

2017 SOCIAL AND ENVIRONMENTAL RESPONSIBILITY REPORT



Preface

About this Report

This annual Social and Environmental Responsibility (SER) Report issued by Foxconn Technology Group (hereinafter "Foxconn" or "Group" or "company") is part of Foxconn's commitment to good corporate citizenship and is intended to communicate developments over the past year regarding our efforts to promote sustainability throughout our operations.

Foxconn will continue to publish the SER Report in English and Chinese annually. This report is released in June 2018.

Please visit: www.foxconn.com for more information on this report.

Reporting Principles

This report is prepared with reference to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Please refer to the Appendix for additional information on related standard disclosures on the guidelines.

Reporting Period and Scope

This report covers the period from January 1 to December 31, 2017 and SER initiatives by the Foxconn Technology Group (also known as Hon Hai Precision Industry Co., Ltd) and its majority-owned subsidiary companies, controlled entities, and affiliates, hereinafter referred to as "Foxconn". The report is based solely on the activities of the legal entities that are controlled by the Foxconn Technology Group.

Reporting Source

The data contained in this report includes information compiled by all relevant departments and units within Foxconn, including Investor Relations, Human Resources, Procurement, Health and Safety, Environmental Protection, Training and Development, Foxconn University, the Taiwan Yonglin Foundation, and the Foxconn Labor Union, among others.

Assurance

Prepared by the Global SER Committee at Foxconn, this report has been independently reviewed by Bureau Veritas Certification applying AA1000 stakeholder engagement standards. This report adheres to the G4 "Core" guidelines, as verified by Bureau Veritas Certification (Taiwan). The verification report prepared by Bureau Veritas Certification is included in this report.

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Letter from Founder and CEO

Foxconn has always been committed to serving society and the environment by applying our expertise as a technology leader to efforts to improve the lives of those we touch in markets around the world. As part of our continuous transformation strategy, Foxconn is leveraging the opportunities presented by the industrial Internet and driving the advancement of smart manufacturing through our significant investments in a wide range of related technologies. Our goal is to build an industry-leading industrial Internet platform and robust ecosystem that supports not only Foxconn's sustainable development, but that of our industry by enabling suppliers and small and medium-sized enterprises to be at the forefront of smart manufacturing related technological development.

Innovation is the north star that guides the future of our company and Foxconn's continued success as a sustainable business. We are harnessing and integrating cutting-edge technological innovations in all aspects of our global operations, including our work to meet our social and environmental responsibilities (SER) and to promote sustainable development in our company and in our industry. As the global industry leader, our expertise in several strategic areas, such as cloud computing, mobile devices, Internet of Things, Big Data, artificial intelligence (AI), networks, robotics and automation, is constantly employed to meet our SER goals and objectives.

Foxconn takes a people-centric approach to our business and operations. This is because our success is made possible, in large part, by the hard work and dedication of our employees. We are committed to being a fair and equal employer, and we continue to ensure that we provide our employees with a positive working environment that is among the best in our industry. We recognize that as a global industry leader we have a responsibility to invest in the future of our employees so they can become the leading lights within our industry. That is why we encourage and support professional and personal development opportunities in such initiatives as Foxconn University, our very own corporate university that has knowledge partnerships with leading academic institutions all over the world. Foxconn University places a



priority on preparing our employees for the industrial Internet era, and works with our Industrial Internet Institute to train the next generation of talent and experts in AI and big data analytics in smart manufacturing.

Our employees are our most important asset and we are always striving to provide a positive working environment for them. Innovations in cloud computing, mobile devices, networks and Big Data are integrated with our health and workplace sustainability programs so that our employees can look after their health and work in a safe and friendly environment. The "Health to You" cloud platform is one such example of such technological application in practice, offering personalized advice to employees based on their individual health profile. These are complemented by a wide range of healthcare services, including complimentary health checks for employees, remote healthcare counseling and medical assistance across campuses.

As a good corporate citizen, Foxconn does everything possible to protect the environment and minimize the negative impact of our operations because we believe it is our fundamental responsibility as a sustainable business. All areas of our manufacturing operations are continuously enhanced by the application of innovative, energy-efficient and green technologies. This corporate responsibility extends throughout our supply chain and we require all suppliers to ensure that they comply with relevant environmental regulations and meet our own high standards in social and environmental responsibility. We also encourage them to join us in deploying best practices in areas such as carbon emission reduction.

We have driven innovation in the development and application of sustainable technological solutions and, as we look to the year ahead, we are well positioned to fulfill our promise of building a sustainable ecosystem for every aspect of Foxconn's business operations.

Foxconn has a strong record of contributing to the communities in which we operate. We support good causes and actively participate in social and community-based programs. Together, Foxconn and the Yonglin Foundation have contributed to several philanthropic activities this year to care for the disadvantaged and the vulnerable, and to bridge the education gap between those living in urban and rural areas. We do this as part of our efforts to create an environment that promotes care and respect for the underprivileged and to enrich the lives of our stakeholders inside and outside our company.

This report details Foxconn's social and environmental performance during 2017. The success we have achieved is due in large part to the invaluable support of our employees and our customers and industry partners. We thank them for their contributions to our efforts to realize our SER goals.

Once again, we have driven innovation in the development and application of sustainable technological solutions and, as we look to the year ahead, we are well positioned to fulfill our promise of building a sustainable ecosystem for every aspect of Foxconn's business operations. This is the approach that we will continue to take as we invest in projects around the world that are positively changing the face of high-technology and intelligent manufacturing. These innovations serve as the cornerstones for Foxconn's sustainable development, and the sustainable development of our industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Gou".

Terry Gou

Founder and Chief Executive Officer
Foxconn Technology Group

Executive Summary

Our social and environmental responsibility

Foxconn Technology Group (Foxconn) has a duty as the world's largest manufacturing and technology services company to strive for excellence in social and environmental responsibility in everything we do. We balance the goals of our business with this responsibility as the global industry leader, and we fulfill this commitment by adopting and promoting sustainable development practices throughout our global operations. This is a strategic and systematic approach that aligns our business values and practices with the needs and expectations of our stakeholders.

Since Foxconn was founded in 1974, we have driven innovation in the development and application of sustainable technological solutions and products within every aspect of our business operations. We invest in our employees, safeguard their health and safety, promote environmental sustainability, and ensure that our supply chain remains sustainable. At the same time, we encourage employee social participation and contributions that benefit our local communities.

Our approach to social and environmental responsibility (SER) is directed by:

- Obligations as a member of global industry associations and international standard institutes relevant to Foxconn's business
- Laws and regulations applicable to locations where Foxconn has operations
- The Foxconn management team that makes decisions to revise or enhance performance standards
- Codes of conduct of our customers that allow us to remain compliant with their high standards

As an active member of the Responsible Business Alliance (RBA), Foxconn fulfills our responsibilities as a corporate citizen and promotes social and environmental responsibility across our value-chain and the global technology industry. To this end, Foxconn is committed to accelerating technological development while building a caring organizational culture and a conducive environment in markets where we operate. Our goal is to develop and maintain a long-term business

model that can deliver on this commitment to sustainability, stability and technological advancement.

All aspects of Foxconn's business and operations are guided by our Social and Environmental Responsibility Code of Conduct (CoC). This is shared with all employees and monitored by Foxconn's Global SER Committee on a regular basis. The CoC sets out Foxconn's standards relating to Business Ethics, Labor Rights, Health and Safety, Environment, Restrictions on the Use of Conflict Minerals, Anti-corruption and Anti-slavery and this Code ensures Foxconn upholds a corporate culture of dignity and integrity.

It is our top priority to safeguard the interests of all our stakeholders, both internal and external. We work closely with all groups to address the environmental, economic and social issues that we share with them. In addition, as the global technology industry evolves, Foxconn continues to innovate across our operations for sustainable business growth, and to mitigate and minimize the negative impact of our operations on the environment. Foxconn's Global SER Committee, promotes close collaboration with our stakeholders, driving the development and implementation of proactive and comprehensive measures as part of our SER efforts.

A Positive and Sustainable Workplace

At Foxconn, we recognize the important role our employees play in the success of the company. We firmly believe that a committed workforce and a positive workplace drives innovation and creativity. As such, we invest in the welfare of our employees and provide an environment that promotes talent development and an employee work-life balance. In line with this commitment, we encourage our employees to participate actively in our local communities through our social and philanthropic initiatives.

As an equal opportunity employer, Foxconn treats all employees equally and fairly. We implement merit-based promotion and remuneration programs and promote workplace diversity across all our campuses. Our company endeavors to offer employment opportunities to the local workforce in each

market where we operate as part of our efforts to enhance our employee localization rate. We have a global workforce of around one million employees, and this includes people with disabilities and people from ethnic minorities. Female employees make up 35% of our workforce. In terms of education, 58% of our employees are high school or technical school graduates, or hold higher education qualifications.

Our merit-based promotion and remuneration system ensures that our workforce is assessed fairly and rewarded for good performance, and offered competitive wages and other incentives, such as annual bonuses and performance-based incentives. Across all campuses, entry-level employees receive wages that are higher than the local minimum wage.

As a people-oriented company, the safety and rights of our employees are of the highest priority at Foxconn. The company has established an employee insurance system, which includes both personal and group insurance coverage as well as one-off emergency assistance funds. As part of the program, Foxconn has assisted a total of 6,264 employees, providing them with a total of around RMB 19.8 million in support in 2017. We visit and provide support to employees and their families who are in challenging situations and hardship. In addition, special aid is offered as a form of assistance to victims of regional natural disasters.

Foxconn advocates active and healthy lifestyle practices and encourages all employees to enjoy a work-life balance. We continue to invest in improving campus infrastructure and recreational facilities to safeguard the well-being of our employees.

At Foxconn University, our very successful corporate university, we encourage the learning of theory alongside practical experience, and we offer employees continual education and training opportunities for their personal and professional skills development. The University has international partnerships with renowned educational institutions, and it conducts scientific research and personnel training to promote technology and knowledge sharing in partnership with leading think-tank organizations. Employees benefit

from a variety of internships, training, scholarships and many other educational and development programs. In 2017:

- Foxconn University offered courses in management, general education, technology, on-the-job training, industrial engineering and degree courses, completing over 5.8 million training hours for an accumulated total of over 33.75 million trainees
- 5,997 new students enrolled at the University, which has partnerships with some 60 renowned universities, and 4,667 employees graduated with degrees from the University
- Over RMB 19.5 million was provided to 3,679 students to support their continuing education effort

Workplace Safety and Occupational Health

As a global industry leader, Foxconn is committed to ensuring the health and safety of all employees across all our operations around the world. As part of this commitment, Foxconn continues to invest in creating a safe and healthy working environment, one that is among the best in our industry. This is achieved by implementing comprehensive measures and policies to systematically ensure and enhance workplace safety and occupational health.

Foxconn's employee health and safety policies and standards meet all relevant international and local laws and regulations, including OHSAS 18001 and SA8000. We enhance these health and safety measures continuously, and we have obtained OHSAS 18001 and CNS15506 certifications issued by international third parties.

In 2017, our Taiwan operations continued to enhance our comprehensive health and safety management system, which has obtained international third-party verification. According to the "No Significant Occupational Incident Working Hours Record Guideline", Foxconn also obtained a certification for its record of 7.98 million "no significant operational incidents" working hours. The company also received a "Special Award for Outstanding Staff in Health and Safety" from the New Taipei City government in May 2017.

Foxconn's expertise in cloud computing provides the basis for a comprehensive and tailored healthcare programs for employees and their families, in the form of remote healthcare counseling, complementary health checks, medical assistance, health awareness and risk assessment, and professional health advisory services. Foxconn's innovative "Health to You" (H2U) cloud platform uses employee health-related data to provide health alerts and advice to our employees, helping them to access accurate information about their health and address any issues before they become a concern. This is supported by employee health measurement ATMs or kiosks set up across our campuses.

To achieve our goal of "100% Safety at Work" and "zero injuries, occupational diseases, or accidents", Foxconn identifies ways to apply advanced technologies to monitor and eliminate potential hazards in the workplace. Foxconn has established professional internal audit teams to conduct daily and monthly safety checks across our campuses. Any safety non-conformances identified are swiftly addressed and resolved. In 2017, a total of 77 reports were completed for a wide range of enhancement procedures, including safety guidelines and company training for five high-risk accidents, thereby improving safety capabilities and procedures and the overall level of safety management.

Across all our facilities, we apply automation technologies to maximize efficiency and to replace more heavy and high-risk tasks, and through training and the improvement of professional skills, we enable our employees to focus on higher value-added aspects of our operations. As our manufacturing services and products become more technologically advanced, automation will play an increasingly important role in our operations. As part of our long-term growth strategy, we will continue to use both manpower and automation in our manufacturing operations.

Sustainable Global Supply Chain Management

Foxconn strives to build a sustainable supply chain and we ensure that our company and suppliers abide by the same environmental laws and regulations that form Foxconn's CoC and protocols. We have set up specialized divisions, including procurement, to study the environmental requirements of regulators, customers, industry, and other stakeholders. This includes compliance with EU RoHS 2.0, REACH, and assurances that no conflict minerals are used in the components of our

products. The results of those efforts are translated into actionable internal measures that are integrated and applied within our operations, and shared with our suppliers to ensure the high standards we set for ourselves are followed across our supply chain.

Foxconn requires suppliers to fulfill their social and environmental responsibilities and implement sustainability practices, in addition to adhering to our Supplier Code of Conduct. Across all organizational and product group levels, we have put in place sustainable procurement requirements to create a sustainable global supply chain. We ensure that upstream and downstream suppliers also fulfill the same requirements to restrict the use of hazardous substances, encourage the deployment of carbon emission reduction solutions and other environmentally friendly practices, and reinforce capabilities in making eco-friendly products. In addition, we enforce stringent materials sourcing and supplier management standards, including setting targets for reducing greenhouse gas emissions that must be met by suppliers. Foxconn systematically monitors all aspects of our operations and our supply chain, and conducts supplier audits and training to ensure alignment with sustainability requirements.

In addition to applying strict compliance control on incoming materials from suppliers, Foxconn places attention on the product sourcing process to ensure all our outputs are environmentally friendly. As part of this commitment, Foxconn has established a Design for Environment (DFE) program to integrate green design concepts and technology into our product design process, and introduced a sustainable product management system, which selects materials and suppliers that adhere to our company's guidelines on eliminating hazardous substances from all products, starting from the design stage.

A Big Data platform for all operational units uses our comprehensive procurement and source management system, which includes measures to mitigate anti-blocking risks and supplier risk transfers, incoming material quality checks, data reviews and quality audits. Foxconn is integrating and developing a supplier management Big Data platform to enhance and optimize the management of our supply chain and provide customized and value-added technology services to our customers.

Green and Sustainable Practices

Environmental sustainability is a priority for Foxconn and we take a systematic approach towards integrating green and sustainable practices into our operations, implementing measures in the areas of environmentally friendly product design, carbon emission reduction, process management, energy and resource management and supply chain management. We do this to enhance environmental protection and minimize the negative impact of our operations on the environment, boost energy efficiency and resource management, which helps to create a healthy and positive industry ecosystem while building an eco-culture through the innovation and application of new technologies.

Foxconn has made environmental conservation a key operating principle to ensure that waste and pollutant emission levels meet the requirements of relevant laws and regulations and that the environment is not compromised by our operations. In 2017, Foxconn invested a total of TWD 176 million into 164 enhancements to the company's environmental facilities and improved capabilities in processing waste, wastewater, and emissions across our campuses.

In accordance with China's 13th Five-Year Plan, which requires the reduction of carbon dioxide emissions by 18% by 2020, Foxconn has set a carbon dioxide emission reduction target of 24%, based on the company's 2020 carbon dioxide emission per unit of output against that of 2015.

Foxconn applies our global experience and expertise in designing and setting up photovoltaic power generators based on location-specific and campus-specific requirements of solar energy plans for each site. We currently have photovoltaic power generators in Guangdong, Guangxi, Hainan, Hubei, Henan, Jiangsu, and Tianjin, with a total installed photovoltaic power generation capacity of 33.3MW. In 2016, the company signed an agreement with the city government of Nanyang to build a 100MW ground-mounted photovoltaic power plant. Completed in 2017, the plant has a total installed photovoltaic power generation capacity of 30MW, producing 13.338 million kWh of electricity, and reducing carbon dioxide by 11,949 tons last year.

In response to the "Made in China 2025" strategy, Foxconn builds green capabilities and facilities into every campus design and operation. Foxconn has optimized the production

process and leveraged green and low-carbon technologies to construct and improve production facilities and reduce land use. Foxconn applies advanced clean production technologies and efficient control equipment to create a positive and clean working environment and reduce resource consumption during the production process.

