



Foxconn Industrial Internet

Carbon Neutrality White Paper

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Leader's Messages

Lead the Digital Economy and Promote Green Development

It is clear from the trends of human development that the evolution of energy use has supported the development of human civilization from the agrarian civilization, the industrial revolution, the information age, and the digital economy to the present. However, while enjoying the material and civilizational progress it has brought, human activities have also damaged the climate and ecological environment, making the planet on which we are living precarious. In recent years, the international community has reached a consensus on the issue of global climate change, and the world will carry out a wide range of energy systemic changes with green and sustainable development as the main axis. In this context, carbon neutrality was born.

Carbon neutrality is not simply a matter of reducing energy supply and use, nor should it come at the cost of limiting economic growth. Rather, it is a matter of responding to the needs of the times, using advanced technologies, increasing the use of clean energy and other means to achieve a balance between the total amount of carbon dioxide emissions caused by human activities and the total amount absorbed. The future society is a smart society where everything is connected and the digital economy will dominate. The core production factor of the digital economy is data. The generation, transmission, storage and application of a large amount of data lead to a large increase in energy demand, which is a challenge that requires a huge amount of low-carbon new energy or technical means.

As an international company that leads the digital economy through the whole industrial chain of data, Fii is using the technology of "Intelligent Manufacturing + Industrial Internet" to promote itself and supply chain enterprises to realize the automation, digitization, networking and intelligence of the manufacturing process. At the same time, Fii insists on the development goal of a green manufacturing system of "High-tech Content, Low Resource Consumption, and Less Environmental Pollution", and continues to promote the implementation of intensive plant, harmless raw materials, clean production, resourceful waste and low carbon energy, to achieve energy saving and carbon reduction and the green sustainable development of enterprises.

At the 75th session of the United Nations General Assembly in 2020, China proposed for the first time the dual-carbon goal schedule of striving to achieve carbon peaking by 2030 and carbon neutrality by 2060. In the following year, this goal was written into the State Council's work report at the National People's Congress, and China made a major strategic decision on dual carbon at the national level as a responsible country. Guided by the national dual-carbon strategy goal, Fii is led by the Board of Directors to develop climate change response strategies and build an internal management organization structure for corporate social responsibility. We will promote internal research and implementation of climate change issues through four dimensions: governance, strategy, risk management and management of indicators and targets.

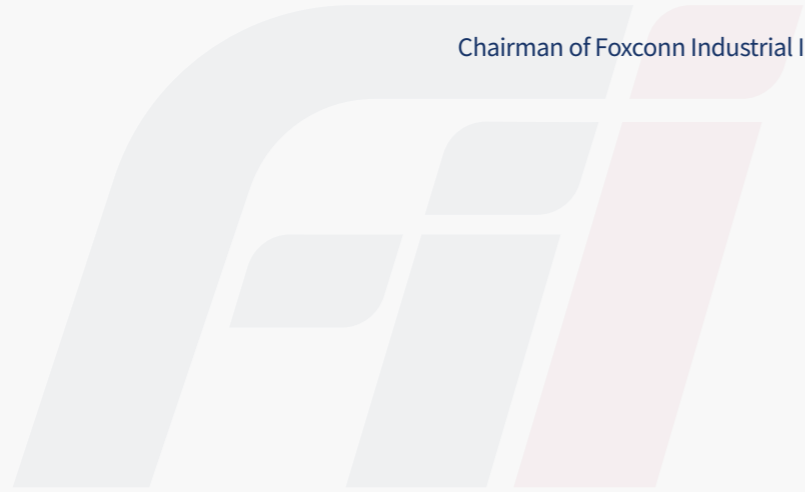
Leader's Messages

In this *Carbon Neutrality White Paper*, we have set short-, medium- and long-term goals for carbon neutrality: to reduce carbon emissions by 80% and achieve 80% renewable energy use in 2030 compared with the base year of 2020; to achieve operational carbon neutrality in 2035; and to achieve net zero emissions in the value chain in 2050.

In the future, we will continue to insist on the concept of "Serving Global Manufacturing, and Being Good at Industry", and take the mission of driving the manufacturing industry towards green, intelligent and high-quality development with technological innovation, and strive to implement the national strategies of manufacturing power, network power and digital China, and contribute to the "14th Five-Year Plan" and the "Dual Carbon" goal being promoted.

This white paper will initiate the exploration of "Dual Carbon" of Fii.

Chairman of Foxconn Industrial Internet Junqi Li



Leader's Messages

Chasing Green on the "Dual Carbon" Road

Led by the national "Dual Carbon" goal and policies, China has embarked on a fast track to green development. As both a major emitter of greenhouse gases and a provider of innovative climate-friendly solutions, companies play a critical role in addressing climate change and transforming China's low-carbon economy.

As a global leader in digital economy, sustainable operation and green development is one of the core concepts of Fii. Over the years, we have insisted on integrating technological innovation and green manufacturing to realize the benefits of environmental protection, while promoting suppliers to adopt green supply chain management and jointly contribute to environmental protection. These efforts have also been positively evaluated by the outside world. In 2021, Fii received two upward ESG ratings from MSCI, the FTSE score was better than 84% of our global peers, and the Hang Seng Index maintained an A rating for three consecutive years, staying in the top 10% of our peers. These recognitions are both encouragement and motivation for us to continue to move forward.

The release of this white paper is a milestone on the road to dual carbon for Fii. For the first time, we clearly set out our carbon neutrality action goals and specific plans. We will take three steps: by 2030, we will reduce our carbon emissions by 80% compared to the 2020 base year; by 2035, we will achieve 100% carbon neutrality in our operational scale; and by 2050, we will achieve net zero emissions in our value chain (covering Scope 1, Scope 2 and Scope 3 emissions).

We will follow the 3R principles of "Reduce", "Replace" and "Resolve" to gradually achieve carbon neutrality in our own operations and the whole value chain in accordance with the strategy of "Prioritizing Energy Conservation, Carbon Emission Reduction and Renewable Energy Supply over Carbon Offset". We will focus on energy saving and carbon emission reduction, technological innovation, developing and investing in renewable energy, promoting renewable energy procurement and exploring carbon sink areas. In addition, we will also provide carbon neutrality solutions for society through technological innovation in conjunction with our own business practices. For example, we will assist the upstream and downstream industrial chains and enterprises in need by establishing carbon emission management systems, expanding carbon neutrality consultation and providing digital energy efficiency improvement solutions to jointly achieve the goals of the dual carbon strategy and contribute our wisdom and strength to the dual carbon strategy for the industry, the country and society.

The only way to pursue your dream is to do it firmly and it is time to struggle. Achieving carbon neutrality is an extensive and profound economic and social change for the country. It is also a complex and arduous task for an enterprise, especially for an enterprise with such a large volume as Fii, and it can never be achieved lightly. Only by adhering to science and pragmatism, seeking progress in the midst of stability, with greater determination, higher requirements and stronger efforts, can we walk more steadily and solidly on the road of dual carbon!

CEO and President of CSR Committee of Fii Brand Cheng

Fii Carbon Neutrality Commitment

Carbon Neutrality Goal

Foxconn Industrial Internet Co., Ltd. (Fii) actively responds to international initiatives and the call of the Chinese government to set carbon neutrality goals.

- Short-term goals: Reduce carbon emissions in operation by 80% over the base year of 2020, and increase the proportion of renewable energy to 80% by 2030;
- Medium-term goals: Achieve operational carbon neutrality (covering emissions in Scopes 1 and 2) by 2035;
- Long-term goals: Realize net-zero emissions across the value chain by 2050 (covering emissions in Scopes 1, 2 and 3 emissions).

Short-term goals	Medium-term goals	Long-term goals
Reduce carbon emissions in operation by 80% over the base year of 2020, and increase the proportion of renewable energy to 80% by 2030	Achieve operational carbon neutrality by 2035	Realize net-zero emissions across the value chain by 2050
Scope 1 and Scope 2	Scope 1 and Scope 2	Scope 1, Scope 2 and Scope 3

In the base year of 2020, the greenhouse gas (GHG) emissions of Fii's own operations (Scope 1 + Scope 2) will be about 1.75 million tons of CO₂ equivalent (CO₂e), and the GHG emissions of the value chain (Scope 3) will be about 10.96 million tons of CO₂e.

