

# Fii 2022

## CORPORATE SOCIAL RESPONSIBILITY REPORT

ESSENTIAL EDITION



Data drives green development

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# About Fii

Foxconn Industrial Internet Co., Ltd, or Fii, as a global leader in digital economy industry, mainly deals with cloud computing, communications, mobile network equipment and industrial internet. Amid the prevailing trends of prospering digital economy, Fii will keep strategically poised and actively seize development opportunities as they arise. Relying on its multiyear experience in lean management, supply chain management and flexible production, Fii has established its presence in Asia, Europe and North America. Through integration of abundant global

resources, Fii drives the digital transformation of ICT industry chain and helps global digital economy grow in a high-quality manner.

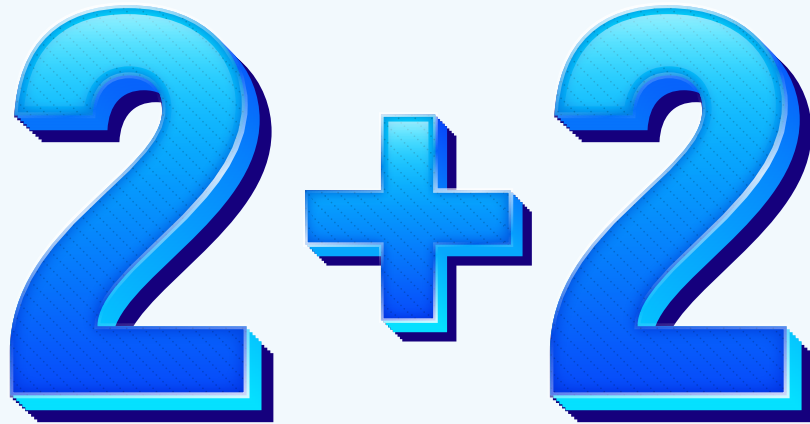
In 2022, Fii continuously worked hard in the digital economy industry and regarded the domain of digital economy as its core direction of innovation in research and development, with five major segments of the digital economy industry fully covered. Meanwhile, the company also diversified its business portfolio in fields like new energy vehicle parts,

semiconductor ecosystem, big data and robotics, further exploited the potentials of digital economy and established a direction for creating the second growth pole.

Fii cherishes the value creation from corporate sustainability and endeavors to take every step that is down-to-earth on its journey of ESG for a sustainable business success.



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



"High-end intelligent manufacturing + industrial Internet" capabilities to extend to semiconductor ecology, new energy vehicle parts



"Big data+robots" deeply deploy metaverse computing power and new energy storage to develop Industrial robots, equipment and automation fields.

## 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.



# Our 2022 in Figures



Year-round revenue (CNY 100 million)

**5,118.50**



Total patents related to cleaning technology

**1,147**



Social contribution per share(CNY)

**2.48**



World-class Lighthouse factories

**6**



Renewable energy consumed (10,000 kWh)

Approx. **10,070**



Total manpower (person)