A Long-term Partner for the Local Community

Our commitment to society is one of the key pillars of our role as a good corporate citizen. We share a culture of supporting good causes and giving back to society with our employees, and together we participate in social and community-based programs, including sponsoring and hosting philanthropic activities and volunteer programs. Foxconn and the Yonglin Foundation, a charity organization set up by our CEO Mr. Terry Gou, have contributed to a number of philanthropic activities to promote care and respect for the disadvantaged, advance healthcare and medical development, drive charitable programs, and bridge the education gap between those living in urban and rural areas. In 2017, Foxconn allocated TWD 300 million to social and community-based programs and activities to support public health and care for vulnerable members of the community.

One program that offers care for the vulnerable is the Foxconn Education Foundation's partnership with the Yonglin Foundation. Foxconn provides academic support to underprivileged children, and has been doing so for many years. The "Yonglin Hope Primary School Project" provides remedial education for underprivileged children and supports the development of learning materials. In 2017, a total of 113 full-time employees and 724 study assistants were engaged in 402 classrooms at 198 primary schools, offering remedial lessons to 2,842 students.

Foxconn also works with the Yonglin Foundation to support social enterprises. Since 2014, the foundation has been working with UnLtd (Un-limited), the UK's biggest social enterprise, to support the 2016-2018 iLab Project. The project offers market testing support to entrepreneurs and start-ups with innovative concepts, and assistance in running stable and successful businesses that have a positive social impact. The project supports Taiwanese social enterprises and start-ups to achieve positive social change and this in turn contributes to Taiwan's social development.

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Corporate Profile

As a global leader in manufacturing and technology services, Foxconn is transforming into a leading high-tech enterprise and industrial Internet company. We are guided by our vision to provide technological products and solutions that bring convenience to the everyday lives of people around the world.

Good Corporate Citizen



Global Footprint

200+
Subsidiaries &
Branch Offices

2 R&D Clusters



3 Design & Manufacturing Zones



Industry-Leading Business Model



Innovation

83,600
Patents Granted
2006 — 2017

The largest number of patents by the U.S. Patent and Trademark Office among companies headquartered in Greater China

In Taiwan
2nd Number of Patent Applications
1st Number of Patent Granted

Strategic Capabilities



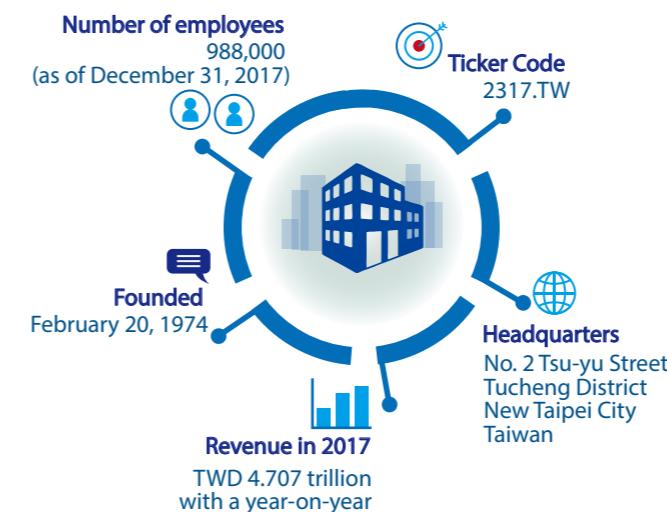
Fortune Global 500

27th 2017
98th 2017
2017 Forbes Global 2000
8th Top Multinational Performers
90th World's Best Employers
248th Top Regarded Companies

Company Profile

Company Overview

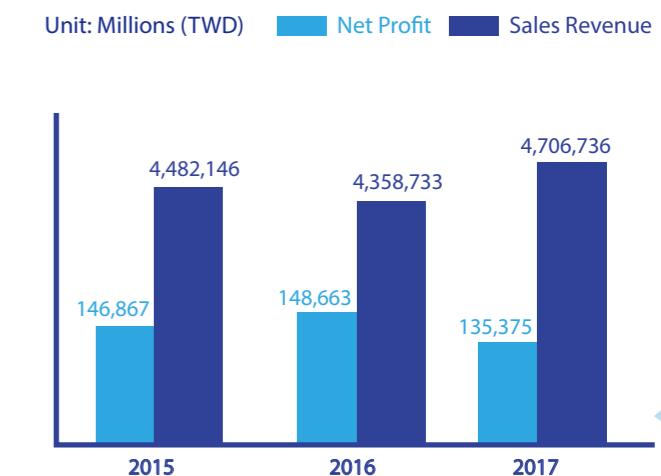
Foxconn Technology Group (Foxconn)



Our business blueprint has guided Foxconn's sustainable expansion and integration of key growth areas, and this is evident in the growth of our IIDM-SM platform (Integration-Innovation-Design-Manufacturing-Sales-Marketing). The Group has extended our offerings to hardware innovation, cloud data management, software services, platform and infrastructure, such as 4G LTE wireless services, network transmission services and smart electric vehicles. Foxconn continues to invest in R&D and the application of energy efficient manufacturing technology.

Since the Group was established in 1974 in Taiwan and since our initial investment in China in 1988, Foxconn has expanded rapidly to become the world's largest provider of electronics manufacturing services (EMS) and we are a global leader in high technology services. Foxconn has a workforce of a million employees and our customers include many of the world's major companies and renowned consumer technology brands. In 2016, the value of Foxconn's manufacturing accounted for 3.6 percent of the total value of China's imports and exports. In 2017, Foxconn was ranked 27th in the Fortune Global 500 list. Foxconn was also ranked 98th in the 2017 Forbes Global 2000 list of the world's biggest public companies, and is ranked 8th, 90th and 248th in the "Top Multinational Performers", "World's Best Employers" and "Top Regarded Companies" respectively among companies included in the other categories of the 2017 Forbes Global 2000". In the 2017 Forbes Best Employers list, Foxconn ranked and 90th among 500 global companies.

Foxconn revenue and profit over the last 3 years



Global Footprint

Foxconn continuously invests in enhancing capabilities in R&D, design and engineering services. With China at the center of the Group's business and development, Foxconn has also continued to expand an already significant footprint in countries around the world. Our international operations and global expansion are guided by the needs of our customers. Our operations enable global assembly and delivery to our customers worldwide from two strategic R&D clusters, one in Greater China and another in the United States, and three design and manufacturing zones across Asia, the Americas, and Europe. Foxconn currently has more than 200 subsidiaries and branch offices in Asia, the Americas, and Europe.



**More than
200 subsidiaries
and branch offices in Asia,
the Americas and Europe**

Patent Applications

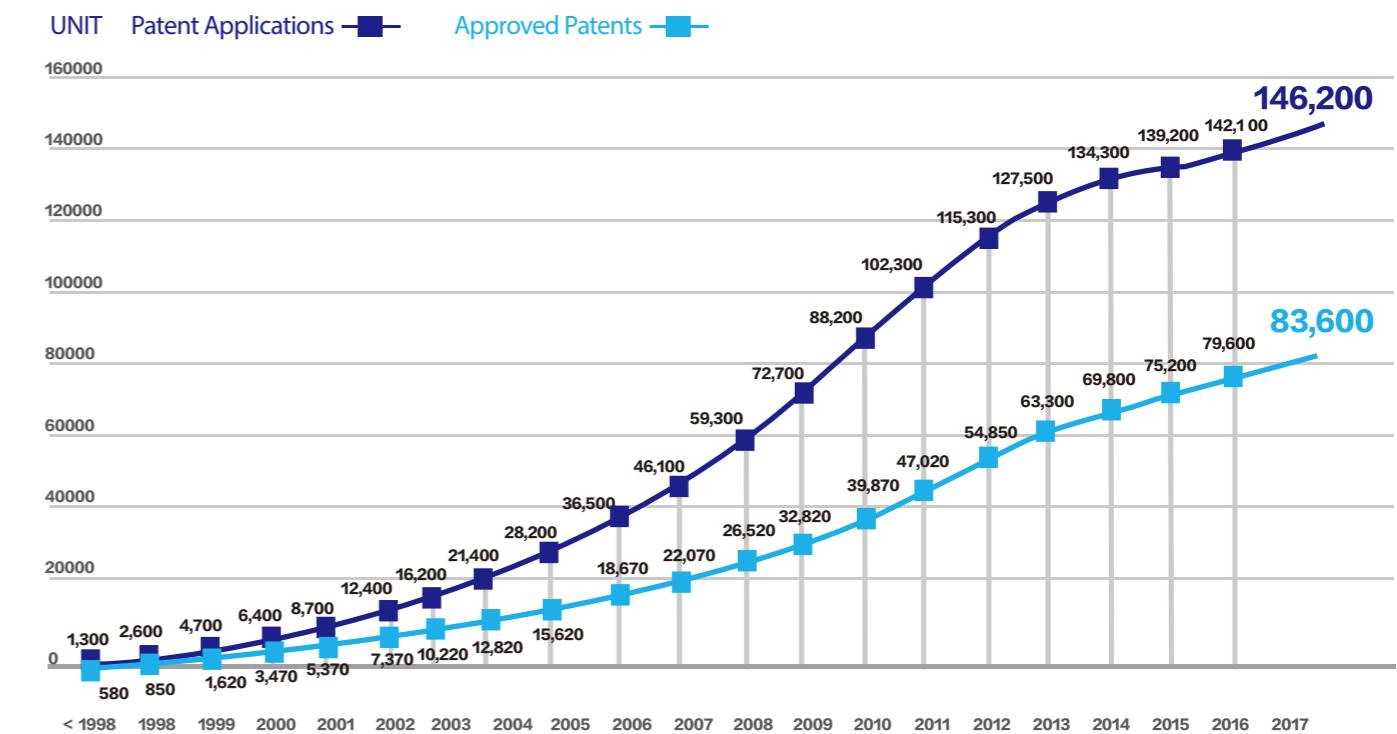
Foxconn is committed to investing in research and innovation and, as a major patent owner and business partner of other global patent owners, the company vigorously defends the innovations and intellectual property rights of companies around the world.

Foxconn has established a professional R&D and patent development network and innovative patent management platforms in Asia, the Americas and Europe, with effective technological integration across regions. These efforts have proven successful and this is demonstrated by our company's growth and breakthroughs in many cutting-edge technology areas, such as nanotechnology, metals, plastics, ceramics, and heat transfer technology. Foxconn continues to augment our industry-leading capabilities in precision machinery, molding, semiconductors, cloud computing services, liquid crystal displays,

networks, computing, and wireless telecommunications, among other areas. This has enabled us to become one of the world's leading companies in the integrated optoelectronics industry.

As of the end of 2017, Foxconn had submitted 146,200 patent applications (54,600 in Mainland China), of which 83,600 were granted (29,900 in Mainland China). In 2017, Foxconn was ranked 2nd for the number of domestic patent applications in Taiwan, and 1st for the number of patent notices issued. For 12 consecutive years between 2006 and 2017, Foxconn was granted the largest number of patents by the U.S. Patent and Trademark Office among companies headquartered in Greater China. In 2017, Foxconn received 631 patents in the U.S., ranking 56th among companies worldwide and sixth among companies headquartered in Greater China.

Foxconn Accumulated Patent Applications and Approved Patents



Technology Responsibility

Foxconn's business strategy "industry+technology+e-commerce" ensures that we develop and integrate a channel focus within our operations. To deliver on this strategy, Foxconn will continue to drive and implement a holistic and systematic alignment of our design, production, sales and after-sales service systems and processes – from core components upstream to downstream sales channels to support greater value-add across our 3C business chains. Foxconn is committed to accelerating the advancement of technology and to continuing to enhance our caring organizational culture and conducive environment in markets where we operate. In doing so, we continue to create a long-lasting business that is in line with our focus on "sustainability, stability, development, technology, and international".



Future Prospects

Foxconn's vision has always been to provide technological products and solutions that bring convenience to the everyday lives of people around the world.

Foxconn's current technology development framework covers the entire spectrum of "11 screens, three networks and two clouds". By this, we mean the end-products and devices Foxconn provides cover a wide range of 11 screens, including wearable, smartphone, tablet, notebook, desktop computer, portable TV, digital whiteboard, digital signage, electric vehicle and robots. The network products and solutions we offer are applied widely in three spheres: the Internet, the Internet of Things and the Smart Grid. Foxconn is also focused on the cloud, offering hardware and software services on public and private clouds.



Corporate Management

Corporate Organization and Board of Directors

Foxconn's Board of Directors comprises a number of company executives and independent members responsible for our company's corporate governance. In addition to safeguarding shareholders' interests, the Board adheres to the guiding principles of collaboration and partnership with Foxconn's employees, customers, suppliers, local communities and government agencies. The Group's Vice President is responsible for communicating and implementing the guiding principles set forth by the Board of Directors to the entire Group, including our affiliates. Board members receive no compensation for serving on the Board and they recuse themselves in the event of any conflict of interest. Board members derive compensation from bonuses that are in direct proportion to Foxconn's performance. Hon Hai Precision Industry Co., Ltd. is the largest listed company in the Group, with three independent directors. Terry Gou is the Chairman of the Board and also CEO of the Group. Foxconn's operations are privately funded, with no financial assistance received from any government.

Foxconn Audit Committee

In compliance with Taiwan's Securities and Exchange Act, Foxconn established an Audit Committee in July 2016. The committee comprises independent directors serving a three-year term, and a committee chairman selected among the members. The current convener of the committee is independent director Mr. Kai-Fu Lee.

According to the organizational procedures of the Audit Committee, it is mandatory for the committee to meet at least once every quarter. The current committee has held ten meetings to date, including two meetings in 2016, seven meetings in 2017 and one so far in 2018, and the attendance rate of the committee members averaged 81.48%.



Compensation Committee

Foxconn established a Compensation Committee in September 2011 in order to optimize the pay structure for company executives and managers. The committee consists of three committee members appointed by the Board and its main responsibility is to assist the Board in assessing the compensation and evaluation system for company executives and managers. Mr. Kai-Fu Lee is currently the convener of the committee.

In accordance with the organizational procedures of the Compensation Committee, the committee is required to assemble at least twice a year. The current committee has held six meetings, two were held in 2016, three in 2017 and another so far in 2018, and the attendance rate of the committee members has averaged 83.33%.

Foxconn Global Social and Environmental Responsibility Committee

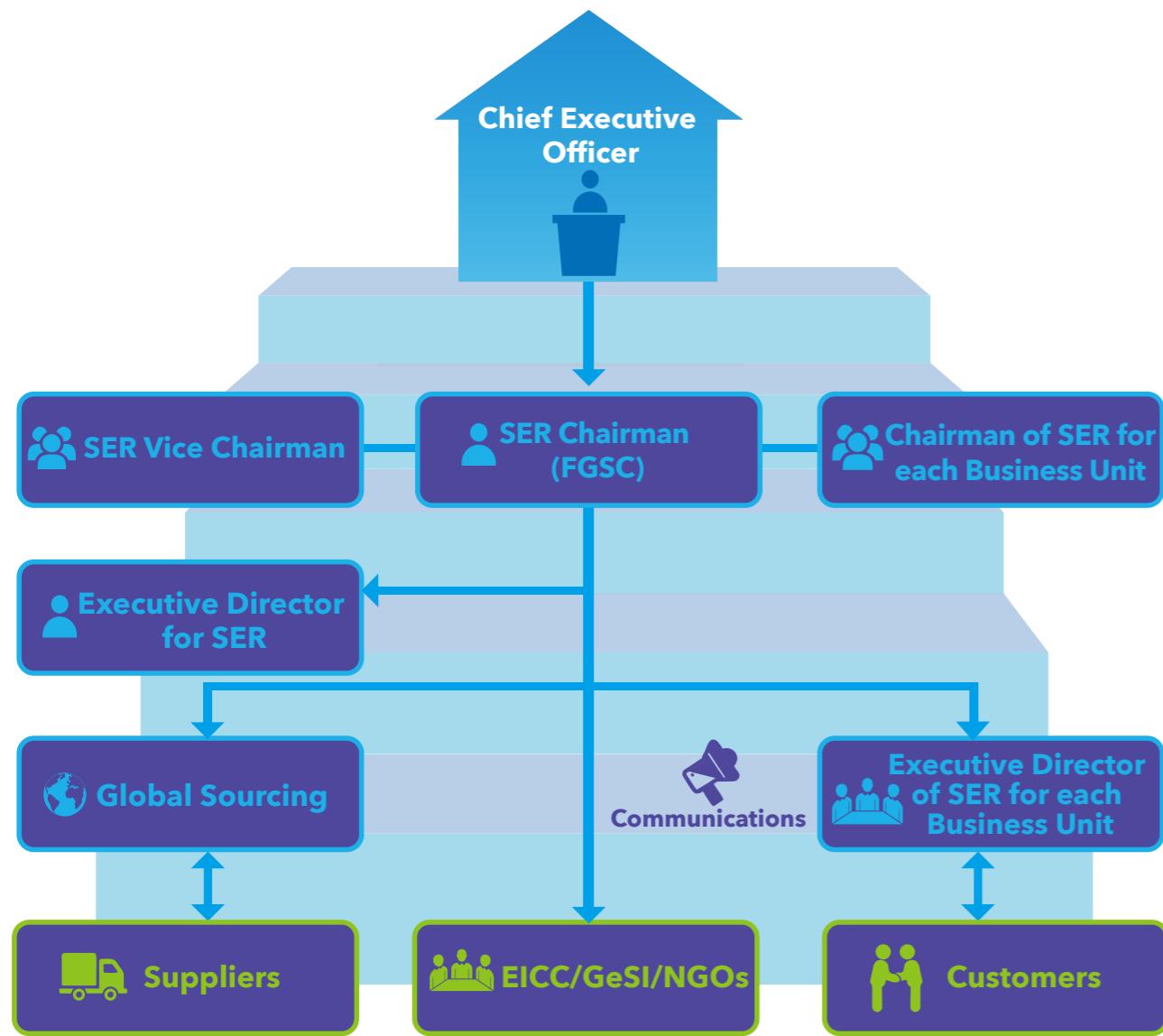
Foxconn has an unwavering commitment towards being a socially responsible corporation, balancing our business goals with our role as a global industry leader in driving corporate social and environmental responsibility (SER), and achieving sustainable development. In March 2007, Foxconn established the Group's Global Social and Environmental Responsibility Committee (FGSC). Louis Woo, special assistant to Foxconn Founder and CEO Terry Gou, is the chairman of the committee. In addition, the committee has established independent and professional bodies and separate SER teams within the business groups to ensure that social and environmental responsibility is fully integrated into the company's corporate culture and that our SER policy is adhered to, implemented, and monitored by the FGSC. Every year, the FGSC conducts evaluations and audits of the various business groups to ensure that the SER policy is integrated across Foxconn's operations and at every manufacturing facility.

