

Hon Hai Precision Industry Co., Ltd.(Foxconn®)  
ANNUAL MEETING OF SHAREHOLDERS  
**MAY 31.2022**  
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr. Yang-Wei Liu  
Dear Members of the Board,

As one of the largest asset managers in Europe, ahead of your 2022 Annual Shareholders' Meeting, we would like to share our questions with you. As a responsible investor in Hon Hai Precision Industry Co., Ltd. ("Hon Hai") with the brand Foxconn, it is part of our fiduciary duty at DWS to express our expectations on sustainability in the best interest of our clients. Our commitment to responsible environmental and social practices as well as sound governance (ESG) is not only a crucial element of our responsibilities but also forms an integral part of our investment process.

We appreciate the constructive dialogue we had to date. Thank you for your consideration and answers in advance. We would highly appreciate if we could receive your answers in written form. Please note that we will be also sharing our questions on our [www.dws.com](http://www.dws.com) website on the day of your AGM.

### **Independence**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at board level. Having a majority of independent members serving on boards and committees, as well as respective independent Chairs, is important for us to ensure objective-driven decision making and challenging discussions within the Board. In the case where one person assumes a combined CEO and Chair role or the Chair is considered not independent due to our Policy (for example, due to a tenure of more than ten years), a qualified and strong lead independent director must be in place in order to counterbalance the presence of a non-independent Chair and to ensure the proper work of the Board.

**QUESTION 1: When do you plan to appoint an independent Chairperson or a lead independent director?**

DWS considers that the transparency of the appointment of the directors is essential for the Corporate Governance. Hence, DWS expects a separate Nomination Committee with majority of independent directors.

**QUESTION 2: When can we expect you to set up a Nomination Committee on the board level?**

### **Diversity**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at Board level. DWS has a holistic understanding of diversity that encompasses age, gender, qualifications, internationalization, cultural backgrounds, independence, sector experience and tenure. These factors should reflect the structure and nature of the company in order to make better-informed decisions.

**QUESTION 3: As an international operation company, how will Hon Hai integrate the diversity, especially of internationalization and cultural backgrounds into the Board's recruitment, nomination and refreshment process?**

### **Executive remuneration**

Executive pay is one of the most important aspects of good corporate governance as it is one of the signals for a well-operated and supervised business. Our expectation is that the Board ensures full transparency, clear and plausible key performance indicators for investors, the structure of the incentives encourages the achievement of corporate financial, social and environmental objectives, and the amount ultimately granted is in line with performance. Furthermore, a rigorous remuneration system should achieve the alignment of the interests of shareholders and management.

**QUESTION 4: What are the financial KPIs for the short-term Incentive and long-term incentive?**

**QUESTION 5: Are sustainability performance objectives integrated in the executive managers' remuneration?**

### **Auditor**

A strong degree of transparency regarding the audit fees, the balance between audit and non-audit fees, the tenure of the audit firm and the lead audit partner is key for us to assess whether ratifications for audit firms are deemed suitable. We appreciate that Hon Hai is audited by PriceWaterhouseCoopers Taiwan. However, Hon Hai did not seek for the shareholders' approval for the appointment of the auditor at all according to the AGM's records and therefore is not aligned with the international best practice up to date. The shareholder should have the right to say on the "auditor". We also consider that the transparency of the appointment of the auditor is essential for the Corporate Governance.

**QUESTION 6: Can we expect to vote the appointment of the auditor in the AGM and if so, when?**

### **Sustainability**

Climate change is one of the greatest environmental challenges. Therefore, corporations and investors, as owners and lenders, have a key role to play towards the need for emissions to be reduced in the mutual goal of coping with the impacts of global warming. In this regard, we are supporter of the Climate Action 100+ and the Net Zero Asset Managers initiatives with the aim to enhance the governance of climate change risks and opportunities, curb emissions and strengthen climate-related financial disclosures. Our active ownership approach revolves around carefully monitoring our investees and engaging with them with the aim of improving their financial and non-financial performance, building a sound understanding of their business and a constructive dialogue on their sustainable development.

**QUESTION 7: Hon Hai has recently announced its carbon reduction targets, does these targets include scope 3 emissions from all categories?**

**QUESTION 8: Hon Hai reports scope 3 emissions just from upstream transport and distribution for goods. Does Hon Hai plans to measure and report scope 3 emissions from other applicable categories?**

**QUESTION 9: Hon Hai has committed to use at least 50% green power by 2030. What would be green power usage by 2025, 2035 and so on till net zero targets are achieved.?**

### **Capex to improve the environment**

Most of Hon Hai's factories are in China, India and Vietnam. We note that Hon Hai attributes its Capex where progressive environmental policies exist such as Taiwan.

**QUESTION 10: How does Hon Hai dispose it's Capex geographically, especially in emerging markets such as China and India?**

### **Human rights**

Companies can affect the human rights of their employees and workers along their value chain as well as local communities, in a negative or a positive way. Poor human rights performance cannot be simply seen as a reputational risk; it can have multiple consequences and impacts the companies' stakeholders, the financial success, the shareholders and the sustainable creation of value. The significant deterioration of the human rights situation with Uyghurs is of great concern to DWS

In March 2020, the Australian Strategic Policy Institute (ASPI) reported that Hon Hai Precision Industry Co., Ltd. (Foxconn Technology), allegedly employed Uyghur workers who were part of the Chinese government's labor transfer programs.

**QUESTION 11: Can Hon Hai explain what monitoring and evaluation systems has in place to ensure the effectiveness of human rights due diligence steps taken to mitigate and prevent human rights abuses, such as forced labor, throughout your business operations. In particular, can Hon Hai provide information on whether Hon Hai has put in place "cascading" requirements that reach down to the suppliers, such as human rights risk assessment that cover all tiers of suppliers.**

### **Labor management/Safety and Health**

Keeping employees safe and healthy is a crucial topic and should be treated as an integral part of a company's business strategy. DWS expects investee companies to assess, manage and reduce health and safety risks to prevent workplace injuries, illnesses and fatalities.

Hon Hai, with a workforce of about one million employees worldwide, is the largest in the electronics manufacturing industry.

**QUESTION 12: Are there any the short-, middle- and longterm KPIs, such safety rate, linked to active programs to promote safety, accident prevention, etc.?**

**QUESTION 13: Hon Hai has restructured some manufacturing bases in China while beginning to shift towards automated production and a reduced reliance on human capital. It causes the lay-off in a broad dimension. Are there any measures to mitigate the consequences for employees?**

**QUESTION 14: Recently, in December 2021, over 150 employees of a Hon Hai Precision Industry Co., Ltd. (Foxconn) plant based in Tamil Nadu protested against the company following multiple incidences of illnesses and hospitalization at one of its local workforce dormitories. As the contract is between the workers and the dispatch companies, the factory itself does not handle the complaints and often tell the workers to raise complaints to the dispatch companies. How does Hon Hai handle such issues, especially in the emerging markets, to meet the global labor right standards.?**

To conclude, we would like to thank all members of the Board and all the Hon Hai employees cordially on their commitment and dedication over the past year.

A special thank you in advance for your answers.