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Hon Hai Precision Industry Co., Ltd.

NET ZERO STRATEGY REPORT

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1 Dedicated to Sustainability - Embracing a Net Zero Future

1.1 Message from the Chairman
1.2 About the Report

1.1 Message from the Chairman

In 2020, the second year after I was appointed as the Chairman, I proposed the "Hon Hai Sustainable Operations = EPS + ESG double E framework.". Years of experience in corporate management have allowed me to recognize that a company must possess a sound EPS to commit fully to ESG. Fortunately, with full cooperation from our colleagues, Hon Hai has remained steady sales and delivered remarkable achievements. Over the last three years, Hon Hai's EPS has exhibited year-over-year growth and remained above NTD 10, enabling us to implement our comprehensive ESG measures.

In 2022, Hon Hai proposed the Group's 2 major environmental strategies, namely Green Solutions and Circular Economy. In the same year, we announced 8 long-term goals, including increasing the percentage of green electricity to more than 50% by 2030 and achieving net zero greenhouse gas (GHG) emissions by 2050.

At Hon Hai's 50th anniversary, we are also making strides towards an important milestone in terms of promoting sustainability. The Group's 2050 net zero target has been approved by the Science Based Targets initiative (hereinafter referred to as SBTi), becoming the third manufacturer in Taiwan's high-tech hardware and equipment industry and the 7th enterprise in the nation to have its net zero target approved by the SBTi. Our commitment to achieving net zero remains unwavering. On April 22, 2024, in celebration of Earth Day, Hon Hai officially announced its participation in RE100, further strengthening its pledge to achieve 100% renewable electricity across all global production plants by 2040. Furthermore, the Company was admitted as an official member of RE100 on July 4, 2024.

Although Hon Hai has successfully navigated the obstacles of its half century, with its current scale and depth, it will be a monumental challenge to continue achieving steady growth and realizing the goal of sustainability for its centennial. Our commitments to society are not merely slogans but goals to be materialized by everyone in the Group, from top to bottom. To monitor and assess the Group's ESG performance, Hon Hai has established a group-wide ESG target management system that facilitates collaboration between its central unit and business groups. The system assists management to review the development progress of sustainability, in turn helping the Group to determine, implement, and evaluate its environmental, social, and governance-related goals. Through system monitoring, we can acquire real-time data from various business units and track their progress toward long-term goals. Since 2023, Hon Hai's green electricity consumption has accounted for over 60% of its total electricity usage, far exceeding its original net zero pathway targets. Moreover, indicators such as Scope 1 and 2 emissions, water use intensity, and zero waste parks have also met their targets, demonstrating Hon Hai's eager commitment to environmental protection.

We aware that success and reward can only be attained through perseverance and hard work. Given the Group's international scale and extensive ESG initiatives, the scope of project management must encompass the Group's global operations throughout 233 factories and offices in 24 countries or regions. This enables our sites to fulfill their social responsibilities and effectively respond to stakeholder expectations..

To continue reducing GHG emissions, Hon Hai has employed diverse initiatives such as upgrading equipment to enhance energy efficiency, improving processes, building solar power stations, recycling and reusing raw materials, signing the power purchase agreement (PPA), and purchasing green certificates. Furthermore, the Company is vigorously developing and utilizing various forms of renewable energy. For instance, green energy development funds have been established in Taiwan and Mainland China along with joint ventures for green energy assets, as well as the formulation of short-, medium-, and long-term plans.

While striving to realize its ESG vision, the Group's efforts in helping the supply chain to achieve net zero emissions, zero waste, and green product management also play a vital role. While ensuring supplier compliance, we also continue to innovate and optimize our management model in a bid to form a "compliant, green, and friendly" supply chain. In 2023, Hon Hai participated in the Low-Carbon Transition Support Program initiated by Taiwan's Industrial Development Administration (IDA). In 2024, Hon Hai launched the "Supplier Green Management Platform," which digitally collects carbon inventory data from 30 suppliers in Taiwan. In recent years, Hon Hai has actively advocated for the circular use of raw materials. For instance, in collaboration with suppliers, the Company has initiated a recycled aluminum project to reduce carbon emissions associated with raw material extraction. In July 2024, Hon Hai officially released its first Supplier Responsibility Report, marking the first time a Taiwanese company has published a report based on a supplier survey. This report discloses Hon Hai's net zero policies for suppliers and highlights preliminary achievements. Moving forward, this report will be published annually as a performance scorecard for suppliers' ESG efforts, demonstrating the Group's commitment to supply chain sustainability and net zero transformation.

As the largest electronics manufacturing services provider in the world, Hon Hai is dedicated to leading by example in sustainable development. We are committed to fulfilling our corporate social responsibilities, generating corporate social values, and engaging in sustainable transformation with our supply chain. Instead of being a follower, Hon Hai aspires to be a trailblazer in the industry. By proactively supporting international initiatives and disclosing sustainability actions, Hon Hai hopes that its supply chain and partners can appreciate the importance of sustainable management. We will also openly share our green energy initiatives in various regions, fostering partnerships that prioritize sharing, collaboration, and mutual growth, thereby allowing the industry to achieve a win-win situation and pursue growth while using green energy. We will strive to realize the Hon Hai's double E formula "Sustainable Operations = EPS + ESG", working tirelessly to achieve various targets.

Young Liu,

Young Liu

Chairman,

Hon Hai Precision Industry Co., Ltd.

1.2 About the Report

The reporting boundary focuses on Hon Hai Technology Group (hereinafter referred to as "Hon Hai"), including Hon Hai Precision Industry Co., Ltd. and its directly or indirectly controlled legal entities. This report quantifies the financial impacts of material climate-related risks and opportunities for 13 companies (note), including Hon Hai Precision Industry Co., Ltd. The quantification boundaries vary in the analysis of specific climate-related risks and opportunities. Please refer to the notes for further details.

Hon Hai became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021, pledging to the implementation of its recommendations. This report aligns with TCFD's Recommendations of the Task Force on Climate-related Financial Disclosures in 2017, emphasizing climate-related risks and opportunities. For further details on other environmental, social, and governance topics, please refer to Hon Hai's Sustainability Report. (https://www.honhai.com/zh-tw/CSR/csr-report)

Note: Hon Hai Precision Industry Co., Ltd., Triple Win Technology (ShenZhen) Co., Ltd., Futaihua Industrial (Shenzhen) Co., Ltd., Henan Fuchi Technology Co., Ltd., Hongfujin Precision Electronics (Zhengzhou) Co., Ltd., Langfang City Fuyang New Energy Technology Co., Ltd., Foxconn Precision Electronics (TaiYuan) Co., Ltd., Taiyuan Fuchi Technology Co., Ltd., Hongfujin Precision Electronics (Yantai) Co., Ltd., Hongfujin Precision Industry (Wuhan) Co., Ltd., Hongfujin Precision Electronics (Hengyang) Co., Ltd., Hongfujin Precision Electronics (Chengdu) Co., Ltd., and Hongfujin Precision Electronics (Chongqing) Co., Ltd..

2 Foreword

2.1 Hon Hai's Net Zero Target and Key Measures Taken

The environmental, economic, and social consequences of global warming have become increasingly apparent in recent years. The World Economic Forum (WEF)'s 2024 Global Risks Report highlighted "Extreme weather events" and "Critical change to Earth systems" as the two most pressing global risks over the next decade, emphasizing the need for urgent climate action across all industries.

Hon Hai's sustainable management framework is built upon 6 core ESG strategies and 32 long-term goals, encompassing "Green Solutions, Circular Economy, Employee Satisfaction, Win-Win Strategy, Business Sustainability, and Corporate Governance". According to the Group's ESG strategy, the escalating severity of climate issues has highlighted the urgent need for effective climate risk management. Hon Hai's ESG strategy incorporates a three-phase assessment process to inventory internal operations, regulatory requirements, as well as customer needs and expectations. By referencing international trends and research reports, we evaluate climate-related risks and opportunities along with their potential impacts on the Group, so as to propose corresponding climate management measures and a comprehensive mechanism for identifying and assessing climate change-related risks and opportunities, thereby fostering a sound corporate culture rooted in environmental sustainability.

In 2022, the first phase integrated the 4 pillars of the TCFD recommendations - governance, strategy, risk management, and metrics and targets - to promote transparent disclosure of Hon Hai's management of key climate-related risks and opportunities, as well as our operational strategy and performance in achieving our net-zero vision. The second phase was implemented in 2023 to carry out climate scenario analysis as well as quantify the financial impacts and benefits of climate-related risks and opportunities. For the third phase, the outcomes of the first and second phases will be consolidated to create standardized forms and processes that will broaden the scope of climate-related financial assessments on a global scale.

To address the potential impacts of climate change, the Group has adopted a comprehensive approach to managing environmental issues centered on "energy saving, emission reduction, greening, and circular economy". Key milestones include the initiation of supplier GHG inventory in 2008, the installation of solar photovoltaic facilities in our factories since 2012, and the proposal of a 2050 net zero emissions target in November 2020. By integrating climate-related issues into the Group's business strategies and sustainability goals, we are well-positioned to navigate the transition to a net zero economy.

Hon Hai's climate transformation milestones over the last decade

Climate information management

2007
- Formed the Group's Global Corporate Social Responsibility Committee

2008
- Created a GHG inventory and carbon reduction project, encouraging suppliers to complete a GHG inventory based on ISO 14064-1

2009
- Formed the Energy Saving Technical Committee

2010
- Planned to establish a high-tech green energy demonstration zone in the Longhua Factory and build a solar photovoltaic system
- Began to participate in the Carbon Disclosure Project (CDP)

Value chain energy conservation and carbon reduction governance

2011
- Established a supplier GHG management platform and a supplier carbon database

2012
- Implemented a 2 megawatt building-integrated solar photovoltaic project in the Longhua Factory

2013
- Participated in the Shenzhen carbon trading pilot program, leading to the formation ofShen Zhen Fu Neng new energy technology Co., Ltd.
- Formulated the supplier energy conservation and carbon reduction policy, demanding suppliers to abide by the Group's energy conservation and carbon reduction policy

2014
- The Group's Plastic Resource Application Center launched major environmental protection campaigns including waste plastic recycling and the promotion of "eco-friendly green life and shared resources"
- The 4th generation industrial park "Guizhou Factory" was established on principles of "green, ecology, natural, zero emissions, and recyclable"

Value chain energy conservation and carbon reduction governance

2016

- Launched the "Green Supplier Energy Conservation Pilot Program" to provide suppliers with guidelines for reducing emissions
- Introduced advanced international photovoltaic simulation software to optimize the design of solar photovoltaic stations
- Signed a collaboration agreement with the Nanyang City Government to construct power stations with a 1 MW ground solar photovoltaic installed capacity.

2017

- Encouraged suppliers to obtain ISO 50001 certification to improve energy efficiency
- Developed the "Action Plan for Green Factory Construction Project Evaluations (2017-2020)," outlining goals for major entities in our factories across Mainland China to complete green factory construction and evaluation by 2020

Group net zero transformation

2020

- Proposed 3 major climate goals and joined the Climate Action 100+ initiative
- Launched the Mobility In Harmony (MIH) Open EV Platform and formed the MIH Consortium

2021

- Became a TCFD supporter
- Submitted a carbon reduction commitment to Science Based Targets initiative (SBTi), an international organization
- Formulated the supplier net zero emissions policy and requirements to meet the Group's climate goals
- Approved the "Supplier Carbon Management System" to promote the use of renewable energy throughout the supply chain
- Became a founding member of the Taiwan Net Zero Emissions Association, assuming the role of director and supervisor

Group net zero transformation

2022

- Stipulated 6 major ESG strategies and 32 long-term goals
- Officially submitted the application for establishing science-based carbon targets for SBTi's review
- The Global Corporate Social Responsibility Committee was renamed "Sustainability Committee

2023

- Hon Hai Precision Industry issued the first sustainability-linked bond (SLB) in the domestic electronics industry
- Led industry to launch a green energy investment platform in Taiwan
- The Group's near-term carbon reduction targets have been approved by SBTi.
- At the "Supplier Low-Carbon Launch Event," Hon Hai pledged to promote a low-carbon supply chain together with 30 manufacturing partners
- Foxtron, Taiwan's first pure electric vehicle (EV) concept stock, was listed on the TIB (Taiwan Innovation Board)
- For the first time, Hon Hai underwent a Group-level ESG third-party audit.

2024

- Hon Hai's overall net zero target and long-term goals were approved by SBTi
- Committed to the RE100 initiative, pledging 100% renewable energy use.
- The CDP climate change and supplier engagement ratings both achieved the leadership level
- In collaboration with Albamen Capital, Hon Hai established a green energy asset management company and launched a RMB 7 billion Green Energy Development Fund.
- Hon Hai has consistently ranked first in the Greater China region for the Green Supply Chain Corporate Information Transparency Index (CITI) and the Corporate Climate Action Transparency Index (CATI), with the CATI Index advancing to the top ranking in the IT industry.
- Hon Hai published its first-ever Supplier Responsibility Report, making it the first Taiwanese enterprise to issue such a report.
- The Zhengzhou Technology Park received AWS Platinum certification, setting a precedent for group certifications in Mainland China.
- Meanwhile, Foxconn Industrial Internet (FII) was honored with the Paulson Prize for Sustainability in the "Green Innovation" category.

2.1 Hon Hai's Net Zero Target and Key Measures Taken

The Group proposed 3 major climate goals in 2020:

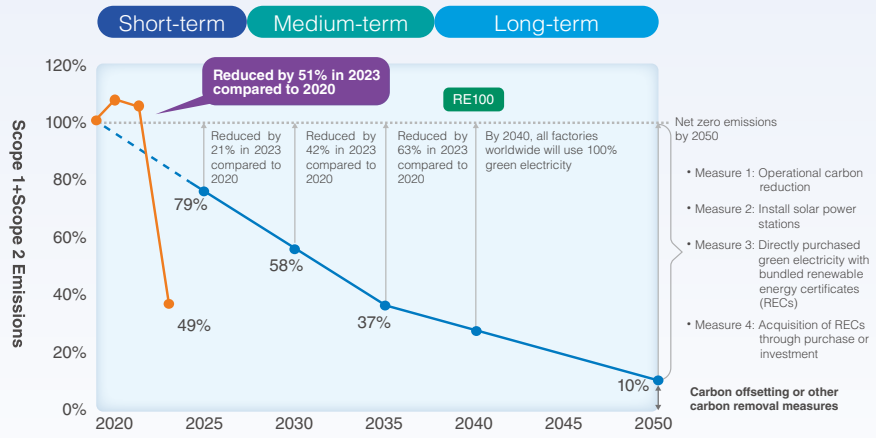
1. Hon Hai factories should adhere to local government NDCs (Nationally Determined Contributions) and carbon emission policies.
2. The GHG emissions targets of Hon Hai's value chain are consistent with those of the Paris Agreement, and the Company aims to achieve net zero GHG emissions before 2050.
3. In response to Climate Action 100+, the Steering Committee proposed 3 major climate goals and implemented the following actions:
   (1) Reinforce climate change governance;
   (2) Implement GHG emission reduction measures across Hon Hai's value chain;
   (3) Disclose information in alignment with TCFD

To achieve the above objectives, the Group abides by local environmental and carbon reduction policies at its operating sites. In addition, we also collaborate with our suppliers on long-term energy conservation and emission reduction initiatives. In 2021, the Group committed to set science-based targets (SBTs) based on the 1.5° C pathway in a bid to achieve the goal of a net zero value chain by 2050. After a year of assessment and analysis, Hon Hai publicly pledged to achieve the goal of 50% green electricity by 2030 as part of its 8 long-term environmental objectives. In April 2022, the Group officially submitted the SBT target-setting application form. In 2023 and 2024, our short-term goals and net zero target were approved.

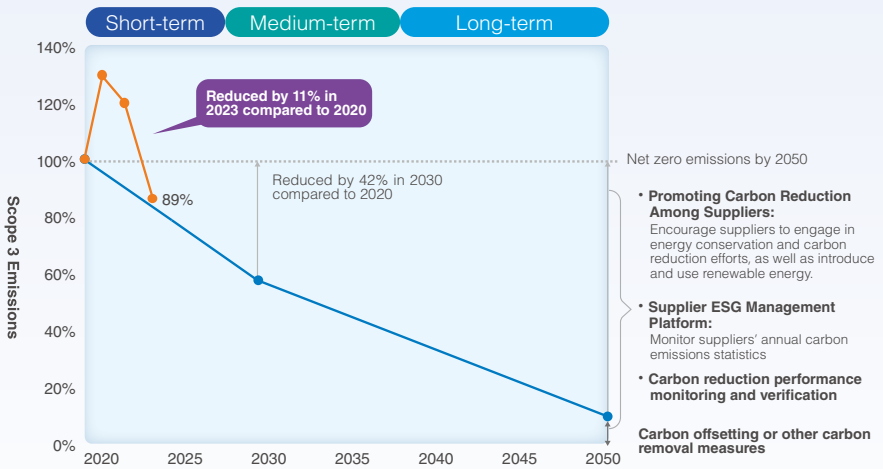
With the team's effort, Hon Hai's green electricity usage has increased to above 60%, and the figure will continue to increase year by year. To demonstrate the Group's commitment to social responsibilities as a corporate citizen, Hon Hai announced its pledge to support the RE100 initiative and achieve 100% green electricity usage for its global factories by 2040 on Earth Day, April 22, 2024.

