel, etc.) is 100%.

Fii conduct regular labor protection (human rights due diligence) audits every year and complete a Self-Assessment Questionnaire (SAQ) in accordance with the RBA audit guidelines. In 2022, the scope of implementation includes 16 factories and 20 subsidiaries legal entities, covering 85% of employees, with 0 critical deficiencies found in the factories. If compared to the VAP (Validated Assessment Program) rating, 92% of the factories shall obtain a score of 160 (Silver) or above (out of 200).



Every year, Fii conducts risk assessment through audits to review the achievement and improvement of various performance indicators such as labor, health and safety, environment, and management system to ensure that the company fulfills all social responsibilities and that it fully complies with the requirements of the standards. Respect for human rights and work environment rights is deeply rooted in the corporate culture of Fii and covers all stakeholders of our business practices.



Prohibition of child labor

In the document *Prohibition of Child Labor Prevention and Misuse Remedies*, the company promises not to employ or support the employment of child laborers under the age of 16. In the recruitment process, we use multi-modality and multi-round interview methods to comprehensively and prudently evaluate the quality characteristics and ability status of candidates, and conduct background investigations to confirm the authenticity of candidate information in accordance with the law. If department heads discover that the age of workers does not match the information provided in their daily work, they should immediately notify the human resources unit and implement a remedial plan for misuse of child labor to ensure that personnel engaged in labor in our company receive timely and effective protection.

Anti-discrimination and anti-harassment

Fii does not tolerate any form of discrimination or harassment (whether physical or verbal), and in order to establish a friendly work environment and enhance the concept of gender equality among employees. The company has set up a workplace sexual harassment complaint handling committee to continuously monitor and improve the matter in accordance with the *Measures to Prevent, Complaint and Discipline Sexual Harassment in the Workplace*. All discrimination on the basis of race, color, religion, veteran status, national origin, ancestry, pregnancy status, gender, age, marital status, mental or physical disability, medical condition, sexual orientation or any other legally protected grounds is not permitted. The company treats every employee without discrimination and all employees have equal opportunities for employment, training, and promotion and enjoy the same benefits as the company.

Anti-Forced Labor

Fii is committed to not using and not supporting the use of any form of forced labor. We have fully controlled the risks of modern slavery labor such as offsetting labor, using prisoner labor, human trafficking, collecting deposits, seizing documents or property, restricting personal freedom, withholding or defaulting on wages and benefits, forcing overtime, and restricting separation from employment through a regulated employment mechanism to ensure that all employment relationships are based on a voluntary basis. As of the end of the reporting period, the company had no incidents related to forced labor, harassment and abuse, or employment of child labor.

Upholding the right to free association and collective bargaining

Fii has incorporated democratic management, democratic participation and democratic supervision into its important agenda. In order to safeguard the legitimate rights and interests of employees, build harmonious labor relations and promote the long-term stable development of the enterprise, the company has formulated relevant documents such as *Freedom of Association and Procedures for Joining Trade Unions and Religious Management and Regulations for the Management of Trade Union Membership*, and established trade unions in accordance with laws and regulations, and deliberated on the contents of formulating, modifying or deciding on matters relating to labor remuneration, working hours, rest and leave, labor safety and health, insurance and welfare, employee training and other matters directly. When rules and regulations or major matters involving the immediate interests of employees, they should be discussed by the staff representative assembly or all employees, put forward proposals and opinions, and be determined through equal consultation with staff representatives. During the implementation of rules and regulations and major matters, employees have the right to propose any inappropriate ones and modify and improve them through legal procedures, so as to effectively guarantee the democratic rights of employees to participate in management and major decisions, research and deliberation. We can better play the role of the Staff Council, regulate the behavior of the Staff Council, protect the democratic rights of the staff, safeguard the legitimate rights and interests of the staff, protect, mobilize and bring into play the enthusiasm and creativity of the staff, and promote development.

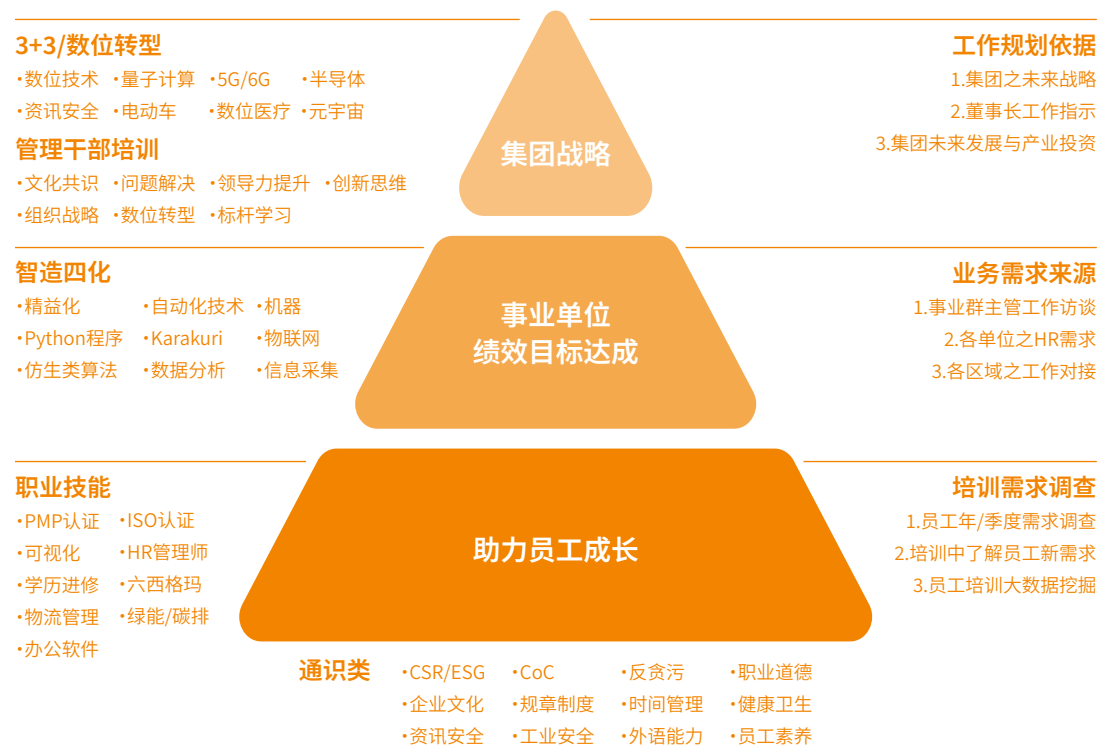
In order to smooth the channels for employees to express their opinions and protect their rights, the company fully collects employees' opinions and suggestions on various aspects of the company's work through various forms such as holding regular employee seminars, setting up communication mailboxes and hotlines, and urges relevant functional departments to respond and give feedback in a timely manner, so as to finally protect employees' rights to information, participation, expression and supervision. Up to now, the collective contract employee coverage rate is 100%, the total number of staff talks and communication is 245, 10,416 participants, 7,446 cases of employee care, and 100% of completed processing responses.

Human rights risk prevention plan

Risk issues	Object	Achievements	Risk mitigation	Remedial measures	Appeal channel
Free choice of employment	All employees	<ul style="list-style-type: none"> Comply with RBA guidelines for free choice employment 	<ul style="list-style-type: none"> New employees sign employment contracts and complete orientation training in accordance with the law Provide RBA training courses Publish employee manuals and resignation application operating system processes and connect personnel 	<ul style="list-style-type: none"> If an employee's application for separation is blocked, the human resources unit or labor union shall intervene immediately to coordinate and follow the employee's wishes. The supervisor shall give training on labor laws and regulations 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies Labor Dispute Mediation Committee
Prohibition of child labor and protection of underage workers	New employees	<ul style="list-style-type: none"> Establishment of the <i>Prevention and Misuse Remedial Measures for Prohibiting Child Labor</i>, promising not to hire or support the employment of children under the age of 16 	<ul style="list-style-type: none"> Hiring process in accordance with local regulations and legal age identification at global sites 	<ul style="list-style-type: none"> Regular audits to ensure timely detection of child labor entering the company due to false identities or any other reasons Proper handling of child labor incidents and provision of assistance/remedial measures 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies
Maternity protection and health of female workers	Female workers	<ul style="list-style-type: none"> Implement leave provisions such as maternity and breastfeeding leave 	<ul style="list-style-type: none"> Global factories announce and publicize related protection measures and facilities in accordance with local regulations At least once a year, hold a special employee symposium for female employees to promote and provide guidance for improvement 	<ul style="list-style-type: none"> If any violation of women's protection is found, immediately request the supervisor to improve and return the employee's rights and benefits. Priority audit list for units where such violations have occurred 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies Women workers' Committee of trade union
Anti-discrimination and anti-harassment	All employees	<ul style="list-style-type: none"> Establishment of <i>Measures to Prevent, Complaint and Discipline Sexual Harassment in the Workplace</i> Establishment of the workplace sexual harassment complaint handling committee 	<ul style="list-style-type: none"> Hiring process, recruiting campaign content and recruiting supervisor training courses in accordance with local regulations at global sites 	<ul style="list-style-type: none"> If a violation of discrimination, bullying and harassment is found, immediately request the supervisor to improve and return the employee's rights and benefits. 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies Establish a workplace sexual harassment appeal handling committee
Humane treatment	All employee	<ul style="list-style-type: none"> Publish appeal notices, clarify human rights principles 	<ul style="list-style-type: none"> At least once a year, all employees are trained on human rights topics to ensure that all employees are aware and knowledgeable Adequate and regular dissemination of channels for expressing opinions and reporting violations 	<ul style="list-style-type: none"> If there is a violation of human rights protection, immediately request the supervisor to improve and return the employee's rights and benefits. 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies Unit supervisor or administrative department
Salary & Benefits	All employee	<ul style="list-style-type: none"> Provide livelihood security mechanism Set up labor dispute mediation committees 	<ul style="list-style-type: none"> Regular internal salary survey analysis Conduct salary compliance audits at least once a year 	<ul style="list-style-type: none"> Upon investigation, if there are any violations of salary and welfare payments or delays, immediately request the supervisor to improve and return the employee's due rights and interests 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies
Work time	All employee	<ul style="list-style-type: none"> Develop of <i>Work Rules</i> and Establishment of hourly pay system 	<ul style="list-style-type: none"> Regular statistical analysis and audit of working hours status Utilize HR system and employee self-service platform to provide early warning management mechanism such as working hours report 	<ul style="list-style-type: none"> If there is any violation of working hours management or forced labor, the company shall immediately request the supervisor to improve the situation and return the rights and benefits to the employees, and put the company on the priority audit list if it has happened before. 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies
Freedom of association	All employee	<ul style="list-style-type: none"> Establishment of the <i>Freedom of Association and Unionization and Religious Management Procedures</i> 	<ul style="list-style-type: none"> Global factories in accordance with local regulations, the formation of trade unions and the free participation of employees in the union to strengthen welfare activities, employee rights protection and emergency relief projects to attract employees to participate 	<ul style="list-style-type: none"> If there is any violation of freedom of association, the company shall immediately ask the supervisor to improve the situation and return the rights and benefits to the employee. 	<ul style="list-style-type: none"> WeChat official account Voice of employees Union mailbox Company website Care hotline Seminar Visits Legal publicity Lawyers in companies

Employee training and development

Fii closely focuses on business development, increases training efforts, innovates training methods, expands training channels, and continuously improves training for all employees such as new employees, in-service employees, transferred personnel, and promoted cadres. Through diverse projects and targeted training for various departments and positions, it enhances organizational and professional management abilities, and combines theory with practice to help the healthy development of the enterprise. In 2022, the company strengthened the overall planning of education and training, comprehensively promoting the transformation and upgrading of training. Through systems such as the Group Education and Training Policy, Internal Lecturer Management Measures, and On the Job Education Management Measures, the company fully tapped the work potential of existing personnel, formulated talent resource development plans, management objectives, and training plan implementation plans.



