

# Foxconn Industrial Internet Co., LTD.

## Tax Policy

### I. Goal of Tax Work

The goal of tax work of Foxconn Industrial Internet Co., LTD. (hereinafter referred to as "Fii") is to comply with the tax laws and obligations in all countries where we operate, in order to fulfill social responsibilities, promote economic development, pursue sustainable development and protect shareholder value.

### II. Tax Policies

To achieve the tax work goal, Fii has formulated and adhered to the following five tax policies:

#### 1. Comply with Local Tax Laws and Regulations

Fii mainly operates in China and runs business in 12 countries (or regions) all over the world. Subject to complicated tax laws and regulations, Fii will strictly meet the obligations, including establishing and improving the accounting system, maintaining complete accounting vouchers, calculating taxes in the right way, filing tax returns and paying taxes in accordance with regulations on time, etc.

#### 2. Establish and Implement Effective Tax Risk Management System

Fii has established the tax risk management system of beforehand preventing, in-process monitoring and afterwards correcting, as well as the internal professional tax management team. We also hire external professional institutions for changes in tax laws and regulations, new investment projects, new business models, significant non-routine transactions and other high tax risk events, at the same time we engage in open and respectful dialogue and cooperation with tax authorities to ensure effective management of tax risks.

Significant tax events will be submitted to the board of directors for approval before implementation. The board entrusts certified public accountants to audit financial statements and internal control system, whose specific scope of audit includes but is not limited to tax operation process, tax compliance, tax disclosure, etc. The accountants will communicate with the management and submit findings to the board.

### **3. Formulate Reasonable Transfer Pricing Principle**

The retention of profits matches the value created and the risks borne by Fii subsidiaries, without transferring profits to low-tax jurisdictions intentionally. Fii engages independent third parties to conduct transfer pricing analysis each year. Besides, Fii makes dynamic adjustments to meet the requirements of local transfer pricing regulations with reference to the industrial level and ensure consistent compliance with tax law.

### **4. Develop Legal Tax Planning with Business Substance**

The tax planning of Fii is based on legal compliance. By claiming tax benefits, incentives and low tax rates available under applicable laws and regulations on the basis of business substance, Fii will not make any tax arrangements without business substance for the sole purpose of obtaining tax benefits, including but not limited to tax evasion by using the *tax havens*.

### **5. Enhance Transparency of Tax Information**

As a public company, Fii discloses tax information through our annual reports in accordance with laws and regulations, securities market regulatory requirements and accounting standards. To further improve the transparency of tax information, Fii will take the initiative to disclose additional tax information to the public on our official website, CSR Report and WeChat Official Account on the premise of protecting business confidentiality.

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