Hon Hai will continue to implement various action guidelines in response to international trends and strive towards the goal of net zero emissions. We also hope to join forces with our global business partners to ensure the sustainable future of Earth. (Please refer to the image on the right. For detailed information on net-zero actions, please refer to "5. Net Zero Transformation Strategy".). Since 2021, the Group has been a TCFD supporter and has implemented the TCFD recommendations. The report details the Group's GHG reduction efforts and those of our suppliers, and we will continue to refine our climate governance measures in the future.

Hon Hai's Greenhouse Gas Reduction Pathway and Actual Emissions - Scope 1+Scope 2(Note 1)



Hon Hai's Greenhouse Gas Reduction Pathway and Actual Emissions - Scope 3(Note 1)



Note 1: The SBTs disclosed were submitted for approval in April 2022. Furthermore, they passed the short-term target validation in March 2023 and net zero target validation in March 2024. Please refer to the SBTi website for additional details(https://sciencebasedtargets.org/companies-taking-action)

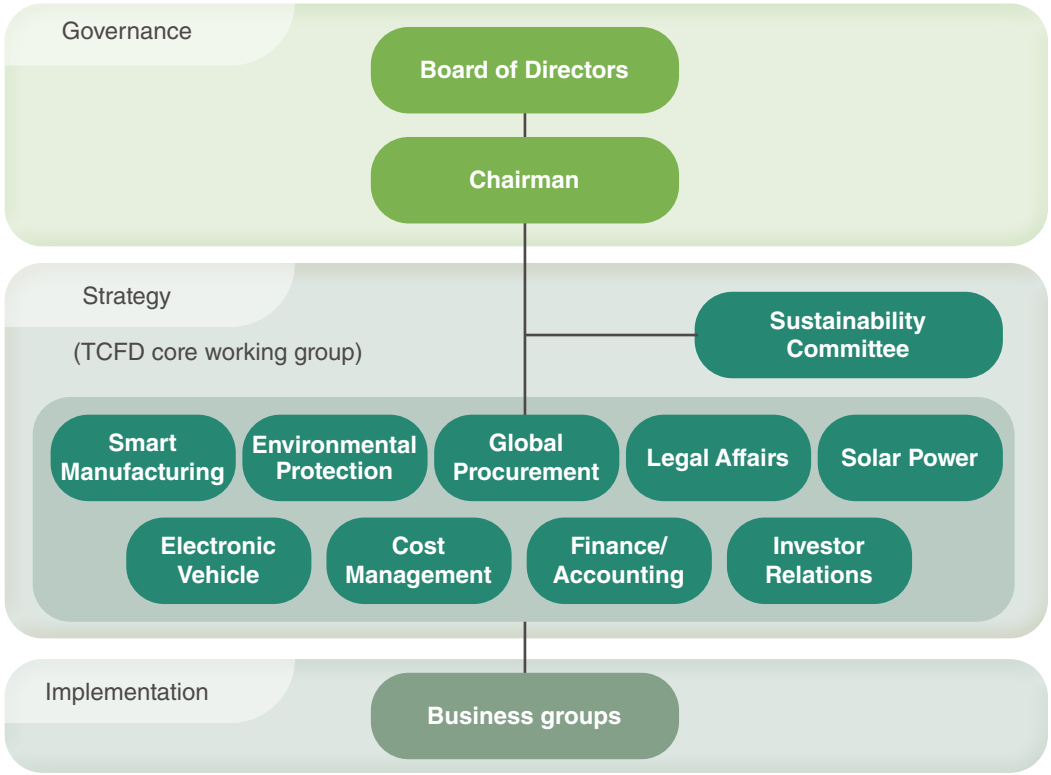
3 Comprehensive Climate Governance Mechanism

3.1 Group Sustainability and Climate Governance
3.2 Implementation of Climate Governance

3.1 Group Sustainability and Climate Governance

Hon Hai's management of climate change issues is supervised by the Board of Directors and segregated into different functional units. The "Sustainability Committee," which is headed by Chairman Young Liu, is responsible for reporting said progress to the Board each year. A promotion office staffed with a dedicated team has been established under Sustainability Committee to formulate systems and regulations for sustainable development, monitor corporate sustainable development policies and plans, periodically track and assess implementation progress and performance of sustainable development tasks, compile sustainability reports, and promote and integrate sustainable development concepts within the Group's corporate culture. The Sustainability Committee periodically meets with the ESG teams and tracks the 32 ESG goals, which include 8 environmental long-term goals (for more information on goal implementation and performance, please refer to 6.1 Net-Zero Performance Evaluation Indicators and Annual Achievement Status).

Hon Hai's climate governance organizational chart



Description of Hon Hai's climate governance organizational chart

Organization	Governance/Supervision Duties
Board of Directors	Supervise the Group's overall management of climate issues and confirm the Group's progress on climate-related goals each year.
Sustainability Committee	Headed by Chairman Young Liu and reports directly to the Board. Formulate systems and regulations for sustainable development, monitor corporate sustainable development policies and plans, periodically track and assess implementation progress and performance of sustainable development tasks, and report said progress to the Board each year.
TCFD core working group	TCFD Core Working Group includes Sustainability Committee and Group central management units Coordinate and communicate climate issues with internal and external stakeholders, identify response measures to climate issues, formulate implementation strategies for climate issues, and categorize and assess materiality of climate-related risks and issues: • Policies and laws (Management and implementation related to all climate-related policies and regulations around the world, including those associated with carbon trading, carbon taxes, and energy conservation and carbon reduction) • Market (Management and implementation related to stakeholders, changes in market demand and supply, and low-carbon R&D and innovation) • Physical risks (Management and implementation related to extreme weather events, increased average temperatures, enhanced resource usage efficiency, and prevention and responses to climate-related disasters)

3.2 Implementation of Climate Governance

The Group also has an ESG-E team for the planning and execution of environmental protection related to climate issues, the central Environmental Protection Division as the coordinating unit, and the Group Environmental Protection Officer as the person in charge. The EGS-E team is responsible for coordinating management of Hon Hai's carbon emissions, water resources, pollution prevention, and other global environmental protection policies and goals; periodically tracking and updating progress; making monthly progress reports to the Chairman.

To strengthen our understanding of how climate-related risks and opportunities impact the Group, we incorporated the TCFD framework and established TCFD Core Working Group in 2022. In future, we plan to analyze and discuss climate scenarios, as well as quantify the financial impacts of climate-related risks. The Finance and Accounting Department is responsible for auditing and updating the financial impacts of climate risks on an annual basis.

4 Professional Segregation for Risk Management

4.1 Risk Management Framework

4.2 Identifying and Assessing Climate-Related Risks and Opportunities

4.1 Risk Management Framework

Hon Hai operates a diverse range of businesses and operations with a global presence, where each entity and operational site faces distinct risks. To effectively mitigate these risks and minimize their operational impact, the Group has established a hierarchical risk management framework based on risk levels and functional responsibilities. This framework is structured according to different risk topics and functional responsibilities at the corporate, business group/legal entity, and site levels. By aligning management structures with risk materiality across various levels, the Group ensures a comprehensive and responsive climate-related risk management system.

Hon Hai's Management Processes for Climate-Related Risks

Risk Identification and Assessment

- Risk management organizations are structured according to the functions of each business function, with designated units responsible for identifying and assessing specific risks. For example, the Finance and Accounting Division is responsible for reviewing and updating the financial impact of climate-related issues annually, while the Corporate Production Safety Division is responsible for handling personnel safety risks.
- The overall identification of climate-related risks and opportunities for the Group is overseen by the Sustainability Committee under the Board of Directors and the TCFD Core Working Group. These entities coordinate and consolidate risk assessment efforts across subsidiaries and operational sites.

Risk Controls and Responses

- Based on the severity and priority of identified risks and opportunities, appropriate management plans are formulated.
- Business groups and energy efficiency teams ensure that climate response measures and execution strategies are effectively implemented.
- To strengthen risk response mechanisms, the ISO 22301 Business Continuity Management System has been introduced at factory sites.

Risk Monitoring

- Each functional unit reports its assigned risk categories and management progress to relevant supervisors and organizational committees at regular intervals, ensuring continuous risk monitoring and control.

4.2 Identifying and Assessing Climate-Related Risks and Opportunities

The TCFD Core Working Group serves as the central coordinating body for climate risk management, responsible for organizing and aligning various units and departments to identify and assess risks. It consolidates a list of climate-related risks and opportunities for the Group, with the Sustainability Committee conducting training sessions and risk identification meetings. The TCFD Core Working Group also distributes questionnaires to stakeholders (including investors and customers) to conduct comprehensive analyses and summarize key climate-related risks, opportunities, current performance, and response strategies.

Screen climate-related risks and opportunities

Based on Hon Hai's operational characteristics, industry-specific factors, and management interviews, along with reference to the TCFD risk and opportunity framework, the Group compiles a list of relevant climate-related risks and opportunities.

Organize workshops and training

Workshops are conducted with key responsible units to enhance understanding of climate risks and opportunities, as well as to stay informed on domestic and international trends and regulations.

Stakeholder engagement

To determine the key climate issues of concern, stakeholder engagement is carried out to assess internal and external perspectives.

Major risks and opportunities

By comprehensively evaluating the likelihood and impact of potential risks, as well as incorporating stakeholder insights, the Group identifies material climate-related risks and opportunities and formulates corresponding strategies.

Confirmation by senior management

Following review and approval by senior management, the identified significant climate-related risks and opportunities are integrated into the Group's risk management and response framework.

4.2.1 Establishing Evaluation Benchmarks

Hon Hai sets the likelihood of impact and the degree of impact based on actual internal operational conditions to assess the significance of risks.

The likelihood of impact is determined by evaluating the likelihood of related issues or events occurring, classified into five levels. The degree of impact is assessed across four dimensions: financial, production/products (including services), personnel injury, and reputation/image, also classified into five levels to serve as the evaluation criteria for climate-related issues.

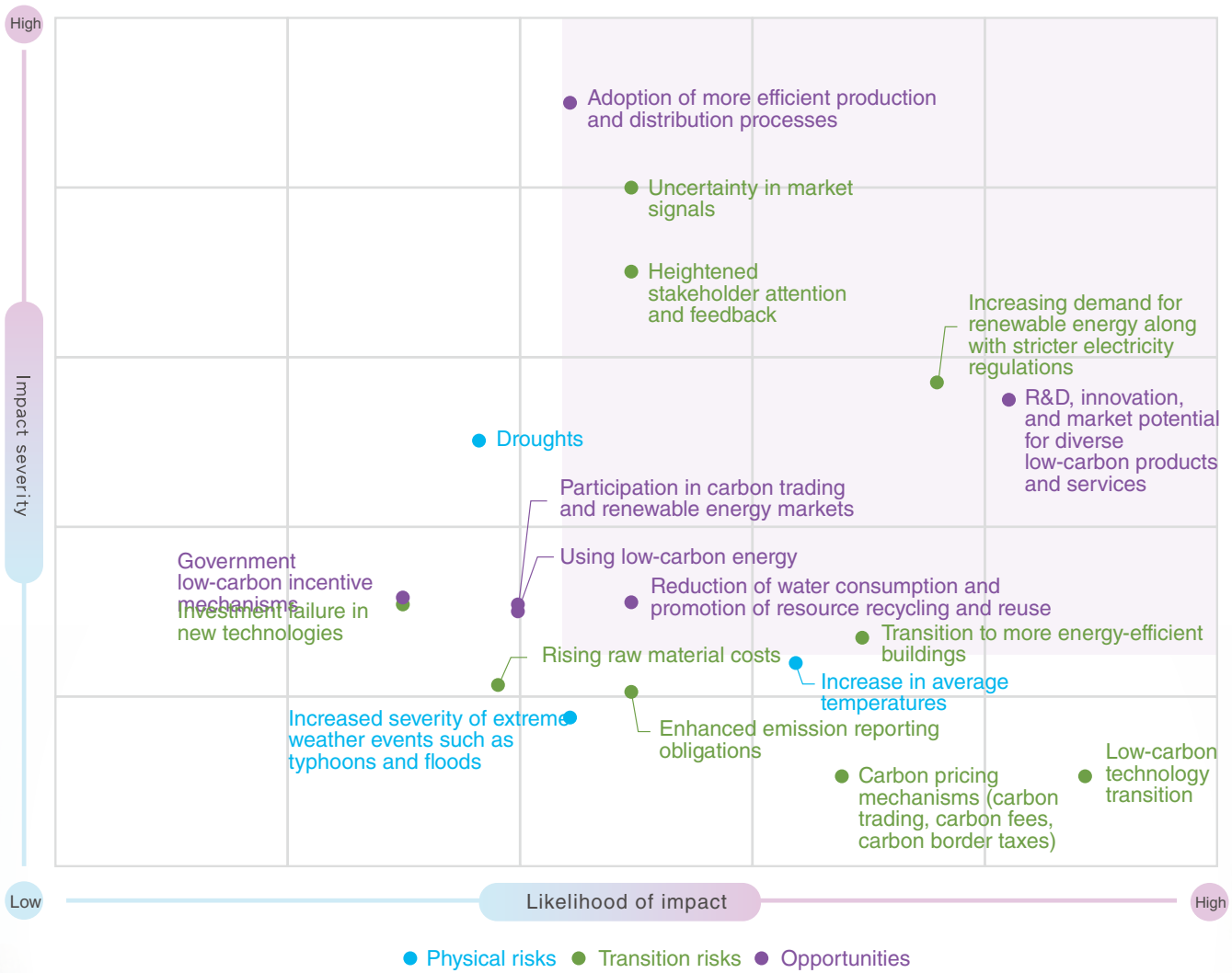
4.2.2 Major Climate-Related Risks and Opportunities

Based on Hon Hai's operational characteristics and industry-specific factors, the Group references the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities. To gain further insights into stakeholder concerns, a due diligence survey was conducted by distributing questionnaires to key external stakeholders, specifically investors and customers. A total of 10 responses from companies and investment institutions were collected. Additionally, historical data within the Group was analyzed to identify climate risks and opportunities most relevant to the Group.

Workshops were held with key responsible units within Hon Hai to further analyze transition risks, physical risks, and climate-related opportunities. A comprehensive assessment was conducted by evaluating both the likelihood and impact of risks, resulting in a determination of material risk values. Additionally, stakeholder concerns were considered, leading to the identification of three major climate-related risks and three major opportunities.

From the matrix analysis, the most significant climate risks impacting the Group include "uncertainty in market information," "increased stakeholder concerns and feedback," and "increase in demand for renewable energy and restrictions of electricity laws and regulations." The major climate-related opportunities identified are the "R&D, innovation, and markets for diverse low-carbon products and services," "use of high-efficiency production and distribution processes," and "reduce water consumption and increase recycling and reuse of water resources." The associated management strategies and impact assessments are illustrated in the following diagram:

Hon Hai Matrix of Climate-Related Risks and Opportunities



Analysis of Major Climate-Related Risks and Opportunities

Climate-Related Risks and Opportunities	Description of Climate-Related Risks and Opportunities	Impact Period	Current Achievements	Response Strategies
Increasing demand for renewable energy along with stricter electricity regulations	• Hon Hai's operational sites in Taiwan and Mainland China have successively introduced green energy policies, necessitating an ongoing expansion of renewable energy usage within the Group. • Hon Hai participates in the voluntary Science Based Targets initiative (SBTi), committing to a 42% emission reduction by 2030 and net-zero emissions by 2050, requiring further increases in renewable energy procurement. Additionally, the Group has pledged to achieve 100% renewable energy usage across its global manufacturing sites by 2040.	Long-term (More than 3 years)	• As of 2023, Hon Hai's Taiwan plants have deployed 0.65 MW of solar photovoltaic equipment, generating approximately 750,000 kWh annually. • In Mainland China, the Group has installed a total of 282.62 MW of solar photovoltaic equipment, generating approximately 300,780,863 kWh of electricity.	• The Group has established plans for green electricity to account for over 50% of its total energy consumption by 2030. • The Group plans to adopt a dual strategy of self-building and purchasing solar (photovoltaic) power plants, alongside green energy procurement, as its primary approach. Various manufacturing sites will procure renewable energy in response to customer demands and emission reduction targets. In Taiwan, the Group collaborates with Foxwell Power to facilitate green energy procurement. • Additionally, in recent years, the Group has expanded its presence in the renewable energy sector through joint ventures and equity investments. Key initiatives include: • The establishment of Kai-Hong Energy Co., Ltd. as a joint venture in 2023, the acquisition of equity in the Yibin Harmony Green Industry Fund in early 2024, and the formation of a joint venture entity for green energy asset management in March 2024. The Group also plans to launch a green energy development fund, further strengthening its green business presence in Taiwan and Mainland China. These efforts aim to accelerate the Group's leadership in driving the supply chain towards net-zero emissions.
Uncertainty in market signals	The global chip shortage caused by climate change (e.g., droughts, rising average temperatures, and heavy rainfall) remains unresolved. This has led to fluctuations in raw material costs and increased market uncertainty, potentially affecting vehicle production, which may impact Hon Hai's future electric vehicle shipments.	Mid-term (1~3 years)	To mitigate potential disruptions to its EV business caused by climate-related factors or other external influences, the Group has been adjusting production line configurations and implementing automation to reduce production volatility. Key initiatives include: • Manufacturing sites in Mainland China have begun implementing production line and process automation as well as digitalization. The Group's one-stop electric vehicle service is currently undergoing strategic adjustments. • By adopting a one-stop service model, carbon emissions and material transportation issues can be minimized. The Group is working toward consolidating essential one-stop service facilities, such as wafer fabrication and packaging and testing plants, within the same operational sites.	• The Group's strategy is to self-produce and develop products in-house. The primary production goal is the in-house development of lithium iron phosphate (LFP) batteries, utilizing the Group's own battery materials to enhance vertical integration. This approach helps avoid material shortages and ensures the use of ethically sourced minerals. • In-house electric vehicle production under a one-stop service model to enhance efficiency and overall production control capabilities.
Heightened stakeholder attention and feedback	• Failure to achieve climate goals or implement proactive adaptation measures may result in lower ESG ratings and reduced investor confidence in Hon Hai. • If the Group fails to meet green energy adoption targets or carbon reduction goals as scheduled, it could negatively impact corporate reputation and lead to increased pressure from external stakeholder groups.	Mid-term (1~3 years)	• In 2022, Hon Hai established six core ESG strategies (Green Solutions, Circular Economy, Employee Satisfaction, WinWin Strategy, Business Sustainability, and Corporate Governance) which also encompass 8 long-term environmental targets. • Continue to promote the philosophy of "Sustainable Operations = EPS + ESG" by embedding ESG sustainability as an integral part of our corporate DNA. • Commit to the RE100 initiative, pledging to achieve 100% renewable electricity usage across all global sites by 2040.	• Actively engage with stakeholders to understand investor expectations and recommendations regarding climate-related issues. • Stakeholder feedback is regularly reported to the Sustainability Committee to ensure a clear understanding and timely alignment with external expectations. • Actively participate in ESG forums and environmental sustainability initiatives, sharing practical experiences in business operations and manufacturing to contribute to industry-wide best practices.