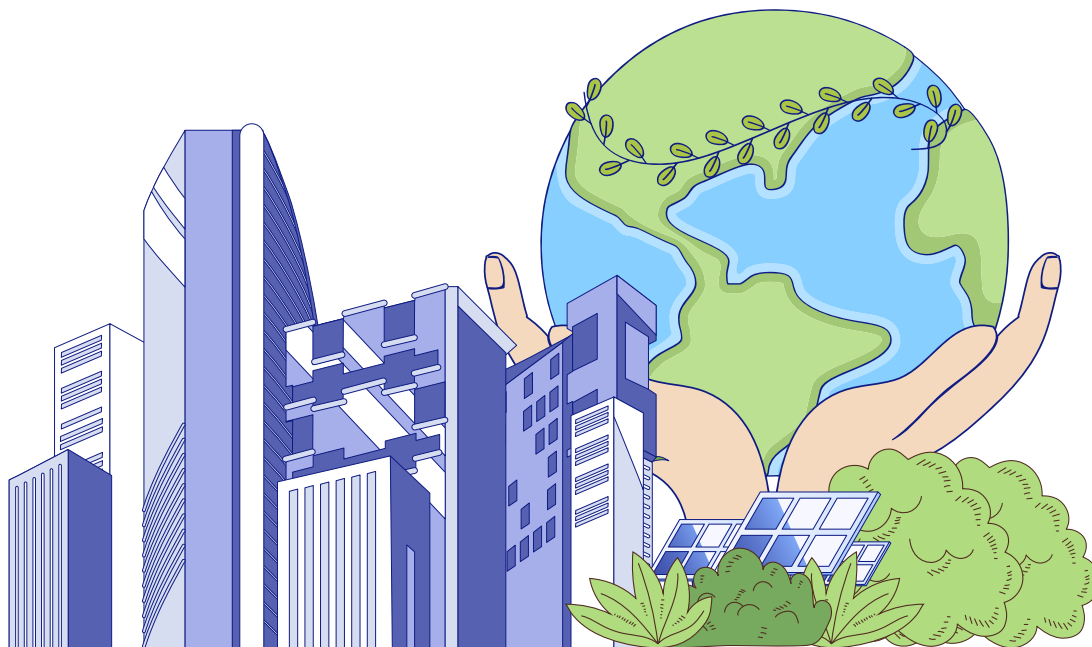
**199,073**



# Fii SDGs Actions

Fii contributes to the realization of Sustainable Development Goals (SDGs) through day-to-day operation management and charitable activities. In 2022, Fii took a step further by seeing SDGs as an important direction for future guidance of sustainable development and ESG development. Fii included SDGs in its business development strategy, focuses on development needs of major operating strongholds worldwide, identifies priorities of SDGs in light of its core capabilities, and solves social issues by applying its corporate strength, joining hands with all stakeholders to create social and commercial value together.

As a concrete action of implementing and responding to the SDGs, Fii will publish a whitepaper in 2023, fully announcing its SDGs response strategy, target setting and action plan, we will review in due course and adjust dynamically our response strategy, disclose our progress and influence to the outside on a regular basis and actively help achieve SDGs across the board.



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

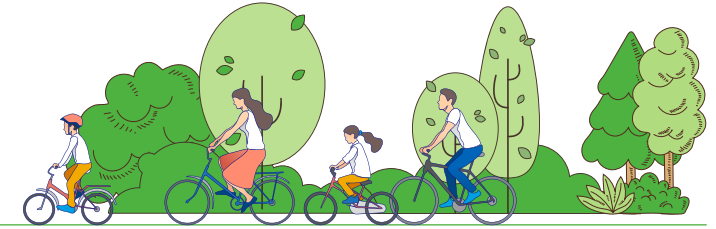
Declare "water-saving enterprise"  
Reconstruction of concentrated water reuse in pure water room  
Whole process control of sewage  
Ocean and river cleaning volunteer service

	<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>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>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>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>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>Conservation and sustainable use of oceans and marine resources for sustainable development</p>	<p>Marine, river cleanup volunteer program</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>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>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>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>



# Fii ESG Key Performance

## Protect the environment



### ● TCFD

The disclosure framework recommended by the Task Force on Climate-Related Financial Disclosure was adopted for the first time for disclosure.

### ● 80%

Fii set short-term carbon neutral goal commitments: reduce the operational carbon emissions to 80% in 2030 from that of the base year of 2020, and increase the ratio of renewable energy use to 80%.

### ● Reduce

Reduce operational emissions: increase energy utilization efficiency. Based on 2020, reduce carbon emissions to 18.46% by 2025, 29.98% by 2030 and 36.71% by 2035.

### ● Replace

Energy transition: increase the ratio of carbon emission reduction or carbon neutral through Replace process to 55-65% by 2035.

### ● Resolve

Carbon offsets and carbon capture: by purchasing CCER, Fii will offset the remaining 5-10% GHG emissions to achieve carbon neutral by 2035.