Employee training system

As the speed of knowledge and technology updates accelerates, companies need to continuously train their employees in order to continuously innovate and introduce new ideas. The Human Resources Center develops annual company training plans based on work planning, business demand sources and training demand surveys. The training content includes TTT training (Training the Trainer to Train) and internal instructor certification, practical safety leadership and employee academic upgrading training to create a good ecological environment for talent development. In addition, the company relies on the online learning platform to help employees improve on-the-job training, skills upgrading and transition training, etc., and encourages employees to learn independently to achieve the integration of learning, practice and examination, which effectively meets the needs of all employees for rapid learning and fragmented learning.

Case

Elite Class Training Camp

As a special training program to cultivate key reserve cadres and reserve talents for key positions, the Elite Class Training Camp aims to help new school recruits learn working methods, improve professionalism and successfully complete the rapid transformation from students to working professionals. Combined with the development strategy of the enterprise, the training camp is based on the idea of "characteristic practice, professional support, systematic output and branding empowerment", and is equipped with a complete induction training program, covering three dimensions of professional skills, management skills and professionalism, based on the construction of the core literacy ability model, using The training method of "course cultivation + internship experience + activity expansion", the coaching mechanism of "class teacher + mentor + coach + expert group", together with 180 days of tracking and assessment and multi-channel coaching and communication mode, cultivate people who adapt to and identify with the company culture and have good professionalism and development potential. We train young talents with good professionalism and development potential. Under the operation of this talent training mechanism, the retention rate of the elite class will reach 90.5% in 2022.



Case
Promoting school-enterprise cooperation to help employees grow

In order to improve the professional skills of the company's employees, Industrial Fulian has collaborated with Shenzhen College of Continuing Education for Employees and Guangdong Vocational and Technical College of Transportation to establish modern apprenticeships in fields such as mechatronics and IoT technology, cultivating electrical engineers, electromechanical installation and debugging personnel, IoT installation and debugging personnel, and industrial robot maintenance personnel. The teaching staff mainly come from professors from cooperative universities and senior engineers and technical experts of the company. The students are mainly ordinary frontline employees. Employees learn in their work and work after learning. After graduation, they not only obtain a university graduation certificate, but also corresponding skill certificates.


Case
Hongwan leads the way, cultivates handsome talent

In order to better cultivate management cadres, Fii has developed and polished a series of leadership courses with great corporate characteristics. The training content is centered on five major sections: cultural values, business management, problem solving, innovative thinking and benchmarking visits. As of the end of the reporting period, two training courses for senior executives were organized.


Case
Focus on Digital, Cultivate Talents

Fii continues to promote a series of professional talent training projects. Based on the needs of various talent development, in 2022, it will carry out the "four modernizations" training plan for intelligent manufacturing, including lean, automation, informatization, and intelligence, and provide a hybrid learning method both online and offline. At the end of the reporting period, 45 offline talent development training sessions were conducted, with a total of 421 participants; 106 special training sessions with 1910 participants; There are approximately 70000 online participants.


Case
Let "obstacles" go, let love come

In order to meet the communication needs of special employees, to help employees master basic sign language communication skills, to improve the language level of front-line managers, to narrow the communication barriers, to build a bridge with deaf people, to improve communication and work efficiency, and to train more sign language enthusiasts or instructors to realize barrier-free services, Fii launched a sign language training on June 24, 2022. The participants mainly came from the staff related to the work of hearing-impaired employees (production line team leader, human resources, labor union, general affairs, employee care group, etc.) and those who are interested in sign language.



Compensation and Promotion

The company strengthens the construction of talent echelons, provides equal career promotion opportunities for all employees, and conducts annual assessments on all employees in a fair and scientific manner (at least six months of employment). And promote employee levels based on assessment results to promote employee career development. In order to create a high-performance culture and promote the principle of fair performance management, we have clarified the operational process and implementation methods of performance management in the *Employee Handbook, Salary and Welfare Operation Regulations, Employee Promotion Management Operation Standards, Salary, Performance Assessment, Promotion Operation Standards, and Performance Assessment and Incentive Constraint Guidelines Operation Standards*. The level of performance evaluation is directly linked to job adjustment, education and training, salary and benefits, and bonus verification. The evaluation items include work performance, attendance status, work ability and development potential, team cooperation (dedication, social orientation, etc.), in order to effectively motivate employees.

In the performance management system, the company sets annual KPIs based on the company's strategic goals at the beginning of each year and decomposes them down to each employee. Based on personal self-assessment and direct supervisor ratings, the company comprehensively evaluates the individual's performance level (A+/A/B/C/D) into five levels. Employees can submit whether to accept the assessment results through the performance system. If they have any objections to their own performance, their superiors will provide timely feedback. At the same time, regular and fair performance evaluations are conducted every year, and performance evaluations are integrated into promotion work to effectively identify outstanding talents and achieve precise motivation.

According to employees' personal wishes, career growth needs and annual performance appraisal results, we make personal development plans. We continue to improve internal promotion, internal competition, exchange space and other mechanisms to accelerate the growth of employees. In terms of promotion, the company has reasonably planned the development space of employees based on the principle of "developing talents and reserving talents". The company has formulated the *Code of Practice for Staff Promotion Management* to standardize the two-way career development channels for management and technical professionals, with corresponding system guarantees and incentives to meet the common development needs of employees and the company, so that technical talents have the opportunity to develop into experts in the field and management talents have the opportunity to develop into managers, realizing the professional and diversified development of the talent team.

Indicator	Unit	2022
Promotion of senior managers	%	31
Promotion of mid-level managers	%	24
Professional and technical personnel promotion ratio	%	19

[Statistical caliber] Different levels of promotion ratio statistical caliber only includes domestic companies that contain the above level classification (high-level managers, middle management personnel, professional and technical personnel).

Long-term incentive mechanism

In order to create a benefit-sharing mechanism between employees and owners, achieve consistency in the interests of the company and employees, attract and retain outstanding management talents and core cadres, and enhance employee cohesion and the company's competitiveness, the company will continue to launch an employee stock ownership plan in 2022, covering a total of no more than 12,000 people, in order to continuously improve the comprehensive remuneration system and optimize the remuneration distribution system to motivate and retain the company's key talents, further stimulate employees' enthusiasm and creativity, and ensure the achievement of the company's long-term strategic goals.

Short-term incentive mechanism

The company is committed to providing employees with market-competitive compensation and benefits, and a short-term compensation incentive mechanism linked to performance bonuses and bonus awards. The company also sets up a variety of internal awards for employees, such as excellent staff and excellent management staff selection and recognition, continued service award, continuous service award and proposal improvement award, etc., to motivate employees from both spiritual and material dimensions, and promote long-term retention and development of employees.

Equality between men and women

In terms of fixed salaries, the company provides salaries that are better than the local minimum wage in accordance with labor laws, and the ratio of male to female salaries is close to 1:1, and sets standard salary scales for different positions and skill levels according to the local living standards and industry markets, and issues fixed salaries to protect the livelihood of employees. In terms of salary changes, in addition to year-end bonuses, incentive bonuses are distributed according to established goals each year. The company allocates a certain amount of surplus as performance bonuses in combination with employee performance payments, in order to stimulate employees' work enthusiasm and improve the overall competitiveness of the company.

Talent attraction and retention

Employee Welfare and Care

Fii is committed to creating a comfortable office environment and a warm working atmosphere for its employees, and attaches importance to humanistic care for their physical and mental health, work balance and work experience. In addition to the statutory benefits, Fii provides a welfare system that is better than the statutory standards, including a series of health benefits, holiday benefits, growth benefits and flexible office, etc. In addition to the statutory benefits, Fii provides a diversified welfare system that is better than the statutory standards, including a series of health benefits, holiday benefits, growth benefits and flexible office, etc., so that employees can really feel the temperature of home.

The welfare projects of the company's factories in Mainland China and Vietnam are led by the labor union, and those in Taiwan are led by the workers' welfare Committee. Other areas are handled in line with local laws and regulations. All kinds of welfare projects shall cover 100% of all employees. In addition, employee insurance, retirement allowance and pension are handled in line with local national and regional laws and regulations, covering 100% of all employees.



"5+6+1" living guarantee mechanism

Case

Child education support

In order to support the pre-school education of employees' children, Fii actively works as a bridge between employees and kindergartens, extensively collects employees' opinions and suggestions, and plans to establish Zhuo kindergarten in Shenzhen factory. At present, more than 60% of the children enrolled in the kindergarten are children of employees from various units in the park, which helps employees solve the conflict between work and family care to the greatest extent.



Case

Employee sympathy activities

In order to continuously care for the working and living conditions of employees with disabilities, to demonstrate the Group's corporate culture of "love, confidence and determination", to reflect the company's people-oriented business philosophy and to build a more harmonious labor-management relationship. In 2022, the company conducted quarterly activities to show its care for employees, with a total amount of about RMB 6.2 million. At the same time, to enrich the after-work life of disabled employees, the company also held a series of fun activities to care for disabled employees.



In order to unite the centripetal force of employees, each department forms a “love each other” group, and organizes small and diversified caring activities such as recreation and sports, fun excursions, friendship and friendship, birthday celebrations, team development, etc. with the “love each other” group as the unit. We establish a sound system of employee care, encourage employees to cultivate hobbies, enhance physical fitness, actively organize various employee activities, respond to employee needs, improve employee satisfaction in multiple dimensions, and enhance employees’ sense of belonging and identity to the company.