Climate-Related Risks and Opportunities	Description of Climate-Related Risks and Opportunities	Impact Period	Current Achievements	Response Strategies
R&D, innovation, and market potential for diverse low-carbon products and services	• With countries worldwide implementing bans on gasoline vehicles and setting phase-out timelines between 2025 and 2040, the global transition to electrification is accelerating. Under its 3+3 strategy, Hon Hai is developing EVs, key EV components, lithium-ion batteries, and energy storage solutions. These initiatives align with global trends and environmental regulations while benefiting from various government subsidies and incentives. By expanding its presence in the EV and energy storage sectors, Hon Hai is reinforcing its industry influence and driving positive contributions to society.	Long-term (More than 3 years)	• In 2024, Hon Hai secured 254 new patents related to low-carbon clean technology, bringing the total number of active patents to 3,415. • In 2024, Hon Hai completed the construction of a 4MW/d-Reg grid-connected energy storage system at its Kaohsiung Hofa plant. This project is part of Taiwan Power Company's initiative to enhance grid resilience by allowing private enterprises to participate in grid regulation. Hon Hai joined the initiative, using Kaohsiung as a demonstration site to engage in power system regulation services. The system commenced commercial operations in July 2024, contributing to Taiwan Power Company's frequency regulation auxiliary services. • Hon Hai is also planning investments in battery cell manufacturing, with the goal of integrating self-produced battery cells into its energy storage systems after 2025.	• Entry into renewable energy markets 1. Leverage strategic partnerships to undertake demonstration projects for energy storage at solar photovoltaic and wind power sites. The Group is also utilizing energy sales platforms to capture industrial energy storage opportunities. 2. By integrating key processes from partner energy storage equipment manufacturers, reduce our learning curve for in-house development of energy storage products. • Active development of the EV market 1. Expand the Group's global EV strategy through the adoption of the BOL business model, collaborating with local governments to promote local manufacturing, operations, and industry localization. Also increase the number of EV factories worldwide. 2. Implement process control measures for battery production, including optimizing electrode drying times, reducing liquid content in slurry materials, recycling energy from battery discharge tests, and minimizing energy consumption during material preparation. These initiatives are designed to enhance production quality and efficiency across the EV battery manufacturing process. 3. Collaborate with suppliers to build a green supply chain
Adoption of more efficient production and distribution processes	• By integrating system monitoring into its manufacturing processes and leveraging real-time data on orders, raw material inflows, and production records, we aim to achieve full automation and establish an IoT-based production framework. This approach enhances operational efficiency while driving positive environmental outcomes.	Long-term (More than 3 years)	• Hon Hai has been implementing production line and manufacturing process automation across its plants in Mainland China. Several business units have implemented MES and IIOT integrated platforms into their product manufacturing processes. Additionally, certain plants in Mainland China have deployed the AJP platform in mechanical processing, chemical surface treatment, mechanical surface treatment, and laser assembly. (Note 4) • In 2022, Hon Hai implemented the technical improvement project "Transformation Project for Automation of Main Production Lines" to strengthen automated production. • In 2023, the Taoyuan Nanqing plant spearheaded AI-driven digital transformation, leveraging AI server computing to increase production efficiency by 73%, reduce defective rates by 97%, shorten delivery times by 21%, and lower unit manufacturing costs by 39%. • By 2024, Hon Hai has added two more world-class Lighthouse Factories. The Bac Giang plant in Vietnam, which extensively employs AI technology, has improved labor productivity by 190%, enhanced on-time delivery rates to 99.5%, and reduced manufacturing costs by 45%, making it Vietnam's first-ever national Lighthouse Factory. The Shenzhen Guanlan plant achieved Hon Hai's first-ever Sustainability Lighthouse designation by excelling in sustainability, reducing Scope 3 emissions by 42% and Scope 1 and 2 emissions by 24%, while increasing the recycled material content in production from 55% to 75%.	• Develop alternative delivery methods utilizing tracking tools and autonomous delivery vehicles. • Install sensors (cameras and lasers) on production lines to judge product quality, effectively reducing manpower and maintenance needs, leading to decreased material consumption and minimized manual contact. • Deploy Automated Guided Vehicles (AGVs) for comprehensive assembly transportation during vehicle production. Operate using battery power and track floor paths while utilizing safety vision for programming. (Note 5)

Climate-Related Risks and Opportunities	Description of Climate-Related Risks and Opportunities	Impact Period	Current Achievements	Response Strategies
Reduction of water consumption and promotion of resource recycling and reuse (Note 6)	• Reduce the use of water resources: Enhancing water resource recycling brings positive benefits to the Group, as demonstrated by the reclaimed water reuse system at the Shenzhen plant. • Recycling and Reuse: Utilize recyclable materials and repurpose waste (such as packaging, cardboard boxes, and pallets) to minimize waste disposal costs and maximize revenue. We are actively planning to recycle batteries from scrapped EVs, facilitating the recovery of lithium, cobalt, and nickel materials within the batteries.	Long-term (More than 3 years)	• In water reuse initiatives, various factory plants in Mainland China have already implemented reclaimed water reuse systems. Depending on facility needs, reclaimed water is utilized for manufacturing processes, landscaping, and sanitation. Through water reclamation systems, the total volume of recycled wastewater has reached 5.96 million tons. • Each factory plant has conducted an assessment of implemented water-saving measures, including air-conditioning condensate water recovery, the use of water-efficient sanitary fixtures, replacement with water-saving faucets, and the reuse of first-stage reverse osmosis (RO) concentrate in pure water preparation. Successful collaboration with local water reclamation plants has been achieved, with the Lankao and Beijing plants integrating municipal and industrial reclaimed water, effectively reducing municipal water consumption. • In terms of water resource management, the Group has adopted the world's only sustainable water management standard. Following evaluations, the Lankao plant obtained AWS Gold Certification in 2023, while the Zhengzhou plant was awarded AWS Platinum Certification in 2024. (Note 7) • The Plastic Resource Application Center was established to actively promote the recycling of waste plastics. • As of July 2024, 27 UL 2799 Zero Waste to Landfill Certifications have been obtained, including 24 Platinum Certifications and 3 Gold Certifications. Among these, 5 campuses have received campus-level Zero Waste certifications.	• The Group has set a target to reduce water use intensity by 6% by 2025 compared to the 2020 baseline. To achieve this goal, various dedicated organizations and departments have been established to address key issues and propose improvements. For instance, an environmental protection organization has been formed to assess water risks, introduce new technologies, and implement three major strategies to reduce water consumption and enhance the reuse of reclaimed water. The ESG-E team and environmental organizations within each factory plant actively monitor new policies and technological advancements in resource recycling. • By 2025, the Group aims to achieve a 100% installation rate of industrial effluent discharge monitoring systems across all facilities. This initiative ensures real-time monitoring of water discharge quality, with an early warning system that exceeds regulatory discharge standards. AI-based coagulation technology has been integrated into wastewater treatment to optimize chemical dosing, reduce operational risks, and minimize hazardous liquid waste disposal through advanced waste reduction equipment. • Some production materials have already incorporated recycled and biodegradable components, significantly reducing the environmental impact of manufacturing processes. • In collaboration with UL, the Group has signed a memorandum of understanding on cooperation to develop a demonstration base for "Zero Waste Factories." A self-developed waste collection system has been introduced, enabling cloud-based digital waste management. By implementing a quantitative tracking system, waste reduction targets can be effectively monitored and improved. This initiative will gradually be expanded across the Group, with the goal of achieving at least 5 industrial parks certified with the UL 2799 Zero Waste to Landfill Operations Gold Certifications.

Note 3: This considers opportunities in both "the development and innovation of diverse low-carbon products and services" and "entry into new markets."
Note 4: MES stands for Manufacturing Executive System, referring to a manufacturing execution system or factory operation control system; IIOT refers to the Industrial Internet of Things; AJP stands for Analysis, Judgement, Prediction, an intelligent platform capable of analysis, judgment, and forecasting.
Note 5: AGV stands for Automated Guided Vehicle, referring to an unmanned transport vehicle.
Note 6: This considers opportunities in both "reducing water consumption" and "recycling and reuse."
Note 7: AWS stands for Alliance for Water Stewardship, a global standardized framework for sustainable water management certification.
Note 8: The reporting boundary of this report primarily covers Hon Hai Technology Group (which includes Hon Hai Precision Industry Co., Ltd. and its directly or indirectly controlled entities). The financial quantification of major climate-related risks and opportunities encompasses a total of 13 companies, including Hon Hai Precision Industry Co., Ltd., Triple Win Technology (Shenzhen) Co., Ltd., Futaihua Industrial (Shenzhen) Co., Ltd., Henan Fuchi Technology Co., Ltd., Hongfujin Precision Electronics (Zhengzhou) Co., Ltd., Langfang City Fuyang New Energy Technology Co., Ltd., Foxconn Precision Electronics (Taiyuan) Co., Ltd., Taiyuan Fuchi Technology Co., Ltd., Hongfujin Precision Electronics (Yantai) Co., Ltd., Hongfujin Precision Industry (Wuhan) Co., Ltd., Hongfujin Precision Electronics (Hengyang) Co., Ltd., Hongfujin Precision Electronics (Chengdu) Co., Ltd., and Hongfujin Precision Electronics (Chongqing) Co., Ltd.

4.2.3 Assessment of Financial Impacts from Major Climate-Related Risks and Opportunities

According to the TCFD framework, Hon Hai references the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) published in 2021 and adopts the Shared Socioeconomic Pathway (SSP) 1–2.6 low-emission scenario. Additionally, the Group aligns its analysis with Taiwan's Nationally Determined Contribution (NDC) scenario, which corresponds to Taiwan's 2050 net-zero transition goal.

Description of Hon Hai's Climate Scenario Selection

Risk and Opportunity Categories	Transition Risks	Opportunities	
	Increasing demand for renewable energy along with stricter electricity regulations	Use of high-efficiency production and distribution processes	Reduction of water consumption and promotion of resource recycling and reuse
Scenario Selection	SSP1 - 2.6 low-emission scenario	Taiwan Nationally Determined Contribution (NDC) scenario	
Scenario Description	The low-mitigation pathway aims to reduce global carbon emissions to achieve sustainability goals; however, progress has been slow. Pathway simulations indicate that by 2100, global temperature rise is unlikely to exceed 2℃ .	The 2015 Paris Agreement mandates all participating countries to submit their Nationally Determined Contributions (NDCs), outlining post-2020 climate actions. These NDCs must be updated and submitted every five years. Taiwan first proposed its NDC in 2015 and revised its reduction targets in 2022, committing to a 24 ± 1% reduction in greenhouse gas emissions by 2030 compared to the 2005 baseline, with the ultimate goal of achieving net-zero emissions by 2050.	
Projected Temperature Rise by 2100	Approximately 2℃		
Scenario Sources	IPCC AR6	Taiwan's Pathway to Net-Zero Emissions in 2050 and Strategy	

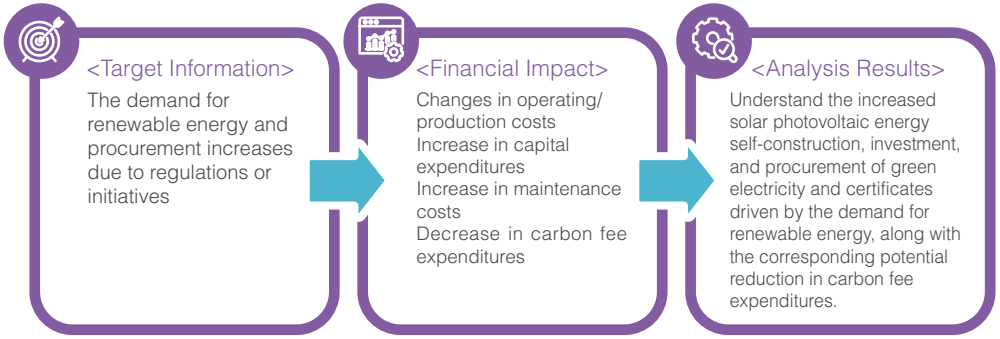
To align with Hon Hai's net-zero goals, a comprehensive assessment of major climate risks and opportunities has been conducted. The evaluation focuses on the impact of three key climate-related risks and opportunities: "Increasing demand for renewable energy along with stricter electricity regulations," "Adoption of more efficient production and distribution processes," and "Reduction of water consumption and promotion of resource recycling and reuse" The assessment examines how these factors influence financial position, financial performance, and cash flow during the reporting period, incorporating potential financial planning impacts. The quantified evaluation results serve as a key reference for future operational strategies.

1 Increasing demand for renewable energy along with stricter electricity regulations

▶ Risk and Opportunity Categories:

Transition risk – Increasing demand for renewable energy along with stricter electricity regulations

▶ Scenario Analysis Process:



▶ Climate Scenario:

Based on the SSP1–2.6 low-emission pathway and Nationally Determined Contributions (NDC) scenario, this analysis evaluates the impact of climate change regulations and advocacy on the global demand and procurement of renewable energy. Additionally, as Hon Hai adheres to its Science Based Targets (SBT) pathway to align with the Paris Agreement's 1.5˚C target, the Group must increase investments in solar photovoltaic energy generation, procure green electricity, and purchase renewable energy certificates (RECs).

▶ Financial Impact Assessment Results (Notes 1 & 2) :

To comply with regulations and initiatives driving the demand for renewable energy, Hon Hai will need to expand solar energy self-construction, investments, and procurement of green electricity and certificates. The financial implications of these climate-related risks and corresponding strategies on short- and medium-term financial conditions, as a percentage of quantified entity revenue, are detailed in the table below:

Scenario	SSP1 - 2.6 scenario		NDC Scenario	
Period	2025	2030	2025	2030
Assessment Results	4.98‰ ~ 4.99‰	4.91‰ ~ 4.97‰	4.98‰ ~ 4.99‰	4.90‰ ~ 4.96‰

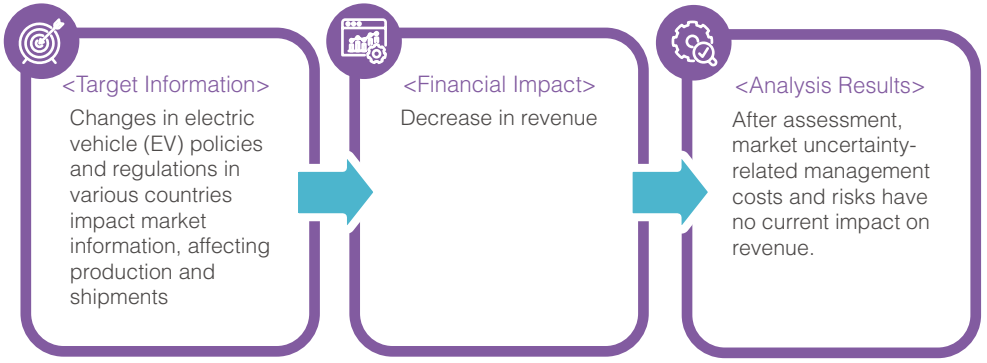
Note 1: When quantifying risks and opportunities, specific data points are derived from group-wide data as representative figures.
Note 2: For the scope of financial impact assessment results, please refer to 1.2 About the Report.