Scope 1	Scope 2	Scope 3
Scope 1 includes direct emissions and fugitive emissions caused by the combustion of fossil fuels directly used by the Company.	Scope 2 includes indirect emissions resulting from the Company's outsourcing of energy including electricity and heat etc., which are the main sources of carbon emissions at the operation level of Fii.	Scope 3 includes relevant indirect emissions in the Company's supply chain, mainly including employee commuting, purchased raw materials or services, upstream and downstream transportation and distribution, etc.
0.45% of the total	13.34% of the total	86.21% of the total

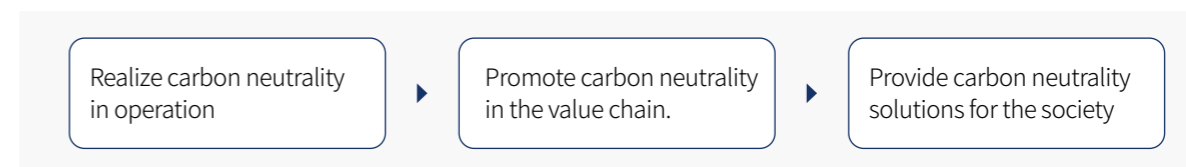
1. Renewable energy is energy that can be recycled in nature, such as wind, solar and hydro energy.

2. In 2020, Foxconn Industrial Internet will carry out carbon emission data inventory. Among them, the Company has completed the GHG inventory certified by a third party based on ISO 14064-1 standard in 10 sites such as Shenzhen, Zhengzhou, and Shanxi.

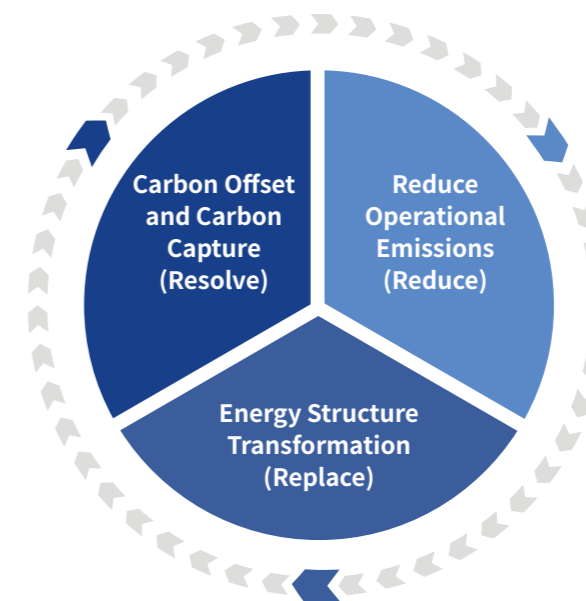
Carbon Neutrality Action Strategy

Fii is committed to adaptation and mitigation of climate change impacts, with the Board of Directors leading and guiding climate change response strategies, building an internal management organization structure of CSR, and promoting internal research and implementation of climate change issues through four dimensions: governance, strategy, risk management, and management of indicators and targets.

The Company is considering a holistic approach to climate issues. In addition to promoting its own carbon neutrality progress, the Company also takes the value chain into consideration and actively promotes carbon neutrality in the supply chain. In addition, the Company will also provide carbon neutrality solutions to society by establishing a carbon emission management system, expanding carbon neutrality consultation and providing digital energy efficiency improvement solutions to create greater spillover effects.



Focusing on the goal of "Carbon Neutrality of Operations", the Company will follow the 3R principles of "Reduce", "Replace" and "Resolve" to gradually achieve carbon neutrality in our own operations and the whole value chain in accordance with the strategy of "Prioritizing Energy Conservation, Carbon Emission Reduction and Renewable Energy Supply over Carbon Offset". We will focus on energy saving and carbon emission reduction, technological innovation, developing and investing in renewable energy, promoting renewable energy procurement and exploring carbon sink areas.



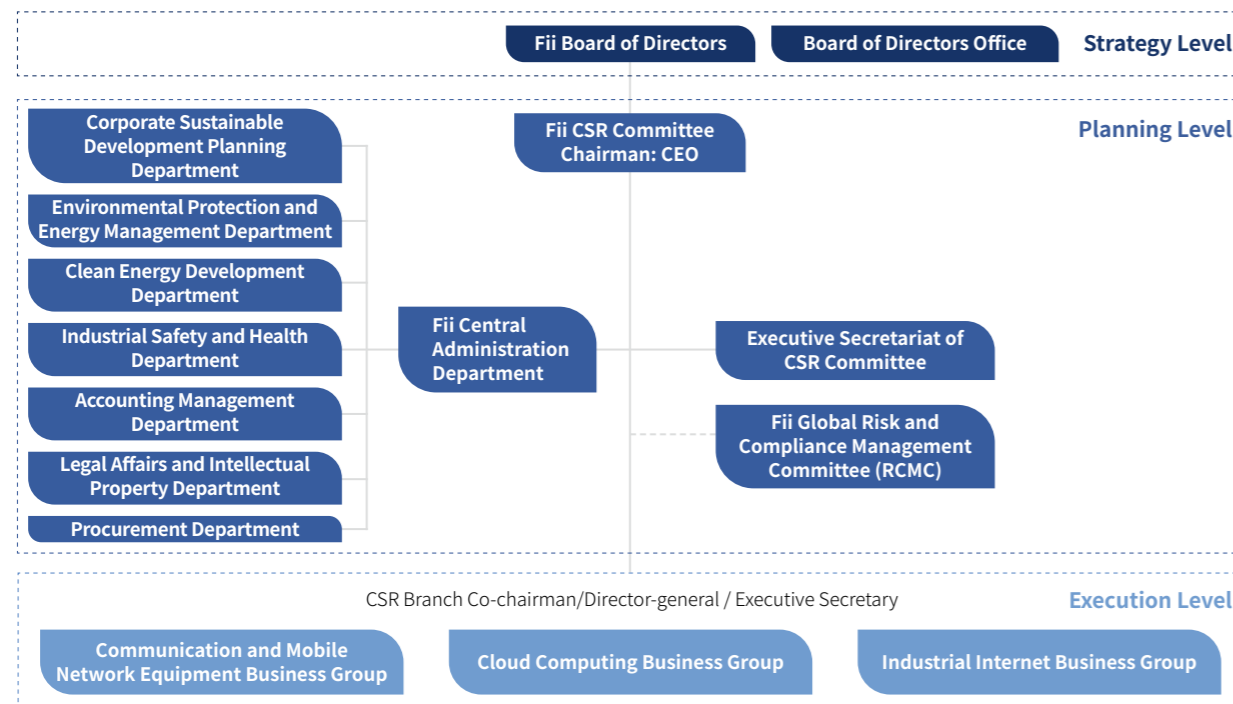


Governance:
Top-down Efficient
Governance

Governance: Top-down Efficient Governance

To ensure that the Company's business strategy protects against climate change risks in the long term, Fii's Board of Directors and senior management participate in climate-related decisions, identify climate challenges and opportunities, and carry out effective climate governance.

Fii Organizational Chart for Addressing Climate Change and Carbon Neutrality



The Board of Directors is the highest oversight and management body for sustainability at Fii. It oversees the integration of sustainability-related issues into the daily management of the Company's business operations. The CSR Committee, chaired by the Chief Executive Officer (CEO), is responsible for organizing the CSR Committee, establishing a dedicated organization, integrating resources, formulating CSR guidelines, and regularly reporting to the Board of Directors on sustainability planning, progress and results.

► Strategy Level: Fii Board of Directors

- Formulate the vision, policy, strategy for sustainable development governance and management, and related work priorities and goals of Fii.
- Formulate climate change issues, assess various risks and opportunities related to sustainable development, and incorporate them into the agenda of the Board of Directors' agenda for regular discussion according to the operation policy;
- Organize and appoint the chairman and members of Fii CSR Committee to regularly review the sustainability performance including climate change issues, receive reports from the management and make replies.