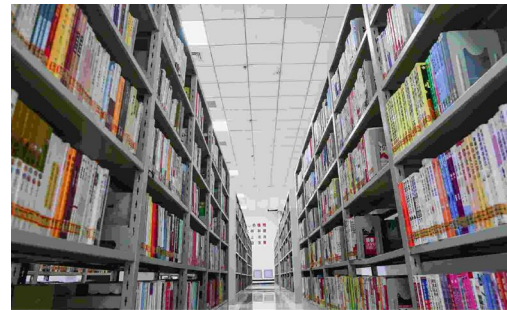
Spring Festival activities



Entertainment activities



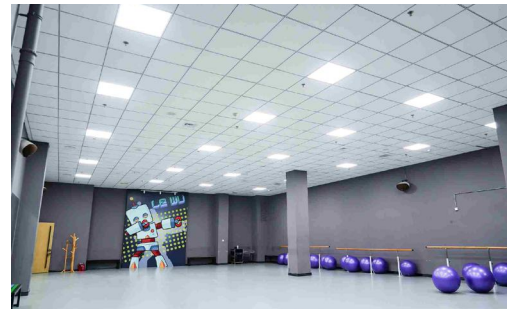
Parent-child activities



Library



Gym



Dance rehearsal hall

Caring for female employees

Over the years, the female workers committee of the labor union has been caring for female workers from various aspects, actively building a platform for female workers to build their career, comprehensively improving the comprehensive quality of female workers, and giving full play to the important role of female workers as “half of the sky” in production, R&D, management and post-service. We will continue to pay attention to the rights and interests of domestic and foreign female workers, actively implement leave provisions such as maternity and breastfeeding leave, provide equal career development opportunities, and ensure that female workers enjoy non-discriminatory pay and benefits. We will also continue to innovate welfare forms and increase the care services for female employees. Through organizing colorful March 8 Women’s Day activities, guiding female workers to improve their cultural cultivation, and actively creating a series of mommy courses for pregnant mothers such as baby-sitter, nursery nurse and pediatric massage many initiatives.

Case

Mommy’s Cabin

The company has a mother and baby room to effectively provide more humane and warm services for female employees during pregnancy and breastfeeding, providing them with a private, clean, comfortable and safe resting place.



Goddess Festival flower arrangement activity



Talent courses

Employee Communication

Reasonable improvement suggestions or opinions can help companies improve their management and production efficiency, promote the strategy of reducing costs, winning with quality, and focusing on market development. Fii values employee satisfaction, happiness, and participation. In order to listen to employees' voices, the company provides precise and comprehensive services, continuously expands employee demand channels, and enhances feedback information.

The company identifies and evaluates key factors that shall affect employee satisfaction and motivation through multiple channels, aiming to create a better quality and positive work-life environment for employees. Comprehensive communication channels have been established, such as the 78585 Care Hotline, the 25858 Mindfulness Hotline, the Employee Care Center and 26 channels for the protection of employees' rights.

Case

"Voice of employees" speaks for employees

In order to further improve the welfare of employees, listen to the voices, smooth the channels for appeals, timely understand the opinions and suggestions of employees, and solve the problems and difficulties raised by employees. The "Voice of Employees" column is opened to facilitate employees to express the opinions and improve the enthusiasm to make suggestions.



The Company conducts an annual employee satisfaction survey and strives to be relevant to the needs of employees. During the reporting period, the employee satisfaction survey, with a valid sample of 35,002, had a sampling ratio of 15%. In order to better understand employees' thoughts and demands and to facilitate comprehensive improvements, the sample size of the 2022 employee survey was increased by 0.5% compared to 2021, and the scope of the survey was increased to include overseas plants, with a final weighted average employee satisfaction score of 8.06. The survey results show that employees are generally confident in the future of the company and have significantly higher ratings in the dimensions of "job recognition", "teamwork" and "compensation and benefits".

Case

Intervention at the source and counseling at the heart

In order to further promote the excellent corporate culture, Fii has established the online and offline integrated EAP (Employee Assistance Programs) care and counseling service to solve practical problems for employees by strengthening humanistic care and employee psychological guidance, so as to guide employees' healthy growth, work enthusiasm and happy life. The program focuses on four perspectives of paying attention to employee psychology, caring for employee health, caring for employee life, and helping employees grow, in order to enhance employee psychological capital, promote employee physical and mental health, enhance employee psychological belonging, and ultimately improve corporate management effectiveness.



Marriage and family mediation room



Emotional catharsis room



Spiritual relaxation room



Sand table game room

Occupational health and safety

Under the strategic guidance of “data-driven and green development”, Fii focuses on high-end manufacturing fields such as 5G and network communication equipment, smart phones and smart wearable devices, and manufacturing plants have been highly industrialized. In the context of global technological upgrading and differential regulations in multiple regions, the implementation of many new technology-driven technologies, new materials and new energy structures will generate new occupational health and safety issues, including:

- New processes, technologies and materials bring new OHS risks
- Highly industrialized production clusters OHS risks
- Rapid development and uneven development of OHS management system

Under the guidance of the EHS policy of “compliance with laws and regulations, safety and health for people, energy saving and consumption reduction for development, and sustainable development for excellence”, the company adheres to the basic idea of people-oriented, protects legal rights and interests, cares for physical and mental health, strengthens occupational health and safety management, builds a talent development system, realizes the occupational development concept of employees’ peace of security, peace of mind, and peace of career, and actively fulfills its corporate social responsibility, and is committed to becoming a model of occupational health and safety management for global technology manufacturing enterprises.

Safety management system

In accordance with domestic laws and regulations, such as the *Law of the People’s Republic of China on Work Safety* and the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*, and with reference to overseas occupational health and safety standards and regulations, Fii has established an Environmental Health and Safety (EHS) management system, and in May 2022, updated the Fii Environmental Health and Safety (EHS) Management Manual. The manual requires the construction of an EHS work structure with “strong leadership and organization, departmental supervision and management, effective risk management, orderly participation of all employees, and continuous improvement”, and clearly stipulates the vision, objectives, concepts, prohibitions and other management elements of EHS. The management elements are clearly defined, covering all employees.



EHS philosophy

- Good EHS performance is the foundation of a company’s sustainable development
- Practice of felt leadership is the key to implement EHS performance
- Risk control and comply with regulations is the guarantee of EHS performance
- Who is responsible for whose business; Who is responsible for whose territory; Who is responsible for whose position

By formulating and implementing a globally unified EHS policy, Fii will build up the core competitiveness of corporate EHS and build a world class high-tech manufacturing enterprise. To achieve our vision of becoming a global EHS management model for technology manufacturing enterprises, we are committed to responsible management of all business activities. The EHS policy is applicable to all organizational units under the jurisdiction of Fii, and their daily operation activities should be in line with the requirements of this policy, and organizations at all levels must be consistent with this policy when formulating EHS policies.

We have established a dual prevention mechanism based on our management manual, a central EHS committee with a director responsible for overall decision making, an EHS committee office and Fii management headquarters responsible for planning, and EHS committees in each business group under our headquarters responsible for implementation and auditing in the plants under their jurisdiction. We aim for “zero injury, zero loss, and zero pollution” to minimize risks and actively provide a safe and healthy working environment for our employees. EHS management committee at each level: responsible for establishing the company’s EHS management policy and objectives, formulating EHS management policies, and studying and solving major EHS issues;

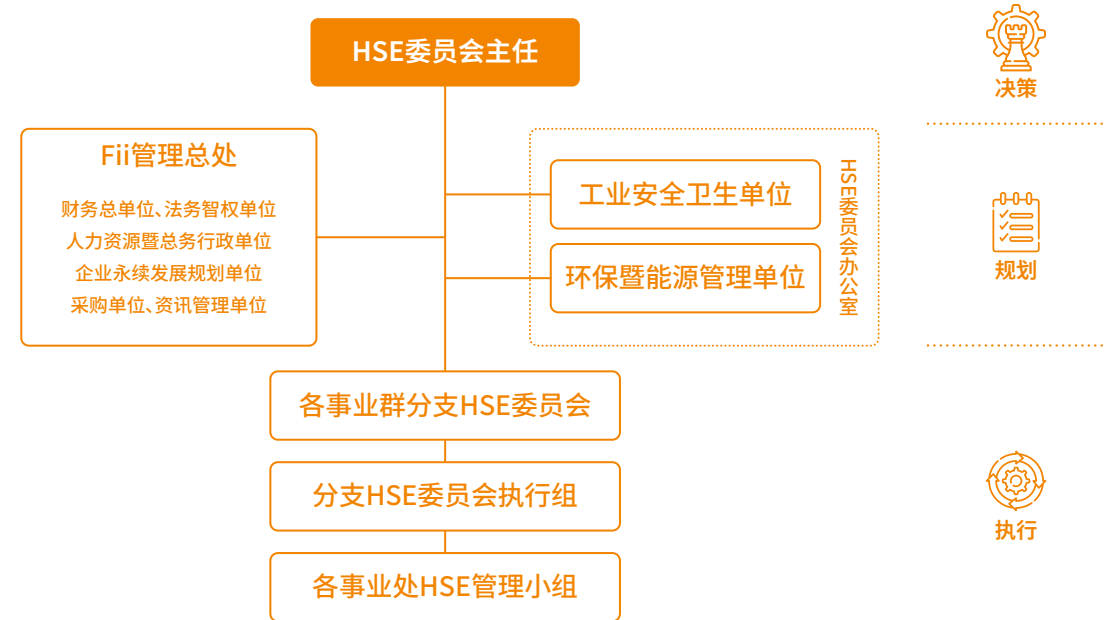
Business group management team: Direct management of the EHS work of the units under its jurisdiction. Supervising and guiding the EHS work of the units under its jurisdiction, ensuring that the EHS objectives of the organization are achieved and assuming management responsibility for the EHS performance of the units under its jurisdiction;

Business division/plant operation management team: responsible for the daily EHS management of this business division/plant, implement the EHS management requirements of the superior units, and assume the main responsibility for the EHS work of this unit;

EHS teams at all levels: supervise and guide the daily EHS work of the unit, provide professional advice to the management team of the organization, and support the achievement of EHS management objectives;

Employees: learn and comply with the company’s EHS management system and perform the EHS responsibilities of the positions.

安全生产委员会架构图



During the reporting period, the total number of the company’s safety committee was 9,348, of which worker representatives totaled 6,486, accounting for 69.38% of the total number of the safety committee; the company invested a total of RMB 375 million in environment, safety and health; conducted 2 EHS committee meetings, which reviewed the 2022 annual management report of each subcommittee; improved 12 safety management system documents; conducted 69 Fii Global Prevention and Safety Production and ESG Action Meetings; conducted 3 regular communication meetings of Fii industrial safety professional line; 33 companies with production activities under Fii’s mainland have passed ISO45001 certification.

