



CUSTOMS, CULTURE AND CONNECTIONS: ESTABLISHING A SUCCESSFUL BUSINESS RELATIONSHIP WITH FOXCONN

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Chicago

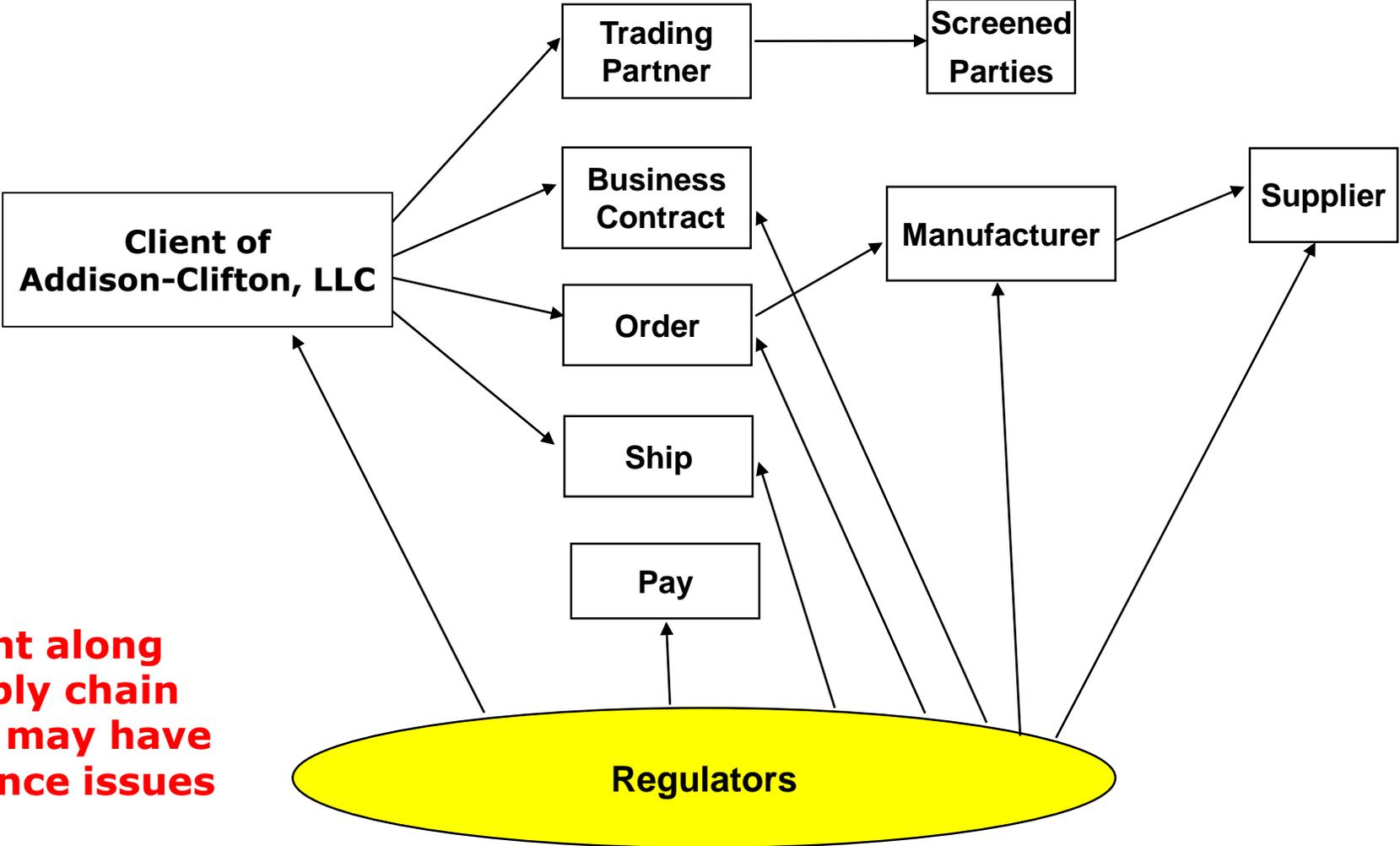
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GLOBAL SUPPLY CHAIN COMPLIANCE PROCESS



Any point along the supply chain process may have compliance issues

HON HAI/FOXCONN TECHNOLOGY GROUP

- Foxconn is a multinational electronics contract manufacturing company that is headquartered in Tucheng, New Taipei, Taiwan.
- Foxconn designs, manufactures and sells magnesium aluminum alloy casing and mechanic parts, thermal modules and consumer electronic products.
- Foxconn is the fourth largest technology company in the world as the manufacturer of an estimated 40% of all consumer electronics sold worldwide.
- Notable products manufactured by Foxconn include the BlackBerry, iPad, iPhone and Nintendo 3DS.



This is the 9th social and environmental responsibility report issued by Hon Hai / Foxconn Technology Group. Through this report, we publicly disclose our efforts on social and environmental responsibility in 2016, including corporate management, employee care initiatives, health and safety, environmental management, energy saving, social participation and supply chain management. As a good corporate citizen, we are intended to strengthen communication with stakeholders and promote sustainability through our operations.

BACKGROUND OF TAIWAN



<https://www.cia.gov/library/publications/the-world-factbook/geos/tw.html>

BACKGROUND OF TAIWAN

Location	Eastern Asia; islands bordering the East China Sea; Philippine Sea; South China Sea and Taiwan Strait; north of the Philippines; off the southeastern coast of China
Capital	Taipei
Climate	Tropical; marine; rainy season during the southwest monsoon (June to August); cloudiness is persistent and extensive all year
Population	23.57 million (2018 estimated)
Ethnic Makeup	Taiwanese (including Hakka)--84%; Mainland China--14%; indigenous--2%
Religion	Mixture of Buddhist and Taoist--93%; Christian--4.5%; other--2.5%
Government	Multi-party democracy

LANGUAGE IN TAIWAN

The official language in Taiwan is Mandarin Chinese, but because many Taiwanese are of southern Fujianese descent, Min-nan (the Southern Min dialect, or Holo) is also widely spoken. The most popular foreign language in Taiwan is English, which is part of the regular school curriculum.