► Planning Level: Fii CSR Committee

- The Fii CSR Committee has set up the Executive Secretariat of CSR Committee, Central Administration Department and CSR Committee Branch, and manages climate change risk evaluation with the Global RCMC.
- The Executive Secretariat of CSR Committee is responsible for identifying, implementing and reviewing CSR-related policies and climate change issues, and assisting in the continuous improvement of related management processes.
- The Fii Central Administration Department is responsible for the implementation of the relevant policies, the implementation of guidelines and plans related to climate issues, and the execution of related work in cooperation with the Committee. The Fii Central Administration Department consists of the Corporate Sustainable Development Planning Department, the Industrial Safety and Health Department, the Accounting Management Department, the Legal Affairs and Intellectual Property Department, and the Procurement Department. In 2021, the Central Administration Department established the Clean Energy Development Department and the Environmental Protection and Energy Management Department to coordinate and manage the implementation of carbon neutrality goals, promote internal carbon reduction and establish performance management, etc.

► Execution Level: CSR Branch

- The Company's three business group have their CSR Committee Branches, which are responsible for holding regular review meetings, collaborating with Fii's Central Administration Department to promote internal carbon reduction planning, developing target monitoring programs, promoting dual carbon digital transformation business and external empowerment.

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 Incentives

Each business group quarterly conducts benchmarking assessment of the team's energy conservation and carbon emission reduction work, and gives monetary or honorary rewards to the team that achieves the leading energy conservation target indicators and urges the team that do not achieve them to actively improve.



Personal Incentives

Conduct monthly, semi-annual and annual performance evaluations for employees.

- The evaluation results will be included in the annual performance evaluation of employees, and excellent employees will be rewarded;
- Carry out the Company's energy efficiency bench-marking and other activities, and reward or issue certificates for excellent cases of energy conservation and carbon emission reduction.



Strategy: Global Climate Strategy

- Realize Carbon Neutrality in Operation
- Promote Value Chain Carbon Neutrality
- Provide Carbon Neutrality Solutions for Society

Strategy: Global Climate Strategy

Fii has a comprehensive climate strategy that considers the whole picture. The Company has developed a carbon neutrality action plan to enhance its climate resilience and better adapt and respond to the impact of climate change on itself. At the same time, the Company takes the value chain into consideration and actively promotes carbon neutrality in the supply chain to help the industry develop; and provides carbon neutrality solution for society through technological innovation, so that the Company's business strategy can better match the social needs of zero carbon development.

Realize Carbon Neutrality in Operation

Fii initiated carbon neutrality goals setting and pathway planning actions in 2021. Taking 2020 as the base year, the Company completed the accounting of GHG emissions (including Scope 1, 2 and part of Scope 3) for the base year in 2021. Based on this, the Company's operational carbon neutrality commitments include an 80% reduction in operational carbon emissions and 80% renewable energy by 2030 compared to the 2020 base year, and achieving operational carbon neutrality in 2035.

The Company's operational carbon neutrality goals will be achieved through the 3R pathway of "Reduction of carbon emissions from operation (Reduce)", "Energy structure transformation (Replace)" and "Carbon Offset and Capture (Resolve)".



Reduction of carbon emissions from operation(Reduce)

GHG emissions from electricity consumption are the main source of carbon emissions at the operational level of Fii. All Business Groups of the Company are gradually carrying out key actions for low carbon transformation, adopting energy saving and carbon emission reduction measures including old equipment replacement, production process optimization and improvement, motor frequency conversion, waste heat recovery and intelligent control, in order to reduce carbon emissions from their own operations.

The Company's Environmental Protection and Energy Management Department coordinates annual energy-saving indicators, formulates various energy saving standards and policies, promotes innovative projects, conducts energy audits and performance audits. Each Business Group sets its own energy saving targets and decomposes them to manufacturing sites, implements energy saving indicators, promotes various energy saving projects, and regularly compiles data on total energy consumption and energy intensity.



Energy Structure Transformation(Replace)

The adoption of renewable energy supply is a key pillar in achieving carbon neutrality at the operational level by 2030. Fii will continue to increase the proportion of renewable energy, aiming to achieve 80% renewable energy by 2030 and 100% renewable energy by 2035.

The Company's Clean Energy Development Department coordinates the management of renewable energy investments and developments, and measures project inputs and potential returns. At the same time, Fii actively tries to purchase green power to achieve net-zero emissions from its own operations.



Carbon Offset and Capture (Resolve)

Meanwhile, Fii is exploring direct investment in carbon capture technology and supporting the development of Natural-based Solutions (NbS) to offset GHG emissions that are difficult to be eliminated through reduce and replace, so as to help achieve the carbon emission reduction target.

Participation and Exploration of Carbon Pricing Mechanisms

Governments and companies often use policy tools such as carbon pricing mechanisms to promote carbon reduction, including carbon tax mechanisms, emission trading systems (ETS), credit mechanisms and internal corporate carbon pricing. Fii's plants in Shanghai and Shenzhen are included in the government's carbon emission control list and market of carbon emissions trading, and have adopted an "External Carbon Pricing" mechanism to control carbon emissions in their operations according to the annual carbon emission allowances allocated by the government. Fii complies with the carbon emissions trading pilot system in each region, and ensures compliance and trading legality by studying external policies and issuing internal system notices. In particular, some of the Shenzhen plants signed a carbon asset trusteeship agreement with Shenzhen Fox-Energy Technology Company, entrusting it with the management of carbon assets and responsibility for compliance with carbon contracts and carbon trading.

In addition, the Company is considering establishment of an internal carbon pricing mechanism to enhance the enthusiasm of each business group to reduce energy consumption and emissions through market-based mechanisms, so as to achieve efficient and low-cost carbon emission reduction. Due to the constant changes in the Company's internal product structure and energy consumption structure, and the volatility of the energy use and carbon emission performance data of each business group, the Company is actively exploring and studying ways to determine a reasonable carbon price in order to build an internal carbon pricing mechanism that is suitable for the development of Fii.

Our Practice on Reduce

Energy saving and carbon reduction in our own operation is the first step to achieve carbon neutrality in Fii. The energy saving and carbon reduction departments of the Company's Business Groups are responsible for energy saving and carbon reduction, regularly tracking energy saving and carbon emission reduction policies and emerging energy saving technologies, setting energy consumption standards and energy saving assessment mechanisms in accordance with the ISO 50001/GB 23331 energy management system, and completing special energy saving technical renovations. In addition, the Company invites professional third-party organizations to carry out energy audits, take stock of energy consumption data, identify energy flows and consumption paths, explore energy saving potential and improve energy efficiency.

The Company has been replacing old equipment with high energy consumption and low efficiency, optimizing and improving processes and procedures, and upgrading energy management systems to improve energy efficiency in production processes and achieve operational carbon emission reductions. Each Business Group subdivides the structure and types of energy consumption and carries out many energy-saving technical improvement actions, such as central air-conditioning group control system, high-efficiency cooling tower filler replacement, pump and fan frequency conversion, magnetic levitation water chillers technology replacement, natural lighting and LED lighting and intelligent control technologies.

At the same time, with "Intelligent Manufacturing" and "Industrial Internet" as development direction, Fii has made clean technology innovation a strategic focus of the Company, continuously improving the efficiency of manufacturing and energy use per unit of product. Some of the Company's sites have already established smart energy online monitoring systems, which can finely control energy use 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 relevant energy-using equipment to carry out comprehensive energy management from both management and technical perspectives.

Practical Cases

Energy Saving Renovation of Equipment



Case 1: Improve Energy Saving Retrofit of Air Conditioning System

In response to the long service life and poor cooling efficiency of the existing central air-conditioning system, in 2020, the Company replaced the mainframe of the magnetic levitation water chillers air conditioner, additional installation of frequency conversion controls for the water pump, replaced the old packing of the cooling tower and adopted AI intelligent control technology to make the mainframe, water pump, cooling tower and end AHU intelligently linked to achieve the optimal operation of the entire air-conditioning system and achieve remarkable energy-saving results. The total investment of the project is 2.2 million yuan, which can reduce electricity by approximately 1,320,000 kilowatt hours (kWh) per year.

Process Energy Saving Optimization



Case 1: Intelligent PDUs for Server Ageing Testing Replace Traditional Manual Power up and down Improvements

The server aging test requires overall power down, power on and cycle testing, which is to simulate abnormal power down conditions in the server room. The power up and down testing process will lead to long testing time, low utilization rate of workstations and serious power wastage. Therefore, the Company developed and introduced intelligent PDUs that can be programmed to control the power up and down tests, greatly shortening the testing time, reducing the waiting time and increasing the utilization rate of the workstations. The total investment for the project is 202,000 yuan, which will reduce electricity by approximately 77,000kWh per year.