Total number of security committee (people)

9,348

total number of the safety committee

69.38%

Total annual environmental, safety and health investment (billion)

3.75

Safety Risk Prevention and Control

The main hazardous and harmful factors of Industrial Fulian and its subordinate production enterprises include mechanical injury, chemicals, noise, dust, X-ray (X-ray), etc. In 2022, Fii will further improve its safety management system, We have released five management documents, including the *EHS Committee Management System*, *Fii Safety Education and Training Management System*, *Fii Change Operation Management Code*, *Fii Human-caused Hazard Prevention Management System*, and 26 risk control technical documents, including the *Implementation Guidelines for Industrial Safety Risk Grading and Control*, *the Comprehensive Risk Assessment and Management Guidelines for Occupational Disease Hazards*, *the Chemical Management Policy*, and the *Lithium Battery Safety Management Specification*, to comprehensively improve the level of occupational health and safety risk prevention

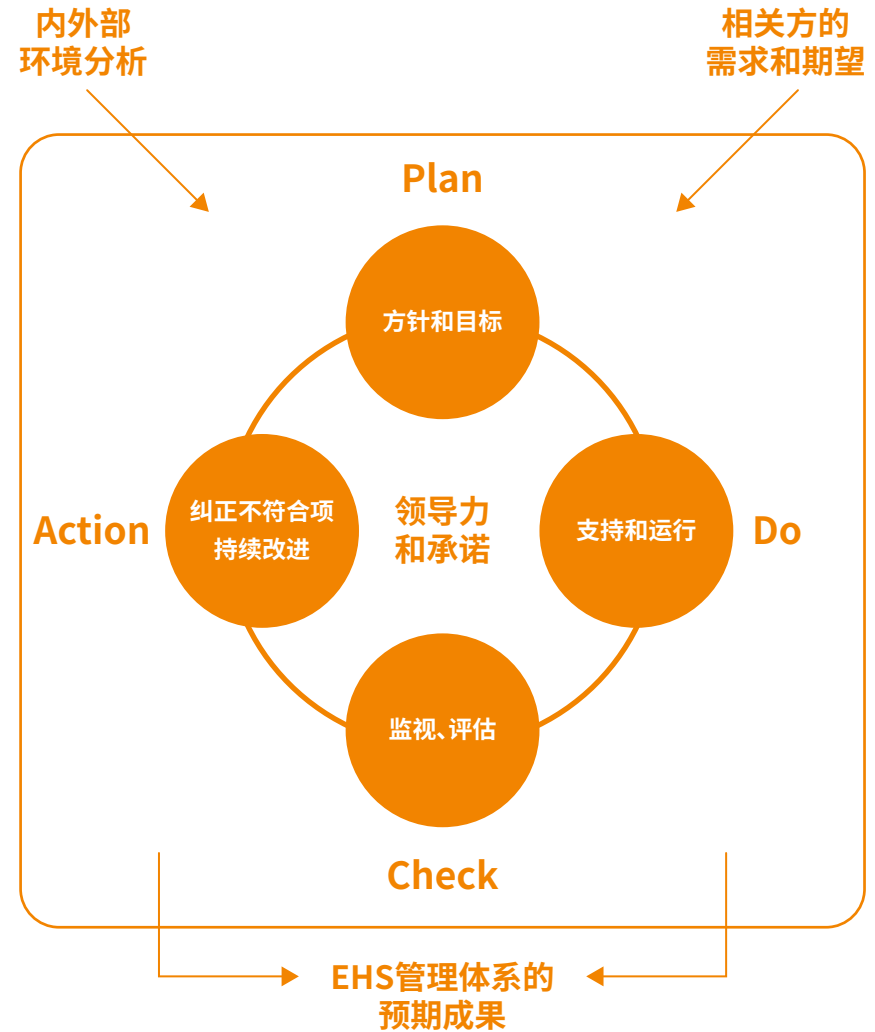
and control, gradually eliminate human factors, and continuously strengthen intrinsic safety.

In terms of occupational health and safety risk assessment, Fii has formulated management documents such as *Comprehensive Risk Assessment and Management Guide for Occupational Disease Hazards*, which adopts a semi-quantitative assessment method to conduct hazard level (HR) assessment and exposure level (ER) assessment, and then determine the occupational health risk index (R), and formulate and implement occupational disease hazard control measures according to the risk level for continuous improvement.

In terms of safety risk control, Fii has formulated internal systems such as *Comprehensive Risk Assessment and Management Guide for Occupational Disease Hazards* and *Implementation Guide for Industrial Safety Risk Grading and Control*, combined with the "PDCA" working model, to assist each plant to identify, analyze and evaluate risks in existing processes, public facilities and natural disasters, and formulate risk response measures according to

risk levels.

Fii has taken multiple measures to improve the safety risk control system and enhance the intrinsic safety level through chemical substitution (such as using water-based cleaning agents instead of organic solvents) and automated mechanical DFMS (reducing mechanical injuries from the design side); assisted the development of safety digital intelligence by implementing projects such as remote auditing, industrial safety cloud, IOT demonstration workshop, and cloud infrared thermal imaging electrical hidden danger investigation; improved industrial ventilation in the pilot plant in Quang Chau, Vietnam and Longhua, Shenzhen to improve exposure to chemical and other occupational hazards; the IOT demonstration workshop to set up a digital application model has been completed by 60%; the industrial ventilation improvement in the pilot plant has been completed by 30%.



PDCA (Plan-Do-Check-Act) working model

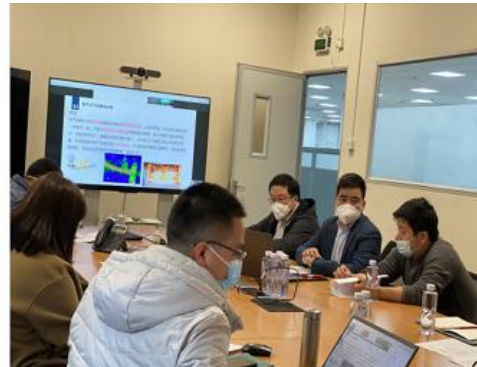
Case

Conduct electrical safety training, etc.

In December 2022, Fii's Industrial Safety & Health Division organized external experts to conduct electrical safety training and infrared thermography inspection training, and organized on-site diagnostics.



Launch meeting site



Electrical safety training site



Site survey of Longhua G18-1F molding workshop



Site survey of Longhua E6-4F high voltage distribution room

With the safety goal of “zero injury, zero occupational disease and zero accident”, Fii has formulated internal regulations such as the *Rules for Management of Occupational Accidents of the Group*, clarified the process of investigation of injury accidents and determination of responsibility for accidents, and classified injuries into serious injuries (serious consequence occupational injuries), minor injuries and slight injuries according to the *Classification Standard for Occupational Injuries of the Group*, the formulated management system of work-related accidents is strictly implemented. At the end of the reporting period, there are no work-related accidents involving employees and contractors; the percentage of employees covered by the internally audited occupational health and safety management system is 100%; and the percentage of employees covered by the externally audited occupational health and safety management system is 100%.

Safety Training

The theme of the 2022 National Work Safety Month is “Obey the Work Safety Law, Be the First One to Take Responsibility”, and Fii has always emphasized that “Environmental health is the responsibility of each employee, and each employee is responsible for his or her own business, position and local EHS. “One of the key factors to ensure safe production is to strengthen employee safety education and training. Each employee needs to receive appropriate safety education and training. The training includes interpretation of safety laws and regulations, job practice, accident case sharing, emergency drills and on-site disposal to achieve the purpose of improving the safety and technical quality of employees and enhancing their safety awareness. We carry out different types of training for employees at different entry stages. New employees focus on *Basic Knowledge of Occupational Health Management*”, while in-service employees need to learn *Knowledge of Occupational Disease Prevention and Management, Individual Protection and Occupational Health Medical Examination*. In addition to the job safety training required by regulations, the following new training topics have been added to accommodate the enhancement of the overall safety system in order to achieve a high standard of safety performance:

Training objectives	Training theme	Training objectives / outcome outputs
Improve safety training mechanism	Level 3 safety education training courses	Update the level 3 security training course of the FXCONNEDU
Building a dual prevention mechanism	Safety production double prevention system training	Promote the use of dual control systems
Establish safety audit team	Safety inspection and audit skills training	Safety audit system improvement and audit team capacity enhancement
Carry out BBS safety culture	Job safety observation and communication training	BBS capability improvement for team leaders and other first-line supervisors
Special improvement of ESG chemicals	Product hazardous substance management training	Harmful substance management process optimization, products meet customer requirements
Electrical safety capability improvement	Infrared Thermography training	Infrared thermography inspection capability improvement for first-line supervisors and others
Conduct occupational hazard assessment	Occupational disease hazard risk assessment and management training	Occupational health on-site audit and self-assessment of each unit



Automated mechanical safety management and overall improvement strategy training



Fire safety management standard training



Industrial ventilation principles and practices training



Global emergency management mechanism training

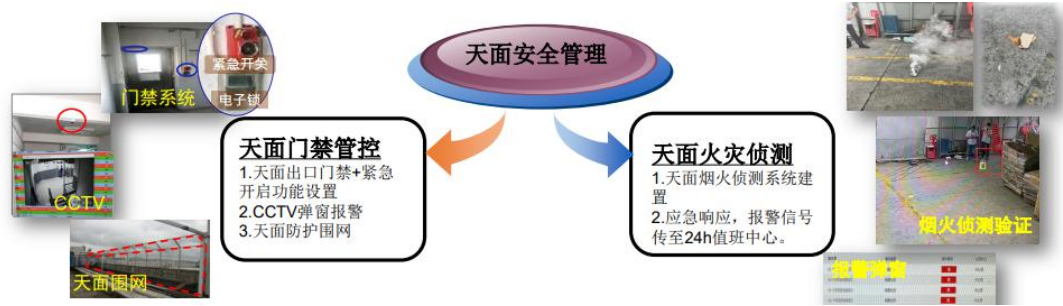
During the reporting period, Fii Industrial Safety & Health Division organized nearly 30 hours/year of occupational health and safety training for employees per capita; the company implemented safety main education 10 times; organized safety training and promoted the implementation of safety training assessment 5 times.

Safety audit

In order to standardize the internal auditing of occupational health and safety, Fii has formulated policy documents such as *Management Measures of Occupational Health and Safety Auditing*, which clearly defines the objectives, scope, frequency, form and scoring and rating methods of auditing, and requires the audit results to be linked with the safety assessment mechanism. As the supervisory department of safety audit, Industrial Safety & Health Division of Fii performs safety audit of production plants, sets safety performance KPI, establishes safety assessment mechanism, and evaluates the safety status of each plant. According to the regulations, internal health and safety audits are conducted at least once every 1-2 years to identify problems and suggest improvements in a timely manner, eliminate potential safety risks and improve the factory's occupational health and safety management system.

Since Fii's industries are spread all over the world, traditional on-site audit operations are easily affected by physical distance, epidemics, personnel, cost and other factors. In order to facilitate real-time management by the central EHS committee office, the company has established a remote audit system for production safety hazards as a supplement to on-site audits to eliminate errors and enhance audit efficiency in a more effective way. When carrying out remote auditing work, it is divided into two working modes: [live auditing] and [virtual room] for different levels of on-site information confidentiality. Non-special insurance and other general areas (such as boiler room, high voltage power room, oil depot, chemical warehouse, general workshop) take the form of live auditing, according to the audit plan set in the time, length, point to dynamic viewing / checking. Special security areas and other areas where customers have requirements that cannot access the live screen take the form of [virtual room], and the system terminal auditors enter the [virtual room] to review information and extract audit evidence.

Based on the results of the audit, we have identified that the main safety challenge facing Fii is fire. Due to the presence of a large number of electrical devices in the factory, there is a potential risk of fire caused by electrical appliances. Based on the fire safety assessment, Fii promotes the installation of the "skyside" fire safety monitoring system during the reporting period, improved the protection capability of the fire protection system in the power distribution room, and investigated the hidden dangers of the power supply and distribution system and electrical appliances to minimize the potential fire safety hazards.