2 Uncertainty in market signals

▶ Risk and Opportunity Categories:

Transition risk - Uncertainty in market signals

▶ Scenario Analysis Process:



▶ Climate Scenario:

Extreme climate events increase market uncertainty, potentially leading to logistics disruptions, urgent supplier replacements, and fluctuations in raw material prices, causing higher procurement costs. Additionally, climate-related market uncertainties may impact vehicle production and shipments, resulting in revenue decline. To mitigate market uncertainty, Hon Hai has implemented contingency strategies including flexible production line adjustments, supplier diversification programs, and forward-looking workforce planning.

▶ Financial Impact Assessment Results:

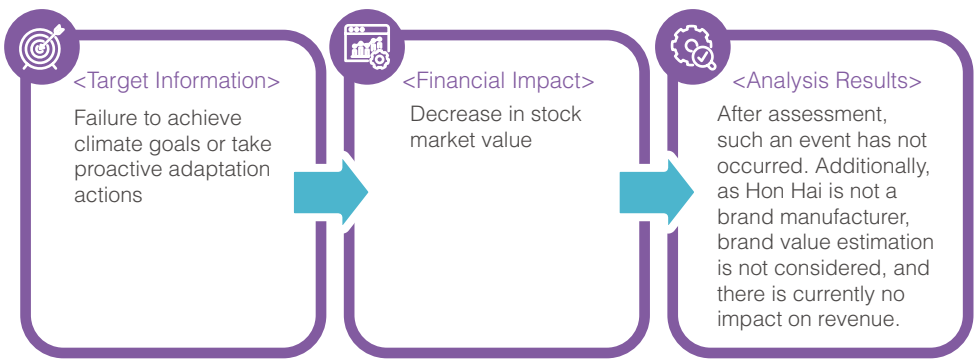
Based on Hon Hai's current operational status and supplier management system, there have been no logistics disruptions or instances where suppliers were unable to deliver, requiring urgent alternative sourcing. After assessment, due to the highly volatile nature of market dynamics, isolating the financial impact of related mitigation efforts remains unfeasible at this stage.

3 Heightened stakeholder attention and feedback

▶ Risk and Opportunity Categories:

Transition risk - Heightened stakeholder attention and feedback

▶ Scenario Analysis Process:



▶ Climate Scenario:

If Hon Hai fails to adopt green energy as scheduled or meet carbon reduction targets, investors and stakeholder groups may downgrade their evaluation of Hon Hai, potentially leading to a decline in corporate reputation. To mitigate reputation-related risks, the Group proactively implements management measures, which increase operating expenses, such as environmental disclosure efforts and environmental public relations expenses.

▶ Financial Impact Assessment Results:

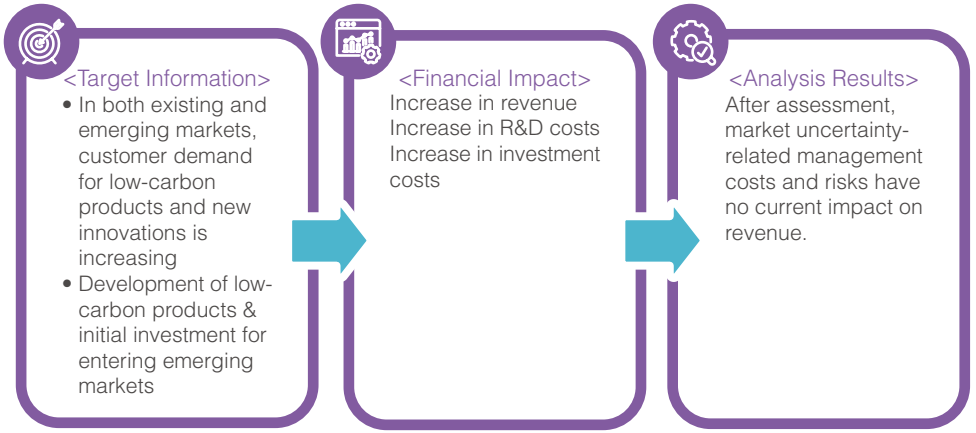
As of now, Hon Hai has not experienced any decline in corporate reputation or order losses due to failure to meet investor or stakeholder expectations. Given that Hon Hai is not a brand manufacturer, we do not currently consider brand value estimation in our assessments. At present, the impact of this factor cannot be individually identified, nor has it had any actual impact on revenue. However, to prevent potential financial risks, Hon Hai remains committed to disclosing and communicating its environmental initiatives. The related response costs account for approximately 0.01‰ of revenue.

4 R&D, innovation, and market potential for diverse low-carbon products and services

▶ Risk and Opportunity Categories:

Opportunity - R&D, innovation, and market potential for diverse low-carbon products and services

▶ Scenario Analysis Process:



▶ Climate Scenario:

To develop new products and enter emerging markets, Hon Hai has actively introduced low-carbon products and new product manufacturing processes and technologies, resulting in increased operating revenue. Hon Hai has been relentless in its development efforts, actively investing in three emerging industries: electric vehicles, digital health, and robotics, along with three key technological fields: artificial intelligence, semiconductors, and next-generation communication technologies. At the same time, research and development, equipment procurement, operations, and investment costs have also increased. To address the growing market demand for low-carbon products, Hon Hai anticipates an increased likelihood of qualifying for relevant government policy incentives and subsidies.

▶ Financial Impact Assessment Results:

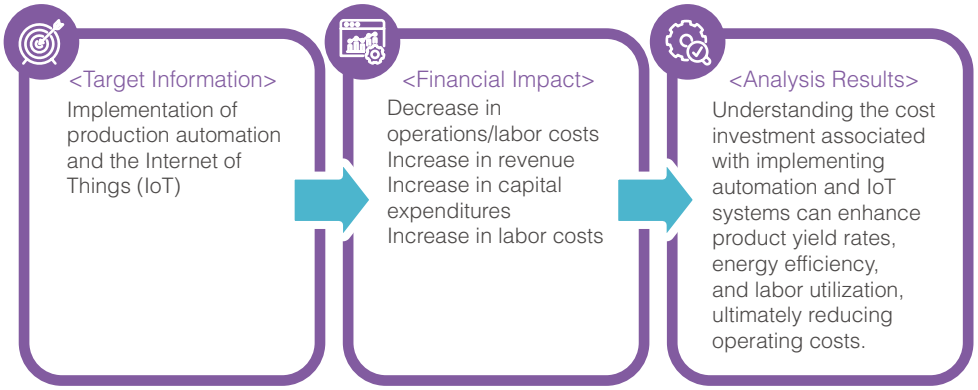
Product innovation and market expansion are expected to enhance revenue streams, further supported by potential government incentives and subsidy programs. The associated management costs and risk impacts are difficult to isolate. Given the high level of uncertainty involved, quantifying financial impact remains premature at this stage. Disclosure will be made once business conditions become clearer.

5 Adoption of more efficient production and distribution processes

▶ Risk and Opportunity Categories:

Opportunity - Adoption of more efficient production and distribution processes

▶ Scenario Analysis Process:



▶ Climate Scenario:

Under the Nationally Determined Contribution (NDC) scenario, Hon Hai evaluates the implementation of automation and IoT systems. By leveraging system monitoring of the production process, improvements in product yield rates, energy efficiency, and labor utilization can lead to reduced operating costs. However, this also results in increased costs related to system and equipment implementation, as well as R&D expenses.

▶ Financial Impact Assessment Results [Notes 3 & 4]:

Investments in automation and IoT systems are projected to improve yield rates and capacity utilization while reducing long-term operational expenses. The financial implications of these climate-related opportunities and corresponding strategies on short- and medium-term financial conditions, as a percentage of quantified entity revenue, are detailed in the table below:

Financial Benefits	
2025	2.58%
2030	2.77%

Note 3: When quantifying risks and opportunities, specific data points are derived from group-wide data as representative figures.
Note 4: For the scope of financial impact assessment results, please refer to 1.2 About the Report.

6 Reduction of water consumption and promotion of resource recycling and reuse

▶ Risk and Opportunity Categories:

Opportunity - Reduction of water consumption and promotion of resource recycling and reuse

▶ Scenario Analysis Process:

<Target Information>
- Reduce water consumption and increase recycling and reuse of water resources
- Expanding the recycling and reuse of other materials

<Financial Impact>
Decrease in operating costs
Increase in revenue
Increase in capital expenditures

<Analysis Results>
Understanding the financial implications of implementing recycling systems and associated R&D investments is key to optimizing cost efficiency and sustainability outcomes.

▶ Climate Scenario:

According to the Nationally Determined Contribution (NDC) scenario assessment:
Investments in system implementation, equipment procurement, and upgrades for water recycling enhance water conservation, reduce overall water usage, and contribute to lower operating costs.
Although the adoption of recyclable plastics raises initial procurement and R&D costs, it advances circular economy goals and enhances long-term resource efficiency. This can lead to both cost savings and additional expenses in operations.

▶ Financial Impact Assessment Results [Notes 5]:

Investments in water and materials recycling systems—supported by targeted R&D—are expected to lower operational costs and improve resource sustainability over time. The financial impact of climate-related opportunities and corresponding strategies on short- and medium-term financial conditions, as well as the associated costs, is detailed in the table below:

Type of Financial Impact	Benefits		Response Costs	
Period	2025	2030	2025	2030
Assessment Results	About 0.04%	0.05%~0.06%	About0.01‰	About0.01‰

Note 5: For the scope of financial impact assessment results, please refer to 1.2 About the Report.

5 Net Zero Transformation Strategy

5.1 The Path to Net Zero
5.2 Enhancing Operational Resilience

5.1 The Path to Net Zero

At Hon Hai, "Green Solutions" and "Circular Economy" are the two core implementation strategies driving our environmental issues. The Group has defined two key principles - "Cleaner Production" and "Resource Management" - to guide its sustainability action plans. These principles underpin comprehensive action plans aligned with three key climate objectives, leveraging a value chain perspective to implement robust mechanisms for managing and monitoring net zero emissions. Hon Hai's strategic roadmap encompasses the core concepts of climate change mitigation, value chain management, promoting green and smart transformation, creating emerging industries, and improving operational resilience, ensuring steady progress toward achieving net zero.

5.1.1 Core concepts of climate change mitigation

Based on the Group's 2020 (baseline) greenhouse gas emissions data (Scope 1, Scope 2, and Scope 3, market-based methodology), Scope 1 emissions accounted for 0.99%, while Scope 2 emissions represented 18.51%. To achieve net zero emissions for Scope 1 and Scope 2 in the Group's operations by 2050, the Group focuses on two core concepts: "Cleaner Production" and "Resource Management," and has implemented the following measures:. To achieve net zero emissions for Scope 1 and Scope 2 by 2050, the Group is concentrating on the dual pillars of "Cleaner Production" and "Resource Management" and has established the following key measures:

1. Key Initiatives for Energy Efficiency and Carbon Reduction in Operations

Hon Hai adheres to local policies and regulatory standards in its major production regions, advancing the following strategic initiatives:

Key Initiative: Implement energy-saving policies and regulations

Description

As a foundation for the Group's energy conservation and carbon reduction initiatives, Hon Hai adheres to government policies and regulations. This involves comprehensive management and advancement of mandatory routine tasks, including energy management filings, energy utilization reports, energy management system certifications, energy control centers, energy audits, planning of energy conservation and carbon reduction initiatives, self-assessment reports on energy efficiency, and energy technology evaluations for new, modified, or expanded projects.

Achievements

- The Group has participated in Shenzhen Pilot Emissions Trading Scheme (Shenzhen ETS) since 2013.
- Implementation of high-efficiency cooling systems, achieving over 25% improvement in annual energy efficiency for data centers.

Promotion of green manufacturing systems

Description

Through the "Action Plan for Green Factory Construction Project Evaluations," the Group drives key facilities to attain national certifications for green factories, green supply chains, green industrial parks, and green products. Expansion of "green factory" and net zero factory pilot projects, targeting 100% green factory and supply chain certifications for key operations by 2030.

Achievements

- In 2022, our Tucheng Huyue Headquarters successfully obtained the U.S. Healthy Building Fitwel certification, becoming the first existing building certification in Taiwan that combines multiple uses such as factory production lines, office areas, and restaurants.
- In 2023, the Hon Hai Neihu Factory obtained LEED Gold certification for existing buildings.
- As of 2024, a total of 32 entities have been awarded the "National Level Green Factory" designation.
- As of 2024, a total of six entities have been honored with the "National Level Green Supply Chain Management Enterprise" designation. The Group ranked 12th in green electricity trading across Mainland China, with Futaihua Industrial (Shenzhen) achieving third place in provincial green electricity trading rankings for 2024.
- Leading the application for the establishment of pilot zero-carbon factory projects, our Shenzhen facilities successfully applied for four legal entities in 2024. Upon passing inspections, they are eligible to receive government subsidies of up to 10 million NTD, or up to 30% of the investment amount.

Full coverage of energy management system certification

Description

The Group has actively promoted the adoption and maintenance of ISO 50001 certification among Group entities to systematically drive energy conservation and carbon reduction efforts.

Achievements

- As of 2024, a total of 66 entities have successfully obtained third-party certification of their ISO 50001 Energy Management Systems.

Implementation of key energy-saving projects

Description

In its efforts to expand key energy-saving initiatives, the Group has implemented technological improvements, optimized manufacturing processes, upgraded equipment, replaced high-energy-consuming and low-efficiency machinery, introduced intelligent upgrades to energy systems, and constructed renewable energy generation facilities. These efforts aim to enhance energy efficiency throughout the production process.

Achievements

- In 2024, the Group implemented 1,864 energy-saving retrofit projects across its operations in Mainland China, achieving an energy-saving rate of 5.8% and reducing energy consumption by 566 million kWh. The total investment for these projects reached 2.48 billion NTD, with energy-saving benefits amounting to nearly 1.79 billion NTD.

2. Motivational Incentive Mechanisms

To encourage and enhance employees' awareness of climate change and embed sustainability into the Group's organizational culture, Hon Hai sets detailed annual energy conservation and carbon reduction targets for each business unit in Mainland China. The Group has established "Evaluation Items and Scoring Guidelines for Energy Management" to evaluate performance across several dimensions, including energy management, energy systems, implementation, supervision, and KPIs. Comprehensive assessments are carried out on a quarterly and annual basis, with regular reviews and updates to the evaluation rules. Awards, including the prestigious Gold Award, are presented, and monetary incentives are granted to outstanding teams and individuals. These rewards are designed to recognize exceptional entry-level personnel and support subsequent units in advancing energy-saving projects. In 2024, the Group held its annual energy management performance evaluation and benchmarking competition for energy efficiency, recognizing a total of 12 outstanding teams.

Energy Conservation Evaluation Criteria

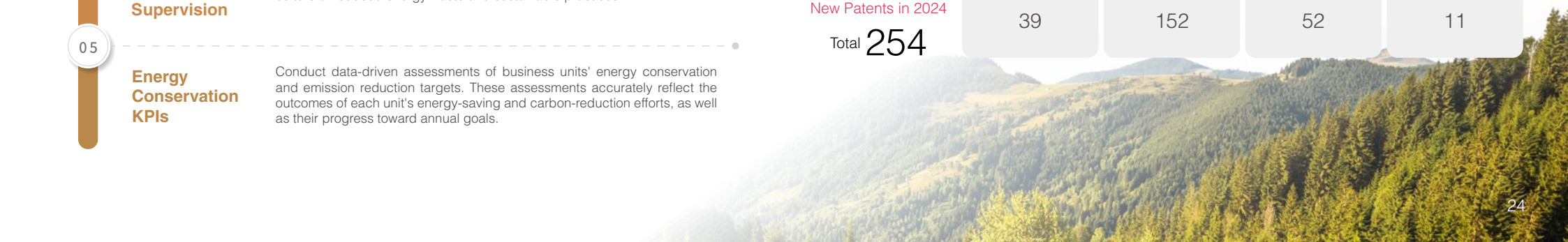
01	**Energy Conservation Management**	Encourage energy conservation and emission reduction departments to improve organizational structures, develop work plans, and establish strict energy conservation and emission reduction targets. These efforts are systematically implemented and promoted to ensure orderly energy-saving and carbon-reduction operations and advocacy.
02	**Energy Conservation Systems**	Promote the comprehensive adoption of energy management systems across all business units, enhance energy utilization efficiency, and facilitate the rational and efficient use of energy within the Group.
03	**Energy Conservation Implementation**	Guide the adoption of advanced energy-saving technologies and the development of clean energy generation facilities to drive energy efficiency and sustainability.
04	**Energy Conservation Supervision**	Raise energy conservation awareness across all employees, fostering a culture of reduced energy waste and sustainable practices.
05	**Energy Conservation KPIs**	Conduct data-driven assessments of business units' energy conservation and emission reduction targets. These assessments accurately reflect the outcomes of each unit's energy-saving and carbon-reduction efforts, as well as their progress toward annual goals.

In addition to the energy conservation evaluation and management mechanisms, Hon Hai emphasizes the development of low-carbon and clean technologies. The Group adopts a patent strategy centered on "Quality, Quantity, and Versatility", fostering healthy competition to encourage innovation among R&D employees. In terms of incentives, a revised intellectual property reward program has been implemented since June 2021. In addition to providing basic rewards for achievements in invention patents, utility patents, integrated circuit designs, trade secrets, and software copyrights, bonuses are awarded during both the proposal and certification stages in compliance with regulatory requirements. Furthermore, certified patents are reviewed annually to select outstanding patents, with inventors of these patents receiving even higher rewards. In 2024, Hon Hai introduced 254 new patents related to low-carbon and clean technologies, respectively. The cumulative number of valid patents reached 3415 in 2024.