Case 2: Introduction of An Automatic Burner to Improve Energy Efficiency



The original offline manual burn-in equipment was inefficient, had a high number of devices, took up a lot of manpower during production, was inefficient and had high energy consumption. The Company has introduced automatic burn-in equipment, which has increased efficiency by tens of times. The number of equipment has been significantly reduced, from 26 manual devices to 2 automatic burn-in devices. The project will save 90% of manpower and reduce electricity by approximately 262,000 kWh per year.

Our Practice on Replace

Fii is actively promoting the transformation of its energy structure and intends to achieve the adjustment of its energy structure and reduce the carbon emissions generated by its own operations through independent development of renewable energy projects and external investment and mergers and acquisitions. To ensure the supply of renewable energy, the Company has set up Clean Energy Development Department, with professional teams and personnel to carry out renewable energy investment and development work, in order to establish a sound carbon management system.

Renewable Energy Use Target

40% by 2025

80% by 2030

100% by 2035

The Company plans to increase the proportion of renewable energy use, including green electricity, year by year from 2021. The Company will give full play to its land resources and deploy distributed photovoltaic power plants and large ground-based photovoltaic power plants; invest in and develop new energy projects such as wind power generation, energy storage, smart micro-grid and smart energy management system, and gradually increase the proportion of electricity used by renewable energy in conjunction with renewable energy procurement and green power trading.

By the end of 2021, Fii had developed nearly 50 MW of distributed photovoltaic systems and plans to achieve approximately 3,050 MW of renewable energy development and investment by 2030.

Fii Distributed Photovoltaic Power Generation System



Our Practice on Resolve

Fii will prioritize carbon neutrality by reducing operational carbon emissions and promoting renewable energy supply. For carbon emissions that cannot be achieved through operational carbon emission reductions and energy transition, the Company will consider achieving carbon neutrality through direct NbS or purchasing carbon offsets from such projects (including but not limited to standards such as CCERs³ and other standards).

At the same time, the Company will also conduct research and consider investing in CCUS (Carbon Capture, Utilization and Storage), a more economically viable and environmentally friendly technology, to help offset some of its own operational carbon emissions when the technology is more mature.

3. CCER: China Certified Emission Reduction.

Promote Value Chain Carbon Neutrality

Fii works with suppliers to improve the carbon emission reduction performance across the industry chain through access mechanisms, supplier management and supplier incentives.

Supplier Access Management

Fii is rigorous in its supplier compliance and accession process to ensure compliance with environmental plans and government requirements. The Company collects information on climate change management from new suppliers at the entry stage, including energy consumption, energy saving and carbon

reduction, GHG inventory and verification, energy saving and carbon reduction targets and programs, and the proportion of renewable energy used. When selecting suppliers, the Company gives priority to manufacturers with a high degree of production automation and high energy efficiency.

Supplier Management and Cooperation

For existing suppliers, the Company has formulated a series of management documents such as *Carbon Management Requirements of Suppliers* and *Supplier Greenhouse Gas Management Code of Practice*, and set up a supplier carbon management system (referred to as GHG system) and supplier performance management system to monitor it. GHG system was officially launched in 2011 to manage supplier carbon data and record the energy saving and carbon emission reduction of key controlled suppliers.

Fii strictly manages its carbon emissions data disclosure and environment-related certifications, and enhances communication with suppliers. For suppliers with high emissions, the Company requires them to conduct internal GHG inventories and disclosures in accordance with the ISO 14064-1 *Specification and Guidelines for Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organizational Level*, and to invites third parties to verify the data. For some of our energy-intensive suppliers, the Company requires them to be certified to ISO 50001 energy management systems.

The Company manages and supervises its suppliers through the Supplier SER (Social and Environmental Responsibility) management system. The three main management themes are corporate social responsibility, energy saving and carbon emission reduction, and green products, with a number of sub-themes for supplier management and improvement.

In 2020, 100% of key suppliers of Fii signed the *Supplier social and environmental responsibility (SER) code of conduct*.

Help Innovate Metal and Build a Lighthouse Factory for the Aluminum Metal Industry

Aluminum industry is one of the important material industries in China. In 2020, the carbon emission of aluminum industry chain is about 560 million tons, accounting for about 6% of China's total carbon emission. It is a high energy consuming industry with large carbon emission.

Fii actively carries out strategic cooperation with suppliers, promotes Shandong Innovative Metal Technology Co., Ltd. (hereinafter referred to as "Innovative Metal") to build a lighthouse factory for green manufacturing of aluminum alloy materials, explores the aluminum raw material industry chain, circular economy and green aluminum raw material supply chain. Innovative Metal has realized end-to-end management and lean intelligent production through digital energy management, life-cycle carbon footprint management and material recycling management, among other smart factory designs. The whole workshop creates benefits of about 30 million yuan/year, the recycling rate of recycled aluminum melting metal is up to over 95% and the energy consumption of recycled aluminum melting is less than 140 kg standard coal/ton, providing an innovative low-carbon path for the green development of the aluminum industry.

Green Manufacturing Lighthouse Factory

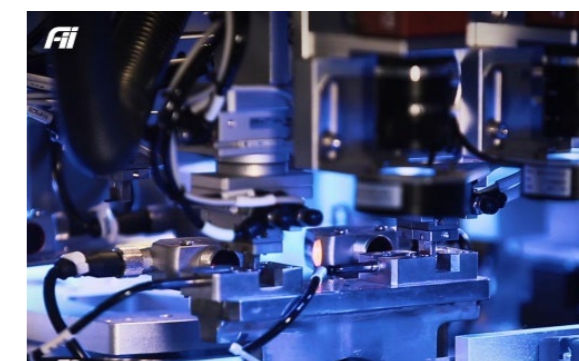
Based on lean factory layout optimization and business integration, Fii promotes the integration of intelligent production lines, logistics, testing, operation and maintenance, decision-making and other full scenarios to create a new paradigm of intelligent manufacturing, the "Lighthouse Factory". Through intelligent energy analysis and automatic control, the lighthouse factory can improve energy management efficiency by more than 80% and reduce energy consumption by more than 10%; the carbon inventory system enables digital whole-process carbon footprint tracking and product carbon footprint certification.

In the "Flexible Assembly Smart Factory" in Shenzhen of Fii, the entire production process integrates supply chain intelligent decision making, surface mount intelligent manufacturing platform, fully automated flexible assembly line, AI intelligent inspection and triage system and production big data decision central, etc., achieving a 30% increase in production efficiency, 15% reduction in inventory cycle time and 92% reduction in production manpower. Production manpower is reduced by 92%, effectively reducing energy consumption and carbon emissions while improving economic and operational efficiency. In 2019, the factory was selected as one of the first 16 "Lighthouse Factories" in the world as a model of smart manufacturing in the World Economic Forum's "Manufacturing Lighthouse Factory" network⁴.

By the end of 2021, the Company has incubated 10 internal "Lighthouse Factories", of which the plants

in Shenzhen, Chengdu, Wuhan and Zhengzhou have successfully certified as world lighthouse factory certification.

At the same time, Fii has exported its "Lighthouse Factory" solutions to leading enterprises in various industries to help customers reach the stage of "Optimizing the Marginal Effect with Digital Manufacturing Platform", which has been successfully applied in the electronics industry, automotive and parts industry, residential home industry, metal processing industry and machining industry.⁵ For example, in 2021, the Company helped CITIC Dicastal Co., Ltd. achieve the global "Lighthouse Factory" award, helping it to reduce production costs by 33%, improve overall equipment efficiency by 21.4%, reduce defective products by 20.9% and shorten product delivery time by 37.9%. In the future, Fii will focus more on laying out large-scale applications, establishing industry platforms, taking the lead in serving leading enterprises in the industry, and playing a pioneering and leading role.



Incentives for Suppliers

To better motivate suppliers to improve and cooperate in the industry chain, the Company sets carbon intensity reduction targets for suppliers each year and provides specific incentives. The Company supports and assists suppliers in conducting GHG inventories and promotes energy efficiency improvements to achieve carbon neutrality goals. The Company will continue to set targets for suppliers based

on national planning and internal measurement results. At the same time, the Company evaluates suppliers' achievement of targets through its supplier performance management system, and the final scores will influence the Company's supplier purchasing decisions, and the Company will give priority to suppliers who have achieved their targets when making purchases.