### ● 3 clean technology strategies

Based on the direction of the overall policy of "Digital Intelligence Empowerment", Fii focuses on three segments of semiconductor, new energy vehicle and going industrially intelligent, and brought forward:

- Technological innovation to establish its presence in energy-efficient semiconductor ecosphere;
- Reduced quantities and increased efficiencies to contribute to new energy transportation and green travel;
- Digital transformation to start a diversified industrial metaverse .

### ● 5 environment-friendly product design principles

The company gradually established systematic product lifecycle management to make products more eco-friendly in five aspects of "harmless", "emission reduction", "energy conservation", "ease to recovery" and "ergonomics".

### ● CNY 11.588 billion

The company vigorously develops high and new technologies related to new energy, energy-saving and efficiency gain, pollution control and green building, with CNY 11.588 billion invested in R&D for science and technology innovation.

### ● 41.88%

The business revenue from clean technologies accounted for 41.88% of the total business revenue in 2022.

### ● 70 MW

Application of renewable energy was further pursued, as the company's total photovoltaic installed capacity is expected to reach 70MW by the end of 2023.

### ● 78 items

78 items of improvement opportunities for energy conservation were identified during CoC audit conducted by Auditing Department and ESG Risk Control Department with assistance of Environmental Protection and Energy Department.

### ● 153,000 tons

Total carbon reduction of 153,000 tons through implementation of 855 "go-green" projects.

### ● 2.64 million tons

A total of 2.64 million tons of reclaimed water reused in 2022

### ● 12

The Company has 12 factories certified as "Green Factory" at the national, provincial or municipal level.



## Contribute to the society

● **41%**

Female employees account for about 41% of total manpower.

● **100%**

A total of 245 employee talks conducted, involving 10,416 persons, in addition to 7,466 employee care events, with response processing 100% completed.

● **100%**

100% coverage of annual performance appraisal for different managerial categories and different job grades of employees.

● **100%**

Various benefit programs, employee insurance and pension contributions cover all employees 100%.

● **12,000 persons**

The ESOP plan continued into 2022, planned to cover no more than 12,000 employees in total.

● **90.5%**

School-company cooperation was conducted with many colleges and universities in Guangdong, Zhejiang, Guangxi and Henan for campus recruitment in 2022, with R&D and technical job openings accounting for 40% and 90.5% of the Elite Class Training Camp (recruitment of fresh graduates from campus) retained in 2022.

● **CNY375million**

A total of CNY 375 million invested in environment, safety and health.

● **30hours**

Per capita duration of employee OSH training approximates 30 hours/year.

● **35,002samples**

The sample size of employee survey increased by 0.5% in 2022 compared with 2021, with a sampling ratio of 15%, and the survey expanded to overseas factories, with the weighted average score of employee satisfaction finally at 8.06.

● **4 dimensions of customer satisfaction survey**

The Company focuses on communicating with customers to keep informed of customer feedback and listen to the voice of customers. Customer satisfaction survey focuses on "product quality", "quality of service", "delivery and fulfillment" and "service responsiveness" to fully understand how customers perceive the Company.

● **99.9%**

28,016 safety audit suggestions raised in total, of which 99.9% were completed as corrections.

● **1,500**

Our "Lighthouse Navigator Program" has served over 1,500 companies, and successfully realized empowering cooperation in many sectors for joint development of a sustainable model of industrial internet.

● **6consecutive years**

The Company participated in the 99 Public Welfare Day event for 6 consecutive years in partnership with Shanxi Foundation for Disabled Persons, involving a total of 39,325 participants and total charitable donations of CNY 337,384.08. The Taiyuan and Jincheng sites won the honorary title of "the best benevolent team".

● **153,383hours**

We actively participate in charity undertakings and conduct a wide range of charitable events in various forms across the country, involving 34,338 person-times in total and 153,383 service hours.

## Improve corporate governance

### ● 283

Through risk control, Fii formulated 283 risk control measures based on 41 registered risks, and adopted 5W1H and PDCA principles for planning, tracking and control as well as escalation to RCMC supervisor.