As of 2016, Foxconn has established a team of more than 1,000 SER professionals to work with customers, government agencies, and the community, to enhance transparency and to implement Foxconn's SER duties and responsibilities.

In March 2005, Foxconn became one of the official members of the Responsible Business Alliance (RBA). As a member of the alliance, Foxconn complies with the RBA-related codes of conduct designed to promote and implement SER standards

amongst member companies. Foxconn also conducts regular audits on suppliers to ensure they comply with the same set of policies and code of conduct.

FGSC Organizational Chart



Foxconn's Code of Conduct

Foxconn emphasizes fairness, honesty and integrity in all our business activities. The Group also adheres to the principle of fair competition and we have implemented this throughout our operations. As a member of the RBA, Foxconn takes on the responsibility of promoting and abiding by corporate social responsibility guidelines and actively participates in the alliance's activities with our partners and suppliers in the ICT industry. In June 2008, Foxconn's global SER committee published the first version of Foxconn's Code of Conduct (CoC), based on the RBA Code of Conduct. In 2018, the FGSC updated the CoC with the endorsement of every one of our Group's vice presidents. In addition, to ensure 100% coverage of CoC education within the company, CoC education and training is mandatory for all new employees and all employees are required to receive regular training and abide by the CoC.

Foxconn's Code of Conduct encompasses eight major areas, including a code of ethics, labor rights, health and safety, environment, management system, responsible procurement on the use of conflict minerals, anti-corruption and anti-slavery.

Ethics

- Business Integrity
- Disclosure of Information
- No Improper Advantage
- Fair Business, Advertising, and Competition
- Protection of Identity and Non-retaliation Policy
- Intellectual Property
- Protection of Privacy

Labor Rights

- Freely Chosen Employment
- Child Labor Prohibition and Young Workers Protection
- Protection of Maternity Rights and Health of Female Workers
- Non-discrimination
- Fair and Humane Treatment
- Wages and Benefits
- Working Hours
- Freedom of Association



Health and Safety

- Machine Safety
- Industrial Hygiene
- Occupational Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Ergonomics
- Public Health, Dormitory and Canteen
- Health and Safety Communication



Environment

- Product Content Restrictions
- Chemicals and Hazardous Materials
- Solid Waste
- Air Emissions
- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Stormwater Management
- Energy Consumption and Greenhouse Gas Emissions



Management System

Corporate Commitment
Management Accountability and Responsibility
Legal and Customer Requirements
Risk Assessment and Risk Management
Performance Objectives
Training
Communication
Worker Feedback, Participation and Appeal
Audits and Assessments
Corrective Action Process
Documentation and Records
Supplier Responsibility



Anti-slavery Policy

Foxconn does not tolerate trafficking or any form of slavery, forced labor, debt repayment or prison labor. These include the use of threats, compulsion, coercion, abduction, fraud, or payment of compensation to anyone controlling another person to transport, hide, recruit, transfer, or receive personnel for the purpose of exploitation.

Stakeholder Engagement

Classification of Stakeholders and Modes of Communication

Foxconn's stakeholders are identified based on the AA1000 Stakeholder Engagement Standards, which enables our company to have an accurate understanding of and address the different environmental, economic and social issues faced by our stakeholders. Members from Foxconn's SER Committee and other relevant personnel have identified key stakeholders for the Group through a stakeholder engagement assessment, which evaluates five core components, including both the dependence and influence of the stakeholder on Foxconn, responsibility of our Group towards the stakeholder, level of stakeholder interest, and feedback provided to our company. Based on this assessment, Foxconn has identified employees, customers, suppliers, the community, shareholders and investors, and NGOs as our key stakeholders. Foxconn has developed various communication channels to engage with stakeholders to better understand their expectations of Foxconn and to learn from their best practices and feedback. The following table shows Foxconn's key stakeholders and how Foxconn communicates with each stakeholder group on key matters related to social and environmental responsibility.



Responsible Procurement of Minerals

Foxconn adheres to international standards and governmental and non-governmental regulations on conflict minerals. Foxconn does not accept, and does not use, conflict minerals in our operations. Foxconn requires suppliers to trace the origin of products potentially containing conflict minerals, including gold (Au), tantalum (Ta), tin (Sn), and tungsten (W), and to provide all relevant information regarding the sources of those minerals to our company. In addition, Foxconn's downstream suppliers are required to fulfill their due diligence on conflict-free minerals pursuant to the relevant international standards and regulations.

Anti- Corruption Policy

Foxconn upholds a corporate culture of dignity and integrity. Foxconn is committed to full compliance with local and international anticorruption and antibribery laws and regulations. Corruption, bribery, embezzlement or improper activities are strictly prohibited. Foxconn has a zero-tolerance policy towards activities or behaviors that are in violation of the anti-corruption policy. All employees are inducted with at least two hours of compulsory anti-corruption training every year. In addition, all partnerships with suppliers, vendors and customers must strictly comply with the anti-corruption policy.

Stakeholders	Employees
Criteria	All employees are treated equally and fairly
Communication Channels and Frequency	<ul style="list-style-type: none"> Communications include: employee hotline, forums, feedback boxes, satisfaction surveys, and counseling Other programs include employee assistance funds and family assistance funds
Topics and Issues of Interest	<ul style="list-style-type: none"> Employee remuneration and benefits Communication with and compassion for employees Education and training for employees Occupational safety Law-abiding operations
Efforts and Outcomes	We ensure that employees have avenues to share their views and provide their feedback in order to provide a positive work environment and to enhance their sense of belonging. In addition to providing communication channels, Foxconn has established employee assistance and support systems and programs such as a 24-hour hotline, an employee care center, and on-campus counseling services to help employees manage personal and work-related challenges and to support their health and mental well-being.
Stakeholders	Customers
Criteria	Respect for customers' needs
Communication Channels and Frequency	<ul style="list-style-type: none"> Quarterly and annual SER conferences Customer visits and audits, telephone conferences, quarterly and annual audits
Topics and Issues of Interest	<ul style="list-style-type: none"> Supplier SER evaluation Corporate reputation Operational integrity Law-abiding operations
Efforts and Outcomes	Foxconn maintains effective communications with customers, protects their privacy, facilitates their on-site inspections, and is prepared to brief them on the status of SER compliance of our company and related suppliers. Our goal is to provide customers with high-quality, innovative technology and services that are efficient and provide flexibility, as well as peace of mind knowing that Foxconn has rigorous efforts to reduce carbon emissions in the manufacturing process.
Stakeholders	Suppliers
Criteria	Prioritize through the 80/20 principle
Communication Channels and Frequency	<ul style="list-style-type: none"> Supplier annual meeting Supplier management platform
Topics and Issues of Interest	<ul style="list-style-type: none"> Supplier management Law-abiding operations
Efforts and Outcomes	Foxconn organizes an annual meeting with suppliers and conducts supplier audits at unscheduled intervals, to effectively convey Foxconn's requirements to our supply chain. Foxconn has also created an online SER management platform for suppliers to learn about the EICC regulations and Foxconn's policies regarding SER.



Stakeholders	Community
Criteria	Focusing on and starting from the local community in our global operations
Communication Channels and Frequency	Annual, quarterly and monthly activities and plans
Topics and Issues of Interest	<ul style="list-style-type: none"> Community care and charitable projects Cultural promotion
Efforts and Outcomes	Each campus organizes environmental activities, and has jointly pledged our commitment to advocating "energy and emission reduction, green business practices, and recycling" to inspire local community members to protect their own environment. Foxconn also actively assists disadvantaged members of society; this includes recruiting them to join our workforce. Foxconn promotes cultural development among the youth through its rural education resource development program, which aims to train teachers working in remote areas, and the Yonglin Hope Primary School project, which provides children from families in economic need with academic support. Lastly, Foxconn organizes fundraisers to support education programs.
Stakeholders	Shareholders/investors
Criteria	Any party that has invested or has an interest in investing in Foxconn, including corporations and individuals
Communication Channels and Frequency	<ul style="list-style-type: none"> Prospects of the listed company, its financials and SER progress
Topics and Issues of Interest	<ul style="list-style-type: none"> Corporate governance and operational management of company Operational integrity Law-abiding operations
Efforts and Outcomes	Corporate governance and operational management of company
Stakeholders	NGOs
Criteria	We engage with professional and well-respected NGOs based on the nature and importance of the issue
Communication Channels and Frequency	<ul style="list-style-type: none"> Conference calls at unscheduled intervals when required Annual SER activities and evaluations
Topics and Issues of Interest	<ul style="list-style-type: none"> Management of energy and greenhouse gases Waste management Supplier management
Efforts and Outcomes	Foxconn participates in the global dialogue on SER where we discuss SER topics with NGOs. Foxconn also participates in SER-related activities organized by NGOs, such as carbon and water disclosure activities organized by the Carbon Disclosure Project (CDP). Foxconn also aims to continue to make progress on environmental issues such as RoHS, halogen free (HF) and water pollution, in partnership with NGOs.

Classification and Analysis of Significant Stakeholder Issues

Foxconn engages with our stakeholders across multiple communication channels to understand and identify SER-related issues that are of interest to them. The issues and insights are aggregated and distilled, based on considerations such as materiality, comprehensiveness, relevance and impact

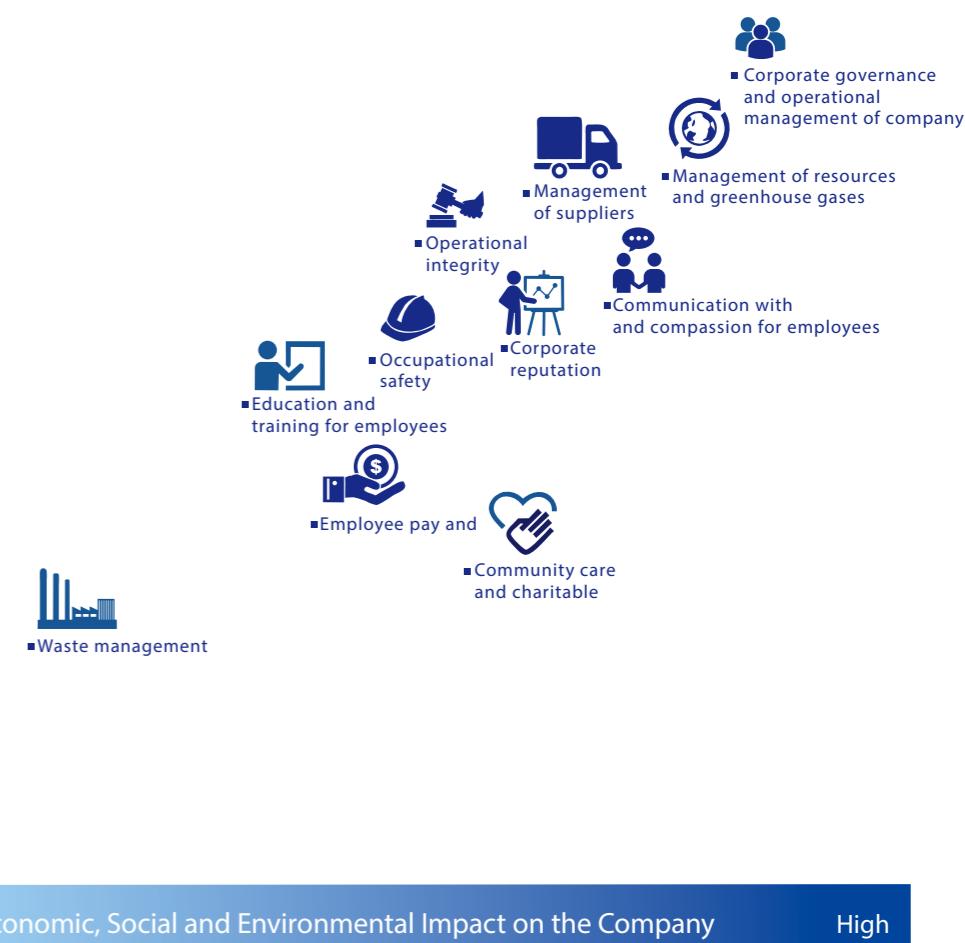
to stakeholders in the sustainability context, to enable Foxconn to develop an initial classification of significant stakeholder issues. Foxconn's SER Committee conducts further analysis and assessment of the issues based on the AA1000 Materiality Test guidance, and develops a Materiality Matrix based on two criteria: the impacts on stakeholder assessments and decisions, and the economic, social and environmental impacts on the company.

MATERIALITY MATRIX TOP SER/STAKEHOLDER ISSUES

High

Impact on Stakeholder Assessments and Decisions

Low



The priority SER topics of our stakeholder communications include corporate governance and operational management of company, energy and greenhouse gases management, communication with and compassion for employees, supplier management, corporate reputation and operational integrity.

Other topics that we regularly engage with stakeholders on include: occupational health and safety, employee remuneration and benefits, community care and charitable projects, education and training for employees. We also discuss topics such as waste management as part of our Group's SER communications and information disclosure.

Key SER Topics and Relevant Stakeholders

Material Issues	Sub-issues	Chapter containing response	Boundary					
			Internal	Supplier	Customer	Shareholder/ Investor	Community	NGOs
Corporate Governance and Operational Performance	EC Economic Performance	Ch.1 Company profile	●		●			
Supplier Management	EN Supplier Environmental Assessment	Ch.4 Supply Chain Management	●	●				
	LA Supplier Assessment for Labor Practices	Ch.4 Supply Chain Management	●	●				
	HR Supplier Human Rights	Ch.4 Supply Chain Management	●	●				
Communication with and Compassion for Employees	LA Labor/ Management Relations	Ch.2 Employees	●					
	LA Labor Practices Grievance Mechanisms	Ch.2 Employees	●					
Energy and Climate Change	EN Emissions	Ch.5 Environment	●			●		
	EN Energy	Ch.5 Environment	●			●		
	EN Overall	Ch.5 Environment	●			●		
Business Integrity	SO Anti-corruption	Ch.1 Company Profile	●	●	●	●		
Market Presence	EC Market Presence	Ch.2 Employees	●	●				
	HR Non-discrimination	Ch.2 Employees	●	●				
	HR Child Labor	Ch.2 Employees	●	●				
	HR Forced or Compulsory Labor	Ch.2 Employees	●	●				
Employee Remuneration and Benefits	LA Employment	Ch.2 Employees	●					
	LA Equal Remuneration for Women and Men	Ch.2 Employees	●					
Education and Training for Employees	LA Training and Education	Ch.2 Employees	●					
Occupational Health and Safety	LA Occupational Health and Safety	Ch.3 Health and Safety	●					
Community Care and Charitable Projects	SO Local Communities	Ch.6 Social Participation	●			●		
Waste Management	EN Waste	Ch.5 Environment	●			●		

2

Employees

As a people-oriented company, employees are Foxconn's most important asset and we treat all employees equally and fairly. We provide opportunities for merit-based promotion and compensation, and support their development through world-class training programs.