Provide Carbon Neutrality Solutions for Society

Fii combines its business practices to provide carbon neutrality solutions for society through technological innovation. The Company will provide more green transformation solutions for society by establishing carbon emission management systems, expanding carbon neutrality consulting and providing digital energy efficiency improvement solutions.

At present, the Company has improved its comprehensive capability of carbon neutrality solutions by promoting the green manufacturing lighthouse factory, smart factory energy management system, smart green recycling manufacturing system and carbon accounting and consulting services.

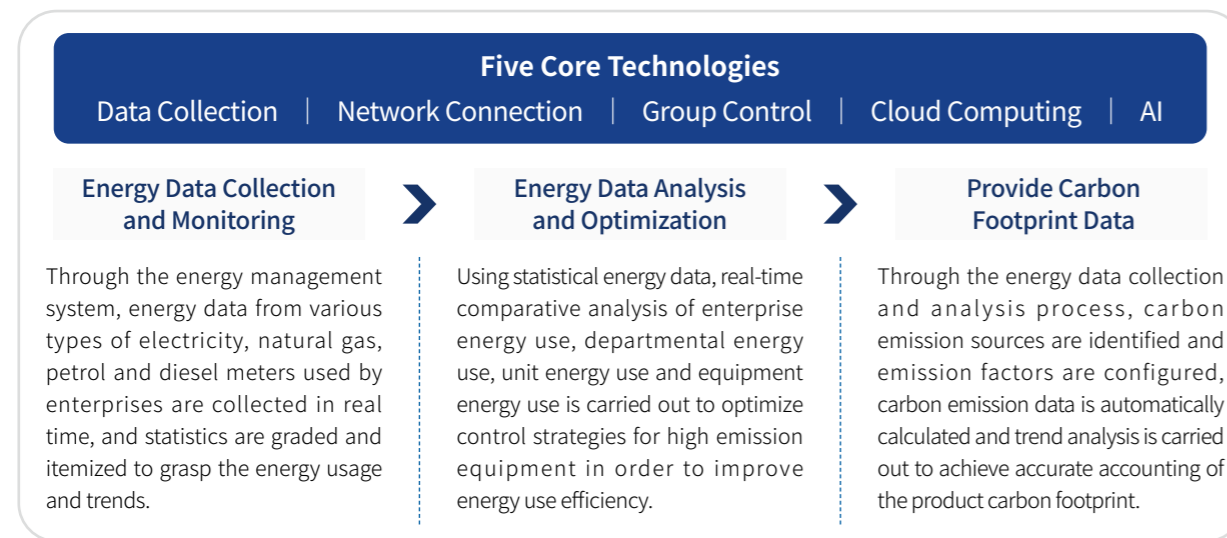
4. For more information, please refer to the *White Paper on Lighthouse Factory Leading the Digital Transformation of Manufacturing Industry*.

5. For more information, please refer to *Lighthouse Leading, Digital Intelligence Innovation - A Benchmark Case of Technology Services of Fii*.

Intelligent Facility Management and Control System

Digital management of energy and resources helps companies to carry out comprehensive energy and carbon management. Some companies face problems such as difficulties in energy data statistics and huge energy data that are difficult to calculate, thus making it difficult to carry out comprehensive energy management and identify the key aspects of energy saving and carbon reduction. The Smart Facility Management and Control System (Smart FMCS) developed by Fii can help customers to reduce energy

usage, monitor energy efficiency and identify room for production improvement by deploying five core technologies: data collection, network connectivity, group control, cloud computing and artificial intelligence, based on the actual production status of customers, to comprehensively improve the efficiency of environmental protection, safety, electricity and water usage in the manufacturing environment, which is helpful to the customers to develop digital energy and resource intelligence management.⁶



Currently, FMCS has been deployed at Fii's plants, which automatically collects ambient temperature and pipe network pressure data from the production line through sensors and estimates the average value of ice water and compressed air demand according to different seasons and scenarios to automatically adjust the production of energy media and supply power resources on demand, achieving a year-on-year power saving of 5% for the plant. In addition, the Company's Lankao Science and Technology Park, Taiyuan Science and Technology Park and Zhengzhou Site⁷ have all gone live with FMCS, saving approximately 37,210 MWh, 20,400 MWh and 13,940 MWh of electricity annually respectively.

Smart FMCS Energy Consumption Board



6. For more details, please refer to the Company's *Fii Technology Services Helping China's Manufacturing Industry Digital Transformation and Lighthouse Leading, Digital Intelligence Innovation - Fii Technology Service Benchmarking Cases*.

7. Taiyuan Science and Technology Park and Zhengzhou Site have been introduced FMCS for less than a year, so the data are estimates.

Intelligent Green Cycle Manufacturing System

The development of circular and low-carbon innovative products help promote the common development of the upstream and downstream industry chains. Through green product development, the Company integrates environmental factors into the design, production and use of products, improves the environmental performance of products throughout their lifecycle, helps customers reduce energy consumption in product use, increases low-

carbon attributes and contributes to the green development of the value chain.

Through the development of the Fii Cloud Platform, Fii continues to build intelligent recycling manufacturing products or systems. Up to now, three major projects, namely raw material substitution, raw material recycling and energy-saving server manufacturing, have been steadily carried out.

Raw material Replacement: The Company prioritizes the use of recyclable and easily disposable raw materials, for example by replacing plastic materials with metal, or by generalizing components in order to reduce energy consumption in the manufacturing process. For example, one of the tools in one business group uses a more recyclable high speed steel matrix for the cutting tools. Each cutting tool matrix has been tested to be reusable up to 10 times, with a reuse rate of 50%. By the end of 2021, the Company will have recycled more than 16,000 inserts, saving approximately 600kg of steel.

Raw Material Recycling: One of the Company's products is made by recycling 7-series aluminum alloy scraps to a smelting plant to make profiles, which are then transferred back to the mid-end processing plant for processing. At present, the proportion of aluminum alloy recycled for this product is 65%, and the proportion of aluminum parts used for mobile phones is 100%. In addition, the recycling of waste precious metals such as tungsten and cobalt from the manufacturing process has a social benefit of "saving electricity for about 3,000 households for one year" per 1,000 tons of waste. In addition, the Company also optimizes the structure of high carbon emitting raw materials or compounds them with low carbon emitting raw materials, thereby reducing the carbon content of the products themselves and enhancing their low carbon attributes.

Energy-saving Server Manufacturing: For core components such as CPU, memory and hard disk in servers, the Company carries out energy-efficient designs. For example, the Company has increased the research and development of energy-efficient technologies for data central and launched a one-stop solution for submerged liquid cooling technology, covering the entire process including customized design, performance verification to mass production deployment. The technology uses a combination of liquid and steam cooling mechanisms to allow customers to deploy the technology while preserving the original infrastructure of the data central, achieving cost savings and efficiency improvements. The Company's servers are also designed to automatically enter power saving mode when in low-power standby mode, saving 20-30% of power compared to heavy load, significantly reducing energy consumption.