### ● 3

RCMC identified 3 issues of high concern in total: asset security incident, labor shortage/employee turnover issue, ESG & carbon topics.

### ● 100%

100% of board members attended board meetings and general meetings, while members of the audit committee, nomination committee and remuneration and appraisal committee all attended committee meetings.

### ● 123 hours

Directors and supervisors received a total of 123 hours of offsite communication and ad-hoc training.

### ● CNY 32.3 billion

Since the 2018 IPO, we have distributed CNY 32.3 billion dividends in cash to shareholders.

### ● 0

We handled all whistle-blowing clues, involving zero incidents of corruption or bribery, discrimination or harassment, conflict of interests, money laundering or insider trading.

### ● 100%

We organized a total of 17 social responsibility training sessions, actively drove the supply chain to go green and involved 100% suppliers in ESG programs.

### ● Over 95%

Suppliers at high and medium risks are required to undergo conflict materials questionnaire survey; the completion rates of conflict minerals questionnaire, cobalt management survey and mica management survey all exceeded 95%.

### ● 100%

100% of supply chain companies use no illegal conflict minerals.



# Declaration of Fii's ESG Targets

In 2022, Fii determined and declared its ESG target framework and quantitative indicators through indicator communication and confirmation, methodology setting, indicator decomposition and advancement by division of work, phase-wise plan finalization and trial operation. Working deep for good governance and as a trailblazer, Fii embraces a better future of sustainable development with a strong determination.

## E

### More Sustainable Environmental

#### Circular Economy

Reducing pollution and carbon emissions mitigation through synergies effects Building green lighthouse industry

- Achieve 80% carbon reduction in operations and 80% use of renewable energy by 2030, as well as carbon neutrality in operations by 2035 (with 2020 as the base year)
- Promote the number of national/provincial/municipal green factory certifications to 16, and reach 18 by 2030, with 100% coverage of key carbon emission sites
- Achieve 15 legal entities to obtain energy management system certifications, reach 18 by 2030, and achieve 100% coverage of key energy-consuming sites
- Maintain "0" environmental violation and achieve 100% online monitoring of pollution emissions in all sites
- Obtain at least 14 zero-waste landfill gold certifications (UL2799), and reach 18 by 2030
- Achieve a 6% reduction in water density at all factory sites compared to 2021, and continue to promote the sustainable water management (AWS) certifications of subordinate sites

#### Digital Intelligence Empowerment

Developing clean technology products in depth Promoting 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)
- Develop biodiversity policies and implement sustainable site maintenance plans, and conduct site soil/groundwater inventory monitoring more than 5 times

## S

### More Harmonious Social

#### People Oriented

Protecting employee health and safety Promoting diversified growth of talents

- Achieve 100% coverage of occupational health management system (ISO45001) and obtain external third-party certifications on global key operating sites, and promote the occupational health management system certification of high-risk providers to reach 70%
- Maintain "0" occupational disease incidents caused by chemical exposure, and proactively plan the chemical phase-out programs 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  $\leq 6.88$  days/million working hours, and reduce the disability injury frequency rate (FR) to 0.14 times/million working hours

#### Happiness Sharing

Helping the needy with love Promoting the public welfare and more participation

- Provide employees diversified vocational skills conversion and promotion management training to assist in the improvement of employability and personal growth, annual professional course training hours for all employees increase to 60 hours, and promote the matching rate of internal job vacancies to more than 35%
- Promote the annual charitable donations to RMB 50 million, organize employees to participate in community public welfare activities, and increase annual voluntary services hours in global sites to 200,000 hours

## G

### More Accountable Governance

#### Integrity and compliance

Optimize corporate governance structure Creating 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 entities every 3 years
- Plan and implement regular internal and external performance evaluations of the board of directors and special committees, and entrust an external professional team to conduct an evaluation once every three years

#### Security and reliability

Deepen comprehensive risk management Building a responsible supply chain together

- Establish a leading company-level 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 68%





**Access the full report:**

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



Official WeChat public account of Fii