Education and Training in 2017

Foxconn University



5,997
New students enrolled

4,667
Employees graduated



Collaboration with think-tanks

62

Partnerships with renowned higher education institutions



Scholarship funds disbursed
RMB 19.518 million for
3,679 students



+5.8 million
33.75 million training hours for
trainees



Investment in employee education
and professional development
598 Skills-based
Training sessions



285 Vocational
qualification
Training sessions



Invested
RMB 4.355 million
in scholarship funds for
2,228 employees
organized
1,821 Skills competitions



Competitive Wages and Benefits

Labor Union's innovative servicing program increases reach of "145" model and our "big family" culture



145 MODEL

10%
Strategic planning

40%
Public services

50%
Primary care services for the underprivileged

Employees earn higher than
the local minimum wage



Education Level



58%

of employees are
high school or technical
school graduates

0.2%
Master's degree or above

6.5%
Bachelor's degree

10.8%
Tertiary education



40.4%
Junior high school or below

42%
Senior high school/Vocational school/Technical school

65% Male
Female 35%

Age

63% 30 and under
37% 30 to 50
0.1% 50 and above

Employees

Foxconn abides by the United Nations Declaration of Human Rights, Responsible Business Alliance standards and local laws and regulations on the protection of the rights and interests of all employees. Foxconn is a responsible and equal opportunity employer, and our employment policies require that recruitment, promotion, wages, training opportunities and retirement must be people-oriented, lawful, fair and without discrimination based on gender, age, nationality, religion, political affiliation, birthplace, country of origin, language, disability, gender identity or union membership. Foxconn treats all employees equally and fairly, and evaluates employee performance based on merit and ability. We also provide opportunities for merit-based promotion and compensation, as well as on-the-job training for all employees.

Overview

Foxconn recruits employees through social and educational institutions using an unbiased screening process while maintaining respect for the rights of applicants and our commitment to promote diversity in the workforce. Foxconn prohibits the employment of child labor and forced labor. As of the end of December 2017, Foxconn had a seasonally adjusted workforce of 988,000 employees, and this included 2,578 people with disabilities and 50,041 people from ethnic minorities. In addition, there were no cases of workplace discrimination, child labor or forced labor at Foxconn.

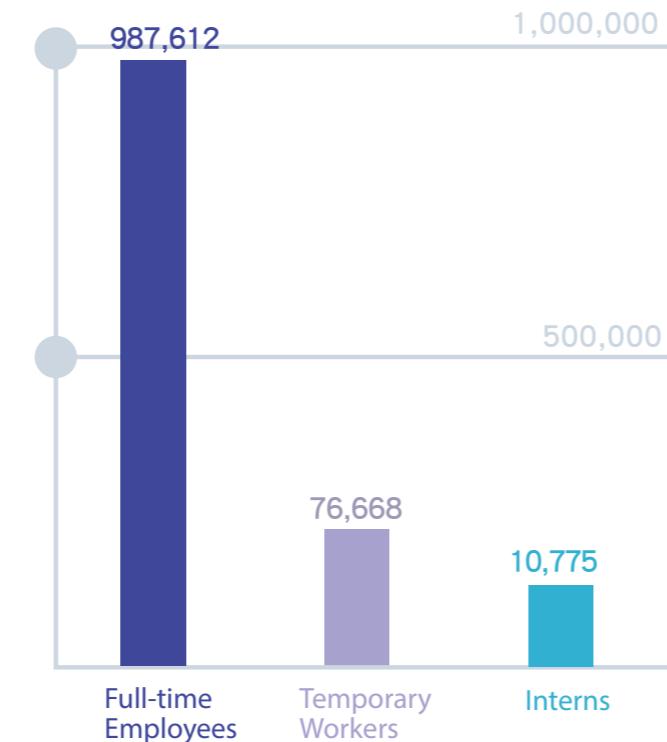
Foxconn endeavors to provide employment opportunities to the local workforce in each market where we operate and we strive to achieve a high employee localization rate.

Foxconn Employee Age Distribution



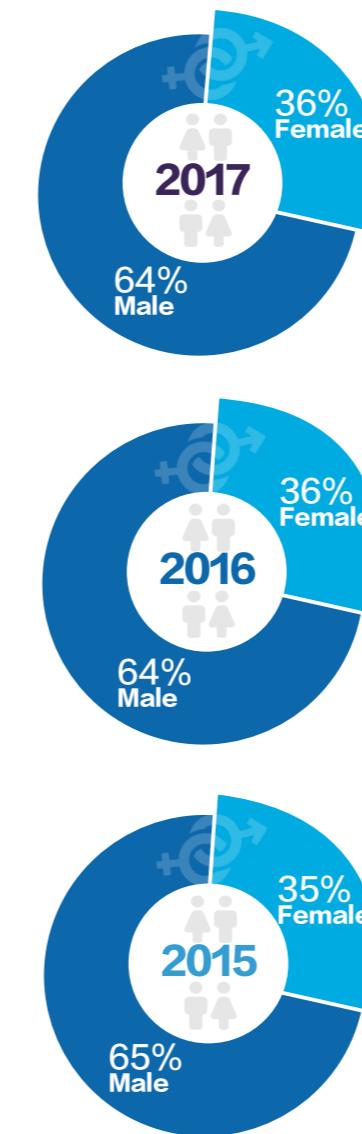
Classification and Distribution of Employees

Over 93% of Foxconn's employees are in job positions that are lawfully recognized as formal positions, and they are considered full-time employees. Foxconn also hires a small number of temporary workers and part-time employees based on business needs and in accordance with local laws and regulations.

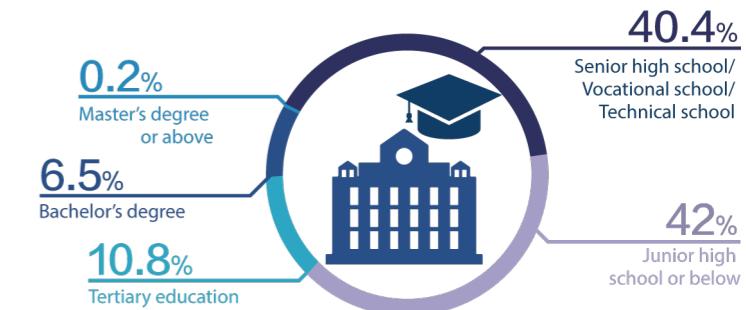


Foxconn has a relatively young workforce, with 63% of our employees under the age of 30. The following chart illustrates a breakdown of the employee population by age:

The gender ratio of employees has remained consistent over the past three years, with male employees making up 65% of our workforce and female employees making up the remaining 35% in 2017, as shown below:



In terms of level of education, 58% of our employees are high school or technical school graduates, or higher:



Wages and Benefits

Foxconn is committed to providing remuneration based on merit to all our employees. Each of our campuses recruits employees at wages that are higher than the local minimum wage. Foxconn treats and evaluates all employees fairly based on their ability when determining promotions and wage increments, with no differentiation between remuneration of male and female employees. Foxconn also provides all employees with legally stipulated insurance that is in compliance with local laws and regulations. Additionally, Foxconn signs a collective bargaining agreement with the Labor Union in China every year to ensure that employee rights are protected, and nearly 96% of employees are covered by this agreement.



Foxconn has developed an incentive system that is aligned with that of a modern business and leading global enterprise, and adopts a forward-thinking approach to employee evaluation and compensation. Foxconn employees are evaluated based on business performance, work ability, and potential. In addition, to encourage employee retention, Foxconn has implemented annual bonuses, time-based incentives, and other incentive programs. Employees also receive monetary gifts for traditional holidays, such as the Mid-Autumn Festival and the Dragon Boat Festival.

As a people-oriented company, Foxconn considers employees as our most important asset. Foxconn has established an employee insurance system that offers a complete care package to employees. As part of the program, Foxconn has assisted a total of 6,264 employees, providing them with a total of RMB 19,793,000 in support. The Group visits employees and their families who are in challenging situations and hardship. In addition, special aid is offered as a form of assistance to victims of regional natural disasters.

Communications and Employee Rights Protection

The Foxconn Labor Union in Mainland China (hereinafter referred to as the Labor Union) was established in 2007 and has since grown to encompass 30 campus unions, 63 business group unions, 324 business department unions and 19,611 labor union groups, covering four levels of employee unions. All the leaders of each level of the Labor Union are elected by its group members.

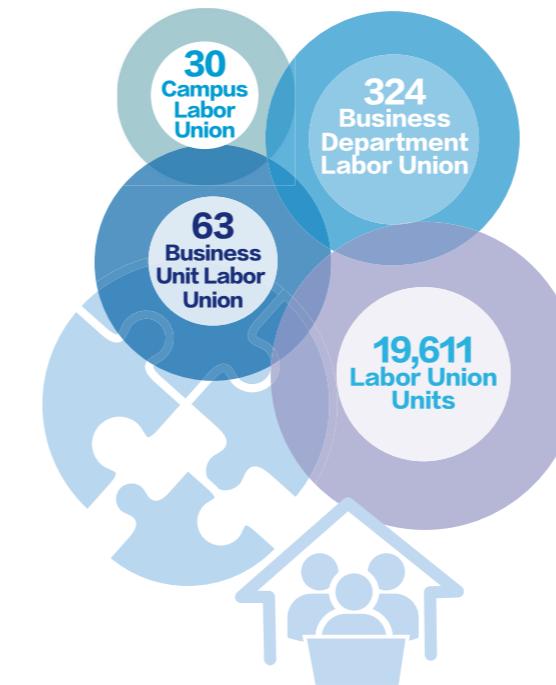
In 2017, the Labor Union implemented an innovative care services program and related activities to expand outreach of the "145" model to create a warm and harmonious "Big Family" culture. The "145" model allocates 10% of resources to strategic planning, 40% to public services and 50% to community services. More emphasis is placed on community care services and coordinating employees' working hours to allow them to benefit and participate in the program.

The Labor Union has instituted an integrated system to care for, protect the rights of, and support our employees. This includes hotlines at all of our campuses, and dedicated phone numbers to reach key business functions and departments, for employees to share feedback, and to provide employees with care and counseling services. By integrating 26 employee



rights protection mechanisms into six categories, including mailboxes to the union, the Chairman and political stakeholders, as well as hotlines to the Chairman, rights protection and assistance, and online websites, employees are able to communicate with the unions and the company's management team directly. In 2017, Foxconn received a total of 28,000 employee feedback submissions and achieved a successful case resolution rate of 99.3%. A total of 400,400 calls were received on the

employee hotline, with a successful and immediate case resolution rate of 93.2%. In addition, 5,753 employee outreach sessions were held for 1.745 million employees, while 1,129 employee representative forums were held for 48,000 employees, and 993 cases of legal aid and 5,044 cases of counseling were recorded.



Employee Skills Enhancement

Foxconn is proactive in supporting and training workers from rural backgrounds, and invests in programs to improve their skill set with the aim of enhancing their quality of life. In 2017, the company organized 598 skills-based training sessions and 285 vocational qualification training sessions, and these were attended by 200,000 employees and 13,000 employees respectively.



Dispute Mediation

- Committee on labor dispute mediation

Site Visits

- Union network
- Staff care center

Legal Aid

- Corporate lawyers

Telephone Hotlines

- Caring hotline
- Protection rights hotline
- Chairman hotline

Mailboxes

- Mailboxes for feedback to CEO, political parties and labor union
- Mailboxes to Chairman

Seminars and Visits

- Seminars
- Grassroots (restaurants, dormitories, production lines)

The company also distributed a total of RMB 4.355 million in scholarship funds to 2,228 employees and organized 1,821 skills competitions in which 281,000 employees participated.

Foxconn plans to further invest RMB 1 billion on skills development initiatives to support development of new engineers and technology specialists, and to promote skills enhancement for self-employed entrepreneurs.

Invested
RMB 4.355 million
in scholarship funds for
2,228 employees
organized
1,821 Skills competitions





Vocational qualification training



Basic skills training session

Employee Care Initiatives

In addition to enhancing employee remuneration, Foxconn also places an emphasis on supporting healthy lifestyle practices and promoting a work-life balance among employees. Every year, our company makes significant investments in improving campus infrastructure and the living environment for employees. These include providing recreational facilities, such as integrated sports stadiums, basketball courts, swimming pools, libraries, parks, gyms, banking and retail services.

As of 2017, Foxconn has set up some 250 societies, including such groups as choirs, calligraphy clubs, photography clubs, basketball clubs and dancing clubs for our employees. The company also organizes events, such as birthday parties,



Training for 3C store managers



Electrician training

Employee Care



Fitness lessons



Basketball game



Birthday party



Physical activities



Group activities



Tug of war

In addition, Foxconn held 442 activities for female employees and a total of 131,000 employees participated. Another 339 training sessions for some 28,000 employees were held. The company organized 91 female employee care activities,



Parenting activities and summer camps

including vocational skills enhancement, health awareness and education, outstanding female employee recognition awards and team competitions.



Mother's Day hand crafting activities



Parenting lessons



Fashion and style lessons



Flower art lessons



Fashion and style lessons



Team competitions



Talent show



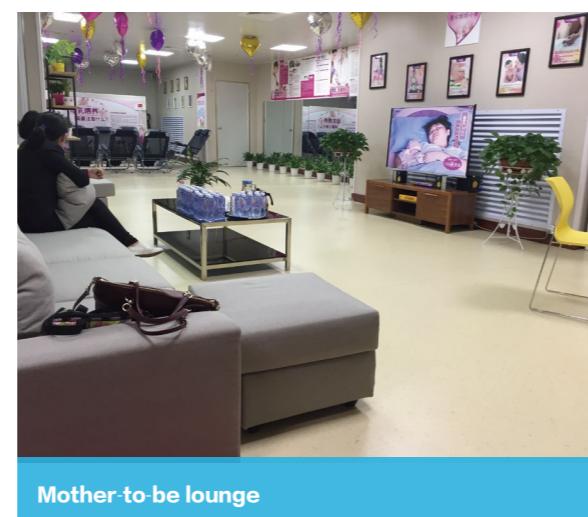
Fashion and style lessons



Support for Expectant Mothers

To support the government's pro-family policies and as part of our responsibilities as an employer and good corporate citizen, Foxconn is committed to providing a positive workplace environment for employees to start a family and raise their children. In Taiwan, Foxconn has implemented an initiative for expectant mothers over the last three years, offering TWD 30,000 in maternity benefits and subsidies to expectant mothers or male employees who are expecting a child in the family. The Group partners with 77 accredited childcare and educational institutions on programs for children of employees. Since the introduction of this initiative, the company has welcomed 316 "Foxconn babies". Employees of Foxconn in Taiwan have a high fertility rate of 5.2, which is more than four times the total fertility rate in Taiwan.

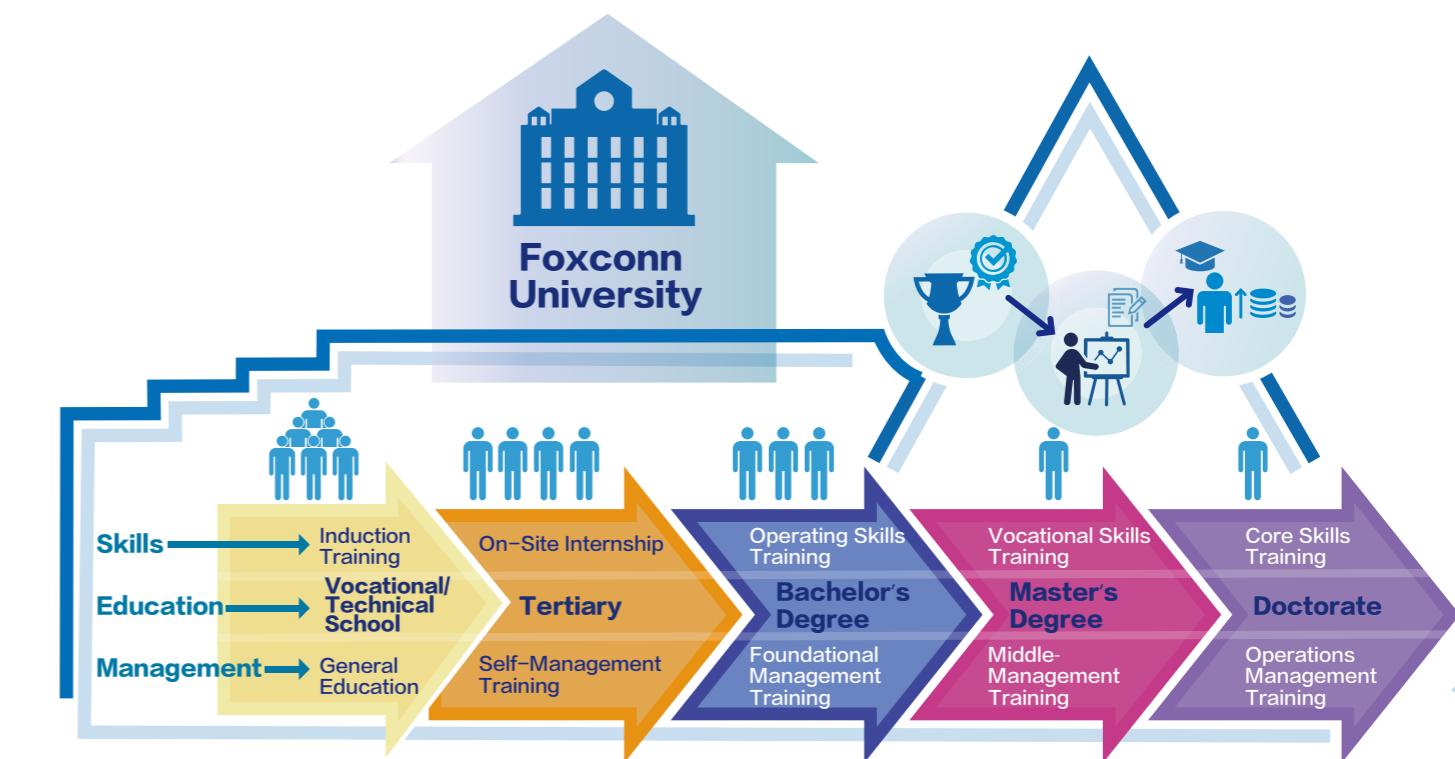
In our Mainland campuses, the Group provides a range of care activities for female employees throughout their pregnancy and also post-pregnancy. In addition to maternity leave benefits, Foxconn offers antenatal classes and seminars, exclusive lounges and rest areas for expectant mothers, nursing rooms and dining areas.