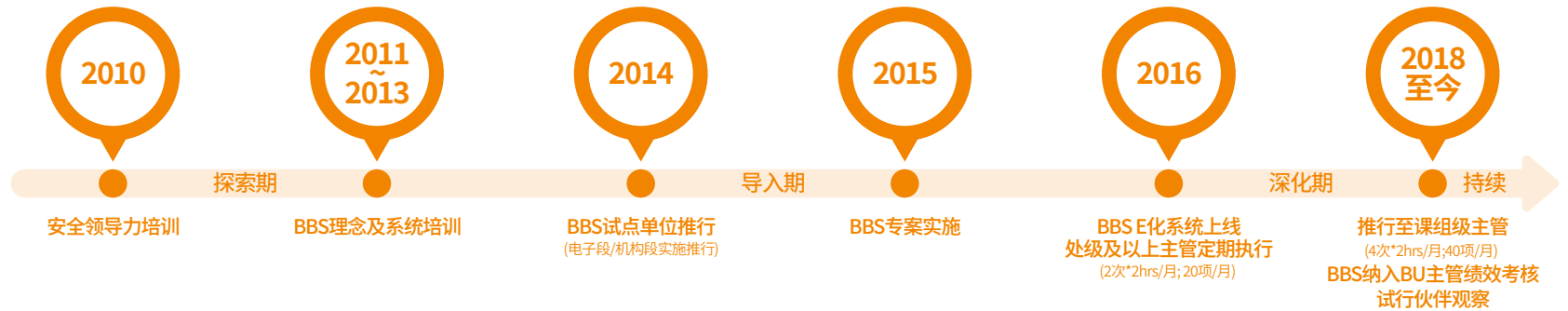


“Skyside” security management system

During the reporting period, Fii's Industrial Safety and Health Division completed audits of 18 parks, involving 126 buildings, and found a total of 211 fire safety hazards, with a 96% completion rate of rectification, and the remaining items are being rectified according to schedule, and all rectification is scheduled to be completed by September 2023. A total of 4133 items of infrared thermal imaging detection and electrical hazard troubleshooting are completed in 16 factories, 119 Electrical safety hazards are found, and the completion rate of rectification was 100%; The Group's central industrial safety audit department completed annual industrial safety audits of all mainland plants under Fii's jurisdiction and found 189 hidden dangers, with a 100% completion rate of rectification; each business group completed internal monthly hidden danger inspections and found 27,497 hidden dangers, with a 100% completion rate of rectification; (above) a total of 28,016 safety audit recommendations are made, with a 99.9% completion rate of rectification. In addition, plans have been made to promote 100% coverage of the Skyside fire safety monitoring system, and to enhance the protection capabilities of the fire protection systems in five power distribution rooms in the factory area, as well as conduct on-site inspections and evaluations for damage prevention, which is planned to be completed by September 2023.

Occupational health management

According to the requirements of the safety management system, Fii develops countermeasures for different risks to prevent, control and eliminate occupational hazards and ensure all employees fully enjoy the rights and interests of occupational health. In addition, Fii implement behavior observation and communication mechanism in the daily management. Managers shall praise safe behaviors and observe, communicate or intervene on unsafe behaviors. The results of safety observation and communication will be statistically analyzed to strengthen safety behaviors with positive incentives, timely detection and correction of unsafe behaviors, avoiding injuries and accidents, and achieving continuous improvement of safety performance.



Progress Schedule of “BBS” Behavior Observation and Communication Mechanism

We eliminate or reduce the risk of occupational health and safety as much as possible by implementing special management measures: posting risk factor identification notice boards in areas with risk sources to remind employees to do the corresponding safety protection work; setting up First Aid (first aid box) areas in workshops and updating relevant drugs and medical supplies in real time to ensure that employees get treatment at the first time of injury; setting up protective shields in areas with risk of mechanical injury to distinguish safety zones from danger zones; carrying out regular environmental monitoring in workshops; assessing and testing occupational hazards, etc. In terms of enhancing employees' awareness of personal occupational health protection, Fii carry out the "All for the Health of Workers" Occupational Disease Prevention and Control Law Publicity Week to further strengthen the implementation of the main responsibility of occupational disease prevention and control, effectively protect the rights and interests of workers' occupational health, create a strong atmosphere of concern for occupational disease prevention and control and occupational health awareness throughout the company, and improve workers' health level. During the reporting period, on-site audits of occupational health management work were completed in 7 factories.

Occupational Disease Prevention and Control Law Awareness Week is held in the last week of April every year



Publicity on the public website of occupational health of Fii



Fii regularly carry out staff medical checkups every year, and for production workers with different exposure factors, Fii will conduct "pre-job, job, and post-job" medical checkups in accordance with local regulations, and for cases with occupational contraindications found in the medical checkups, the company always takes health as the first priority, fully respects the wishes of employees, and actively coordinates compensation measures such as transferring to other jobs. To reduce the risk of occupational diseases as much as possible. In addition to regular occupational disease medical checkups, the company has developed a diversified annual routine medical checkup program according to the rank and position of employees to help employees identify changes in the health. During the reporting period, there was one health case of occupational disease-related problems in mainland China.

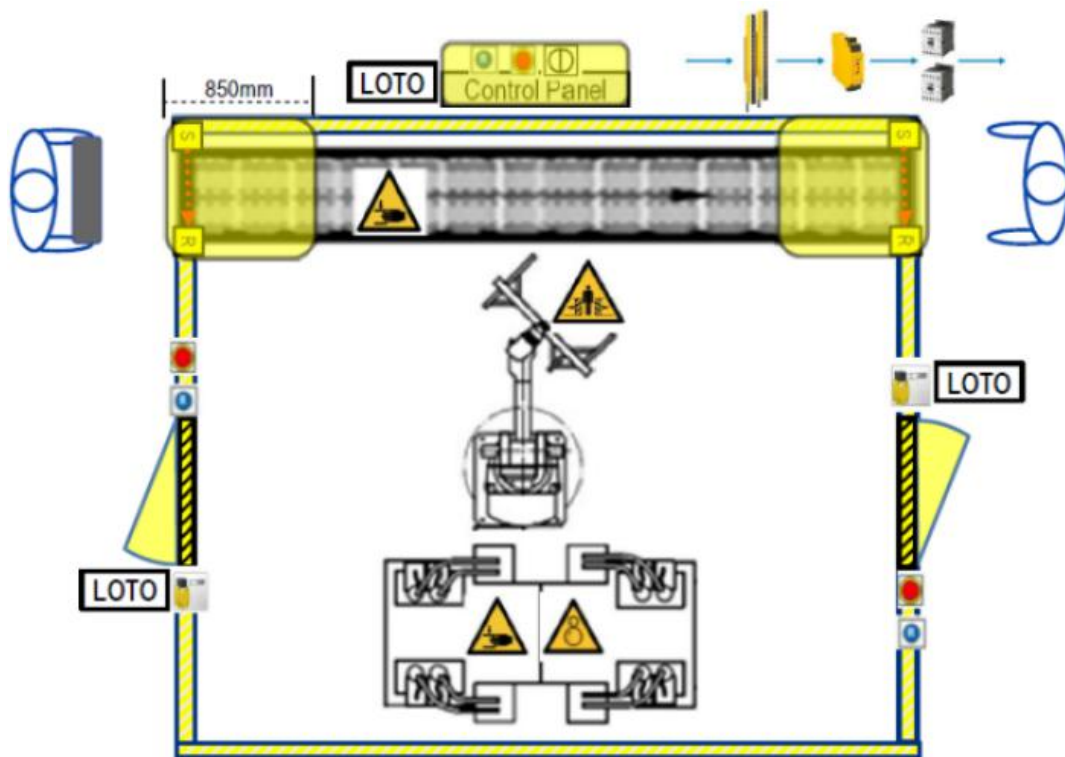
Identification of occupational hazard risk factors

The noise hazards in the workshop are identified, noise occupational disease hazard notification cards are set to inform the hazards, and the noise value is reduced from more than 90dB to more than 70dB after the workplace transformation through the overall sound insulation cover (with acoustic cotton inside), punching machine and reinforce and reduce vibration of sound insulation cover and ground.



Human-machine safety design

The safety level is enhanced by optimizing the design of safety components and safety circuits. Safety components include emergency stop switches, enabling devices, safety protection control and limited space, interlock protection; safety circuits include protective stop, multiple redundant control, cross detection, fault diagnosis, motion parameter limitation, etc.



Emergency disposal

While organizing safety training for employees/suppliers, in order to enhance the ability to deal with major emergencies, the company conducts many accident case seminars, safety production activities, emergency response to major accidents (including: CSR major accident notification guidelines, meteorological disaster management methods, etc.), fire safety emergency drills and other practical training, and each production unit prepares corresponding emergency plans according to regulatory requirements (including: Fire and explosion accident emergency plan, limited space accident special emergency plan, special equipment accident special emergency plan, chemical leakage accident special emergency plan, dust explosion accident emergency plan, etc.), and regularly conduct drills. Through diversified control measures, the behaviors of employees/suppliers in the production workshop are effectively regulated, production safety is promoted, safety awareness of all is enhanced, and the purpose of “training instead of training” is realized, which helps to improve the emergency handling ability of employees/suppliers in the face of potential dangerous situations and minimize the loss caused by accidents. The company has perfect emergency preparedness and response control procedures, and has developed an emergency management platform and a safety complaint platform to achieve online approval and disposal in a timely manner, which greatly reduces the response time and saves valuable time for emergency disposal.

According to the requirements of the regulations and combined with the development needs of the company itself, Fii closely follows the theme of “Grasp fire safety, ensure high-quality development”. In 2022, 30 factories under Fii have overcome the impact of the epidemic, combined with the company’s emergency plans, carried out more than 60 fire emergency drills activities in various forms. The activities include “emergency evacuation, fire extinguishing, high-altitude rescue, practical fire-fighting, first aid, fire science popularization, etc”, which creates a strong fire safety atmosphere throughout the company, effectively enhancing the fire safety awareness of company employees, improving the accident response ability of the enterprise’s emergency response team,, strengthening the emergency linkage mechanism with the government firefighting team, and strengthening the company’s safety foundation. Fully ensure the safety of employees’ lives and property, as well as the safe and stable development of the company.

Case

Regular emergency drills conducted by factories under its jurisdiction



Emergency drill at Lankao Campus



Emergency drill at Chengdu campus



Fire safety management standard training

Independent Verification Statement

Independent Assurance Statement

The target stakeholders of this statement:

Government Non-Government Organization Clients
 Suppliers Investors Customers
 Other stakeholders:

Responsibilities of the reporting organization and assurance provider:

CTI Certification Co., Ltd. (hereinafter referred to as "CTI") is entrusted by Foxconn Industrial Internet Co., Ltd. (hereinafter referred to as the "Reporting Organization") to assure the sustainable development information disclosed in its 2022 Corporate Social Responsibility (CSR) Report (hereinafter referred to as the "Report") that it claims in accordance with the GRI standards. The purpose of this process is to provide reasonable assurance for the sustainable information disclosed by the reporting organization, and to provide confidence for stakeholders to make decisions based on the information provided by the reporting organization. This independent assurance statement is available in both simplified Chinese, traditional Chinese and English versions. In case of any differences, the simplified Chinese version shall prevail.

Assurance Standard: AA1000 AS (v3)

Scope:

- Assure the content, background, and application of the report, as well as the quality of sustainable development information presented during the reporting period;
- Evaluate the compliance of the report with the AA1000 Accountability Principles (2018) in terms of inclusivity, materiality, responsiveness, and impact;
- Review the sustainability initiatives, practices, implementation, maintenance, and performance information described in the report;
- Assess the reporting mechanism of sustainability information and its consistency with applicable reporting standards.