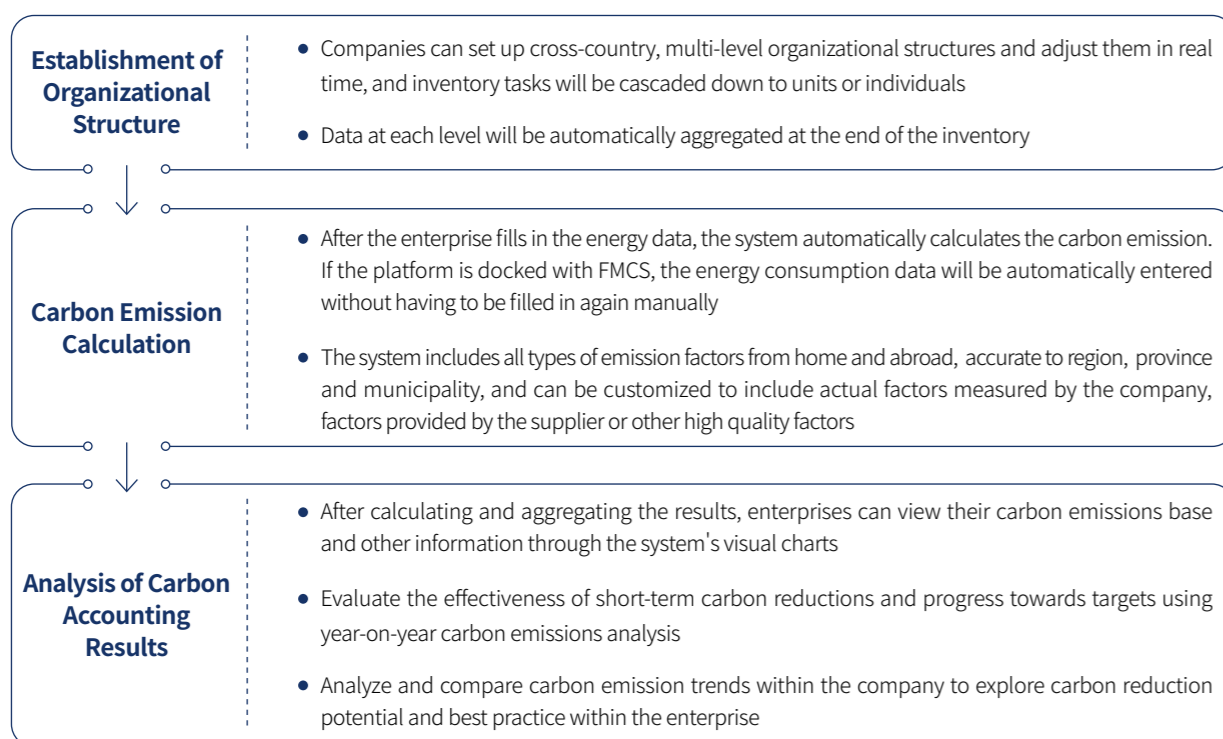
Fii has been upholding the concept of sustainable development, from R&D, production, packaging, use to waste disposal, and continuously optimizing and improving production processes to reduce waste generation and emissions. In 2020, Fii launched the "Zero Waste" plan for its factories, in which its subsidiary Shenzhen Fii Fugui has improved its waste conversion rate. In July 2021, the Company received UL2799 certification at the highest level, platinum, for its Shenzhen Longhua campus and the Vietnam plant of the communications and mobile network equipment business group, which have also received UL2799 certification at the gold and silver levels respectively. Fii will continue to promote waste management in the future, and will leverage Fii's benchmarking role to extend its experience to its suppliers and other enterprises to promote a green supply chain and green empowerment upstream and downstream.

Carbon Accounting and Consulting Services

As an important prerequisite for carbon management, carbon accounting is an essential task for enterprises. However, most enterprises may face problems such as the lack of professional accountants and the lack of a unified carbon emission statistics and accounting system. In order to help enterprises to carry out carbon accounting, Fii has built an online carbon accounting

platform based on the recognized international carbon verification standards (ISO14064-1, *Greenhouse Gas Protocol*) and the domestic carbon verification standard *General Rules for Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises*, providing enterprises with a convenient path to carry out their own carbon accounting.

Introduction of Fii Carbon Accounting Platform



Carbon Accounting Platform Visualization Chart (Demo)



On the basis of accounting, the Company further provides carbon consulting services to clients at the short-term operational level and at the long-term supply chain level, supporting their internal and external carbon management with professional technology and services.

At the short-term operational level, we build carbon footprint maps for our clients based on their own carbon accounting history and product boundaries, identify irrational production processes such as inefficient crops, excessive processing, inventory rework and raw material waste, and prioritize and identify carbon reduction actions to generate a carbon reduction potential list.

Preparation Phase	Defining the product boundary of the company and identifying key raw materials and suppliers
Build Carbon Footprint Map	Using smart technology to collect energy and raw material data to ensure that raw materials, energy and emissions "inputs equal outputs"
Carbon Reduction Prioritization	Identifying high emission sources and the opportunities of carbon emission reduction, assessing the impact of opportunities on the effectiveness and cost of carbon reduction, and mapping opportunities on a cost-carbon matrix to help companies select projects with high carbon reduction value and low cost
Follow-up Planning	Developing disclosure criteria for suppliers' carbon footprint for each delivery to demonstrate carbon footprint and reduction opportunity assessment and advise companies on next steps for action

At the long-term supply chain level, we help our clients manage their supply chain carbon footprint and achieve carbon neutrality by improving manufacturing effectiveness and optimizing the layout of their assets and technologies, and promote deep collaboration between companies and strategic green supply chain partners.

Improve Manufacturing Effectiveness	Optimize Asset Operation and Technical Layout
<ul style="list-style-type: none"> • Take the theoretical limit as the optimization target • Monitor energy consumption based on online monitoring platform • Construct manufacturing performance indicators for energy efficiency and emissions reduction • Fine production scheduling, equipment maintenance and other actions closed loop 	<ul style="list-style-type: none"> • Formulate specific carbon emission reduction measures at the asset level • Calculate the carbon emission reduction potential and return on investment of the measures, i.e. economic benefits, capital expenditure, operating expense and risk estimates • Select the most feasible and economical optimal carbon emission reduction path • Layout of technology foresight such as clean process, material recycling and carbon capture

Risk Management: **Comprehensive Identification and Management**

- Risk and Opportunity Management System
- Identification and Assessment of Risks and Opportunities

Risk Management: Comprehensive Identification and Management

Risk and Opportunity Management System

The identification of "climate risk" and "climate opportunity" is the basis of climate issue management for companies. "Climate risk" refers to the risks caused by climate change and the non-climate environmental factors (such as air pollution, water pollution, soil pollution, etc.), including current and emerging regulations, technologies, laws, markets, reputation, and Intense Natural Factors. "Climate opportunity" refers to the opportunities that companies can create for themselves through their efforts to mitigate and adapt to climate change. Climate opportunities will vary depending on the region, market and industry in which a company operates, including resource efficiency, energy sources, products and services, markets and resilience.

Fii has established the Enterprise Risk Management (ERM) system and the Global RCMC in 2021. The RCMC is responsible for climate change risk evaluation and crisis management in collaboration with the CSR Committee and the Audit Committee. The Company carries out comprehensive and detailed risk management under the guidance of the *Risk Management System* and the *Corporate Crisis Management Plan*, identifies climate risks, analyzes and ranks risks, and formulates corresponding treatment plans for different levels of risks. Meanwhile, the RCMC regularly reports to Board of Directors, and the Company may disclose the risk status to the public through financial reports and CSR annual reports and other statutory or industry-required disclosure documents.



According to different levels of risk, Fii actively takes corresponding measures. When the risk is highly likely to become a crisis, 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.

In 2021, the Company formulated a risk technology plan for "acute physical factors" risks to analyze the level of exposure to earthquakes, typhoons, tsunamis, and hailstorms in each plant and propose risk transfer or mitigation measures, taking into account actual needs. With the assistance of professional risk consultants, responsible for Asset Damage Prevention and Deterrence Unit and all CSR Branches have completed natural disaster assessments for 46 buildings in 23 business units since 2019, and have been tracking improvements and providing technical support on a monthly basis.

Identification and Assessment of Risks and Opportunities

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

Material Impact Definition

Material financial or strategic impacts can manifest themselves in the form of high proportion of business units affected, the large scale of business units affected, and a high potential for shareholder or customer attention. The Company grades risks and opportunities based on the probability of occurrence and severity of impact.