Education and Training

The Foxconn University provides training to all our employees with the goal of integrating theory with practical experience, promoting knowledge application and lifelong learning, and encouraging employees to interact with and learn from one another.

As a leading cooperative university, it is Foxconn University's mission to support our employees in realizing their potential. The University develops and administers degree courses, knowledge management programs, management skills courses, industrial engineering courses, general education, on-the-job training and technical skills development courses. The University partners with renowned educational institutions, such as Stanford University, University of Houston, Tsinghua University, Peking University, among others, and think-tanks to provide a comprehensive educational program that supports the professional development of our employees. In 2017, Foxconn developed an O2O (online-to-offline) training program, bringing together various training and development and active learning courses onto one platform via an online application that is also integrated with offline professional training and counselling programs to facilitate employee learning, career development planning and performance management.



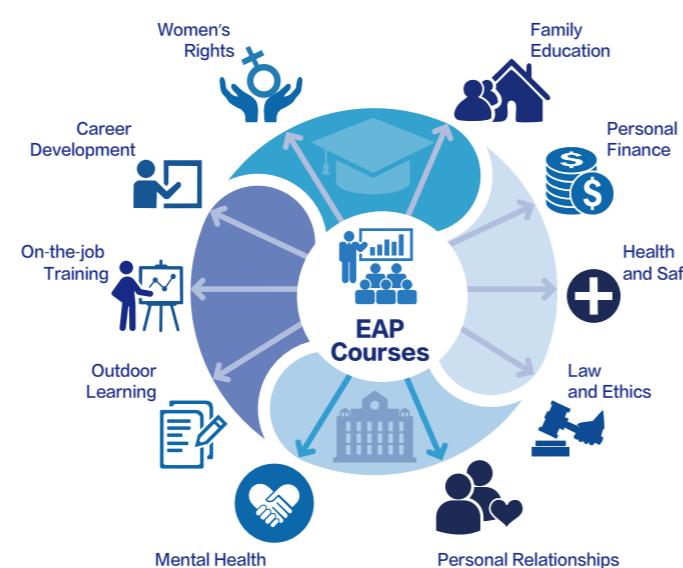
In 2017, the Foxconn University offered Employee Assistance Program (EAP) courses in management, general education, technology, and on-the-job training (OJT), completing over 5.8 million training hours for an accumulated total of over 33.75 million trainees. In addition, in line with Foxconn's strategy to transform into a leading technology services company, the University also developed and conducted training modules such as branding and sales, user experience and service center, and after-sales service. A total of 18 sales and customer service focused trainings were conducted and attended by 713 employees.

Since the Foxconn University was established in 2001, we have partnered with 62 renowned academic institutions, including Tsinghua University and Peking University, on continuing education and training programs for our employees. In 2017, 5,997 new students enrolled at the University, and 4,667 employees graduated. To encourage employees to enroll in continuing education programs, Foxconn has implemented a number of scholarship schemes, including a business group committee scholarship for training, a labor union scholarship fund for specialized training, a college-level scholarship fund, a continuing education fund, and promotion opportunities for employees who graduate from the continuing education programs. In 2017, the scholarship funds disbursed a total of RMB 19.518 million to 3,679 students.



Graduation ceremony for the Classes of 2016 and 2017

Course	Hour (Unit: 1,000 hours)	Accumulated Number of Trainees (Unit: 1,000)
General education	4,214	13,858
Management	110	3,880
Technical skills	1,256	7,332
OJT	38	802
Degree courses	137	2,939
	5,755	28,811



3

Health and Safety

Foxconn recognizes that "a healthy employee will contribute to the well-being of a family and society" and we are committed to the health, well-being and safety of all our employees.

Overview of Healthcare Model



Workplace and Industrial Safety



Our commitment

Zero injuries, occupational diseases or accidents



Successfully obtained OHSAS 18001 SA8000 CNS15506 certifications issued by international third parties

Safety Training

Three-tier safety education system

Facility level

Process/Production line level

Team level



Taiwan

9,748 trainees conducted health and safety activities

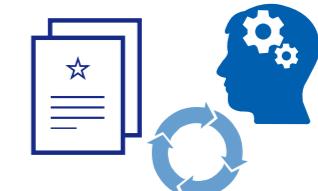


China

43,832 employees participated in 506 training sessions 13 types of safety workshops and training

Automation

Leveraging automation and control technology to enable employees to focus on higher value-added elements



Health and Safety

Foxconn takes our responsibilities as a leading consumer electronics manufacturer very seriously and our employee health and safety policies and standards meet applicable international and local laws and regulations, including OHSAS 18001, an international occupational health and safety management system, and SA8000, an auditable social certification standard for workplaces across all industrial sectors.

Foxconn recognizes that a healthy employee will contribute to the well-being of a family and society, and we are committed to the health, well-being, and safety of all our employees. As part of this commitment, we adhere to the goal of complying with regulations, assessing risks regularly, promoting full employee participation, achieving continuous improvement, and zero injuries and accidents.

Our company has established an advanced detection and monitoring system, implemented control and prevention mechanisms, reinforced employee awareness of safety policies and capabilities in handling hazardous materials, and conducted safety inspections to continuously eliminate any workplace hazards, and to fulfil our responsibilities as an employer in creating a safe and conducive working environment for all our employees.



Foxconn continues to invest in creating a safe and healthy working environment and providing employees with a comprehensive healthcare program. The program utilizes Foxconn's cloud computing capabilities to develop and provide employees with a healthcare intranet platform that is managed by our Healthcare business group. Foxconn is also committed to creating a healthy, positive, innovative and sustainable working environment and offers extensive wellness programs to employees and their families.

Precision Healthcare Cloud Service

Foxconn integrates its online and offline healthcare services with the help of intelligent technology and offers a comprehensive personal healthcare program to all our employees. With this program, employees can monitor and manage their personal health with a full range of real-time services.

Precision Personal Healthcare Management

Rather than just relying on conventional health checks, Foxconn's biotech subsidy Healthconn (established and founded by Foxconn in 2009) offers a dedicated personal health management solution and professional nursing and nutritionist advice. Employees can obtain up-to-date

information on healthcare programs within the Group as well as health education and information, and personal healthcare advice and solutions from our professional medical team through their personal employee healthcare cloud bank.

In 2017, Foxconn launched an "environmental hormone project" and invited physicians and experts to present a series of quarterly lectures on issues related to hormone health at our Taiwan and China campuses. In 2017, a total of 7,356 employees in Taiwan were given hormone health check-ups, and five quarterly environmental hormone lectures were held across campuses in Taiwan and China, with 271 participating employees.



Personal employee healthcare cloud bank



Lectures on hormone health



Lectures on hormone health



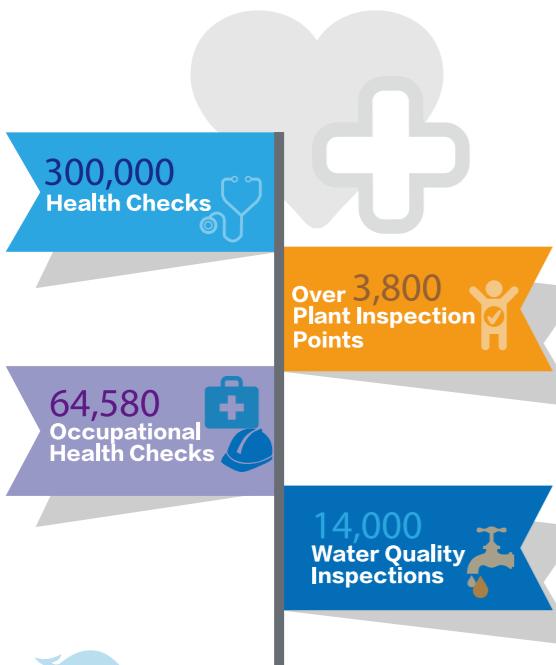
H2U health management page

In addition, Foxconn's healthcare group has formed a special medical and healthcare team comprising physicians, pharmacists, nurses, and health managers to support employees in the care and management of their health. The medical team provides emergency medical assistance to employees and their families and offers various healthcare services to expatriate employees seconded to our Mainland China and other campuses around the world. These include emergency medical assistance for employees seconded overseas, medical team visits to our international campuses, international SOS medical assistance and support and continuing care for employees on their return to their home market.

Occupational Hygiene

In accordance with our annual safety and health management plan, Foxconn conducts physical and chemical hazard checks on all company premises by carrying out routine sampling. The results of these testing procedures show that our operations are in compliance with the applicable regulations and standards.

Foxconn has established an employee health check center to provide complimentary annual health checks and assessments for employees, and to enable employees to monitor their health prior to, during, and after, their work shifts. The center conducted 300,000 health checks and 64,580 occupational health checks in 2017. Foxconn's employee health and hygiene department has set up over 3,800 plant inspection points and has completed occupational hazard assessments for 56 building floors and 14,000 water quality inspections.



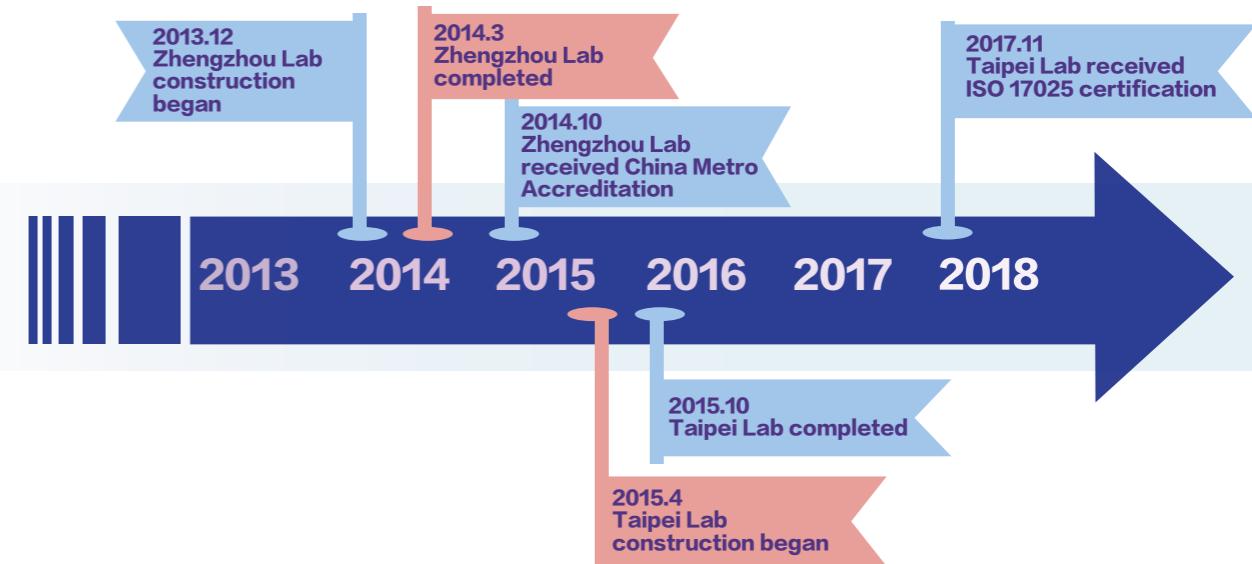
Food Safety

Foxconn requires all suppliers to display valid certification when supplying food to our campuses to ensure that all food provided to employees is clean and safe. The company has also established a food safety test center that operates in strict adherence to national standards, and has appointed food safety experts to monitor food safety in our campuses.

In September 2017, Foxconn implemented test procedures

related to "Food Safety Management Measures", meeting high standards on food safety management. As part of our commitment to food safety, the Group conducts a full range of checks and examinations, including a daily food-ingredient test for staff restaurants, catering environment visits and inspections and guidance on meal packaging. Foxconn is also the first technology company, and the first company that is not in the food and catering industry in Greater China to establish an employee food safety testing department.

Milestones in Food Safety Cloud Management System

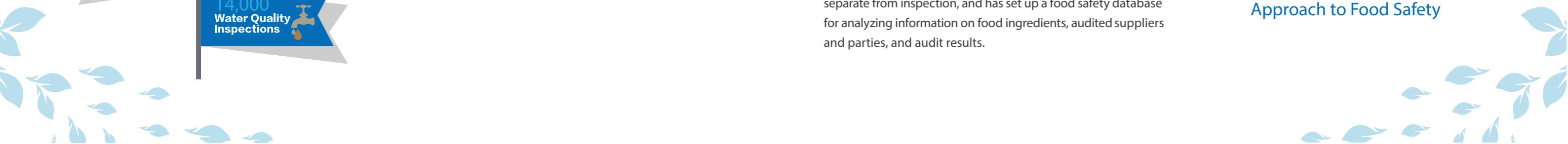


The Group has undertaken 29,660 food ingredients tests and has built a real-time reporting platform to ensure timely surveillance and management. A total of 146 kitchen and food hall inspections have been conducted, and we have also engaged third-party consultants who provide advice on enhancing food safety, as part of our holistic approach to food management and safety. The pass rate for these inspections has increased from a score of 89.5% in 2016 to 99.2% in 2017, steadily progressing toward the target of a 100% pass rate.

Foxconn ensures food safety across a complete set of procedures, including inspection, auditing and sourcing. The food safety center has built a professional auditing team separate from inspection, and has set up a food safety database for analyzing information on food ingredients, audited suppliers and parties, and audit results.



Approach to Food Safety



Safe Working Environment

Foxconn is committed to achieving the goal of “zero injuries, occupational diseases or accidents” and to continuing to provide a safe working environment for our employees.

In 2017, our Taiwan operations continued to enhance our comprehensive health and safety management system, which successfully obtained OHSAS 18001 and CNS15506 certifications issued by international third parties. According to the “No Significant Occupational Incident Working Hours Record Guideline”, Foxconn obtained a certification for its record of 7.98 million “No Significant Operational Incidents” working hours. The company also received a “Special Award for Outstanding Staff in Health and Safety” from the New Taipei City government in May 2017.

Across our campuses in China, safety management units and systems have been established to enhance safety and respond immediately to potential hazards as part of our goal of no fires, injuries, or major incidents. In 2017, there were five safety incidents and two fire-related incidents affecting an area of less than 10m², and no fire-related incidents affecting larger areas across campuses in China.

Industrial Safety

Foxconn has established a Safety and Hazard Prevention Center at the company’s headquarters in Tucheng, Taipei, which is focused primarily on promoting the exchange of safety information across campuses, providing real-time information on typhoon and other natural disasters as well as providing crisis management training to employees in order to reinforce the Group’s crisis prevention systems.

In addition, 99.5% of safety and prevention equipment in campuses recorded a “good” rating. Industrial safety cloud and other modules have been established to ensure the safety of software and hardware at each campus, and to ensure that management mechanisms are in place. In addition to deploying infra-red thermographic devices to monitor the operations of electronic equipment, training in infra-red thermal imaging was also conducted for safety personnel teams. In 2017, 13 teams conducted regular checks and tests to identify and resolve any issues in a timely manner. These measures have effectively reduced the risk of fire-related incidents.