Assurance type: Type 1

Subject matters and depth of review:	Subject Matters Degree of compliance with AA1000 Accountability Principles (2018)	Level of Assurance Moderate Level
---	--	---

1/4

CTI 华测认证

AA1000
Licensed Assurance Provider
000-669

Tel: 400-830-5800 / 0755-82720533
 Web: www.cti-cert.org
 CTI Mail: www.ctimail.com
 CTI Academy: www.a.ctimail.com
 Company: one A/B CTI Building, No.4 Lu Xian San Road,
 Address: Xin'an Street, Bao'an District, Shenzhen, China.

Reference to criteria used:

GHG Protocol GRI SASB
 ISO 14064-1:2018 IFRS UNSDG
 TCFD IIRC HKEX ESG Guidelines
 Others: *Self-Regulatory Guidelines No. 1 for Listed Companies of Shanghai Stock Exchange - Standardised Operations*

Sources of Disclosures Name of report: 2022 Corporate Social Responsibility Report
Covered: Source: Reporting Organization

Methodology: CTI formulated an engagement plan based on the assurance process and conducted the engagement according to the plan. CTI conducted inspections with a professional skepticism attitude, and the assurance activities included the following procedures:

- Based on the process of sampling, understanding, testing and judging the degree to which the reporting organization adheres to the AA1000 Accountability Principles, an evaluation is made of the degree to which the reporting organization adheres to the AA1000 Accountability Principles ;
- Conducting management interviews on the effectiveness of the processes that have an impact, including the company's top management, department managers, and managers responsible for sustainable development;
- Based on sampling, reviewing and inspecting the management practices, business processes, and evidence-collection processes of the reporting organization;
- Collecting and assessing documentary evidence and management representations that support adherence to the AA1000 Accountability Principles.

Conclusions: According to the AA1000 Assurance Standard (v3), CTI conducted a Type 1 assurance on the sustainable development information disclosed in the 2022 Corporate Social Responsibility Report prepared by the reporting organization. According to the requirements of the AA1000 Accountability Principles (2018), the conclusions are as follows:

The conformity of reporting organization and the report against AA1000 Accountability Principles (2018)

Inclusivity: CTI did not find any deviation between the report and the inclusive principle of AA1000 Accountability Principles (2018). The reporting organization regularly identifies and participates stakeholders, incorporating the concerns of key stakeholders into important considerations for the company's sustainable development. The report meets the requirements of inclusivity.

2/4

CTI 华测认证

AA1000
Licensed Assurance Provider
000-669

Tel: 400-830-5800 / 0755-82720533
 Web: www.cti-cert.org
 CTI Mail: www.ctimail.com
 CTI Academy: www.a.ctimail.com
 Company: one A/B CTI Building, No.4 Lu Xian San Road,
 Address: Xin'an Street, Bao'an District, Shenzhen, China.

Materiality: According to the AA1000 Accountability Principles (2018), CTI conducted a substantive evaluation of various aspects of the reporting organization, both internally and externally. CTI believes that the report proposes various issues and boundaries of different business operations of the reporting organization, and that the report meets substantive requirements.

Responsiveness: After the assurance of CTI, it is believed that the reporting organization's response to major issues has been defined and reflected in the report. The report meets the responsiveness requirements of the AA1000 Accountability Principles (2018) and *Self-Regulatory Guidelines No. 1 for Listed Companies of Shanghai Stock Exchange - Standardised Operations*.

Impact: The reporting organization has clear procedures to regularly monitor and measure their sustainable development impact, and has professionals to effectively promote the sustainable development agenda. During the assurance process, CTI did not find any situations or issues that had an impact on the ecosystem and surrounding infrastructure, and the reporting organization met the impact requirements of the AA1000 Accountability Principles (2018).

Limitations and mitigation methods

The limitations and mitigation methods of CTI in the assurance process:

- CTI did not conduct assurance on economic performance indicators, and only confirmed the accuracy of economic performance indicators through the verification of audited financial reports;
- CTI did not verify sustainability performance indicators. It only confirmed through interviews and factual evidence that all sustainability performance indicators have clear data sources;
- CTI was unable to provide assurance opinions on the opinions, beliefs, inferences, wishes, expectations, future intentions, and other viewpoints described in the report. However, CTI conducted assurance and issued assurance opinions on both quantitative and non-quantitative factual evidence supporting the above viewpoints;
- CTI will further focus on improving and enhancing the disclosure and management of ESG report information based on the purpose of continuous improvement in future assurance engagement.



Competence and Independence of CTI

Founded in 2004, CTI is a professional certification body approved by the Certification and Accreditation Administration of China (CNCA) and accredited by the China National Accreditation Service for Conformity Assessment (CNAS), enjoying an independent third-party impartial status. We have extensive experience in conducting third-party audits for management system certifications in quality, environment, safety, occupational health, energy, as well as environmental information such as greenhouse gases.

Except for the assurance and verification of sustainability data and the report, no member of the assurance team has any business relationship with Foxconn Industrial Internet Co., Ltd. its directors, executives, or department managers. After the internal impartiality assessment conducted by CTI, we believe that there is no conflict of interest in this assurance engagement.

Assurance Team Leader

Li Qi
李祁

Technical Reviewer

Lin Wu
林武

Signed by

General Manager: Zhou Lu



Performance and Appendix

Key Quantitative Performance Table

Supply chain management

Indicator	Unit	2020	2021	2022	
Total number of key suppliers	Number	661	996	301	
Divided by region	Suppliers in Chinese mainland	Number	574	671	212
	Hong Kong, Macao, Taiwan and overseas suppliers	Number	87	275	74
	Other	Number	0	50	15
Key supplier SER management	Number of key suppliers that have passed ISO14001 environmental management system	Number	-	417	173
	Number of key suppliers that have passed OHSAS18001 (or ISO45001) health management system	Number	57	278	116
	Number of SER risk assessments among key suppliers	Number	546	493	211
	Number of suppliers with SER risk assessment as medium to high risk among key suppliers	Number	165	92	59
	Number of suppliers who have completed on-site audits of the above medium-high risk suppliers mentioned above	Number	115	80	58
	Number of suppliers that have completed rectification (closure of deficiencies) after on-site audits of the above suppliers	Number	107	69	58
	Number of key suppliers audited by third parties (such as RBA certified organizations)	Number	-	157	104
	Total number of new suppliers	Number	18	130	154
New supplier SER management	Number of new suppliers audited with environmental and social standards	Number	7	86	123
	Percentage of new suppliers audited with environmental and social standards	Percentage	39%	66%	79%

1. [Statistical caliber] Some subsidiaries have not counted the category "other" in accordance with the number of suppliers divided by the region; the statistical caliber of supply chain data in 2022 includes factories in mainland China, Taiwan, India, and overseas business groups.

Technology Innovation

Indicator	Unit	2020	2021	2022
R&D investment in science and technology innovation	Billion	100.38	108.35	115.88
Cumulative number of validly applied for and granted patents ²	cs	-	5,504	6,078
Cumulative number of clean technology patents	cs	587	804	1147

2. [Statistical caliber] The patent statistical caliber of effective application and authorized scientific and technological innovation in 2020 is different from 2021 and 2022. It is difficult to retrieve data again, so it is not disclosed.

Employee employment

Indicator	Unit	2020	2021	2022	
Total number of employees ³	Number	196,159	191,970	199,073	
Divided by gender	Male	Number	117,323	114,331	118,033
	Female	Number	78,836	77,639	81,040
Divided by age group	<30years old	Number	79,277	73,820	64,861
	30-50years old	Number	113,128	115,303	129,679
	>50years old	Number	3,754	2,847	4,533
Divided by business region	Chinese Mainland	Number	155,534	151,198	151,764
	Hong Kong, Macao, Taiwan, and overseas	Number	40,625	40,772	47,309
Divided by educational level	Doctor	Number	115	100	115
	Master	Number	3,711	3,556	3,711
	Bachelor	Number	21,004	20,577	21,004
	Junior college or below	Number	171,329	167,737	171,329
Total number of new employees	Number	42,965	44,276	50,096	
Divided by gender	Male	Number	26,102	28,401	30,298
	Female	Number	16,853	15,876	19,798
Divided by age group	<30 years old	Number	29,724	31,638	34,410
	30-50 years old	Number	12,873	12,308	15,274
	>50years old	Number	376	363	466

3. [Statistical caliber] Fii 2022 Annual Report Merge Financial Report caliber

Indicator	Unit	2020	2021	2022	
Employee turnover rate ⁴	Unit	2020	2021	2022	
	Male	%	-	23.69	20.43
Divided by gender	Female	%	-	25.27	27.55

4.[Calculation method] Employee loss rate = During the year, the number of employees lost in this category/(the number of employees at the end of the year + the number of employees lost during the year)

Indicator	Unit	2022 年
Promotion of senior managers	%	31
Promotion of mid -level managers	%	24
Professional and technical personnel promotion ratio	%	19

[Statistical caliber] Different levels of promotion ratio statistical caliber only includes domestic companies that contain the above level classification (high-level managers, middle management personnel, professional and technical personnel).

Indicator	Unit	2020	2021	2022	
The total number of employees who enjoy maternity leave and accompanying maternity leave	Number	168,351	164,793	182,938	
Among them, the number of accompanying leave	male	Number	4,064	3,652	10,404
Among them, the number of maternity leave	female	Number	4,888	4,476	7,954
The total number of employees returning to the job after the holiday	Number	Number	7,369	17,674	
Among them, the number of returns after the holiday	male	Number	4,138	3,630	10,349
Among them, the number of returns after the holiday	female	Number	3,914	3,739	7,325
Return rate ⁶	%	99.34%	99.39%	99.42%	
The total number of employees who stayed in 12 months after returning to the job	Number	6,722	6,036	12,355	
Among them, the number of employees who stayed for 12 months after returning to the job	male	Number	3,746	3,313	7,135
Among them, the number of female employees who stayed for 12 months after returning to the job	female	Number	2,976	2,723	5,220
Retention rate ⁷	%	84.04%	82.41%	70.31%	

6.[Calculation Method] The return rate of job return = total number of male (female) sex employees who return to the job after the end of the parenting leave/The total number of men (women) who should return to the job after the childcare leave is*100%;

7.[Calculation Method] Research rate = The total number of men (women) who returned to posts at the end of the reporting period/the total number of male (female) employees who returned after the childcare leave during the reporting period was*100%.

Employee health and safety⁸

Indicator	Unit	2020	2021	2022
Employee Sports Inspection Cover	percentage	100%	100%	100%
Number of work injury	Second-rate	173	278	102
The mortality caused by work injury ⁹	People/Million Workers Moster	-	0.004	0
Severe consequences	Times/Million Workers Moster	-	0.058	0
Recording work injury rate	Times/Million Workers Moster	0.42	0.56	0.16
The working hours lost due to work injury	Hour	-	120,216	9,448

Note: 8. [Statistics caliber] Fii headquarters and communication and mobile network equipment business groups, cloud computing business groups, and industrial Internet business groups.