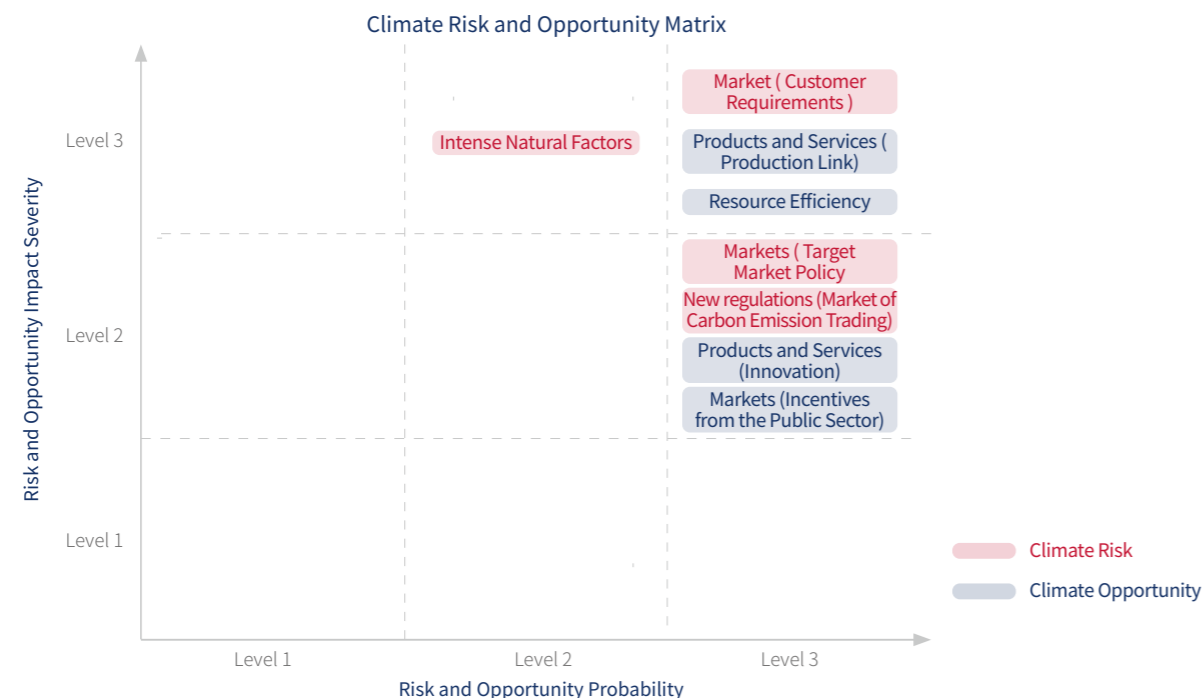
The probability of occurrence is classified as almost certain (level 3), probable (level 2) and almost impossible (level 1) based on the likelihood of occurrence, and the severity of impact is classified as very serious (level 3), serious (level 2) and slightly serious (level 1) from five perspectives: corporate image, compliance, customer relationship, achievement of organizational goals and the scope of influence of the entity. Fii defines risks and opportunities with probability of occurrence and severity of impact level 2 or higher as substantial risks and opportunities (see shaded area in the figure below), which have substantial impact on the Company.

Material Risk and Opportunity Categories



Identification Results

The three identified risks and opportunities are evaluated and ranked by Fii in combination with their occurrence possibility and impact severity. See the figure below for details.



Climate Risks



Market Risks

Each of Fii's business Group faces varying degrees of demand from downstream customers to manage climate issues, which could have a potential financial impact due to changes in market demand, which the Company identifies as "market risk". For example, the Company's customers require a business group to achieve 2030 carbon neutrality, and failure to do so could have an impact on long-term cooperation. In addition, the Company is also exposed to the impact of policies such as the implementation of carbon border tax in target markets such as the European Union.



New Regulations

Enterprises in China may be affected by new policies and regulations amid the goals of "carbon emission peak by 2030 and carbon neutrality by 2060" set by China. For example, as the carbon emission allowance price will rise in the future, the operating sites included in the carbon emissions trading system face more compliance costs and financial impact.



Intense Natural Factors

One of the manifestations of intense natural factors is frequent and more severe weather extremes. Extreme weather such as typhoons and floods may lead to production safety accidents or forced suspension of production, etc. Extreme weather caused by climate change may cause impacts on operating plants, such as the heavy rains in Henan Province in 2021 that led to the suspension of production at some of the Company's plants in Zhengzhou.

Climate Opportunities



Opportunities of Products and Services

The development of low-carbon emission or climate-resilient products or services may present potential opportunities for the Company, and the development of such products can help the Company enter new markets. For example, one business group has developed an energy-saving server; another business group has developed an industrial internet application with carbon emission management functions to enhance the ability of its products and services to serve companies with carbon neutrality goals and achieve effective monitoring of Fii and other companies, service providers and government agencies.



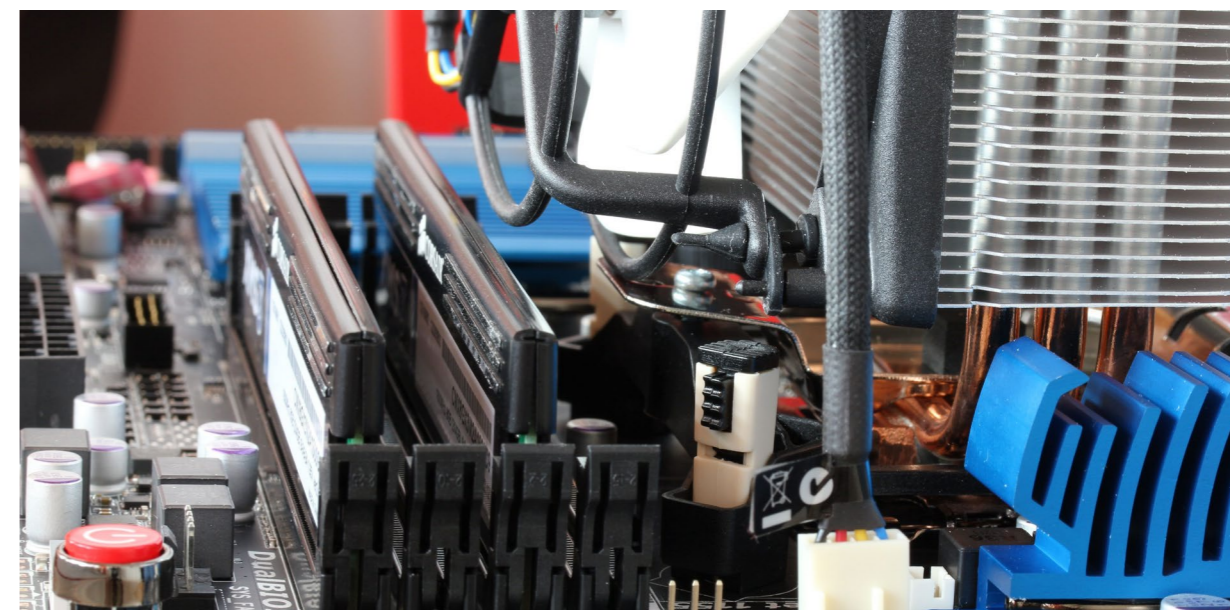
Opportunities of Markets

The Company has started its carbon emission management work earlier and has carried out product transformation, upgrade and phase-out projects in advance, which has a certain foundation for the management of climate issues. Therefore, the Company is more adaptable to climate issues than peers. The Company also actively responds to the policy and participates in the evaluation and rating of energy-saving and carbon-reduction projects, and has been awarded the "Green Factory" in Tianjin and "Star of Energy Saving" in Tianjin Development Zone to enhance its competitiveness in the industry.



Opportunities of Resource Efficiency

The Company has improved resource efficiency by independent development. FMCS (Facility Management and Control System) is a good example. Building on AI, IoT and sensor network technologies, it provides a series of strategies allowing dynamic adjustment specific to the rational use of resources according to actual production conditions, which improves resource efficiency, saves energy and reduces carbon emissions for customers.





Indicator and Target: A Pioneer in Climate Goals

- Set Carbon Goal Scientifically
- Carbon Emission from Operation
- Scope 3 Carbon Emissions

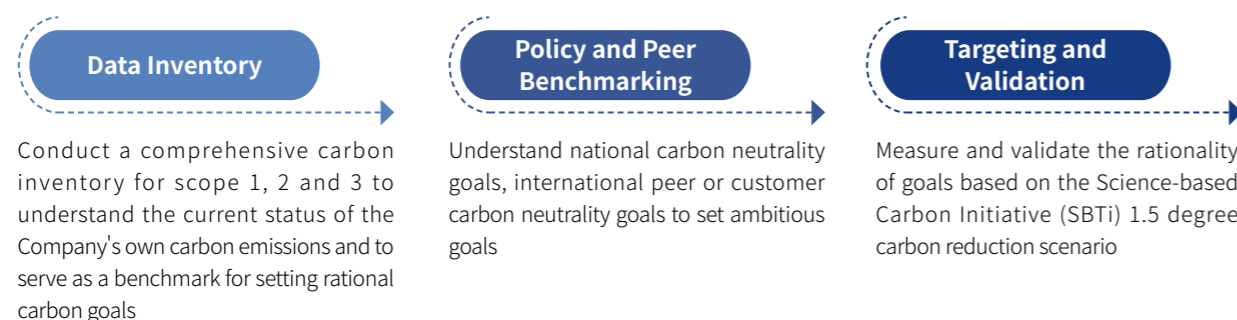
Indicator and Target: A Pioneer in Climate Goals

Set Carbon Goal Scientifically

Fii sets carbon neutrality goal commitment:

Commit to an 80% reduction in operational carbon emissions in 2030 compared to the 2020 base year and 80% renewable energy use; achieve operational carbon neutrality (covering Scope 1 and Scope 2 emissions) in 2035; and achieve net zero emissions in the value chain (covering Scope 1, Scope 2 and Scope 3 emissions) in 2050.