Hon Hai Low-Carbon and Clean Technology Patent Statistics

Cumulative Valid Patents as of 2024
Total
3,415

	Energy Conservation and Management Patents	Industrial Automation Patents	Process/ Procedure Optimization Patents	Pollution Control and Environmental Protection Patents
	724	1,736	513	442
Number of New Patents in 2022 Total 423	60	284	58	21
Number of New Patents in 2023 Total 345	50	214	66	15
Number of New Patents in 2024 Total 254	39	152	52	11



3. Green Electricity Development and Procurement

The ESG-E team oversees the establishment of green electricity ratio targets, providing carbon reduction planning and technical support for implementing green electricity initiatives, solar photovoltaic power stations, and renewable energy certificates. Each functional department within the Group aligns customer requirements with the Group's overall objectives. Based on their specific needs, they develop feasible annual plans, which are then submitted for review by the management team. Depending on the resources available at each operational site, decisions are made to either pursue self-development, collaborate with external third parties, or adopt a combination of different approaches, including acquisitions, to implement the plans concurrently. In recent years, the Group has actively invested in solar photovoltaic power generation, green energy power plants, and the purchase of green electricity and renewable energy certificates across various regions globally. These efforts have successfully facilitated the transition to green energy attributes in its electricity usage. The Group has established a green energy protection target to ensure that more than 50% of its electricity consumption will come from green energy sources by 2030. In 2022 and 2023, renewable energy usage accounted for 8.28% and 60.96% of the Group's total energy consumption, respectively.

(1) Self-Developed Solar Photovoltaic Power Stations

The Group is actively promoting the development and use of renewable energy, with a primary focus on installing solar photovoltaic power stations at its operational sites. Key initiatives include:

- Since 2010, the Group has been planning a green high-tech demonstration zone at the Longhua Factory, featuring a solar photovoltaic power generation system to power the plant's wastewater treatment operations. In 2012, a 2 MW building-integrated photovoltaic solar power project was implemented.
- In 2016, the Group signed a cooperation agreement with the Nanyang municipal government for a ground-mounted photovoltaic power station with 100 MW installed capacity. By 2018, the installation of the 100 MW demonstration power station was completed.
- Through self-development and acquisitions, the Group has expanded its portfolio to include both rooftop and ground-mounted solar photovoltaic power stations. By 2023, the total installed capacity of the Group's solar (photovoltaic) power stations reached 325.82 MW. In 2023, Hon Hai completed the addition of the self-developed Taipei Huyue 716 kWp power station.

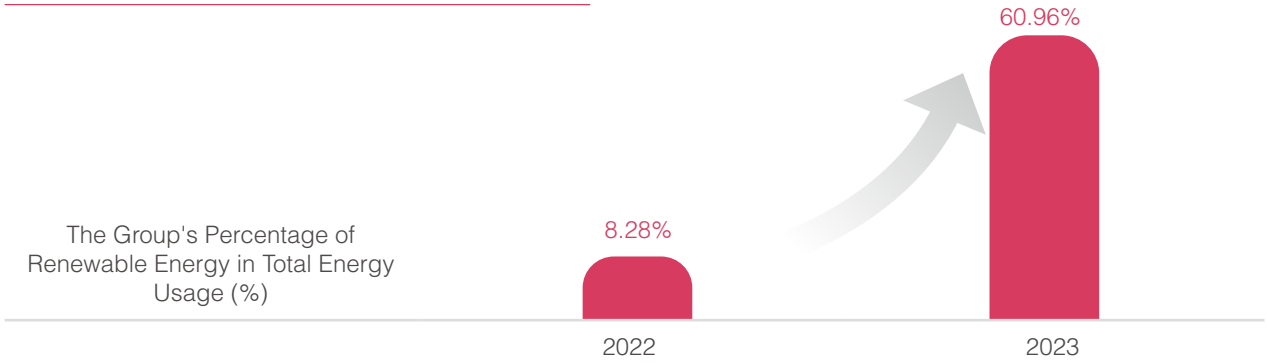
(2) Bundled RECs - Green Electricity Procurement Plans and Investments

In 2022, the Group announced a green power procurement plan for its Taiwan facilities, signing a memorandum of cooperation with Shinfox Energy Co.,Ltd. This initiative supports the goal of achieving 100% net zero emissions at "office sites" by 2030. In 2023, the Group procured 3.61 million kWh of green energy and plans to increase procurement annually, which is expected that by 2030, the accumulated green electricity will reach approximately 70 million kWh.

In 2023, to strengthen its green energy ventures in Taiwan, the Group signed a memorandum of cooperation with CDIB Capital Group to jointly establish Kai-Hong Energy Co., Ltd. with a capital investment of 6 billion NTD. By leveraging financial resources, the venture will focus on renewable energy and energy storage investments in Taiwan to meet the Group's and its supply chain's green power needs.

In 2024, to expand its green energy ventures in Mainland China, the Group announced an investment of RMB 500 million (approximately 2.187 billion NTD) in the Harmonious Green Industry Fund. This investment will support long-term projects in green energy, smart manufacturing, and the semiconductor industry in Mainland China. Additionally, in March 2024, the Group signed an agreement with Albamen Capital Partners to establish a green energy asset management company with a total capital of RMB 2 billion. The partnership also envisages to launch a green energy development fund to invest in solar, wind, and energy storage industries. Through direct investments in the green energy sector, the Group aims to accelerate its sustainability initiatives, secure green electricity rights, and lead its supply chain toward achieving net zero objectives.

Hon Hai's Green Electricity Usage in 2022 and 2023



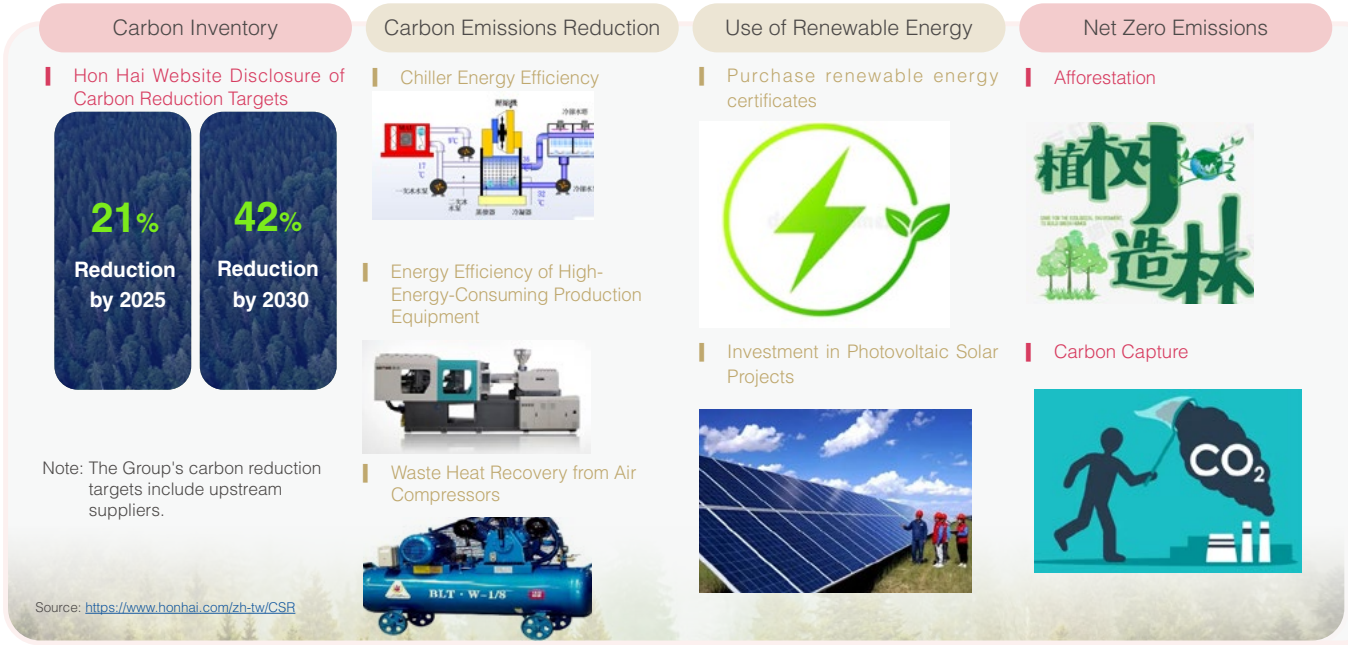
5.1.2 Value Chain Management

Hon Hai Technology Group, as a global leader in the electronics manufacturing industry, has a supply chain spanning the world. According to the Group's 2020 (baseline year) GHG inventory, Scope 3 emissions accounted for 80.49% of the Group's total emissions. Among these, Category 1a emissions from production-related raw materials and services amounted to 17.13 million tCO_2e, with emissions from electronic and mechanical suppliers reaching 8.6 million tCO_2e. As suppliers play a critical role in the Group's value chain, the Group's central procurement team actively promotes net zero carbon initiatives among supplier partners, contributing to the Group's goal of achieving net zero Scope 3 emissions by 2050.

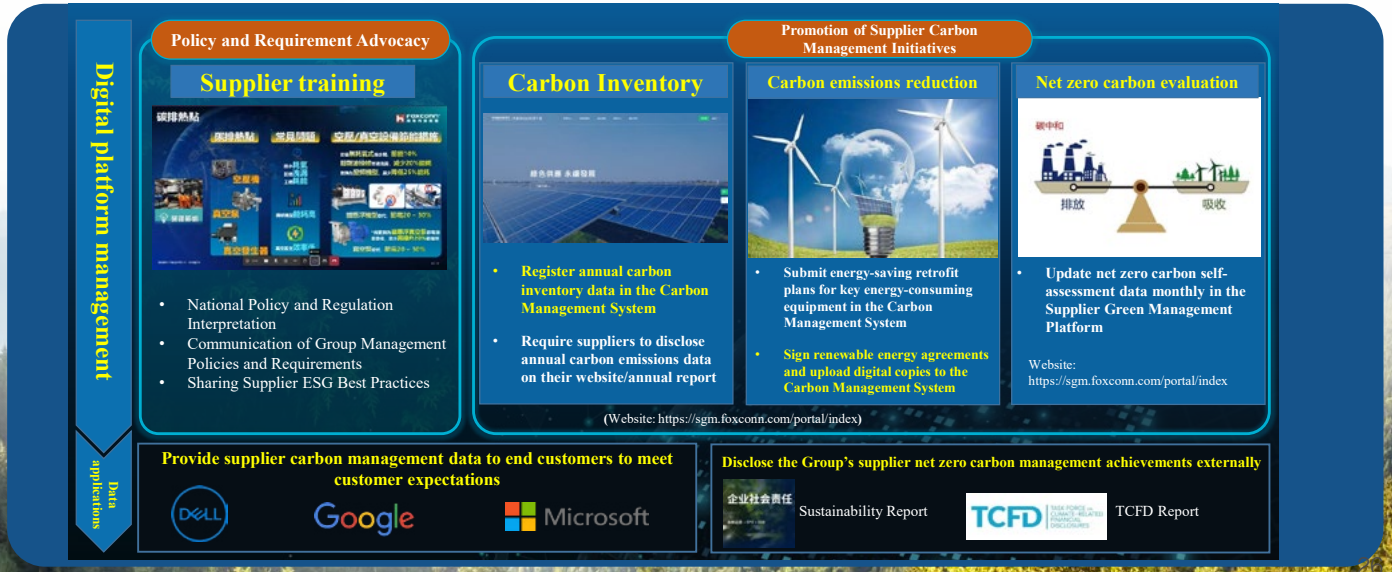
In alignment with the Group's net zero carbon pathway, Hon Hai has formulated a supplier net zero carbon pathway, encouraging suppliers to achieve carbon reduction targets through energy-saving retrofits and the use of renewable energy. The target is to reduce carbon emissions by 21% by 2025 and by 42% by 2030 (with 2020 as the baseline year).

To drive suppliers toward achieving net zero, the Group has established a supplier net zero carbon promotion model. This model supports suppliers through training, carbon inventory, carbon reduction initiatives, and net zero carbon performance evaluation projects. By leveraging a digital management platform, the Group discloses supplier carbon reduction results externally, aligning with stakeholder expectations.

Supplier Net Zero Carbon Promotion Roadmap



Supplier Net Zero Carbon Promotion Model



1. Enhancing Supplier Capabilities and Awareness

To raise awareness and strengthen suppliers' carbon reduction capabilities, we have organized multiple meetings on carbon-related topics, including carbon inventory training, energy-saving technology exchanges, explanations of the Group's supplier carbon reduction targets, and renewable energy initiatives.

In March 2024, Hon Hai hosted the Supplier Carbon Reduction and Waste Minimization Awareness Conference, covering energy-saving project experiences, innovative management mechanisms, EMC collaboration models, and zero-waste park management. Over 570 participants from more than 380 suppliers attended the event. From May to September 2024, the Group established a professional advisory team and selected ten key suppliers for on-site guidance in energy efficiency and zero-waste initiatives. The advisory team proposed 61 energy-saving recommendations, of which suppliers adopted 43 for implementation. Additionally, 18 waste reduction recommendations were provided, with 13 accepted for execution. By leveraging its leadership in the industry, the Group aims to establish a long-term carbon reduction and zero-waste mechanism for suppliers, effectively lowering operational costs and improving supply chain carbon reduction performance.

2. Supplier Carbon Inventory and Carbon Reduction Promotion

To meet these goals, the Group utilizes a "Supplier ESG Management Platform" to drive supplier carbon reduction initiatives. Suppliers are required to conduct annual greenhouse gas inventories in accordance with ISO 14064-1 and the GHG Protocol standards. They are also required to report their greenhouse gas emissions data into the system, forming a comprehensive supplier carbon data repository that enables the Group to accurately monitor supplier emissions. In 2024, the Group facilitated carbon inventory completion for 200 suppliers covering the previous year. These suppliers implemented carbon reduction measures such as adopting solar photovoltaic systems and procuring green electricity. These efforts collectively resulted in a total carbon reduction of 1.02 million tCO_2e.

Companies can also reduce carbon emissions by minimizing waste generation. Since 2021, the Group has mandated zero waste to landfill management requirements for its suppliers, encouraging them to optimize waste management and implement waste reduction measures to achieve carbon emission reductions. By the end of 2024, a total of 117 suppliers had developed and implemented waste reduction plans, while 20 suppliers obtained UL 2799 Zero Waste to Landfill Certification.

3. Supplier Renewable Energy Promotion

An analysis of suppliers' carbon emissions data indicates that over 90% of emissions originate from purchased electricity. To achieve net zero carbon emissions, suppliers must offset their purchased electricity emissions by installing photovoltaic solar power systems or procuring green electricity. To align with the Group's strategic focus on renewable energy, since 2022, the Group has gradually encouraged key suppliers to sign the Renewable Energy Commitment. By the end of 2024, a total of 36 suppliers had signed the commitment. To ensure suppliers do not double-count Renewable Energy Certificates (RECs), the Group further requires suppliers to sign a Renewable Energy Declaration, certifying that 100% of the electricity used in the production of Hon Hai products comes from green energy sources. Through tracking, investigation, and verification, it was confirmed that in 2024, the 36 contracted suppliers had collectively implemented 169.25 GWh of green electricity, resulting in a carbon reduction of 96,000 tCO_2e. Moving forward, the Group will continue to drive supplier adoption of green electricity.

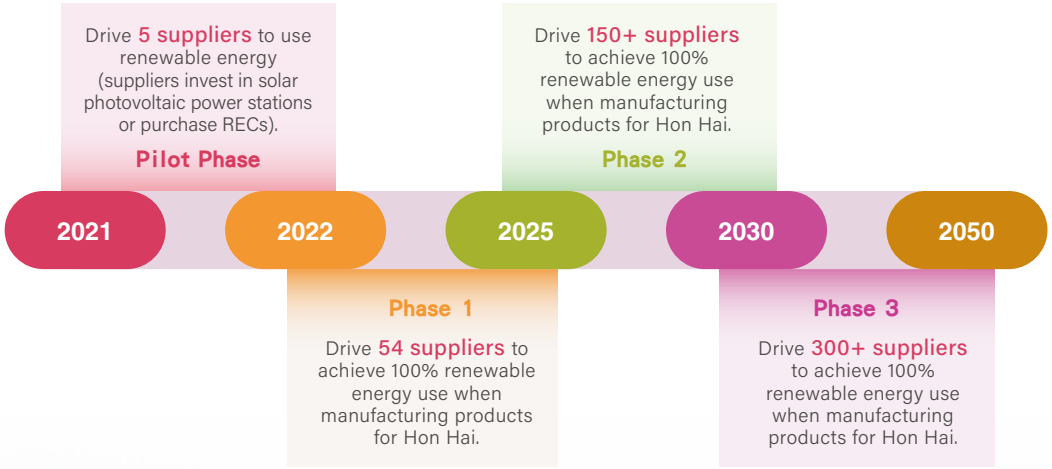
4. Supplier Net Zero Carbon Performance Evaluation

To enhance supplier engagement in carbon reduction, the Group has implemented a Supplier Net Zero Carbon Performance Evaluation. The evaluation evaluates suppliers' net zero carbon management status across five dimensions: management mechanisms, carbon emission disclosures, carbon reduction initiatives, net zero carbon actions, and extended responsibilities.