9. [Explanation of the mortality caused by work injury] The work injury accident of this data statistics is a commuting traffic accident outside the factory; the company has continued to promote traffic safety knowledge to employees in the past, and will strengthen safety publicity and strengthen employee safety awareness.

Indicator	Unit	2020	2021	2022
Statistics according to the employment category				
High -level managers	h	84.2	98.3	86.3
Middle manager	h	66.6	77.2	86.5
Ordinary manager	h	60.8	70.0	73.8
General staff	h	39.7	38.6	46.0
Statistics by employment				
male	h	53.5	56.4	61.6
female	h	42.7	47.8	53.7
The number of human rights training	Numberh	200,096	165,211	231,543
Human rights training Total time	h	423,416	336,943	460,487.5

10.[Statistical caliber] Training statistics for employees who have worked for more than 6 months

Indicator	Unit	2020	2021	2022
Information security training field number	field	-	6,783	142
Information security training number ¹¹	Number of people	-	434,418	121,939
Information security training hours ¹²	Hour	788,403	538,398	134,900.1
Anti -Corruption Training	Number of people	415,174	388,548	343,090
Anti -corruption training time	Hour	475,636	421,605	465,198.9

11, 12. [Statistics caliber] The number of information security training and the time of the privacy protection statistics of the Fii 2021 Enterprise Social Responsibility Report last year. Since information security training includes privacy protection training, the actual data should be larger than the statistical data.

Environment

Indicator	Unit	2020	2021	2022	
A range of greenhouse gas emissions	tCO ₂ e	57,297.52	58,965.75	72535.17	
Range 2 (position -based) greenhouse gas emissions	tCO ₂ e	1,695,144.89	2,104,551.96	2076055.77	
A range of gas emissions	tCO ₂ e	10,957,075.42	13,231,717.58	22643436.58	
Total amount of greenhouse gas emissions (range 1, 2, 3)	tCO ₂ e	12,709,517.83	15,395,235.29	24792027.52	
Greenhouse gas emissions intensity (range 1 and range 2)	tCO ₂ e/ Billion	406	492	420	
Direct energy	gasoline	L	287,427.89	545,183.67	338373.95
	diesel fuel	L	403,522.76	639,262.12	647573.27
	natural gas	million Nm ³	1,961.22	2,102.03	2,634.41
Indirect energy	electricity	kw/h	2,649,770,644.46	3,317,366,440.92	3,585,950,711.12
	steam	kw/h	162,993,262.47	173,996,259.13	145,239,581.24
	heat	GJ	145,933.29	183,637.03	193,968.38
Renewable Energy	Solar	Mkw/h	23,486	40,556	38,131
Green power ¹³	10000kw/h	-	-	6,258	
Total energy consumption	GWH	11160254.84	13775332.80	13,870,946.76	
Energy consumption strength	GJ/billion revenue	2585	3134	2710	

Indicator	Unit	2020	2021	2022
Total water	Mt	21.12	24.17	24.13
General industrial solid waste				
-Quantity	t	103953	147438	8290829
-Dy recycling cycle	t	91472	129734	8145042

13. [Statistical caliber] Green power from 2020 and 2021 was purchased by various factories, which is difficult to retrieve data, so it is not disclosed.

Social welfare¹⁴

Indicator	Unit	2020	2021	2022
Total social public welfare investment	Ten thousand yuan	2,861.26	13,622.95	868.08
Public welfare investment funds and supplies ¹⁵	Ten thousand yuan	2,674	13,495	794.80
Village revitalization investment ¹⁶	Ten thousand yuan	187	134	73.28
Volunteer participants	Number	42,597	31,168	34,338
Employees have accumulated volunteer service duration	h	291	3,266	153,383

14.[Statistics caliber] From 2020-2021 Social Welfare Data adopts data statistical caliber of the Fii 2021 Enterprise Social Responsibility Report.
15, 16.[Statistics caliber] Fii 2022 Annual Report Consolidated Financial Report caliber.

Direction chart

© GRI Sustainable Development Report Standard (GRI Standards) content index

Instructions for use	Fii concluded from the GRI standard preparation report from January 1, 2022 to December 31, 2022
GRI 1 used	GRI 1: Base 2021
GRI industry standard used	Unused industry standards

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
General disclosure				
Organization and its reporting practice	2-1 Organization and its reporting practice	V. About Fii		
	2-2 Integrated into the entity that is included in the organizational sustainable development report	I. About this report		
	2-3 Reporting period, report frequency and contact person	I. About this report		
	2-4 Information reunion	I. About this report		
	2-5 External verification	I. About this report		
Activity and worker	2-6 Activity, value chain and other business relationships	V. About Fii		
	2-7 staff	XIII. People-oriented employer		
	2-8 Workers outside employees	XIII. People-oriented employer		
Governance	2-9 Governance architecture and composition	11.1 Corporate governance		
	2-10 Nomination and selection of the highest governance agency	11.1 Corporate governance		
	2-11 Chairman of the Supreme Governance Institution	11.1 Corporate governance		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Governance	2-12 In terms of management influence, the supervision role of the highest governance institution	11.1 Corporate governance		
	2-13 Liability for management impact	11.1 Corporate governance		
	2-14 The role of the highest governance agency in the sustainable development report	11.1 Corporate governance		
	2-15 Conflict	11.1 Corporate governance		
	2-16 Communication of important concerns	11.1 Corporate governance		
	2-17 Common knowledge of the highest governance agency	11.1 Corporate governance		
	2-18 The performance assessment of the highest governance institution	11.1 Corporate governance		
	2-19 Salary policy	11.1 Corporate governance		
	2-20 Determine the procedure of salary	11.1 Corporate governance		
	2-21 Annual total salary ratio	Omitted		Confidential restriction
Strategy, policy and practice	2-22 Statement on sustainable development strategies	II. Executive speech		
	2-23 Policy commitment	VI. Sustainable development management		
	2-24 Integration policy commitment	VI. Sustainable development management		
	2-25 Remedial program with negative effects	11.5 information security		
	2-26 Seeking a mechanism for suggestions and making concerns	VI. Sustainable development management		
	2-27 Abide by laws and regulations	VI. Sustainable development management		
	2-28 Member qualifications of the association	III. Fii2022 IV. Social recognition and honor		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Strategy, policy and practice	2-29 How to participate in stakeholders participating	VII. Analysis of the communication and substantial issues of interests related to the stakeholders		
	2-30 Collective negotiation agreement	13.3 Human rights protection		
Substantive issue				
Substantive issue 2021	3-1 The process of determining substantive issues	VII. Analysis of the communication and substantial issues of interests related to the stakeholders		
	3-2 List of substantive issues	VII. Analysis of the communication and substantial issues of interests related to the stakeholders		
Topic				
Economic performance 2016	3-3 Management of substantive issues	11.2 Economic performance		
	201-1 Economic value that directly generates and distributes	Omitted	not applicable	Data and information have been organized in the organization of the organization
Economic	201-2 The financial impact of climate change and other risks and opportunities	9.1 Copy climate change		
Economic	201-3 Volunteer fixed welfare plan and other retirement plans	13.5 Talent attraction and retention		
	201-4 Fiscal subsidies given by the government	Omitted	not applicable	Data and information have been organized in the organization of the organization

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Market performance 2016	3-3 Management of substantive issues	13.3 Human rights protection 13.4 Employee training and development		
	202-1 The ratio of salary at the level of gender standards to the minimum wage of the local	13.3 Human rights protection 13.4 Employee training and development		
Indirect economy 2016	202-2 The proportion of hiring executives from local communities	Omitted	Confidential restriction	Information confidentiality Demand, not for the time being Disclosure
	3-3 Management of substantive issues	11.2 Economic performance		
Procurement practice 2016	203-1 Infrastructure investment and supportive services	Omitted	not applicable	Data and information have been organized in the organization of the organization
	203-2 Major indirect economic impact	Omitted	not applicable	Data and information have been organized in the organization of the organization
Procurement practice 2016	3-3 Management of substantive issues	10.1 Sustainable supply chain		
Procurement practice 2016	204-1 The proportion of purchasing expenditures from local suppliers	Omitted	Confidential restriction	Information confidentiality Demand, not for the time being Disclosure
Anti-corruption 2016	3-3 Management of substantive issues	11.6 Business ethics		
	205-1 Operation points that have been evaluated by corruption risk	11.6 Business ethics		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Anti-corruption 2016	205-2 The transmission and training of anti-corruption policies and procedures	11.6 Business ethics		
	205-3 The recognized corruption incident and the actions taken	11.6 Business ethics		
Improper competition 2016	3-3 Management of substantive issues	11.6 Business ethics		
	206-1 Legal lawsuits for improper competition, anti-Torais and antitrust practice	11.6 Business ethics		
Tax 2019	3-3 Management of substantive issues	11.4 Tax strategy		
	207-1 Tax	11.4 Tax strategy		
	207-2 Tax governance, control and risk management	11.4 Tax strategy		
	207-3 Participate in stakeholders and management of tax-related issues	11.4 Tax strategy		
	207-4 National report	Omitted	not applicable	Data and information of each tax jurisdiction have been presented in the organization of the annual report of the organization
Materials 2016	3-3 Management of substantive issues	8.3 Green product		
Materials 2016	301-1 The weight or volume of the material used	Omitted	Lack of information	Organization involves many business sections, and the types of feed are complicated.
	301-2 Recycled feeding	Omitted	Lack of information	Organization involves many business sections, and the types of feed are complicated.