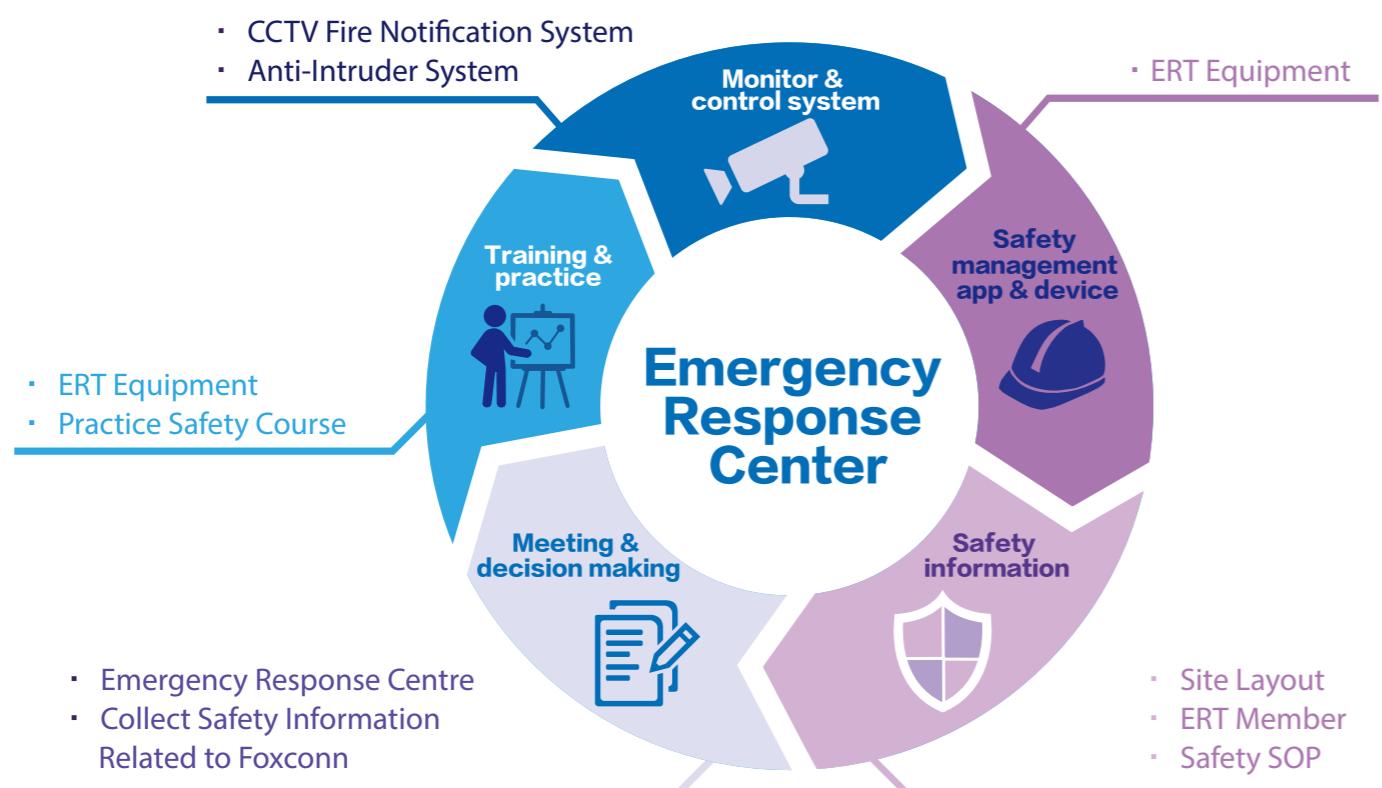
Foxconn promotes the shared goal of “100% Safety at Work” and “zero injuries, occupational diseases or accidents” at all of

our campuses and with all of our employees, and we have put measures in place to ensure employees are working in safe environments. In 2017, there were no explosions and fire-related incidents (general or above) and a total of 36 industrial accidents (minor injuries or above) at the company’s facilities across China. The annual accident rate per thousand employees was 0.06‰. Foxconn has established professional internal audit teams to conduct daily and monthly safety checks across campuses in China. In 2017, a total of 43,276 safety non-conformances were identified, of which 43,164 were successfully resolved, achieving a resolution rate of 99.74%. Foxconn continues to make every effort to resolve the remaining non-conformances. In addition, the Foxconn Labor Supervision Committee conducts regular audits and assessments of campuses to ensure the company safety policy is fully adhered to and implemented, and that all employees can work in a safe environment.

To ensure workplace safety and effective prevention of accidents, Foxconn continuously reviews and identifies opportunities to introduce advanced technologies to improve our operations and processes. These include, for example, sourcing less hazardous raw materials, fool-proofing our machinery and the enhancement of production flows. These measures have enabled the company to monitor and optimize safety systems and enhance workplace safety. In 2017, a total of 77 reports were completed for a wide range of enhancement procedures, including safety guidelines and company training for five high-risk potential accidents, thereby improving safety capabilities and procedures and the overall level of safety management. The company has implemented a centralized storage and handling policy for all hazardous chemicals, focusing on limiting amounts and eliminating or minimizing the risk of chemical-related accidents. Stringent guidelines on areas such as sourcing and disposal of chemicals have also been communicated to employees to ensure they are aware of and observe these safety guidelines.

Health and Safety Awareness Training

At Foxconn, we are committed to promoting health and safety, and educating and engaging employees on this important topic so they understand and actively participate in ensuring the safety of our workplaces. We have developed a comprehensive safety training strategy and program in order



Safety improvements on double-sided grinding process for aluminum



Established safety regulation for hydrocarbon cleaning process

to reinforce employee safety awareness as well as their capabilities in observing and implementing safe work practices. A three-tier safety education system – at the facility level, process/production line level, and team level – for employees has been established, and safety education workshops have been designed and conducted for each level with a focus on different areas in the manufacturing process. Foxconn also carries out a number of safety and hygiene training programs for all staff levels across the Group each year.

A total of 21 health and safety-related activities, including fire extinguisher training, and seminars and simulations related to fire accidents, were conducted in Taiwan for an accumulated total of 9,748 trainees. Joint health and safety and fire-related seminars were also conducted for employees in our Taiwan and Mainland China campuses to raise safety awareness. In addition, 1,314 employees completed the workplace safety online training via a mobile application developed by Foxconn. Campus safety audits identified 734 gaps and support was provided to the relevant units to successfully resolve the issue and reinforce employee safety awareness.



Safety equipment training



Firefighting information session



Safety month activities



Rescue team training

In China, a total of 43,832 employees participated in 506 training sessions, ranging from training for fire marshals to occupational health and safety training, dust-related maintenance work and other hazardous materials management training. In addition, 13 types of safety workshops and specialized training, such as electrical handling, soldering, fork truck control and elevator maintenance were also provided to employees to support them in preparing for related certification examinations.

In 2017, 21 online courses covering areas such as fire and industrial safety were developed on the Foxconn Industrial Internet University online platform, as part of employee safety awareness and education.

Automation

Foxconn is leveraging, and continues to explore ways to leverage, automation and control technology to replace heavy, high risk, and repetitive work, in order to enable our employees to focus on higher value-added elements in the manufacturing process. Foxconn has been investing in the automation of manufacturing tasks associated with our operations for many years. These efforts have led to an increase in the use of automation equipment and an increase in the level of expertise among our employees to support their skills development.



4

Supply Chain

Foxconn believes that protecting the environment is a responsibility not only for our operations but also those of our supply chain partners. That is why we comply with all relevant environmental regulations and do everything we can to promote social and environmental responsibility with all of our suppliers and contribute supply chain sustainability in all of the locations where we do business.



Green Procurement Standard Management System and Processes

Comprehensive Supplier Assessment Platform

5

Key Areas



Product Quality



Product Sustainability



Social and Environmental Responsibility



Commodity



Financial Health

Foxconn Big Data Platform

Cloud-based

Mobile-based

Big Data services



Suppliers



Green Design Development Process in 4 Aspects



Non-hazardous



Energy Saving



Reduction



Recyclability

Circular economy concept: improve efficiency of materials, reduce energy consumption, re-use and recycle raw materials, parts and products

Our commitment: energy-efficient, energy saving and environmentally friendly products and solutions



IPE 2017 Corporate Information Transparency Index

NO. 7

Out of 267 companies across 14 industries

NO. 3

Out of 32 among IT companies



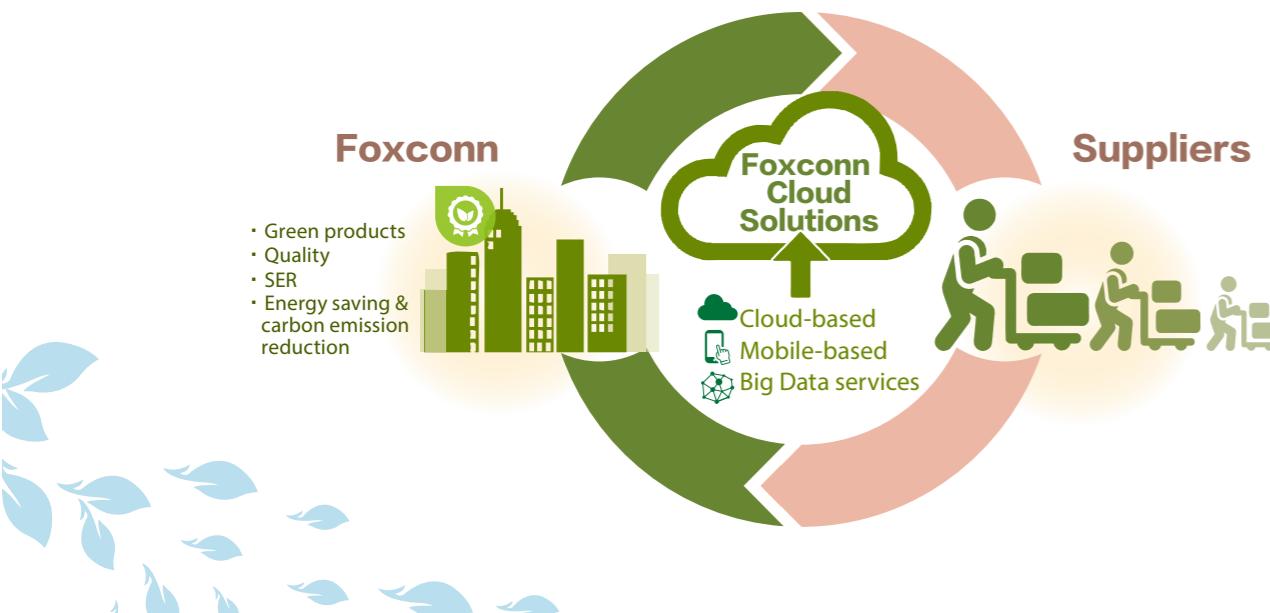
Supply Chain Management

Supplier SER Policy

Foxconn requires that all suppliers comply with local laws and regulations and Foxconn's social and environmental responsibility guidelines. The company also requires that our Procurement Division and suppliers adhere to and implement the following policies:

- Prohibit corruption, discrimination, unfair or non-competitive practices throughout the procurement process by signing a "Letter of Undertaking" that they will adhere to the principles of fair competition and transparency.
- Suppliers are required to adhere to Foxconn's social and environmental responsibility guidelines during the process of verification, assessment and continuous improvement. Suppliers' adherence to the guidelines will serve as a basic criteria of supplier selection.

During Foxconn's procurement process, we take into account social and environmental efficiency and we prioritize the purchase of environmentally-friendly and energy and resource efficient raw materials, products and services. This has enabled the Group to continuously optimize and improve our green procurement standards and management system and to adopt a sustainable green procurement management procedure to jointly fulfil our responsibilities as a good corporate citizen – including in areas such as environmental protection, reducing energy use and carbon emissions – with our upstream and downstream suppliers. In doing so, we are working with our suppliers to build a green supply chain.



Supply Chain Management System

Management of New Suppliers

Foxconn strictly manages our new suppliers according to the company's supplier verification process. The process takes into account risk assessments, product samplings and supplier audits, with an emphasis on social and environmental responsibility risk assessment, to evaluate the supplier's production capabilities and commitment towards the business relationship. This also allows us to build effective long-term relationships with suppliers, contributing to the company's sustainable operations.

Since August 2016, Foxconn has developed and established a comprehensive supplier assessment platform that enables risk assessment of five areas: product quality, green products, social and environmental responsibility, materials and financial health. The platform supports online assessment, approval and queries, boosting efficiency while reducing error rates.

Management of Suppliers

Foxconn adopts a hierarchical classification management approach for qualified suppliers that is based on the importance of each supplier. Foxconn has established a group supplier management platform, which comprises a combination of online supplier management programs and offline audits and supplier engagement sessions. We regularly conduct online

checks and training for suppliers, as well as on-site audits to improve and reinforce supplier compliance capabilities as part of our goal to build a green supply chain.

For those suppliers whose audits showed unsatisfactory progress or who lack willingness to cooperate, we adopted a step-by-step approach to motivate suppliers to make improvements so they can meet our requirements and expectations and those of our customers.

Building a Big Data Platform for Green Procurement

By leveraging our comprehensive procurement and source management system, which includes measures to mitigate and minimize risks and supplier risk transfers, incoming material quality checks, data reviews and quality audits, we have built an effective Big Data platform for all operational

units. Foxconn is integrating and developing a supplier management Big Data platform to enhance and optimize the management of our supply chain and provide customized and value-added technology services to our customers.

Supplier Management Practices

Green Product Design

In addition to the enforcement of strict compliance control on incoming materials from suppliers, and in accordance with international environmental regulations and the requirements of our customers, Foxconn places priority and attention on the product sourcing process to ensure that products are environmentally friendly. We adopt a product life cycle approach to optimize our green design development process for all units through four aspects: energy saving, non-harmful,

Foxconn's Green Product Design Aspects



resource and waste reduction and recyclability. Through this mechanism, we endeavor to minimize any negative impact of our operations on the environment.

Supplier Green Product Management

To prevent electronic products with harmful substances from entering the market and to mitigate any environmental risks for our company and for our customers, Foxconn has proactively introduced additional clauses to our company policies to ensure compliance with Restriction of Hazardous Substances (RoHS) 2.0 regulations:

1. Suppliers are required to complete and submit a third-party assessment report on the 10 RoHS restricted substances by July 2018
2. Suppliers are required to develop and improve assessment capabilities for the 10 RoHS restricted substances
3. Suppliers shall provide a product declaration that complies with the RoHS regulation and assume corresponding liability for any violation
4. If the supplier's product(s) fall under China's RoHS 2.0 compliance requirements, the supplier is expected to meet China's RoHS 2.0 requirements on toxic and hazardous substances

Foxconn has established a green procurement management process to promote supplier green product management and to continuously optimize our green product risk evaluation and audit mechanism, as part of an effective overall green product management system. The Group continuously reinforces the management of high and medium-risk suppliers and has conducted on-site green product audits on 386 suppliers.

Supplier SER Management

To ensure that our suppliers comply with Foxconn's Supplier SER Code of Conduct, we adopt a risk classification approach and conduct regular on-site audits on any high-risk suppliers. As of the end of 2017, we have completed 505 on-site audits and no major violations by our suppliers were found.

Supplier Conflict Minerals Due Diligence

Foxconn continuously enhances the management of conflict minerals with our suppliers and updates our management system with any new information in a timely manner. The Group collects data on conflict minerals for due diligence reports from suppliers through a Conflict Minerals Management Platform, and uniformly adopts the Conflict Minerals Reporting Template (CMRT) developed by the Conflict Free Sourcing Initiative (CFSI) with all suppliers. This year's reports show that there was no use of conflict minerals originating from any conflict affected areas by any suppliers.

Management of Supplier Energy Saving and Carbon Emissions Reduction Targets

Foxconn attaches great importance to energy conservation and carbon emissions reduction and adopts an energy policy that emphasizes energy use reduction, emissions reduction, sustainability and recycling. In line with China's 13th Five-Year Plan, Foxconn has set emission reduction targets for suppliers for 2016 to 2020 that are aligned with national emission reduction targets:

**Emission Reduction Targets for Suppliers for 2016 to 2020
(Reduction Rate Compared to Base Year: 2015)**

Year	2016	2017	2018	2019	2020
Emission reduction target	3%	5%	12%	18%	22%

To reduce energy wastage and improve energy efficiency, Foxconn encourages suppliers to establish an ISO 50001 energy management system and to be certified. In addition to financial gains from cost savings, ISO certification also enhances a supplier's corporate and environmental reputation.

Events and Results

Annual Supplier Conference

To provide suppliers with the latest information on compliance requirements and to support them in remaining in compliance with all relevant laws, regulations and policy requirements, Foxconn held our annual supplier conference in our Shenzhen



Annual supplier conference



Annual supplier conference

campus on October 20, 2017. A total of 156 suppliers participated in the conference. Foxconn communicated our requirements for suppliers in areas including green products, social and environmental responsibility, and product improvement. We also advocated the importance of social and environmental responsibility to all suppliers, in particular, our requirements and expectations of our suppliers with regard to fulfilling their responsibilities toward the environment.

Recognition in Green Supply Chain Management

As the world's largest electronics manufacturing and technology services provider, Foxconn strictly complies with all relevant environmental regulations and also integrates

environmental protection guidelines set by industry associations and other third-parties into our operations and supply chain. Our compliance with all relevant regulations and a commitment to improve environmental standards in our supply chain is overseen by various public stakeholders.

Foxconn works with the Institute of Public and Environmental Affairs (IPE) to actively promote the improvement of environmental performance management in the supply chain. In October 2017, IPE announced the CITI index scores of 267 brands across 14 industries in its "2017 Green Supply Chain CITI Index Evaluation Report". Foxconn was ranked 7th among the 267 brands and 3rd among brands in the IT industry included in the report.

5 Environment

Foxconn applies green technologies across all aspects of our manufacturing operations to achieve sustainable growth. We uphold the highest standards in green manufacturing, energy efficiency and environmental protection, and we are committed to championing a new global eco-culture.