In 2022, the Group formulated the Supplier Net Zero Carbon Performance Evaluation Standard and conducted a pilot assessment of 75 key suppliers through the Supplier ESG Management Platform. In 2023, the evaluation was extended to 150 key suppliers, and in 2024, the evaluation covered 200 suppliers. The Group aims to further expand the evaluation to 300 suppliers by 2025.

To more effectively extend net zero carbon management throughout the supply chain, the Group will continue to work closely with suppliers to promote the adoption of renewable energy. It will encourage suppliers to make continuous improvements, enhance carbon reduction performance, and establish benchmark suppliers, fostering the creation of a zero-carbon supply chain.

Supplier Adoption of Renewable Energy Promotion Plan



External Recognition for Supply Chain Climate Actions

The Group received high praise from the largest NGO in Mainland China, the Institute of Public & Environmental Affairs (IPE), for its performance in the Green Supply Chain CITI Evaluation. The Group achieved a total score of 83.51, ranking first in Greater China for the 2024 CITI Index.

CITI Score	Overall Ranking	Industry Ranking
83.51	8	2
Total: 100	Among 779 brands	Among 72 brands in the IT/ICT sector

IPE CITI Industry Rankings

Note: Data source https://www.ipe.org.cn/GreenSupplyChain/CITI.aspx

Recognition for Corporate Climate Action Leadership

The Group's efforts in corporate climate action were also recognized by IPE, the largest NGO in Mainland China, for its performance in the Corporate Climate Action Transparency Index (CATI). With a total score of 85, the Group maintained its top position in Greater China for the 2024 CATI Index. Within the same IT industry sector, Foxconn rose to the top position, climbing two spots compared to its 2023 ranking.

CATI Score	Overall Ranking	Industry Ranking
85.00	2	1
Total: 100	Among 1,951 brands	Among 170 brands in the IT/ICT sector

IPE CATI Industry Rankings

Note: Data source https://www.ipe.org.cn/GreenSupplyChain/CATI.aspx

In July 2024, Hon Hai released its first Supplier Responsibility Report, the first of its kind among Taiwanese enterprises to be based on supplier investigations. The report references 21 domestic and international sustainability rating standards and supply chain-related indicators, comprehensively revealing Hon Hai's investments and performance in sustainable supply chain management, including its net zero strategies, pathways, and progress.

5.1.3 Promoting Green and Smart Transformations

1. Commitment to Driving Circular Economy

A. Zero Waste Campus

The Group prioritizes "circular economy" as a key strategy for sustainable development, focusing on improving resource utilization efficiency and establishing Zero Waste Campus as a core goal. Achieving zero landfill waste is a crucial aspect of this initiative. To this end, the Group signed a memorandum of cooperation with Underwriters Laboratories (UL) to monitor and improve waste management, progressively expanding the initiative across the entire Group to achieve the Zero Waste Campus goal. This reflects the Group's philosophy of "Sustainable Operations = EPS + ESG" and establishes a benchmark for the industry.

The memorandum of cooperation includes supplier partners to ensure that the Group's and its clients' products meet the highest environmental standards in the industry. To support this framework, the Group's central procurement and supply chain management departments organize system training sessions for suppliers, enhancing their capabilities and technologies.

The Group has developed its own waste collection system to track the flow and total volume of waste within factory plants. In 2022, the Nanning Factory achieved Platinum certification, and the Shenzhen Longhua Campus earned UL 2799 Zero Waste to Landfill Gold Certification, becoming the world's first integrated ecological demonstration park. The Group has set a goal to achieve at least five Zero Waste to Landfill Gold Certified campuses by 2025. As of July 2024, 27 UL 2799 Zero Waste to Landfill Certifications have been obtained, including 24 Platinum Certifications and 3 Gold Certifications. Among these, 5 campuses have received campus-level Zero Waste certifications.

B. Resource Circulation and Use

Since 2000, the Group has operated a Plastic Resource Application Center serving 22 major factory plants. The primary focus is on recycling various packaging plastic waste generated from production lines. This waste is repurposed into eco-friendly trays for internal production logistics or processed through shredding and modification to create environmentally friendly plastic materials. Looking ahead, the Group plans to introduce tray cleaning lines to clean and reuse recyclable trays, further advancing the concept of reuse. To meet the demand for high-quality, eco-friendly, dust-free trays, the Group is planning to establish cleanroom production lines, ensuring compliance with customers' stringent quality control requirements. As of 2024, the Group's internal plastic recycling ratio across all factory plants reached 42%, amounting to 24,700 metric tons, with a target to increase the ratio to 60% by 2025 across all plants. As of 2024, the Group reduced plastic procurement by 4,184 tons.

To extend material lifespan and enhance environmental benefits, the Group is actively promoting UL 2809 Recycled Content Validation, with 7 certifications already achieved for its plastics. In 2023, the Group further advanced its circular economy initiatives for precious metals by launching a recycled potassium dicyanoaurate project, which has been successfully verified and certified by UL-2809. Looking ahead, the Group will continue to explore promising projects and expand the promotion of recycled material certifications, reinforcing its commitment to sustainability and resource efficiency.

At our Taiwan factory plants, we have introduced a pilot ecological recycling system featuring worm composting bins. Instead of outsourcing fallen leaves for natural composting at a cost, the leaves are now directly fed into on-site worm composting bins. This approach reduces expenses and lowers transportation-related carbon emissions. The worm castings produced through this process are repurposed as nutrient-rich soil for gardens on factory campuses, creating a closed-loop recycling system that promotes circular economy benefits.

Recycling and Reusing Raw Materials/Products

- The Group explores opportunities for product recycling and reuse to reduce resource waste and environmental impact.
- Plastic Recycling: The Group's Plastic Resource Application Center collects plastic scraps and discarded pallets from campuses, processing them into eco-friendly sheets and trays for reuse on production lines. Annually, over 20,000 tons of plastic are recycled. Development of post-consumer recycled (PCR) plastic products is planned, with a focus on advancing recycling technologies, material modification, and product reliability to reduce dependency on virgin plastics.

Reducing Raw Material Usage

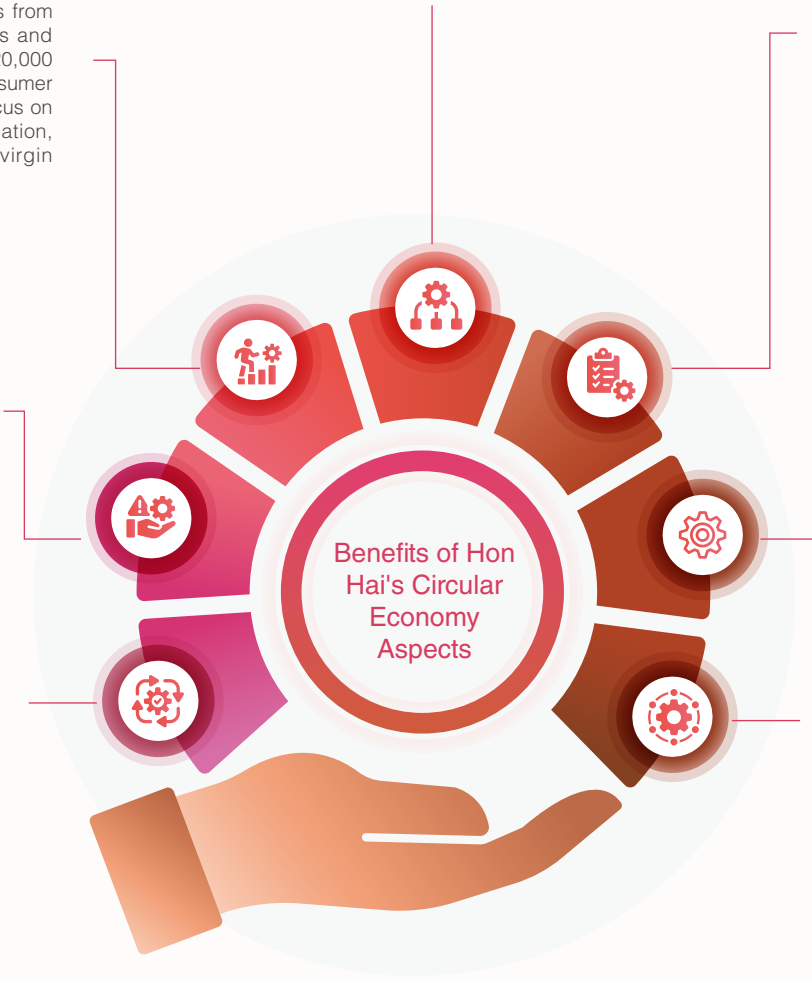
- The Group actively reduces the use of plastics through measures such as choosing more recyclable protective films (RPF), reusable plastic trays, and thinner stretch packaging films to minimize waste. Future plans include gradually replacing plastic with alternative materials.

Rethinking/Redesigning from the Source

- The Group is committed to building a circular supply chain by prioritizing the use of recyclable and renewable materials for products and packaging. Processes are optimized to produce durable products, ensuring maximum material efficiency. Maintenance services are established at the back end to facilitate convenient repairs, refurbish equipment and components, and enable reuse.

Material Refinement

- The Group promotes the circular use of bulk raw materials, such as collaborating with suppliers on recycled aluminum projects to reduce carbon emissions associated with raw material extraction. Through this initiative, the Group achieved a CO_2 reduction of 110,100 tCO_2e in 2023 and an additional 115,900 tCO_2e reduction in 2024.



Effective Management of Residual Materials

- The Group views residual materials as valuable resources, emphasizing effective management to achieve sustainable development. At our campuses in Mainland China, employee cafeterias produce significant amounts of waste cooking oil. This oil is converted into biodiesel on-site and subsequently sold to leather manufacturers for reuse.
- Wastewater treatment plants at campuses collaborate with external partners to convert organic sludge into eco-friendly red bricks and compost materials, promoting resource circulation and reuse.

Energy Recovery from Incineration

- The Group integrates energy-saving operations through waste heat recovery. Boilers are upgraded to capture residual heat from high-temperature flue gas emissions. Using heat exchangers, this energy is transferred to other mediums for purposes such as heating, evaporation, and drying. Mainland China plants saved 10,131 MWh annually through energy efficiency measures.
- Adhering to the Zero Waste Project, waste incineration prioritizes methods that recover residual heat. The recovered heat is converted for electricity generation, heating, or hot water supply, improving overall thermal efficiency and reducing fuel consumption.

Driving Engagement from Upstream and Downstream/Investment and Financing Clients

- The Group has established Kai-Hong Energy Co., Ltd. to strategically position itself in Taiwan's green energy sector through innovative investment models. By integrating capital and resources, we aim to address gaps in green energy development, including critical infrastructure and technology validation. Our objective is to integrate industrial electricity demand, financial expertise, and green energy supply to achieve a win-win-win outcome. This approach drives capital investment into the green energy industry, provides urgently needed green electricity to enterprises, and generates stable returns.
- In 2023, the Group issued Taiwan's first Sustainability-linked bond (SLB) with a total value of 2.3 billion NTD, allocating the proceeds toward investments with green or social benefits.
- The Group is actively promoting supplier carbon reduction. In 2024, the Group plans to establish a "Supplier Green Management Platform" in Taiwan, aiming to lead 30 suppliers to collectively reduce emissions by 10,000 tCO_2e within two years and implement a digital platform for carbon inventory management.

2. Lighthouse Factory

The Global Lighthouse Network is a World Economic Forum initiative co-founded with McKinsey. It identifies leading benchmark companies that excel in applying and integrating advanced cutting edge technologies of the Fourth Industrial Revolution (4IR). These factories not only enhance efficiency and productivity but also incorporate robust environmental management practices.

As a global leader in electronic manufacturing services, Hon Hai is the only company worldwide to have achieved certification for seven WEF Lighthouse Factories and one Sustainable Lighthouse Factory (out of a total of 172 such factories globally as of 2024). Hon Hai's certified Lighthouse Factories include Shenzhen Longhua, Chengdu, Wuhan, Zhengzhou, Shenzhen Guanlan, Taoyuan Nanqing, and Bac Giang in Vietnam.

Hon Hai's WEF-Certified Lighthouse Factories and Sustainable Lighthouse Factory

The First Sustainable Lighthouse Factory

Shenzhen Guanlan Campus

To meet the rapid release cycles and stringent quality standards of new smartphone products, the Shenzhen Guanlan Campus deployed 37 Fourth Industrial Revolution (4IR) case studies at scale. This enabled agile product launches, rapid production ramp-ups, and smart manufacturing processes. As a result, the campus achieved a 29% improvement in new product introduction speed, a 50% increase in production ramp-up speed, a 56% reduction in defect rates, and a 30% reduction in manufacturing costs.In alignment with the consumer electronics industry's carbon neutrality commitments, the Guanlan Campus has adopted AI, IoT, and other 4IR technologies to optimize material recycling, track real-time carbon footprints, and innovate processes for sustainable development. These efforts led to a 42% reduction in Scope 3 emissions, a 24% reduction in Scope 1 and Scope 2 emissions, and an increase in recyclable material content to 55%-75%. In 2024, it became Hon Hai's first Sustainable Lighthouse Factory.

Shenzhen Longhua Campus

The Shenzhen Longhua Campus leverages smart equipment, automated optimization systems, smart maintenance systems, and real-time smart production monitoring systems to achieve significant operational improvements. These include a 30% increase in production efficiency, a 15% reduction in inventory cycles, and a 92% reduction in labor requirements.

Chengdu Campus

Since 2015, the Chengdu Campus has built a robust Industrial Internet team comprising over 600 subject matter experts. Combining Operational Technology (OT) and Information Technology (IT), the campus extensively applies artificial intelligence and IoT technologies, transitioning from "traditional craftsmanship" to "smart manufacturing." This shift has led to a 200% improvement in labor efficiency and a 17% increase in equipment efficiency, creating a seamless and reliable "worry-free" factory.

Wuhan Campus

The Wuhan Campus addresses customer demands for higher customization and shorter lead times by redesigning manufacturing systems with advanced analytics and flexible automation technologies. This transformation resulted in an 86% increase in direct labor productivity, a 38% reduction in quality losses, and a 29% reduction in order delivery cycles, shortening the cycle to just 48 hours.

Zhengzhou Campus

Facing challenges such as a shortage of skilled labor, quality consistency issues, and fluctuating demand, the Zhengzhou Campus implemented flexible automation to boost labor productivity by 102%. Digitalization and artificial intelligence technologies were employed to reduce quality defects by 38% and improve overall equipment efficiency by 27%.

Taoyuan Nanqing Campus

As the world's first AI server Lighthouse Factory, the Taoyuan Nanqing Campus addresses the explosive growth in demand for computing power driven by AI foundational models, alongside increasing requirements for efficiency, quality, and iterative computation speed in AI servers. By integrating AI computations into order forecasting, warehouse and production scheduling, product design, and quality and assembly testing, the campus achieved remarkable results, such as a 73% increase in production efficiency, a 97% reduction in product defect rates, a 21% reduction in delivery lead times, and a 39% reduction in per-unit manufacturing costs.

Vietnam Bac Giang Campus

As Vietnam's first WEF-recognized Lighthouse Factory, the Bac Giang Campus developed a highly integrated digital management platform, combining AI, IoT, and big data analytics. This enabled end-to-end transparency from customer orders to production and delivery, significantly improving operational efficiency and serving as a model for multinational enterprises in global operations. While enhancing global supply chain resilience, the campus overcame challenges during its initial setup, including heavy reliance on imported materials and the urgent need to cultivate local talent. By deploying more than 40 4IR advanced case studies, such as advanced planning and AI-driven automation, the factory achieved a 190% increase in labor productivity, improved on-time delivery rates to 99.5%, and reduced manufacturing costs by 45%.

Since 2020, the Group has progressively implemented internal Lighthouse Factory transformations. In 2023, 18 new internal Lighthouse Factories were established, focusing on key production processes such as mold production, CNC machining, surface mounting, and system assembly. These upgrades leveraged various technological innovations to enhance production, operational efficiency, product quality, cost-effectiveness, and sustainability. The transformations resulted in production efficiency improvements ranging from 7% to 90.7%, yield rate increases of 0.3% to 18%, workforce optimization between 11% and 100%, equipment OEE (Overall Equipment Effectiveness) enhancements of 15% to 35%, and reductions in per-unit energy consumption of 3.4% to 22%.

These internal Lighthouse Factories were pioneers within the Group, successfully integrating advanced automation, digitalization, and smart technologies. This not only brought significant advancements in product capabilities and production management but also spurred innovations in operational systems through the gradual adoption of digital tools. By establishing a single operational system applicable across the enterprise, these factories laid a solid foundation for the Group's F3.0 transformation. This initiative drives the development of industrial IoT and intelligent manufacturing, setting a successful example for modernizing enterprise-level operational systems and further advancing the Group's transformation and competitive edge.