Fii's carbon neutrality goal is set based on carbon inventory, carbon neutrality policy analysis and industry benchmarking, and is measured using the tools of the Science-based Target Initiative (SBTi) to verify the rationality of the goal.



Carbon Emission from Operation

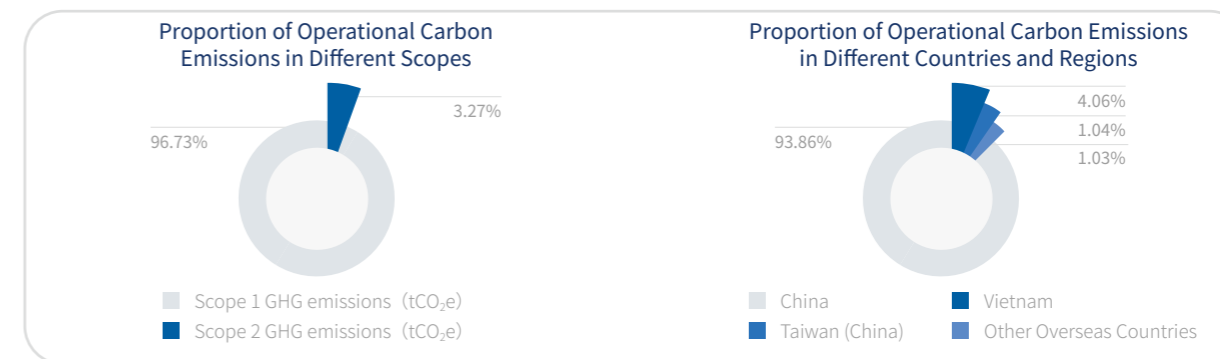
Fii has adopted the operational control method to conduct carbon emission data inventory in 2020. The carbon emissions from Fii's own operations include direct emissions (Scope 1) and indirect emissions (Scope 2), with indirect emissions caused by purchased electricity accounting for approximately 97% of the overall operational carbon emissions.

2020 Operational Carbon Emissions Data

Index	Data in 2020
Scope 1 GHG Emissions (tCO ₂ e)	57,297.52
Scope 2 (Location-based) GHG Emissions (tCO ₂ e)	1,695,144.89
Total GHG Emissions (Scope 1 and Scope 2) (tCO ₂ e)	1,752,442.42

Note:

- [1]. Statistical coverage: Includes data from key subsidiaries in each business group within the Fii listing. For some subsidiaries where energy use data is not available, we estimate GHG emissions based on the per capita GHG emissions of the business group in which they are located and the number of people in the subsidiary.
- [2]. Emission data calculation method: It is calculated through the turbo carbon system of UL company and according to ISO 14064 part 1:2018 *greenhouse gases - Part 1: guidelines for quantification and reporting of greenhouse gas emissions and removal at the organizational level*. The global warming potential (GWP) adopts the values in the *Fifth Assessment Report (AR5)* of the United Nations Intergovernmental Panel on Climate Change (IPCC). The calculation of GHG emissions in scope 1, 2, and 3 includes six GHG specified in the Kyoto Protocol: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulfur Hexafluoride (SF₆).
- [3]. Shenzhen, Shanxi, Zhengzhou and other 10 sites have completed the third-party GHG inventory based on ISO 14064-1 standard certification.



Scope 3 Carbon Emissions

Scope 3 GHG emissions include indirect carbon emissions from the Company's value chain activities such as upstream logistics and transportation, purchased goods and services, employee commuting, and business travel. The Company counts and measures Scope 3 emissions in 15 categories according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

Index	Data in 2020
Scope 3 GHG Emissions (tCO ₂ e)	10,957,075.42

Note:

- [1]. Statistical coverage: Includes data from key subsidiaries in each business group within the Fii listing.
- [2]. Emissions data calculation method: Some Scope 3 data was calculated through UL's Turbo Carbon system, and some data was calculated based on the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

Based on the data collection, the Company carries out the assessment and identification of material Scope 3 emission categories. Based on the percentage of emissions from each category and the Company's control over each category, the Company determined the material Scope 3 emission categories that could be focused on and taken action to reduce emissions. Based on the assessment, the Company has identified the following Scope 3 categories as key areas of concern. The Company will gradually incorporate Scope 3 emissions into the carbon neutrality implementation path based on the materiality of Scope 3 to Fii.

Material Scope 3 Categories	Definition and Carbon Emission Reduction Plan
Purchased goods and services	Emissions from the extraction, production and transportation of goods and services purchased or demanded by the Company during the reporting period. Due to business expansion and other reasons, the purchase volume is large. The Company would expand the scope of green procurement in the future.
Upstream Leased Assets	Emissions from the operation of leased assets (e.g., rented places, leased transportation, etc.) for which the Company is a lessee during the reporting period. In the future, we will develop intelligent storage system to improve efficiency.
Employee Commuting	Emissions from the use of buses, cars, trains and other transportation by employees of the Company to and from work during the reporting period. We plan to reduce emissions by encouraging green travel and other means.
Investment	Emissions from the Company's equity investments in affiliated or subsidiary companies during the reporting period. We will not invest in any fossil fuel-fired power plants in the future.
Upstream Transportation and Distribution	During the reporting period, the Company used vehicles or third-party operating stations such as warehouses and distribution centers to transport and distribute purchased and demanded products, such as transportation and distribution between products sold and end users (paid for by the Company), as well as emissions from other transportation and distribution services purchased by the Company. We plan to develop intelligent transportation and distribution systems in the future to improve efficiency.

Conclusion

The issue of climate change has changed from a scientific theory to a severe reality, and carbon neutrality involves the overall transformation in human life and production. Fii understands that enterprises are both major emitters of GHG and providers of climate-friendly innovative solutions, and can play a key role in addressing climate change and realizing China's low-carbon economic transformation. The participation of the whole society, mainly by enterprises, is an important guarantee for achieving the goal of carbon neutrality.

The Company will gradually carry out key action initiatives for low-carbon transformation. In the future, we will promote carbon management and energy system optimization in an orderly manner, including the adoption of energy-saving and carbon emission reduction measures such as equipment replacement and production process improvement to reduce carbon emissions, and increase the proportion of renewable energy use year by year, supplemented by carbon offset measures, to actively respond to the trend of climate change governance. In addition, we will take the responsibility of contributing to the green upgrade of global manufacturing industry, and contribute our own strengths to the new development pattern of "New Infrastructure + dual circulation".

With an open and cooperative attitude, we will actively cooperate with industry chain partners and other parties in society to build a low-carbon ecological environment. We will continue to uphold the concept of data-driven, core interconnection, ecological co-construction and value-sharing, and continue to cultivate the road of technology empowerment to contribute to a sustainable society with the wisdom of Fii, and to contribute to the carbon neutrality transition of the country and society.

About the Report

This report is a white paper on addressing climate change issued by Foxconn Industrial Internet Co., Ltd. and its subsidiaries. The report discloses information on the governance, strategy, risk and management, and goals and performance of Fii on climate issues.

Reference for Report Preparation:

- CDP Climate Change Questionnaire
- The Task Force on Climate-related Financial Disclosures (TCFD) Recommendation Report

Report Scope:

The scope of this report is consistent with the scope of the Company's annual consolidated financial report and covers Foxconn Industrial Internet Co., Ltd. and its subsidiaries.

Reliability Assurance:

The information and data disclosed in this report are from the internal official documents, statistical reports and annual reports of Fii.

Feedback:

The content of the white paper will be regularly updated in accordance with changes of the Company's own strategy. If you have any comments, suggestions and questions about this report, please feel free to contact the Company at the following address:

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