Environment

Environmental sustainability is a top priority for Foxconn and we have put in place a systematic approach towards integrating green and sustainable practices in our operations, implementing measures in the areas of environmentally friendly product design, carbon emission reduction, process management, energy and resource management, and supply chain management, to minimize our negative impact on the environment.

Environmental Management

Since the company's inception, Foxconn has made environmental conservation a key operating principle to ensure that waste and pollutant emission levels meet the requirements of local laws and regulations and that the environment is not compromised by our operations. In 2017, Foxconn invested a total of TWD 1.76 billion on 164 enhancements to the company's environmental facilities and improvements were made in areas related to processing capabilities of waste, wastewater and emissions across all our campuses.

Environmental Management System

Foxconn integrates and implements the ISO 14001 Environmental Management System in the operations of all of our campuses, and has received the ISO 14001 certification. We assess and consider the environmental impact of the company's operations, activities and services, and conduct comprehensive assessment to identify and classify major environmental related factors based on their potential impact and severity, and we use this data to inform mitigation plans and actions. Foxconn also adopts a "Plan, Deploy, Check and Action (P-D-C-A)" model to improve our environmental management capabilities.

As of the end of 2017, 26 departments have received ISO 14001 Environmental Management System certification.

Water Resource Management

Total water consumption: At our campuses today, the main source of water is municipal water supplied by the local

public utilities system, and we do not use groundwater, stored rain water or surface water. On an annual basis, the relevant teams at Foxconn review water consumption and conservation plans and water-related infrastructure and equipment, with the objective of reducing water consumption. In 2017, the company invested TWD 13 million in 57 production water recycling projects, saving 1.33 million tons of water, or the equivalent of TWD 120 million in cost savings.

As Foxconn's operations continue to grow, the total water consumption in our China campuses was 10.937 million tons in 2017. This is a 17.8% increase on the previous year, and is due to the increased size of our operations.

No.	Campus	Location	Water Usage (Unit: 10,000 tons)
1	Campus 1	South China	1321.3
2	Campus 2	Central China	1063.5
3	Campus 3	North China	717.6
4	Campus 4	South China	717.5
5	Campus 5	North China	646.3

Wastewater management: Foxconn aims to reduce water consumption and optimize water usage by actively implementing wastewater recycling projects. We adopt the use of reclaimed water throughout our production lines to reduce the impact of our manufacturing operations on the environment. Wastewater treatment equipment is installed in the campuses and regularly inspected and maintained to ensure compliance with wastewater disposal regulations and standards. In 2017, Foxconn continued to invest in wastewater recycling projects and reused 3.65 million tons water, which represents 3.34% of overall water consumption.

Waste disposal management: Waste is a major global environmental issue and Foxconn is actively responding to this challenge by implementing a "zero waste" program to reduce waste incineration and landfill. The "zero waste" program aims to achieve a 100% waste conversion rate and a waste incineration rate of up to 10%, in our main campuses in Shenzhen, Chengdu, and Taiyuan. As part of the program, we are also working towards reducing waste at source and achieving a higher recycling rate of packaging material in order to improve the overall recycling rate of waste materials. In addition, waste management units – which are responsible

for coordinating the daily management and statistical tabulation of waste disposal as well as promoting waste reduction – have been established to support recycling efforts at the facilities. The Group also conducts regular audits on the waste disposal outsourcing companies that we use to ensure they comply with all relevant laws and regulations.

Climate Change

Foxconn adopts a proactive approach in understanding and addressing the issues surrounding climate change and we participate in international dialogue on how to tackle this important issue. Foxconn invests significant resources to analyze and develop solutions to climate change, and adopts international standards as the basis for our Group's energy and carbon resource management, and in the development of strategies to adapt to and mitigate climate change challenges.

Proactive Approach and Actions

Foxconn believes that we have a responsibility to protect the environment and the planet. We have formulated an energy-efficiency and emissions reduction strategy and plan, and this is implemented by an energy resource management committee in every campus. Foxconn also participates in the international Carbon Disclosure Project (CDP), and plans to adopt the following proactive actions to achieve energy-efficiency, emissions reduction and sustainable development goals:

- Systemically monitoring and analyzing the level of greenhouse gas emissions
- Implementing green house gas emission reduction programs and initiatives that are informed by the results of our monitoring and analysis
- Promoting and supporting energy-efficiency and emissions reduction projects to fulfil our commitment to sustainable development and our responsibilities as a corporate citizen
- Complying with all relevant laws and regulations and meeting our customer requirements and expectations

Energy Management

As Foxconn's operations continue to grow, the Group's electricity consumption in 2017 was 8,842 million kWh, an increase of 17.5% compared with 2016.

The table below shows the top five campuses in terms of electricity usage:

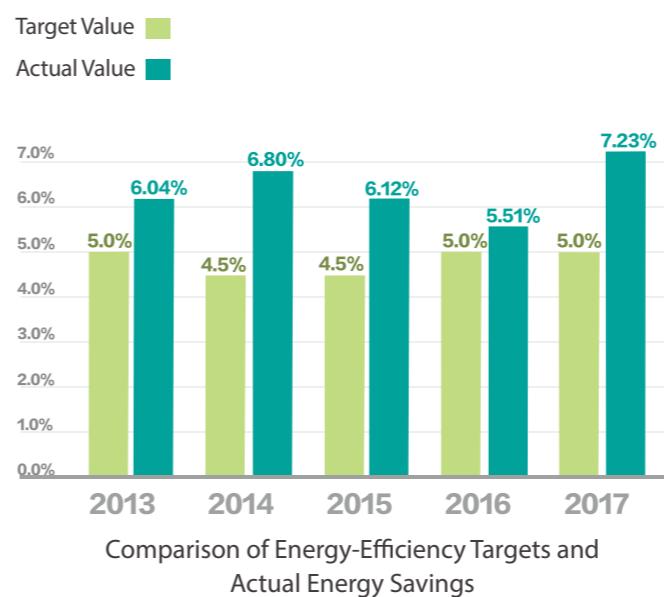
No.	Campus	Location	Electricity usage (unit: 1,000,000 kWh)
1	Campus 1	South China	1062.5
2	Campus 2	Central China	913.4
3	Campus 3	South China	574.0
4	Campus 4	North China	542.0
5	Campus 5	South China	526.3

Foxconn is effectively leveraging our competitive advantage in information technology and Internet-based development to expand and integrate our Internet of Things orientation and our energy management capabilities. We invest in cultivating new technology, innovation and business models to boost energy efficiency, reduce emissions and support Foxconn's strategy of transforming and enhancing energy management across our operations.

Foxconn has set mid to long-term energy-efficiency targets for our significant operations in Mainland China that are guided by China's 13th Five-Year Plan. Our goal is to achieve 22% in energy consumption reduction, equivalent to 17.23 million kWh, by 2022 against the base year of 2015.

At the beginning of every year, Foxconn sets annual energy-saving targets and implements initiatives to incentivize and promote the development of innovative energy management and conservation technologies. In 2017, the Group invested TWD 1.16 billion on 2,797 energy management and conservation projects and successfully completed 86% of these projects. The projects cover areas such as the improvement of motor energy efficiency, CNC oil mist purification, reducing energy consumption in the heating/drying process, and using Polarized Refrigerant Oil Additive (PROA) technologies for centralized air-conditioning, achieving a total combined energy saving of 690 million kWh, equivalent to TWD 2.14 billion in cost savings.

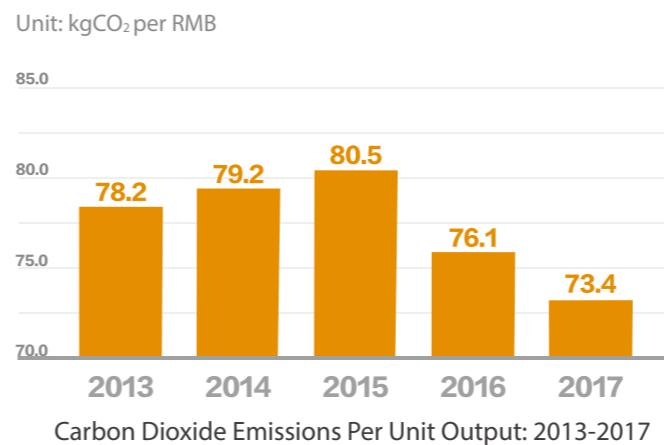
The chart below shows our progress in achieving our energy-efficiency targets over the last five years.



Carbon Asset Management

In accordance with China's 13th Five-Year Plan, which requires the reduction of carbon dioxide emissions by 18%, Foxconn has set a carbon dioxide emission reduction target of 24%, based on the company's 2020 carbon dioxide emission per unit of output against the average in 2015. Foxconn's carbon dioxide emission output in 2017 was 73.4 kilograms of carbon dioxide per RMB 10,000, which is equivalent to an 8.82% reduction against the average in 2015.

The graph below illustrates the rate of reduction of carbon dioxide emissions per unit of output by Foxconn over the past five years:



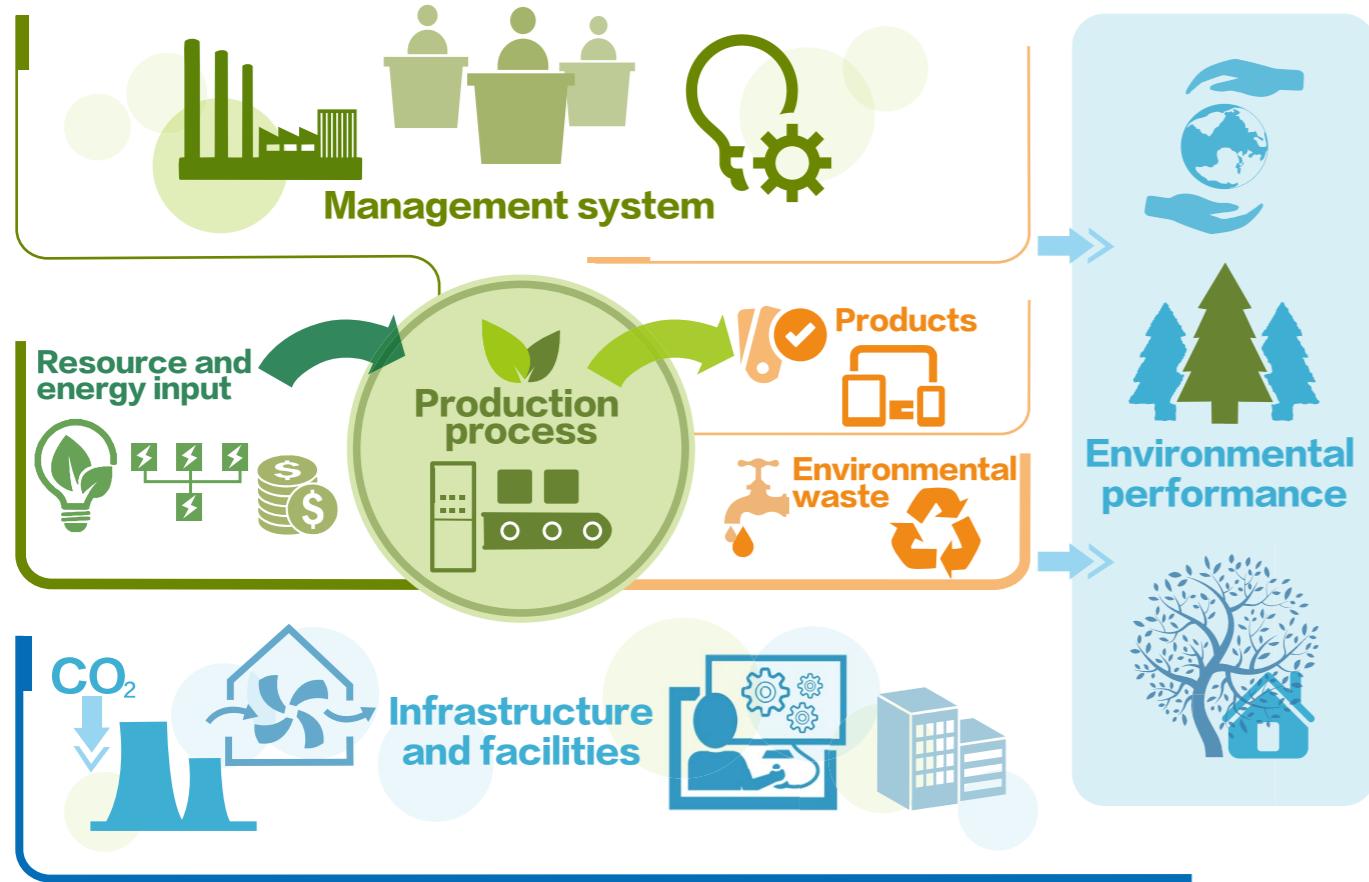
Foxconn actively advocates the development and use of renewable and green energy. In 2012, Foxconn built a 2MW building integrated photovoltaic (BIPV) system, which is connected to the electricity grid, in our Longhua campus. Solar energy systems have been installed on the roof tops of three multi-story industrial buildings, each with a roof-top area of 8,760 m², and a total installed area of 13,914 m². As of December 31, 2017, the 2MW BIPV system has generated a cumulative total of 10.7 million kWh, realizing up to 9,586 tons of carbon dioxide reduction.

Foxconn applies our global experience and expertise in designing and setting up photovoltaic power generators according to location-specific and campus-specific requirements of solar energy plans for each site. We currently have photovoltaic power generators in Zhengzhou, Shenzhen, Wuhan, Nanning, Tianjin and Foshan, with a total installed photovoltaic power generation capacity of 33.3MW. In 2016, the company signed an agreement with the city government of Nanyang to build a 100MW ground-mounted photovoltaic power plant. Completed in 2017, the plant has a total installed photovoltaic power generation capacity of 30MW, producing 13.338 million kWh of electricity, and reducing carbon dioxide by 11,949 tons last year.

Green Factory

In response to the "Made in China 2025" strategy, Foxconn builds green capabilities and facilities in every campus. Foxconn has optimized the production process and leveraged green and low-carbon technologies to construct and improve production facilities and reduce land use. Foxconn applies advanced clean production technologies and efficient control equipment to create a positive and clean working environment and reduce resource consumption during the production process. In addition, Foxconn has systematically integrated green and energy efficient practices in our manufacturing facilities. These include waste classification and treatment systems, recycling and reuse of waste water, and solid waste treatment. Foxconn has also applied advanced energy-saving technologies and equipment to build photovoltaic power generators, smart grids and energy management centers to optimize resource management systems at our campuses. Foxconn harnesses smart, digital systems in resource and energy management to enable dynamic monitoring and management of resources, energy and pollutants.

Systematic Processes at our Green Factories



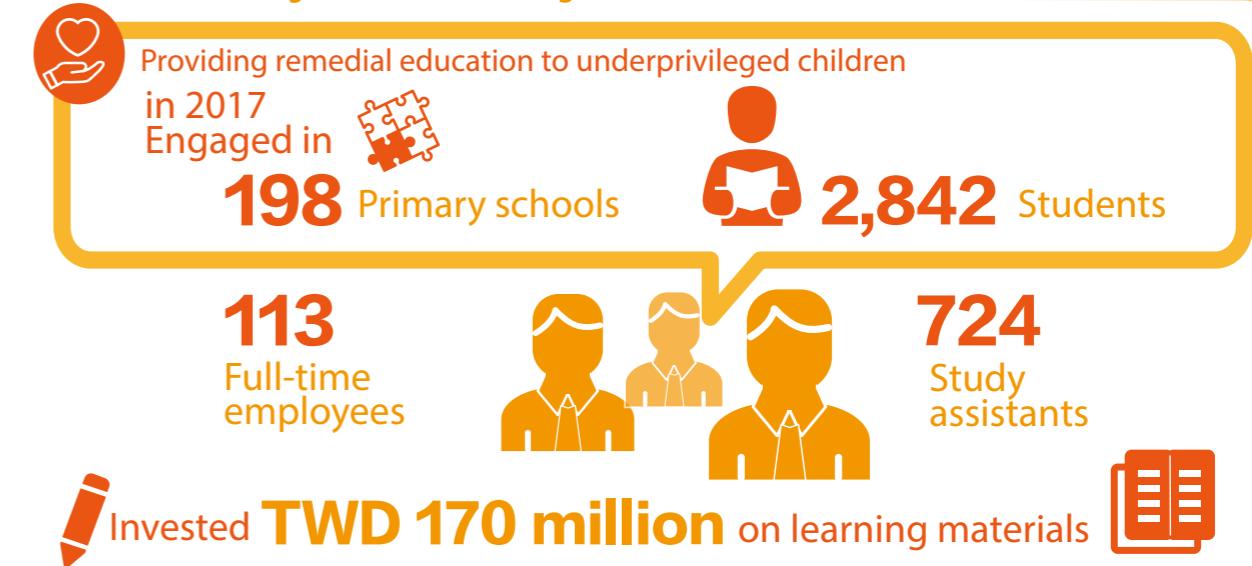
In 2017, Foxconn formulated the "Green Factories Construction and Assessment Action Plan (2017-2020)", and aims to complete the construction and assessment of green factories within campuses in China. At present, six Foxconn units including our Zhengzhou and Nanning campuses have obtained the "Green Factories" national certification.