GIFT-GIVING ETIQUETTE IN TAIWAN

- Gifts are given at the Chinese New Year, weddings, births and funerals. The Taiwanese prefer food and a nice food basket or a bottle of good quality alcohol as gifts.
- A gift may be refused the first time it is offered out of politeness. Attempt to offer the gift again; however, never force the issue.
- Do not give: scissors, knives or other cutting utensils, because they traditionally indicate that you want to sever the relationship; clocks, handkerchiefs or straw sandals, because they are associated with funerals and death; and white flowers or chrysanthemums, because they signify death.
- Do not wrap gifts in white, blue or black paper. Red, pink and yellow are considered to be auspicious colors.
- Do not give an odd number of gifts, because odd numbers are considered unlucky. Four is also an unlucky number. Do not give four of anything. Eight is the luckiest number. Giving eight of something brings luck to the recipient.
- Avoid giving anything made in Taiwan. Present gifts using both hands. Gifts are not opened when received. Gifts are generally reciprocated. Do not give a lavish gift unless it is to reciprocate an expensive gift that you have received.

BUSINESS ETIQUETTE IN TAIWAN

- Meeting people: A handshake is the common greeting. Men should wait for a woman to extend her hand. Many Taiwanese lower their eyes during the greeting as a sign of respect. Greet or introduce the most important person first. If you are in a group, try to assemble in rank order with the most senior person first. Wait until invited before using someone's first name.

Business cards are exchanged after the initial introduction. Have one side of your business card translated into Chinese using the traditional script (not the simplified script as is used in China). Business cards are exchanged using both hands. Present your business card so the typeface faces the recipient. Examine the business card carefully before putting it on the table next to you or in a business card case. Treat business cards with respect. Never write on someone's business card in their presence.

- Communication style: Taiwanese value is a well-crafted message. Brevity is not particularly valued, especially if it sacrifices something in the delivery.

BUSINESS ETIQUETTE IN TAIWAN

- Business meetings: The nation of Taiwan operates on a foundation of tradition, hard work, education and respect. Agendas, schedules, times and deadlines are of the utmost importance to the Taiwanese. The entire society places a great deal of emphasis on punctuality and diligence. They take great care to avoid communicating anything directly that would hurt or offend a colleague, because it would cause a loss of “face.” If they disagree with an idea, they will simply remain silent.
- Dress code: In Taiwan, there is a mixture of both style and conservatism relating to clothing. It is absolutely crucial to be well-groomed and to avoid wearing casual attire, such as jeans and a T-shirt, during the first meeting. Men will usually wear a conservative dark suit, while women will wear conservative business attire that is loose.

BUSINESS NEGOTIATION STRATEGY DIFFERENCES BETWEEN TAIWAN AND CHINA

- Taiwan: While dealing with business conflicts, the emphasis is on personal adaptability. While group competition is frequent, the maintenance of group relations is still important.
- China: While personally dealing with business conflicts, one leans toward cooperative or conciliatory methods. When in a group, collective leadership will win the battle. All others follow the leaders' examples.

BUSINESS NEGOTIATION STRATEGIES DIFFER FROM TAIWAN AND CHINA

Comparison of Negotiation Strategies in Business and Personal Conflicts

<u>National</u>	<u>Differences</u>	<u>Business Conflicts and Negotiation Tactics</u>	<u>Personal Conflicts and Negotiation Tactics</u>	<u>Conflict Between Business and Friendship and its Negotiation Strategy</u>
Taiwan	Personal	Adaptive, competitive	Regress, competitive	Competitive
	Team	Competitive	Cooperative	Regressive, cooperative
	Personal and team (no difference)	Cooperation between person and team	Personal adaptability and team competitiveness	Adaptability of personnel and team
China	Personal	Regress, competitive	Regress, competitive	Competitive
	Team	Cooperative	Cooperative	Cooperative but regressive
	Personal and team (no difference)	Personal and team adaption skills	Personal and team adaptability	Personal and team adaptability

ADDISON-CLIFTON RECOMMENDATIONS

- Taiwan:
 - When negotiating, they are used to thorough research and will frequently seek the advice of experts or consultants.
 - When negotiating, they excel in the art of moving forward while seeming to move backward or to delay for time.
 - When negotiating, they take an adversarial, yet cooperative, stance against their opponent.
 - When negotiating, they adhere to the baseline figure and will not easily budge from it.
 - When negotiating, they are adept at using one's strengths against one's weaknesses or using one's weaknesses as a bargaining chip.
 - When negotiating, they seek to create a friendly atmosphere.
 - When negotiating, they will frequently ask that both sides concede.

ADDISON-CLIFTON RECOMMENDATIONS

- Mainland China:
 - When negotiating, it requires one key ingredient--PATIENCE. Do not set time limits on the negotiations.
 - When negotiating, they are used to double-dealing or saying one thing while doing another.
 - When negotiating, they place equal regard on viewpoints and practical needs.
 - When negotiating, they are adept at using one's strengths against one's weaknesses or using one's weaknesses as a bargaining chip.
 - When negotiating, they are adept at making minuscule concessions in exchange for bargaining space.
 - When negotiating, they are used to dealing with only the head or the highest levels of an organization.
 - When negotiating, they will frequently honey-bait the negotiations with a high offer then cut the offer down through talks.
 - When negotiating, they will deliberately offer something small in exchange for something big.

THANK YOU