Hon Hai Lighthouse Factories

Automation

Digitalization

Intelligence

Increased labor productivity through automation

Reduced defect rates

Shortened order fulfillment lead times

Optimized energy and resource utilization

5.1.4 Pioneering Emerging Industries

In response to global policies and regulations banning the sale of fuel-powered vehicles, the Group has been actively developing three major industries and three core technologies since 2019, with a particular focus on the electric vehicle (EV) sector. In 2020, the Group introduced the Electric Vehicle Open Platform during the inaugural Hon Hai Tech Day, accelerating its strategic entry into the EV industry. In 2021, the Group established the MIH Open EV Alliance, leveraging its robust global supply chain, technological manufacturing, design, and research and development strengths to play a pivotal role in advancing net zero emissions in the global transportation sector.

Hon Hai has outlined a clear direction for the future of the EV industry, including providing integrated design and manufacturing services through a one-stop solution, reducing EV development barriers via an open platform and reference designs, and collaborating with local enterprises under a BOL (Build-Operate-Localize) business model for sustainable development. These initiatives aim to position the Group as a leading force in the EV sector.

Hon Hai's Strategic Planning for the Electric Vehicle Industry

Establish One-stop Customer Services

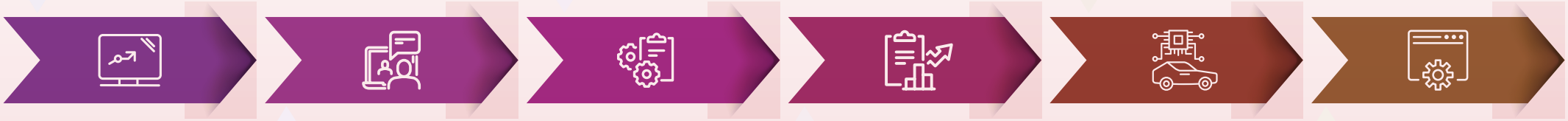
Hon Hai offers innovative integrated design and manufacturing services, encompassing vehicle design, vehicle manufacturing, and key components. This service model combines core technology innovation with software and hardware integration, extending to industrial design. It establishes a one-stop customer service model with 2 R&D clusters, 3 design and manufacturing zones, and global assembly and delivery.

Develop BOL Business Model

In 2021, the Group developed a unique BOL model to address the shortcomings of the BOT (Build-Operate-Transfer) model, where companies withdraw after project completion. The BOL model emphasizes localization (L) by partnering with local companies, ensuring sustainable development for local enterprises through long-term collaboration.

Redefining Automotive CDMS

Over the next decade, Hon Hai aims to redefine the concept of CDMS (Contract Design and Manufacturing Services) in the automotive sector, with a steadfast focus on vertical integration in technological services. While making transformative advancements in the EV industry, the Group remains committed to the original principles of CDMS, ensuring its core vision and mission remain unchanged.



Create an Open Platform

The concept of the Open EV Platform was unveiled in 2020, followed by the establishment of the MIH Consortium in 2021. In 2022, the Group introduced its Electric Vehicle Reference Design and launched promotional events for the Model C in various regions. From 2023 to 2024, Hon Hai has been preparing for market entry, with 2025 set as a milestone for leveraging alliances and expanding exports.

Establishment of a New Energy Industry Fund

Hon Hai signed a memorandum of cooperation with CTBC Bank to establish the Energy Vehicle (EV) Industry Fund, targeting a fundraising scale of 5–10 billion NTD. This initiative aims to channel capital into the EV industry, injecting vitality into the new energy vehicle market and fostering its growth.

Platform Solutions Provider

Hon Hai is expanding its expertise in smart manufacturing, smart cities, and smart electric vehicles to expand its expertise in key components and software-hardware integration. This strategic direction positions the Group to transform into a leading platform solution provider.

Key Milestones in EV Development at Hon Hai

2020

- Launched EV Open Platform at the first Hon Hai Tech Day

2021

- Formed a joint venture company with Geely to establish a new OEM model for global EVs
- Signed a memorandum of understanding with Nidec to collaborate on next-generation EV power systems
- Partnered with Yageo to establish joint venture XSemi, focusing on small IC innovations
- Entered into a cooperation framework agreement with Fisker to develop a new class of EVs
- Established Mobile Drive as a joint venture with Stellantis to create smart cockpit solutions
- Acquired a stake in Giga Solar Materials and formed a joint venture to develop battery materials
- Formed a strategic alliance with Gogoro to expand battery swap systems and smart electric motorbikes
- Signed memorandum of cooperation with SanDi Group (electric buses)
- Established an industrial fund for alternative fuel EVs with CTBC, building a capital and technical foundation for green, eco-friendly, sustainable businesses to create alternative fuel vehicles
- Acquired Macronix's 6-inch wafer fab and formed Hon Young Semiconductor to build a foundation for third-generation semiconductors
- Formed a joint venture with Thailand's PTT to build the EV market in Southeast Asia
- Invested in Gigasolar, Long Time Technology, and China Steel Chemical Corporation to develop battery anode materials and jointly build an ecosystem for EV batteries in Taiwan
- Launched three self-developed EVs on Hon Hai Tech Day
- Established Software Development Center to develop smart vehicle cockpits, smart gateways, and smart driver application platforms to create software for vehicles and enterprises
- Signed OEM agreement with Lordstown to manufacture electric pickup trucks, leveraging the MIH platform to develop basic designs for commercial EVs
- Exhibited rotating dashboard screen at LA Auto Show
- Jointly developed automotive chips with Stellantis and built a semiconductor supply chain

2022

- Collaborated with Gogoro IBC, Indika, and the Indonesian government to establish an EV ecosystem focusing on EVs and new energy batteries
- Delivered the Model T, an electric bus independently developed by Foxtron Vehicle Technologies, to Kaohsiung Bus. Expanded its customer base in Europe and Asia by leveraging core values of TTM (Time-to-Market) and TTC (Time-to-Customer)
- Established a North American production base: Production base located in Ohio, solidifying our presence in the region for EV production and delivery
- Accelerated mass production and commercialization: Launch of the LMC electric pickup truck in the second half of 2022 and the development of new vehicles based on the MIH platform through MIH EV Design LLC (JV)

2023

- Successfully delivered the first batch of Monarch MK-V tractors from the Ohio factory plant, demonstrating the Group's growing production capabilities
- Signed an MOU with Infineon to collaborate on integrating silicon carbide (SiC) technology into high-power EV applications
- Partnered with Stellantis to establish SiliconAuto, focusing on automotive semiconductors designed for the extensive computing and modular requirements of EVs
- Collaborated with Analog Devices, Inc. (ADI) to develop next-generation digital cockpit platforms and high-performance battery management systems
- Formed a 50-50 joint venture with ZF Friedrichshafen AG to develop passenger car chassis systems and expand opportunities with top-tier automotive clients
- Announced a partnership with SolidEdge Solution (a Hon Hai subsidiary) and Blue Solutions to develop solid-state batteries for two-wheel electric vehicles
- Established the Hon Hai Kaohsiung Software R&D Center at Warehouse No. 7 in the Pier-2 Art Center, focusing on three smart platforms: smart cities, smart manufacturing, and smart EVs, accelerating Kaohsiung's digital transformation and intelligent growth
- Partnered with NXP to develop next-generation connected smart vehicle platforms through a joint laboratory initiative
- On July 24, 2023, Hon Hai signed a joint venture agreement with ZF Friedrichshafen AG, which subsequently received approval from the relevant regulatory authorities The new joint venture, named ZF Foxconn Chassis Modules, will serve as a core component of the strategic development plans for both shareholders moving forward

2024

- Hon Hai's Ohio plant successfully delivered the first batch of Monarch MK-V autonomous electric tractors.
- Hon Hai signed a MoU with Infineon Technologies to focus on silicon carbide (SiC) technology for high-power EV applications.
- Hon Hai formed "SiliconAuto" with Stellantis, focusing on automotive semiconductors for EV control systems and related modules.
- Hon Hai partnered with ADI to develop the next-generation digital cockpit platform and high-efficiency battery management system.
- Hon Hai formed a joint venture with ZF of Germany to develop passenger vehicle chassis systems, with both parties holding a 50% stake, accelerating market expansion and creating business opportunities with leading automotive clients and supply chains.
- Hon Hai collaborated with SolidEdge Solution and Blue Solutions to develop solid-state batteries for two-wheeler electric vehicles.
- Hon Hai established the Hon Hai Kaohsiung Software R&D Center at Warehouse No. 7 in Pier-2 Art Center, focusing on the three smart platforms: Smart Cities, Smart Manufacturing, and Smart EVs, driving Kaohsiung's digital transformation.
- Hon Hai and NXP launched a joint laboratory to develop the next-generation smart connected vehicle platforms.
- Hon Hai and ZF signed a joint venture agreement on July 24, 2023, and received approval from the relevant regulatory authorities. The new joint venture, named ZF Foxconn Chassis Modules, will serve as a core component of the strategic development plans for both shareholders moving forward

In 2021, Hon Hai officially launched the sale of electric buses, signing a MoU with Kaohsiung Bus, a subsidiary of the San-Ti Group. Utilizing the MIH Commercial Vehicle Platform developed by Foxtron Vehicle Technologies, Hon Hai introduced its first electric bus. This partnership combines the San-Ti Group's expertise in passenger transport systems and charging infrastructure, implementing the project through a phased approach. The MODEL T electric bus was developed, designed, and manufactured in Taiwan, with over 65% of its components supplied by MIH Consortium members and Taiwanese suppliers. As Foxtron Vehicle Technologies' first independently developed commercial vehicle, the MODEL T will continue to evolve and expand in alignment with Hon Hai's global EV industry strategy. On March 3, 2022, the MODEL T was officially delivered, with a goal set for 2025 to achieve full-scale vehicle manufacturing and comprehensive vehicle services.

To create a comprehensive turnkey solution, Hon Hai is also advancing in charging infrastructure and energy storage systems, focusing on the development, design, and manufacturing of battery packs and cells. These efforts aim to secure the Group's core competencies in EV and energy storage technologies. On June 15, 2022, the Kaohsiung Battery Cell R&D and Pilot Production Center broke ground with an investment of 6 billion NTD. Designed with an annual production capacity of 1.27 GWh in battery cells, it officially began mass production in 2024. The facility primarily supports applications in electric buses, passenger vehicles, and energy storage systems, with plans to expand downstream into battery module development. Additionally, the center will establish operations in Qiaotou Science Park, creating a national-level autonomous vehicle and connected vehicle testing facility. Hon Hai is accelerating the development of holistic smart city solutions, beginning with Kaohsiung as a pilot demonstration site. The aim is to establish Kaohsiung as a model smart city, extend the "citywide export" approach to other cities across Taiwan, and expand into international markets.

The Group actively collaborates with international partners to build an industrial ecosystem, fostering long-term partnerships in the EV sector. These efforts include jointly establishing system application centers to optimize automotive applications, covering smart cockpit applications, advanced driver assistance systems (ADAS), autonomous driving, battery management systems (BMS), and traction inverters. The Group is also co-developing next-generation digital cockpit platforms and high-performance battery management systems, creating greater value for electric vehicle technologies and intelligent transportation. Furthermore, it has established joint laboratories, leveraging expertise in automotive semiconductors to drive continuous innovation in smart connected vehicle technologies.

5.2 Enhancing Operational Resilience

Risk and opportunity are two sides of the same coin. To minimize the impact of risks and transform them into opportunities, the Group prioritizes risk identification and adaptive capacity enhancement when navigating the rapidly changing external environment. These efforts aim to secure future growth opportunities and fulfill the Group's vision of sustainable development.

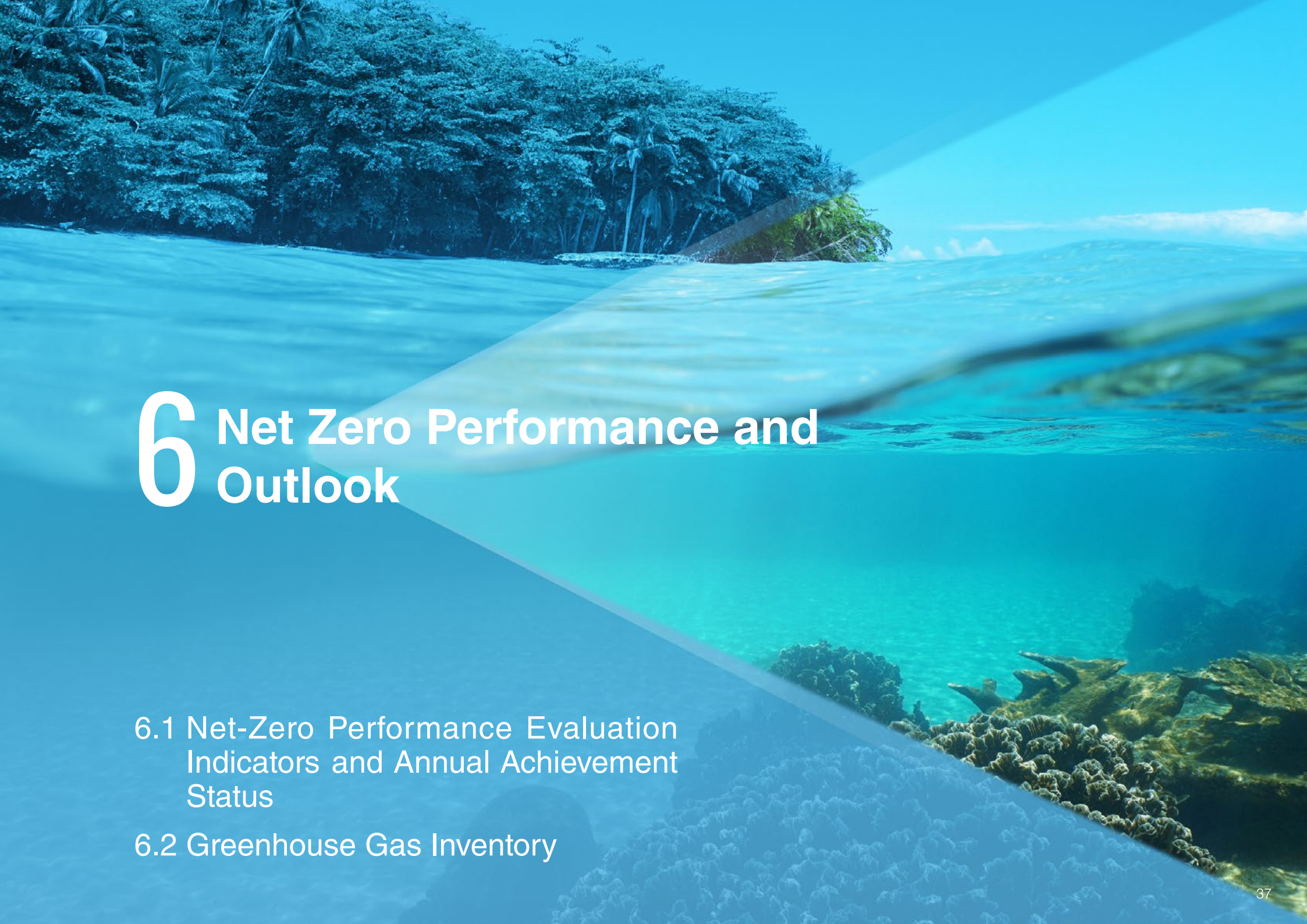
Responding to and Managing Immediate Climate-Related Risks at Operating Sites

Since 2020, Hon Hai has been planning the implementation of the ISO 22301 Business Continuity Management System across its facilities. This initiative strengthens the ability of manufacturing sites to maintain operations and recover rapidly during crises. For example, at the Taoyuan Nankan Factory, the site conducted an Operational Continuity Risk Assessment to identify potential threats that could disrupt products and services. Based on the findings, the campus developed management actions and prioritized emergency response procedures to mitigate risks effectively.

To address short-term climate-related risks, Hon Hai utilizes weather alert systems and implements on-site preventive management measures in accordance with emergency response plans for typhoons and heavy rainfall. For medium- and long-term climate-related risks, the Group analyzes risk identification findings to assess climate-related risks and opportunities, formulate management strategies, and implement corresponding measures. To mitigate potential property losses and operational disruptions caused by unforeseen emergencies, Hon Hai also employs commercial insurance as a risk transfer mechanism, ensuring greater operational resilience.

Hon Hai's Business Continuity Management and Response to Climate-Related Risks

Process	Step 1: Identifying Threat Events	Step 2: Risk Assessment of Threat Events	Step 3: Evaluating and Addressing Results
Description	Potential sources of risk are identified based on incidents experienced within the Group, industry peers, or reports from research organizations.	The likelihood (probability level) and impact severity of each threat event are assessed to understand the potential risks	• Control measures are implemented to reduce the likelihood of these events. For threats where likelihood cannot be reduced, emergency management plans are developed. • Based on the assessment results, cost-benefit considerations are used to prioritize material threat events.
Examples of Responses to Climate-Related Risks	Climate-Related Physical Risks	Typhoons, torrential rain	[Typhoon and Storm Emergency Response Plan] • The issuance of typhoon alerts • Inspection of construction sites, lightning protection systems, dormitories, factories, and public areas to identify and eliminate potential hazards. For risks that cannot be immediately addressed, warning zones are established to ensure safety. • Preparation and maintenance of emergency equipment • Activation of a three-level response protocol for typhoons triggering orange or red alerts, and storms triggering red alerts. An emergency command center is established to coordinate and manage response operations effectively.
		Medium to Long-Term Climate Change Risks	• Information and management strategies and response measures • Transfer risks through commercial insurance



6 Net Zero Performance and Outlook

6.1 Net-Zero Performance Evaluation Indicators and Annual Achievement Status

6.2 Greenhouse Gas Inventory

6.1 Net-Zero Performance Evaluation Indicators and Annual Achievement Status

To achieve Hon Hai's vision of a net zero future, the Group has established green protection commitments across multiple dimensions, including net zero emissions, green energy adoption, water conservation and environmental protection, and waste reduction through circular practices, using 2020 as the baseline year. In addition to overarching corporate objectives, the Group has broken down these goals into detailed annual targets for each facility and department. This structured approach ensures effective tracking and management of performance, with regular reviews to evaluate progress and adjust strategies as needed.