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Materials 2016	301-3 Recycling products and its packaging materials	8.3 Green product	Incomplete information	Organizational specific products use recyclable materials, but it has not counted the percentage of renewable materials under different products categories
	3-3 Management of substantive issues	9.4 Energy management		
Energy 2016	302-1 Energy consumption inside the tissue	9.4 Energy management		
	302-2 Organize external energy consumption	Omitted	Lack of information	There are too many business segments and links involved in the organization, and it is difficult to count the actual external energy consumption
	302-3 Energy strength	9.4 Energy management		
	302-4 Reduce energy consumption	9.4 Energy management		
	302-5 Reduce the energy needs of products and services	8.3 Green product	Lack of information	The organization can reduce energy consumption by improving the energy efficiency performance of specific products, but due to customer requirements, it is impossible
Water resources and sewage 2018	3-3 Management of substantive issues	9.5 Water resources management		
	303-1 Organization and water (as a common resources) interaction	9.5 Water resources management		
	303-2 Management is related to drainage	9.5 Water resources management		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Water resources and sewage 2018	303-3 Take water	9.5 Water resources management	Incomplete information	Organization currently only counts the total amount of water, and does not according to the source of the source
	303-4 drain	9.5 Water resources management	Lack of information	Uncover statistical drainage data
	303-5 Water consumption	Omitted	Lack of information	Unexpected water consumption data
Biological diversity 2016	3-3 Management of substantive issues	9.9 Ecological Protection		
	304-1 Organization, leasing, and operating points of regional management of biological diversity in outside the protected area and protected areas	9.9 Ecological Protection		
	304-2 Activities, products and services have a significant impact on biodiversity	9.9 Ecological Protection		
	304-3 Protected or repaired habitat	Omitted	Not applicable	Organizational venue does not involve a habitat for protected or repaired
	304-4 The habitat affected by operation has been included in the IUCN red list and the species of the national protection register	Omitted	Not applicable	Organizing business activities does not involve species that is included in the IUCN red list and national protection register
Emission 2016	3-3 Management of substantive issues	9.1 Copy climate change		
	305-1 Direct (Category 1) Greenhouse gas emissions	9.1 Copy climate change		
	305-2 Energy indirect (category 2) greenhouse gas emissions	9.1 Copy climate change		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Emission 2016	305-3 Other indirect (category 3) greenhouse gas emissions	9.1 Copy climate change		
	305-4 Greenhouse gas emissions intensity	9.1 Copy climate change		
	305-5 Greenhouse gas reduction reduction	9.2 Greenhouse gas emissions management		
	305-6 Ozone consumable substance (ODS) emissions	Omitted	Incomplete information	Incomplete information
	305-7 Nitrogen oxides (NOX) 、 sulfur oxides (SOX) and other major gas emissions	Omitted	Incomplete information	Statistical diameter changes, the total amount cannot be counted for the time being
Abandon 2020	3-3 Management of substantive issues	9.6 Abandon		
	306-1 The major impact of waste production and waste -related	9.6 Abandon		
	306-2 Management of major waste related influence	9.6 Abandon		
	306-3 Waste	9.6 Abandon		
	306-4 The waste transferred from the disposal	Omitted	Incomplete information	Statistical diameter changes, the total amount cannot be counted for the time being
	306-5 Directly processed waste	Omitted	Incomplete information	Statistical diameter changes, the total amount cannot be counted for the time being
Supplier environmental assessment 2016	3-3 Management of substantive issues	10.1 Sustainable supply chain		
	308-1 New supplier using environmental standards	10.1 Sustainable supply chain		
	308-2 The negative impact of the supply chain on the environment and the actions taken	10.1 Sustainable supply chain		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Hire 2016	3-3 Management of substantive issues	13.2 Diverse employee		
	401-1 New Employee and employee flow rate	13.2 Diverse employee		
	401-2 Welfare provided to full -time employees (excluding temporary or part -time employees)	13.5 Talent attraction and retention		
	401-3 Parenting leave	13.5 Talent attraction and retention		
Labour Relations 2016	3-3 Management of substantive issues	13.3 Human rights protection		
	402-1 The shortest notification period for operation changes	13.3 Human rights protection		
Occupation health and safety 2018	3-3 Management of substantive issues	13.7 Occupation health and safety		
	403-1 Occupational health and safety management system	13.7 Occupation health and safety		
	403-2 Harm recognition, risk assessment and event investigation	13.7 Occupation health and safety		
	403-3 Occupational health service	13.7 Occupation health and safety		
	403-4 Occupational health and safety affairs: workers' participation, negotiation and communication	13.7 Occupation health and safety		
	403-5 Workers' occupational health and safety training	13.7 Occupation health and safety		
	403-6 Promote worker health	13.7 Occupation health and safety		
	403-7 Prevent and reduce the impact of occupational health and safety directly related to business relations	13.7 Occupation health and safety		
	403-8 Workers who are applicable to the occupational health and safety management system	13.7 Occupation health and safety		
	403-9 Work injury	13.7 Occupation health and safety		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Occupation health and safety 2018	403-10 Work -related health issues	13.7 Occupation health and safety		
Training and education 2016	3-3 Management of substantive issues	13.4 Employee training and development 15.1 Key quantization performance table		
	404-1 Each employee receives the average hour of training each year	13.4 Employee training and development 15.1 Key quantization performance table		
	404-2 Employee skills improvement plan and transition assistance scheme	13.4 Employee training and development		
	404-3 Employee percentage of employees who regularly accept performance and career development assessment	13.4 Employee training and development		
Opportunities for diversification and equality 2016	3-3 Management of substantive issues	13.2 Diverse employee		
	405-1 The diversification of governance agencies and employees	13.2 Diverse employee		
Anti -discrimination 2016	405-2 The proportion of basic salary and remuneration of men and women	13.3 Human rights protection 13.4 Employee training and development		
	3-3 Management of substantive issues	13.3 Human rights protection		
Freedom and collective negotiations 2016	406-1 Disclosure and correction action adopted	13.3 Human rights protection		
	3-3 Management of substantive issues	13.3 Human rights protection		
child labor 2016	407-1 The right of freedom of association and collective negotiations may face risk operation points and suppliers	13.3 Human rights protection		
	3-3 Management of substantive issues	13.3 Human rights protection		

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
child labor 2016	408-1 Operation points and suppliers with risks of major child labor incidents	13.3 Human rights protection		
Forced or forced labor 2016	3-3 Management of substantive issues	13.3 Human rights protection		
	409-1 Operation points and suppliers with major risks with compulsory or mandatory labor incidents	13.3 Human rights protection		
Security practice 2016	3-3 Management of substantive issues	13.3 Human rights protection		
	410-1 Security personnel who have received training of human rights policies or procedures	13.3 Human rights protection		
Aboriginal rights 2016	3-3 Management of substantive issues	12.3 Participate in community public welfare		
	411-1 Event inviting the rights of aboriginal people	Organization does not involve infringement of the rights of aboriginal people		
Local community 2016	3-3 Management of substantive issues	12.3 Participate in community public welfare		
	413-1 There are operation points for local communities to participate, affect assessment and development plans	12.3 Participate in community public welfare		
	413-2 Operating points that have practical or potential negative effects on local communities	Organization does not have any actual or potential major negative effects on the local community		
Supplier Social Evaluation 2016	3-3 Management of substantive issues	10.1 Sustainable supply chain		
	414-1 New suppliers using social standards	10.1 Sustainable supply chain		
	414-2 The negative impact of the supply chain on society and the actions taken	10.1 Sustainable supply chain		
Public policy 2016	3-3 Management of substantive issues	Omitted	Not applicable	Not applicable in mainland China
	415-1 Political donation	Omitted	Not applicable	It is not involved within the scope of the organization

GRI standard	Disclosure item	Report chapter	Omitted reason	explain
Customer health and safety 2016	3-3 Management of substantive issues	8.3 Green product 8.5 Customer relationship management		
	416-1 Evaluation of the health and security effects of products and services	8.3 green product 8.4 Product quality and safety	Incomplete information	Organize the requirements and testing system of comprehensive product harmless design, but no important products have been found to improve safety performance
	416-2 Violations involved in the impact of health and security of products and services	Omitted	Not applicable	No related events are found in the organization
Marketing and logo 2016	3-3 Management of substantive issues	Omitted	Not applicable	Organization has the nature of OEM, and the product label information is based on the content of the customer's disclosure
	417-1 The requirements for product and service information and logo	Omitted	Not applicable	Organization has the nature of OEM, and the product label information is based on the content of the customer's disclosure
	417-2 Violations involved in product and service information and logo	Omitted	Not applicable	No related events are found in the organization
Customer privacy 2016	417-3 Violations involved in marketing	Omitted	Not applicable	No related events are found in the organization
	3-3 Management of substantive issues	11.5 Information security		
	418-1 Certified complaints related to infringing customer privacy and loss of customer information	8.5 Customer relationship management		

© Shanghai Stock Exchange's *Shanghai Stock Exchange Listed Companies Self-Regulatory Guide No. 1 -Regulations Operation (2022)* benchmarking index

Terms and disclosure content	Report chapter
8.1 Review	VI.Sustainable development management
8.2 Business principle	VI.Sustainable development management
8.3 Social responsibility planning and working mechanism	VI.Sustainable development management
8.4 Contribution value per share society	11.2 Economic performance
8.5 Social responsibility report disclosure situation	Full text
8.6 (1) Social responsibility system construction	VI.Sustainable development management
8.6 (2) Perform the shortcomings and problems of social responsibility	VI.Sustainable development management
8.6 (3) Improvement measures and specific time arrangements	VI.Sustainable development management
8.7 Employee Director and Employee Supervisor Selection System	11.1 Corporate governance
8.8(1) Comply with environmental protection laws, regulations and industry standards	9.3 Environmental management
8.8(2) Environmental protection plan	9.3 Environmental management 9.9 Ecological protection
8.8 (3) Natural resources	9.4 Energy management 9.5 Water resources management
8.8(4) Pollutant disposal	9.5 Water resources management 9.6 Waste management 9.7 Exhaust management 9.8 Chemical management
8.8(5) Pollution prevention facilities	9.5 Water resources management 9.6 Waste management 9.7 Exhaust management
8.8(6) Payment of taxes and fees related to environmental protection	9.3 Environmental management
8.8(7) Supply chain environment is safe	10.1 Sustainable supply chain
8.8(8) Other environmental protection responsibilities	9.9 Ecological Protection

Terms and disclosure content	Report chapter
8.10(1) New, renovated, expanded construction projects or major investment	Not applicable
8.10(2) Violation of environmental laws and regulations and punishment	9.3 Environmental management
8.10 (3) Major lawsuits or assets of environmental issues are seized, frozen, seized, pledged, and mortgaged	9.3 Environmental management
8.10 (4) List of key sewage discharge units	9.3 Environmental management
8.10(5) Newly promulgated laws and regulations, etc.	9.3 Environmental management
8.10(6) Major events of environmental protection	9.3 Environmental management
8.11 Major environmental pollution accident	9.3 Environmental management
8.12 Key sewage discharge units should disclose information	9.3 Environmental management
8.13(1) Product safety laws and regulations and industry standards	8.3 Green product 8.4 Product quality and safety 9 Environmental protection advocate
8.13(2) Production environment and production process	8.3 Green product 8.4 Product quality and safety
8.13 (3) Product quality and safety guarantee mechanism and accident emergency plan	8.3 Green product 8.4 Product quality and safety
8.13(4) Other production and product safety responsibilities	8.3 Green product 8.4 Product quality and safety
8.14(1) Employee management system and illegal treatment measures	13.3 Human rights protection
8.14(2) Preventing professional hazards and supporting security measures	13.7 Occupation health and safety
8.14 (3) Employee training	13.4 Employee training and development
8.14 (4) Responsibilities of other employee rights and interests	13.7 Occupation health and safety
8.15 Scientific ethics	8.2 Innovative management

Reader feedback

Dear readers: Hello!

Thank you for reading this report. In order to improve the company's sustainable development work and enhance its ability and level, we are especially interested in listening to your comments and suggestions. We kindly request that you evaluate our report during your busy schedule to help us make continuous improvements to the report. We would appreciate your assistance in completing the relevant questions raised in the following feedback form and providing us with feedback on:

1. What is your overall evaluation of this report?

4. What information do you need to know that is not reflected in this report?

2. What do you think about the quality of the information disclosed in the report?

5. Do you have any suggestions for our future sustainable development work and report release?

3. Which part of the report is of most interest to you?

If convenient, you are welcome to provide personal information

Name/Work Unit/Industry:

Telephone number/Email:

Our contact information:

Address: 2nd Floor, Building C1, Foxconn Technology Park, No. 2, Donghuan 2nd Road, Longhua Street, Longhua District, Shenzhen

Tel: +86-755-33855777

Email: fii-csr@fii-foxconn.com



Report Access:

You can download the electronic copy of this report from the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of Fii (www.fii-foxconn.com).



工业富联公众号