6

Social Participation

Foxconn embraces a culture of sharing, contributing and giving back to the community. We are creating a caring environment for the underprivileged and enhancing healthcare support for the community.

Yonglin Foxconn Taiwan Hope Primary School Project



DFC Sponsorship Program

Foxconn Education Foundation and Charity Foundation invested

TWD 30 million

in Design for Change Challenge program to promote creativity among primary and secondary school students



Yonglin Farm

Yonglin Cedar Forest Organic Farm: Teaching villagers in the mountainous area of Southern Taiwan about organic farming

Investment in the farm Between 2010 and 2016
TWD 900 million



Received "Food Safety and Confidence" and "National Environmental Education" awards awards

In 2017
TWD 10.76 million

Social Participation

At Foxconn, we implement social responsibility community involvement initiatives that reflect the company culture of "Love, Confidence and Determination". Our commitment to contributing to society is built on our belief that "Whatever you take from society, you should give back to society". In 2017, Foxconn allocated TWD 300 million to social and community-based programs and activities.

The table below shows highlights of Foxconn's social and community-based programs in 2017:



Care for the Vulnerable

- Foxconn Scholarship
- Hope Primary School
- Career education and training program for people with disabilities
- Support and education program for families with special needs children
- Indigenous youth development program
- Care program for children living in rural areas

Promotion of Ecological Conservation

- Meili 3D ecological education film tour

Promotion of Education and Art

- Design for Change three-year sponsorship
- LIS science education teaching materials development and curriculum planning
- Support for the "Program the World" initiative by National Cheng Kung University

Public Health Care

- Donation of air purifiers with mosquito-catchers to 2,616 community care stations across Taiwan
- Sponsoring children and young people under the Ministry of Health and Welfare "future education and development" program

Contributing to the Community

- Donation of 306 televisions to elderly centers
- Support for public childcare facilities
- Financial support for the maintenance of Nantou County Baseball Stadium

Charity and Philanthropy

- Established the Yonglin Farm independent learning workshop

Others

- iLab 2016-2018 social enterprise project
- Donation of 5,635kg of rice to charities
- Yonglin Farm to educate villagers on organic farming

Care for the Vulnerable

Yonglin Foxconn Taiwan Hope Primary School

Yonglin Foxconn Taiwan Hope Primary School is dedicated to providing long-term and stable remedial education to underprivileged children. Participating children receive 448 hours of remedial education annually that is aimed at improving their basic skills and motivating them in pursuing well-rounded learning and development. In 2017, a total of 113 full-time employees and 724 study assistants were engaged in 402 classrooms at 198 primary schools, offering remedial lessons to 2,842 students.

In addition, the Yonglin Foxconn Hope Primary School program invested TWD 170 million over eight years to develop and publish Chinese and mathematics learning materials and to provide teachers with training support. As of December 2017, 58 teacher training seminars have been conducted for 3,695 teachers across Taiwan. Some 3,210 students have benefitted from the Chinese learning materials, while 4,120 students are using the mathematics materials in their learning.

Yonglin Foxconn Hope Primary School has also adopted and applied science, technology engineering and mathematics (STEM) education, logical thinking and new generation learning concepts to the development of the learning materials, with annual investment of TWD 50 million to this initiative.

The Yonglin Foxconn Hope Primary School program held a "Summer English Song and Dance" show, in which 322 students, teachers and social workers across the campuses participated.



Summer English Song and Dance show



Classes for underprivileged children

Rural Community Remedial Education and Care Stations

Yonglin Hope Primary School also delivers remedial education to underprivileged students living in rural areas in Taiwan, offering them diverse learning opportunities and learning materials.

We believe that education can contribute to poverty alleviation, and have set up 16 remedial education stations in rural communities to provide primary school education to children whose families are facing financial difficulties. In 2017, Yonglin Hope Primary School distributed learning materials to 320 students. In total, the Foxconn Education Fund has invested some TWD 15 million in remedial education and learning materials offered by Yonglin Hope Primary School.

Yonglin Farm

The "Yonglin Cedar Forest Organic Farm" founded by the Yonglin Charity Foundation assigned a professional team to teach villagers who live in the mountainous area in Southern Taiwan about organic farming. In addition, Yonglin Farm offered these villagers opportunities to work in the farm's operation and management department, and also assisted the residents in setting up agricultural organizations, which have been transferred to the relevant government agencies for support on sustainable management.

The Group has invested TWD 900 million in the Yonglin Farm between 2010 and 2016, and TWD 10.76 million in 2017. In addition, the Group's restaurants purchased a total of 4 million kilograms of organic vegetables from Yonglin Farm between 2010 and 2017 at a cost of TWD 32 million.

The "Yonglin Cedar Forest Organic Farm" has received a number of awards and recognition, including the "Food Safety and Confidence" award at the 2017 Sale Expo for Premium Agri-foods, and the 5th Kaohsiung National Environmental Education awards.



Community remedial education program



Community remedial education program



Awards and recognition for Yonglin Farm



Spring Festival Celebration and Care Activities for Longhua Children

A series of Spring Festival celebration activities hosted jointly by Shenzhen Care Action, Shenzhen Red Cross, Shenzhen Evening News Foundation and Foxconn were held at our Longhua campus on January 18, 2017. Over 100 guests attended the event, including 20 underprivileged families, volunteers, organizers and media representatives.



Spring Festival celebration for underprivileged children

Nanning Education Aid

In line with Foxconn's commitment to support education programs and contribute to the local community, the Head of Foxconn's Nanning campus, volunteer representatives, and representatives from the Nanning government donated and sent books, stationery and sports equipment valued at RMB 10,000 to Nanning Tong Liang Primary School.



Cultural Activities

Design for Change Sponsorship Program

The Foxconn Education Foundation and Yonglin Charity Foundation not only focus on basic education for students, they also focus on nurturing logical thinking and creativity. In support of these objectives, the foundation invested TWD 30 million in the Design for Change (DFC) Challenge program. The three-year DFC program aims to inspire students to adopt a "Perceive – Imagine – Action – Share" design thinking process. Through case studies and practical workshops, the DFC program provides virtual and real-world training for teachers to support them in helping primary and secondary students in Taiwan to learn and apply this approach.



Design for Change Challenge



Design for Change Challenge

LIS Science Learning Materials Production and Curriculum Planning

LIS, a non-profit organization funded by the Foxconn Education Foundation, was established in July 2013, with a focus on motivating students to learn, developing online/offline learning materials, and providing innovative curriculum approaches for primary and secondary schools. LIS also aims to develop student problem-solving, teamwork and scientific thinking skills through observation, hypothesis, experiment, and validation. In 2017, LIS developed 17 sets of scientific videos and 25 sets of curricula that were adopted by 13 Yonglin Hope Primary Schools. Four Hope Primary Schools started to train their teachers according to these curricula after the validation.



Program the World seminar

Support for the “Program the World” Initiative

National Cheng Kung University's three-year "Program the World" initiative provides programming lessons to students from rural areas in Taiwan. The program meets Foxconn Education Foundation's commitment to developing and providing remedial education for underprivileged children. The program aims to educate students in rural areas to write programs and to develop apps, high-end applications, system software and products to help them build multiple capabilities. The program also trains teachers with relevant knowledge through basic and advanced courses so they can also teach and support their students. The program has held three teacher training seminars, representing a total of 48 hours of teaching time, at Hope Primary Schools in which 25 teachers participated.

iLab 2016-2018 Social Enterprise Project

As part of the Yonglin Foundation's goal of supporting social enterprises, the foundation has been working with UnLtd (Un-limited), the UK's biggest social enterprise, since 2014. Yonglin Foundation is supporting the 2016-2018 iLab Project,

which provides market testing support to entrepreneurs and start-ups with innovative concepts, and assistance in running stable and successful businesses that have positive social impact. The project supports Taiwanese social enterprises and start-ups in realizing positive social change and this, in turn, contributes to Taiwan's social development.



2016-2018 iLab Project



Independent Verification Statement



INDEPENDENT VERIFICATION STATEMENT

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by HON HAI PRECISION IND. CO., LTD. to conduct an independent verification of its 2017 HON HAI CSER Annual Report. This Verification Statement applies to the related information included within the scope of work described below.

This information and its presentation in the 2017 HON HAI CSER Annual Report are the sole responsibility of the management of HON HAI PRECISION IND. CO., LTD. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification on the accuracy of information included.

Scope of work

HON HAI PRECISION IND. CO., LTD. requested Bureau Veritas to verify the accuracy of the following:

- Data and information included in the 2017 HON HAI CSER Annual Report for the 1st January, 2017 to 31st December, 2017.

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Based on our work, it is our opinion that 2017 HON HAI CSER Annual Report has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles to meet the requirements of GRI in accordance 'core' option.

Excluded from the scope of our work is any verification of information relating to:

- activities outside the defined verification period and scope;
- positional statements (expressions of opinion, belief, aim or future intention by HON HAI PRECISION IND. CO., LTD.) and statements of future commitment;
- data or information outside employee, occupational health and safety, supply chain management, environment, and local community engagement aspects;
- any information hyperlinked from the web-based report via http://ser.foxconn.com/home_index.action?flag=1

Methodology

As part of its independent verification, Bureau Veritas undertook the following activities:

- Review of documentary evidence produced by HON HAI PRECISION IND. CO., LTD.;
- Review performance data listed in report with sampling basis;
- Review of HON HAI PRECISION IND. CO., LTD. systems for quantitative data aggregation and analysis.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Verification of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the Assurance Standard AA1000AS (2008)¹ Type 1 with Moderate assurance.

The work was planned and carried out to provide limited, rather than absolute assurance and we believe it provides an appropriate basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that HON HAI PRECISION IND. CO., LTD. has established appropriate systems for the collection, aggregation of quantitative data of employment, health and safety management, supply chain management, environment, and social participation.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social, and Environmental Management with more than 180 years history in providing independent assurance services. Bureau Veritas is also listed on the Euronext Paris stock exchange (Stock symbol: BVI), and 2017 revenue is Euros 4.69 billion.

No member of the assurance team has a business relationship with HON HAI PRECISION IND. CO., LTD., its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability
<http://www.accountability.org>





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25 June, 2018



Technical Reviewer: *Lin* Date: 25/June/2018

Lead Assurer: *Andrea Lee* Date: 25/June/2018

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Checklist of Global Reporting Initiative (GRI) G4 Reference Items

General Standard Disclosure

Guideline	Reporting Angle	Chapter
Strategy and Analysis		
G4-1	Statement of the top-level decision makers of the organization	Letter by Founder and CEO
Organization Overview		
G4-3	Name of the organization	1.1
G4-4	Key brands, products and services	1.1
G4-5	Location of headquarters	1.1
G4-6	Operations network	1.1
G4-7	Proprietary rights and forms of law	1.1
G4-8	Markets served	1.1
G4-9	Size of organization	1.1
G4-10	Total number of employees by employment, gender and region	2.2
G4-11	Percentage of employees under the protection of collective bargaining agreement	2.3
G4-12	Supply chain of the organization	4.1/4.2/4.3/4.4
G4-13	Major changes in scale of company during the reporting period	Preface
G4-14	Organizational policy-making	1.2
G4-15	Participation in economic, environmental and social conventions, principles and other initiatives	1.2
G4-16	Participation in institutions and international organizations	1.2
Scope of the Report		
G4-17	Organizational entities covered by the report	Preface
G4-18	Report content, scope and determining principles	Preface
G4-19	Report content identification process	Preface
G4-20	Scope of content: internal	Preface
G4-21	Scope of content: external	Preface
G4-22	Restatement of the report	Preface
G4-23	Major differences compared to previous report	Preface
Stakeholder Engagement		
G4-24	Stakeholder list	1.3
G4-25	Stakeholder selection criteria	1.3
G4-26	Approach to stakeholder engagement	1.3
G4-27	Response to stakeholder issues	1.3
Report Overview		
G4-28	Period of the report	Preface
G4-29	Date of the previous report	Preface
G4-30	Report period	Preface
G4-31	Contact information on enquiries	Preface
G4-32	Report content index	Preface
G4-33	External certifications of the report	Preface
Organization Governance		
G4-34	Organization governance structure	1.2
Moral Principles		
G4-56	Moral principles of the organization	1.2

General Standard Disclosure

Guideline	Reporting Angle	Chapter
Economic Level		
Economic performance	G4-EC1 Direct economic value of production and allocation	1.1
	G4-EC3 Coverage of the organization's defined-benefit plan obligations	2.3
	G4-EC4 Financial aid from the government	1.2
Market performance	G4-EC5 Percentage range of starting salaries by gender and the corresponding local minimum wage at key operating sites	2.3
Indirect economic impact	G4-EC7 Impact of infrastructure investment and services for public interest	6.1/6.2
Environmental Level		
Energy	G4-EN5 Energy intensity	5.2
	G4-EN6 Energy consumption reduction	5.2
	G4-EN7 Reduction in energy demand of products and services	5.2
Water	G4-EN8 Total water consumption	5.1
	G4-EN10 Total amount and percentage of water recycled	5.1
Exhaust emissions	G4-EN15 Direct emission of greenhouse gases (category 1)	5.2
	G4-EN18 Emission intensity of greenhouse gases (GHG)	5.2
	G4-EN19 Reduction of greenhouse gas emission	5.2
Exhaust emissions	G4-EN22 Total amount of sewage discharge	5.1
	G4-EN24 Total number of occasions and volume of serious leakages	5.1
Compliance with laws and regulations	G4-EN29 Amount of fine and the number of non-economic penalties for violating environmental laws and regulations	5.1
Overall situation	G4-EN31 Total amount of environmental spend and investment by category	5.1
Environmental assessment of suppliers	G4-EN32 Percentage of new suppliers that completed environmental assessment	4.2
	G4-EN33 Percentage of suppliers with significant negative environmental impact that took measures to improve or end such impact	4.2
Social Level: Labor and Decent Job		
Employment	G4-LA1 Total labor force by age, gender and region	2.1/2.2
	G4-LA2 Benefit exclusively for full-time employees (not for temporary or part-time employees) by major operating sites	2.3
Labor relations	G4-LA4 Minimum period of notice of major operational changes, including explanation in the collective agreement	2.3
Occupational safety and health	G4-LA6 Percentage of industrial injury, occupational disease, employee absence by region and gender, and the number of work-related deaths	3.5
	G4-LA7 Employees who have occupational disease	3.2
Training and education	G4-LA9 Annual average training hours of employees by gender and employee type	2.5/2.8
	G4-LA10 Improvement in the continued employ ability of employees and support for employees in skills management and life long learning for job transfer	2.5/2.8
Diversification and equal opportunity	G4-LA12 Composition of management-level employees and other types of employees by gender, age, racial minorities and other diversity criteria	1.2/2.2
Men and women enjoy equal pay for equal work	G4-LA13 Ratio of male and female basic salary, and salary by employee types and regions	2.3
Assessment of suppliers' labor practice	G4-LA14 Percentage of new suppliers that completed labor practice assessment	4.2
	G4-LA15 Percentage of suppliers with significant or potential negative labor practices that took measures to improve or end such practices	4.2
Complaint mechanism of labor practice	G4-LA16 Number of labor practice-related complaints resolved by official complaint mechanism	2.4

Specific Standard Disclosure

Guideline	Reporting Angle	Chapter
Social Level: Human Rights		
Investment	G4-HR2 Total hours employees spent on human rights policies and program training and the percentage of employees who completed training	2.8
Non-discrimination	G4-HR3 Total number of discrimination cases and the rectification measures taken by the organization	2.1
Freedom of association and collective bargaining	G4-HR4 Operating sites and key suppliers of which potential risk related to freedom of association and collective bargaining was identified, and measures taken to protect employee rights	2.3
Underage labor	G4-HR5 Operating sites and key suppliers of which significant risk of underage labor was identified and measures taken to prevent and eliminate underage labor	2.1
Forced labor	G4-HR6 Operating sites and key suppliers of which significant risk of forced labor issue was identified and measures taken to eliminate forced labor	2.1
Assessment	G4-HR9 Percentage and total number of operating sites that underwent human rights inspection and impact assessment	2.4
Human right assessment of suppliers	G4-HR10 Percentage of new suppliers that completed human rights assessment	4.2
	G4-HR11 Percentage of suppliers required to improve or end negative impact of significant human rights issues	4.2
Human right complaint mechanism	G4-HR12 Total number of human rights-related complaints resolved by the official complaint mechanism	2.4
Social Level: Social		
Anti-corruption	G4-SO3 Percentage of employees who participated in anti-corruption policy training	2.8
	G4-SO4 Actions taken concerning anti-corruption	1.2
Social impact assessment of suppliers	G4-SO9 Percentage of new suppliers that completed social impact assessment	4.2
	G4-SO10 Percentage of suppliers with significant or potential negative social impact that have taken measures to improve or end such impact	4.2
Social impact complaint mechanism	G4-SO11 Number of social impact-related complaints resolved by the official complaint mechanism	2.4



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