Hon Hai's Recent Net Zero Vision Performance

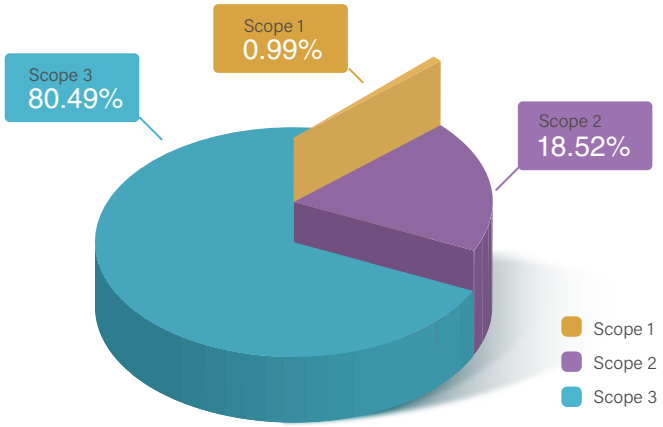
Theme	2022 Net Zero Vision Performance	Latest Net Zero Performance	Future Goals and Directions
Resource Management	**[Water Resource Management]** • Implemented wastewater recycling projects, reusing treated wastewater for production processes and environmental greening, achieving a water recovery volume of 4,944 kilotons with a water intensity of 1.38 **[Circular Economy]** • Our Nanning Factory achieved Platinum Certification, and Shenzhen Longhua Campus achieved UL 2799 Gold Certification for zero waste to landfill, progressing toward Zero Waste campuses. Tianjin facility is under construction	**[Water Resource Management]** • Actively advanced wastewater recycling projects, with plans for zero wastewater discharge facilities in India • By 2023, water recovery volume reached 5,966 kilotons, with water intensity of 1.38 (a reduction of 15%), successfully meeting reduction targets **[Pollution Prevention]** • In 2023, Longhua Factory was established as a demonstration site for air quality monitoring systems • Air quality monitoring at the Shenzhen Guanlan Factory will commence by the end of 2024 **[Circular Economy]** • In 2023, the Nanning, Hengyang, and Kunshan Factories achieved UL 2799 Platinum Certification for zero waste to landfill, while the Shenzhen Longhua Campus achieved the highest Gold Certification. • As of July 2024, Hon Hai had obtained 27 Zero Waste certifications, including 24 Platinum and 3 Gold Certifications. The Group continues to expand its circular economy initiatives globally, extending efforts into regions such as Vietnam, India, and Brazil	**[Water Resource Management]** • By 2025, Hon Hai aims to reduce water use intensity by 6% **[Pollution Prevention]** • Achieve a 100% installation rate for industrial wastewater discharge quality monitoring systems across all facilities by 2025 • Establish at least three air quality monitoring demonstration facilities by 2025 **[Circular Economy]** • Increase the internal recycling rate of plastic materials within facilities to 60% or more by 2025 • Obtain UL 2799 Gold Zero Waste Certification for at least 5 campuses by 2025 Hon Hai is committed to promoting sustainability in line with its long-term environmental objectives: • Biodiversity Projects (e.g. NTOU Sustainable Oceans) repurpose recycled construction waste into artificial reefs, fostering marine biodiversity. • Dedicated professional teams in Mainland China and Taiwan provide hands-on guidance to suppliers, enabling collaborative carbon reduction efforts. • Establish and expand green funds to strengthen green electricity procurement. • Launch of the Environmental Protection Information Network and Low-Carbon Platform to enhance data accuracy and integration. • Utilize AI monitoring systems for real-time analysis of wastewater flocculation, ensuring efficient treatment processes. • Development of internal carbon pricing mechanisms, with some business units already piloting shadow pricing. • Deploy UAVs for proactive air quality monitoring across campuses, enabling preventive measures.

Theme	2022 Net Zero Vision Performance	Latest Net Zero Performance	Future Goals and Directions
Energy Management	• The "Audit Procedures for Energy-Saving Projects" and "Audit Procedures for Energy-Saving Management" were formulated, with annual energy conservation goals established at the beginning of each year • In 2022, green electricity accounted for 8.28% of the Hon Hai's total energy consumption • In 2022, Hon Hai achieved an actual energy-saving rate of 5.74%, surpassing its annual target of 4.2% • The Group launched 1,877 energy-saving retrofit projects, with a total investment of 2.37 billion NTD, resulting in a carbon reduction of 306,204 tCO_2e	• The "Audit Procedures for Energy-Saving Projects" and "Audit Procedures for Energy-Saving Management" were formulated. Additionally, the Group released and enacted the "Energy-Saving and Carbon-Reduction Action Plan for the Energy Sector," revising its energy-saving targets to ensure alignment with its overarching sustainability objectives • In 2023, green electricity accounted for 60.96% of the Hon Hai's total energy consumption • In 2023, the Group achieved an actual energy-saving rate of 5.90%, and in 2024, the rate was 5.80%, successfully meeting the annual energy-saving target of 4.5%. • In 2023, the Group launched 1,818 energy-saving retrofit projects, with a total investment of approximately 2.89 billion NTD, achieving total energy savings of 519 million kWh and energy-saving benefits of 1.54 billion NTD. • In 2024, the Group launched 1,864 energy-saving retrofit projects, with a total investment of approximately 2.48 billion NTD, achieving total energy savings of 566 million kWh and energy-saving benefits of 1.79 billion NTD.	• Raise the proportion of green energy usage to more than 50% by 2030.
Management of Greenhouse Gases	• In 2022, Hon Hai's Scope 1 and Scope 2 greenhouse gas emissions (market-based) totaled 6,046,954 tCO_2e • The Group launched 1,877 energy-saving retrofit projects, achieving a total carbon reduction of 306,204 tCO_2e • In response to SBTi, a carbon inventory was conducted, and the SBTi Standard Commitment application was officially submitted in April 2022 • Became a founding member, committee member, and supervisor of Taiwan Net Zero Emissions Association	• In 2023, Hon Hai's Scope 1 and Scope 2 greenhouse gas emissions (market-based) totaled 2,702,581 tCO_2e, marking a 50.68% reduction compared to the 2020 baseline of 5,480,108 tCO_2e • The Group launched 1,818 energy-saving retrofit projects, achieving a total carbon reduction of 319,610 tCO_2e • In 2024, the Group launched 1,864 energy-saving retrofit projects, achieving a total carbon reduction of 303,716 tCO_2e • In response to the SBTi, a carbon inventory was conducted. The near-term reduction targets and net zero targets were officially verified and disclosed by SBTi in 2023 and 2024, respectively.	• The Group remains committed to achieving net zero greenhouse gas emissions by 2050 • Using 2020 as the baseline year, Hon Hai has committed to reducing greenhouse gas emissions by 21% by 2025, 42% by 2030, and 63% by 2035
Supply Chain Management	• Hon Hai has conducted ESG performance evaluations for 75 key suppliers • In 2022, the Group counseled 123 suppliers in completing carbon inventories • Joint efforts in 2022 led to a total carbon reduction of 125,500 tCO_2e • As of 2022, 12 suppliers had signed the Renewable Energy Commitment, pledging to use 100% renewable energy in the production of Hon Hai products. • In 2022, 10 suppliers obtained UL 2799 Zero Waste to Landfill Certifications	• A total of 200 key suppliers underwent ESG performance evaluations • In 2023, the Group guided 186 suppliers to complete carbon inventories, and in 2024, this effort expanded to 200 suppliers. • In 2023, supplier carbon reduction efforts resulted in a reduction of 484,000 tCO_2e, and in 2024, the reduction reached 1.02 million tCO_2e. By the end of 2024, a total of 36 suppliers had signed the Renewable Energy Commitment, ensuring 100% renewable energy usage in their production for Hon Hai. • By the end of 2024, 20 suppliers had obtained UL 2799 Zero Waste to Landfill Certifications.	• For 2025, the goal is to conduct ESG performance evaluations for 300 key suppliers • By 2025, efforts aim to have 54 suppliers using 100% renewable energy in the production of Foxconn products, increasing to 150 suppliers by 2030 and over 300 by 2050 • By 2025, 25 suppliers are targeted to achieve UL 2799 Zero Waste to Landfill Certifications

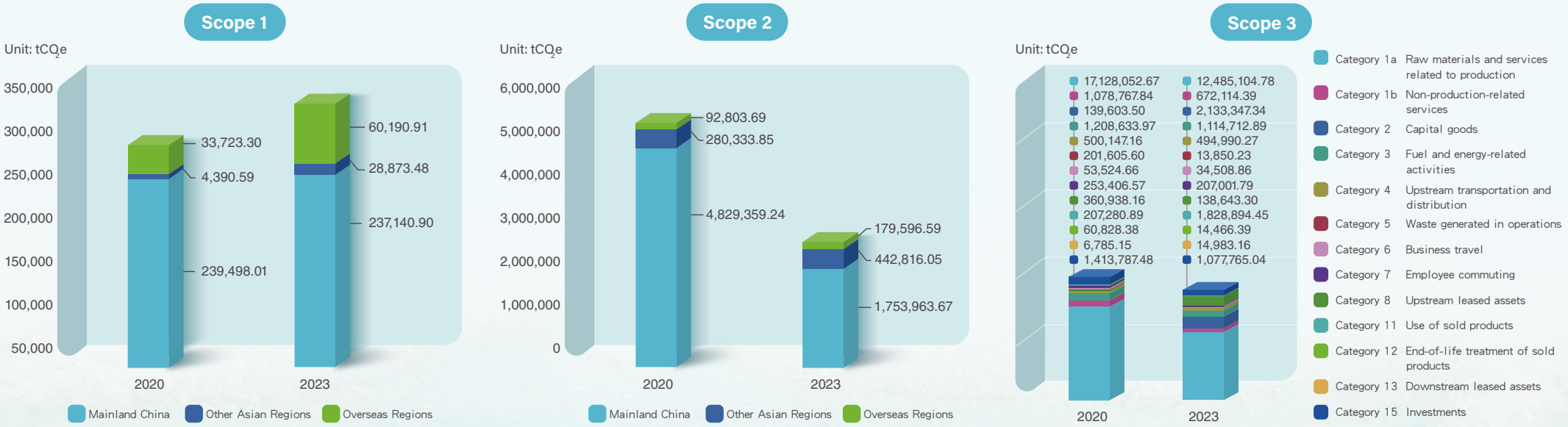
6.2 Greenhouse Gas Inventory

To achieve Hon Hai's net-zero emissions target, the Group continues to promote ISO 14064-1 greenhouse gas inventories across its manufacturing sites and obtains third-party verification. By 2021, the inventory coverage rate across factories on all continents had reached 100%. Based on the 2020 baseline year, Scope 1 emissions (direct emissions) accounted for 0.99%, Scope 2 emissions (indirect emissions from electricity use) for 18.52%, and Scope 3 emissions (upstream and downstream value chain emissions) for 80.49% of the Group's total greenhouse gas emissions. Thanks to Hon Hai's proactive planning and implementation of carbon reduction initiatives, as well as increased use of renewable energy in recent years, the Group had already achieved a 42% reduction by 2023—well ahead of schedule. Scope 1 and 2 emissions were reduced by 50.68% compared to the 2020 baseline of 5,480,108 tCO_2e.

Hon Hai 2020 Greenhouse Gas Emissions Distribution Char



Hon Hai Greenhouse Gas Emissions Statistics Chart (Note 5)



Note 5: The Scope 3 greenhouse gas inventory includes the following categories: Raw materials and services related to production (Category 1a), non-production-related services (Category 1b), capital goods (Category 2), activities related to fuel and energy use (Category 3), upstream transportation and distribution (Category 4), and waste generated in operations (Category 5). Additionally, it includes business travel (Category 6), employee commuting (Category 7), upstream leased assets (Category 8), downstream transportation and distribution (Category 9), and processing of sold products (Category 10). The inventory also considers the use of sold products (Category 11), end-of-life treatment of sold products (Category 12), downstream leased assets (Category 13), franchises (Category 14), and investments (Category 15).

Hon Hai Scope 1 Emissions

(Unit: tCO_2e)

Year (Note 6)	Mainland China	Other Asian Regions	Overseas Regions	Total
2020	239,498.01	4,390.59	33,723.30	277,611.90
2021	231,489.01	16,274.19	8,552.71	256,315.92
2022	236,118.28	15,894.05	12,972.72	264,985.05
2023	237,140.90	28,873.48	60,190.91	326,205.29

Note 6: From 2020 to 2023, the greenhouse gas (GHG) emissions inventory achieved 100% coverage. The Scope 1 and Scope 2 GHG emissions data for 2021, 2022, and 2023 presented in this report have been assured by a third party in accordance with ISAE 3410. Following third-party assurance, adjustments were made to the emissions data disclosed in previous sustainability reports and the Net Zero Vision Report, resulting in slight discrepancies. These differences are attributable to the third-party verification being completed after the editorial deadlines of prior reports. Please refer to the final data confirmed through third-party assurance as the definitive figures.

Hon Hai Scope 2 Emissions

(Unit: tCO_2e)

Year (Note 7)	Mainland China	Other Asian Regions	Overseas Regions	Total
2020	4,829,359.24	280,333.85	92,803.69	5,202,496.79
2021	5,324,553.78	388,517.31	117,299.39	5,830,370.48
2022	5,123,330.25	527,275.39	131,363.51	5,781,969.15
2023	1,753,963.67	442,816.05	179,596.59	2,376,376.31

Note 7: From 2020 to 2023, the greenhouse gas (GHG) emissions inventory achieved 100% coverage. The Scope 1 and Scope 2 GHG emissions data for 2021, 2022, and 2023 presented in this report have been assured by a third party in accordance with ISAE 3410. Following third-party assurance, adjustments were made to the emissions data disclosed in previous sustainability reports and the Net Zero Vision Report, resulting in slight discrepancies. These differences are attributable to the third-party verification being completed after the editorial deadlines of prior reports. Please refer to the final data confirmed through third-party assurance as the definitive figures.

Hon Hai Scope 3 Emissions

(Unit: tCO_2e)

Inventory Item	2020 Emissions (Note 8)	2021 Emissions (Note 8)	2022 Emissions (Note 8)	2023 Emissions (Note 8)
Category 1a Raw materials and services related to production	17,128,052.67	21,639,991.35	20,430,782.99	12,485,104.78
Category 1b Non-production-related services	1,078,767.84	248,474.04	475,194.58	672,114.39
Category 2 Capital goods	139,603.50	172,929.21	276,738.21	2,133,347.34
Category 3 Fuel- and energy-related activities	1,208,633.97	1,877,942.48	1,877,769.80	1,114,712.89
Category 4 Upstream transportation and distribution	500,147.16	619,590.16	395,257.45	494,990.27
Category 5 Waste generated in operations	201,605.60	25,567.95	22,515.96	13,850.23
Category 6 Business travel	53,524.66	43,388.73	40,887.37	34,508.86
Category 7 Employee commuting	253,406.57	280,360.15	237,520.17	207,001.79
Category 8 Upstream leased assets	360,938.16	76,294.48	59,296.85	138,643.30
Category 9 Downstream transportation and distribution	0	0	0	0
Category 10 Processing of sold products	0	0	0	0
Category 11 Use of sold products	207,280.89	2,528,849.18	2,356,359.34	1,828,894.45
Category 12 End-of-life treatment of sold products	60,828.38	76,245.99	11,187.28	14,466.39
Category 13 Downstream leased assets	6,785.15	28,576.10	19,305.58	14,983.16
Category 14 Franchises	0	0	0	0
Category 15 Investments	1,413,787.48	1,123,990.83	972,552.25	1,077,765.04
Total	22,613,362.03	28,742,200.63	27,175,367.83	20,230,382.89

Note 8: Greenhouse gases include CO_2, CH_4, N_2O, HFC_s, PFC_s, SF_6, and NF_3, with global warming potential values based on a 100-year time horizon.

Note 9: The emissions consolidation method follows the financial control approach.

Note 10: In alignment with the SBTi target verification, baseline year data has been recalculated due to acquisitions, mergers, and updates to calculation methodologies.

Appendix

TCFD Index

TCFD Index

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	b. Describe management's role in assessing and managing climate-related risks and opportunities.	3. Comprehensive Climate Governance Mechanism	10
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	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.2.2 Major Climate-Related Risks and Opportunities	14
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Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	6.1 Net-Zero Performance Evaluation Indicators and Annual Achievement Status	38
	b. Disclose Scope 1, Scope 2, and, where applicable, Scope 3 greenhouse gas emissions and associated risks.	6.2 Greenhouse Gas Inventory	40
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	6.1 Net-Zero Performance Evaluation Indicators and Annual Achievement Status	38

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